

The background of the cover features a complex geometric pattern of overlapping triangles and polygons in shades of red, white, and light gray. A network of thin white lines connects various points, creating a mesh-like structure. The overall design is modern and technological.

HITACHI

Integrated Report 2025

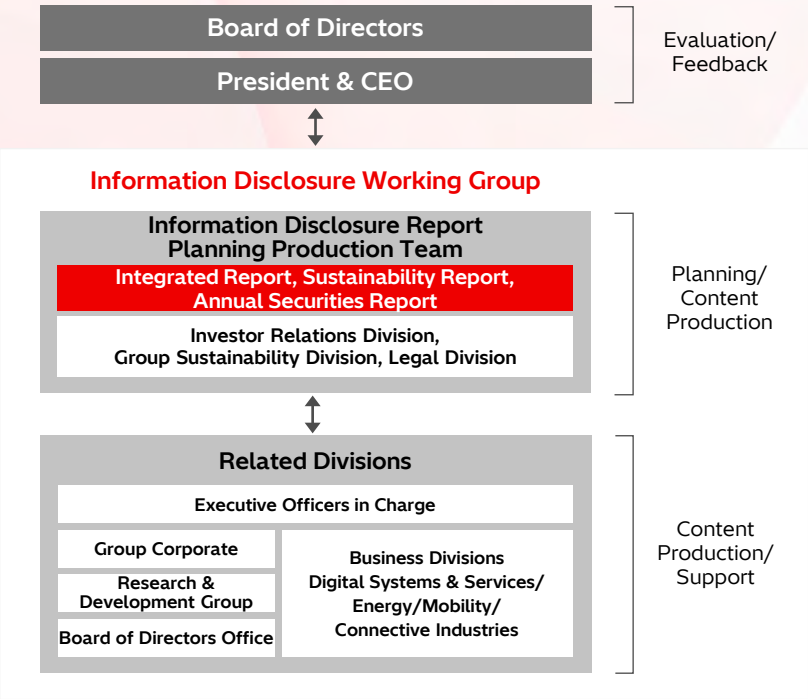
Year ended March 31, 2025

Editorial Policy/Our Reporting Universe

Editorial Policy

The Hitachi Integrated Report is compiled for the purposes of facilitating a deeper understanding among stakeholders of Hitachi’s business model, as well as a dialogue through which we can further enhance corporate value and realize a virtuous cycle of value co-creation. In the 2025 edition, we focus on Hitachi’s management strategies and measures to accelerate our transformation into a digital-centric company and become a global leader in social innovation, centered on our strategies set forth in [Inspire 2027, the new management plan](#). [In](#) editing this report, we referred to the IFRS Foundation’s International Integrated Reporting Framework and the Japanese Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation.

Production Structure



Reporting Scope

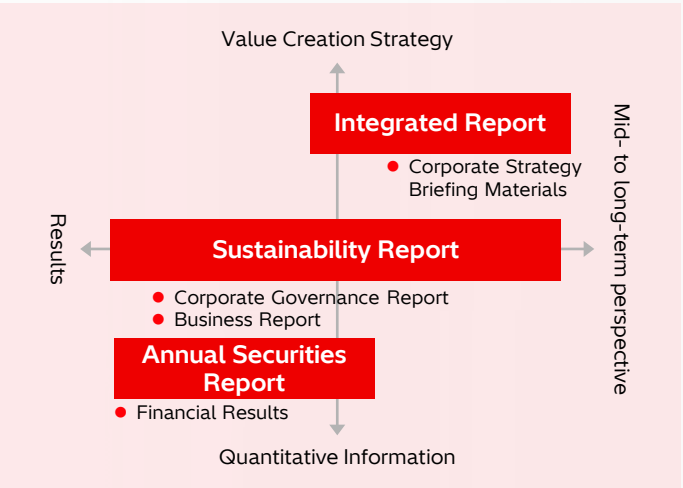
Period:
Fiscal 2024 (April 1, 2024–March 31, 2025)
Note: Includes activities and other information occurring after April 1, 2025.

Companies:
Hitachi, Ltd. and its consolidated subsidiaries

Accounting Standard:
This report is prepared in accordance with International Financial Reporting Standards (IFRS).

Our Reporting Universe

Hitachi publishes three corporate reports: the Integrated Report, the Sustainability Report and the Annual Securities Report. Each report discloses information that differs in terms of content (from quantitative information to strategic information) and time horizon (from past results to medium- to long-term perspectives). In particular, the Integrated Report and the Sustainability Report, which are released on the same day, can be read together to confirm ESG initiative progress and data in addition to management strategies. We also invite you to visit our websites for additional information.



Readership

- **Integrated Report**
Institutional investors and other stakeholders
- **Sustainability Report** [↗](#)
All stakeholders including ESG investors
- **Annual Securities Report** [↗](#)
Shareholders and investors

Disclaimer Regarding Forward-looking Statements

Certain statements regarding the future of the Company set forth in this report might constitute forward-looking statements, such as plan, forecast and strategy. Although forward-looking statements contained in this report are based upon what the Company has determined to be reasonable assumptions at the time of disclosure, actual performance and other results could differ materially from those anticipated in such statements.

*All company names and product names are the trademarks or registered trademarks of their respective companies.

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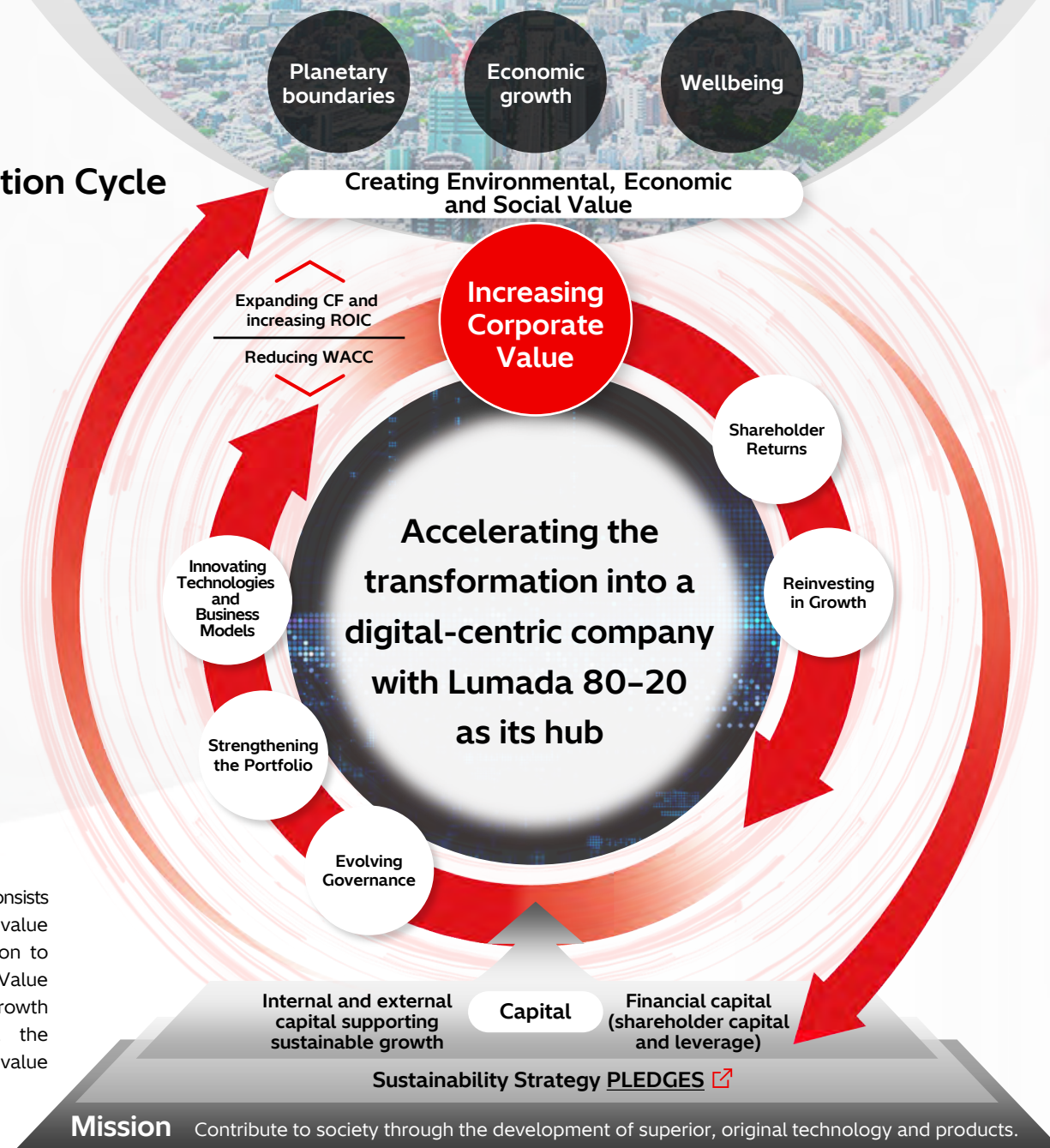
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Contributing to the Realization of a Harmonized Society through the Social Innovation Business

The Value Creation Cycle of Hitachi



The *Integrated Report 2025* consists of three parts based on our value creation cycle: Value Creation to achieve further growth, Value Integration to support our growth and Value Empowerment, the wellspring of our corporate value creation.

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Explanation of Guidance Functions

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Related Information

🔗 Inspire 2027, the Hitachi Group's
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🔗 Hitachi Investor Day 2025
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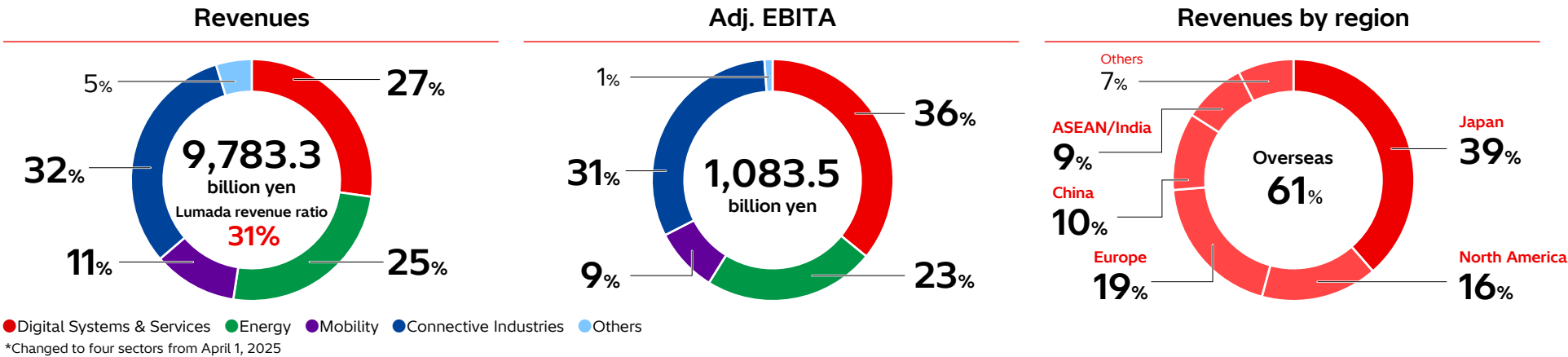
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Financial Indicators (FY2024)

Revenues	Adj. EBITA margin*2	Net income (attributable to Hitachi, Ltd. stockholders)	EPS*3	CF conversion*4	Core FCF 3-year cumulative*5 (FY2022-2024)	ROIC
9,783.3 billion yen +14%*1 YoY	11.1% Lumada 15%	615.7 billion yen	133 yen	83%	1.8 trillion yen	10.9%

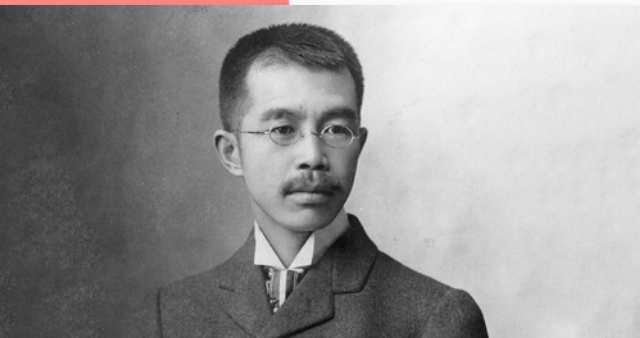


Sustainability Management Indicators (FY2024)

CO ₂ avoided emissions (three-year average from FY2022 to FY2024)	Reduction rate of total CO ₂ *6 (compared with FY2010)	Digital talent	Engagement score	Percentage of women officers*7 (as of June 2025)	Ratio of non-Japanese executives*7 (as of June 2025)
142 million metric tons	81%	107,000 people	71.5 points	15.9%	26.1%

*1 Excluding Hitachi Astemo (now Astemo) *2 Updated definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization *3 Calculated based on the number of shares after the stock split (effective July 1, 2024)
*4 Core FCF/Net income (excluding special factors) *5 Core FCF: Cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc. *6 Total CO₂ reduction rate at business sites (factories and offices)
*7 Ratios of women and non-Japanese executive officers and corporate officers

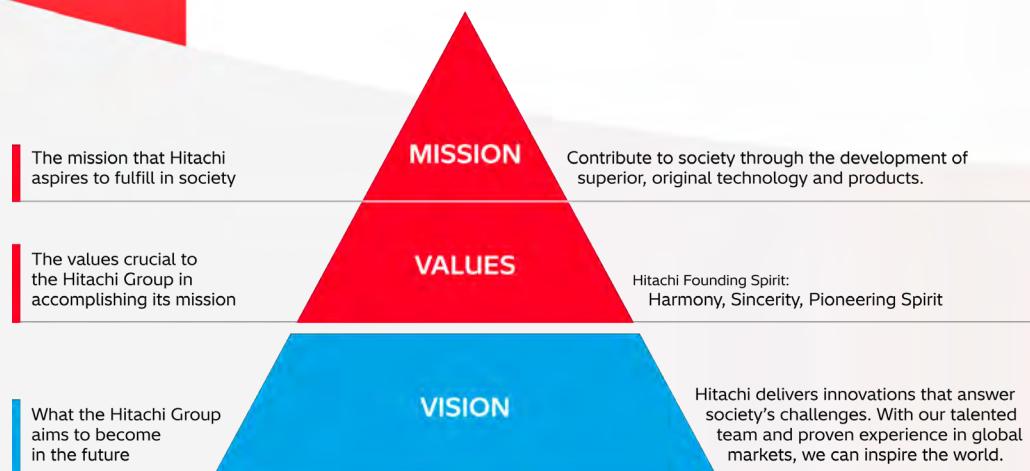
Founder
Namihei Odaira



Sogyo goya (Hitachi's first factory)



Hitachi Group Identity



Corporate Philosophy

Contribute to society through the development of superior, original technology and products

Hitachi Founding Spirit

Harmony, Sincerity, Pioneering Spirit

In 1910, Hitachi was founded as a mining machinery repair shop in Ibaraki Prefecture, Japan. At a time when Japan was relying on imported products and technology, the founder Namihei Odaira formed a team that chose to rely on a different resource—themselves. With perseverance and enduring passion, the team created, developed and delivered original products and technologies. The driving force behind the team was Odaira's noble belief: "Contribute to society through the development of superior, original technology and products." This belief was the starting point for the Hitachi Group, and it is the Corporate Philosophy (Mission) that has been passed down since our founding. The Hitachi Founding Spirit (Values) was shaped by our predecessors as they overcame multiple challenges while pursuing the fulfillment of Hitachi's Philosophy. The Vision was created based on the Mission and Values as an expression of what the Hitachi Group aims to become in the future as it advances to its next stage of growth. Hitachi Group Identity encompasses the Mission, Values and Vision.

1910



Five-horsepower induction motor

Hitachi's first product, developed under Namihei Odaira's supervision to be used at the Hitachi mine. It represents the starting point of Hitachi's efforts to resolve the challenges facing society.

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Hitachi's Journey

Since our founding, Hitachi has endeavored to address various social challenges through the development of products and technologies that support social infrastructure. We undertake a Social Innovation Business that combines the OT (controls and operating technology), IT and product strengths we have cultivated across our 115-year history in order to create new value for society. Furthermore, by taking a long-term perspective and always pursuing an optimal business portfolio, we will respond to changing social challenges with flexibility. We will continue to contribute to the realization of a better society by building mission-critical social infrastructure and providing services, with digital technologies at the core.



Lumada is a term we coined by combining the word illuminate, with its meanings of lighting up, clarifying and making things shine, with data. The term covers all the solutions, services and technologies driven by Hitachi's advanced digital technology that we use to create value from our customers' data and accelerate digital innovation.

P.14 Evolution of Lumada

Founded in 1910

IT

MARS-1, the first online seat reservation system in Japan



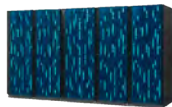
The HITAC series of mainframe computers



JP1, integrated system operations management



Storage systems equipped with virtualization functions



Products and OT

The first large electric locomotive produced in Japan



The first electron microscope produced in Japan



Escalator with transparent side panels



Shinkansen that made reaching 200 km/h possible



Shimane Nuclear Power Station, Japan's first commercial-use nuclear power station



Autonomous Decentralized Transport Operation Control System (ATOS)



Proton therapy system (University of Tsukuba Hospital)



Digital

IT

Products and OT



Strengthen the Social Innovation Business with digital at its core

Strengthening the Portfolio

- Acquired JR Automation (2019)
- Acquired a power grids business from ABB (2020)
- Acquired GlobalLogic (2021)
- Acquired GTS business from Thales (2024)

Strengthening Digital Capabilities

- Digital asset management solution, HMAX
- Strengthened service solutions that accelerate AI use (VelocityAI, Hitachi iQ, HARC for AI, etc.)
- A wealth of AI talent (GlobalLogic, Hitachi Digital Services, etc.)
- Strengthened partnerships with global tech companies and other parties

MMP 2024 Results

Revenues CAGR (FY2021-2024)

14%

Lumada business revenue ratio

31%

Adj. EBITA margin*

11.1%

ROIC

10.9%

P.43 Past Mid-term Management Plans

*Updated definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization

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CEO Message

Accelerating Transformation into
a Digital-Centric Company
to Further Enhance Corporate Value

We Aspire to Become a Global Leader
in Social Innovation Business through
“True One Hitachi”

Upholding its Founding Philosophy,
Hitachi Continues to Evolve

Since the founding, Hitachi Group has grown by addressing the society’s evolving challenges, upholding the philosophy of our founder, Namihei Odaira: “Contribute to society through the development of superior, original technology and products.” Now, 115 years later, we envision a “Harmonized Society”—a world where environment, well-being and economic growth coexist in harmony, not in trade-off. My vision for Hitachi is to achieve sustainable growth by pursuing both environmental preservation and human well-being, rather than allowing economic growth to hinder them.

Born in Hitachi City, Ibaraki Prefecture—the birthplace of Hitachi—I grew up with a deep sense of connection to the Hitachi Group. I joined the company 35 years ago, driven by a strong belief that this company would keep allowing me to make a meaningful contribution to the society. That belief has remained unchanged ever since. Now, as CEO, I firmly believe that a company’s true purpose lies in its ability to continuously create value and grow by addressing

Toshiaki Tokunaga
President & CEO



CEO MESSAGE

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social challenges—in this sense, a company is a “public trust of society.” By leveraging our unique strength of housing IT, OT and products under one roof, I am confident that Hitachi will continue to deliver new value to society and turn our vision for the future into reality.

However, there is a pivotal moment in our corporate history that must never be forgotten: the management crisis of fiscal 2008, marked by a significant financial loss. The deterioration of the external environment due to the global financial crisis was merely a trigger. The root cause of this crisis was our inability to deliver new value to customers and society in response to evolving needs of the times. This enduring lesson—that no company can serve as a public trust when it stops evolving and creating value—is deeply embedded in my conviction. My commitment as CEO is to continuously create new value and enhance Hitachi’s corporate value even in an era of uncertainty.

“Inspire 2027”:
Drive Further Corporate Value Enhancement

In the aftermath of the crisis, Hitachi pivoted toward global growth through its Social Innovation Business and undertook continuous structural reforms. [P.43](#) Along the way, we have welcomed new colleagues who resonated with our philosophy, including Hitachi Energy, GlobalLogic and Hitachi Rail GTS. Today, over 60% of both our revenue and employees are based overseas. Under the Mid-term Management Plan 2024, we established a management approach focused on cash

Inspire 2027 Targets		
Revenues*1		CAGR 7–9%
Adj. EBITA margin*2		13–15%
CF conversion*3		Over 90%
ROIC		12–13%
Lumada	Revenue ratio	50%
	Adj. EBITA margin	18%

*1 Three-year CAGR *2 Updated definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization
*3 Core FCF/Net income (excluding special factors)

flow and ROIC, having achieved organic growth. The capital markets have recognized these results and expressed strong expectations for further growth, resulting in a substantial increase in Hitachi’s corporate value.

Yet I believe Hitachi can continue to evolve and enhance corporate value even further. While individual businesses have strengthened their earning power, we are only beginning to unlock new value by integrating our strengths in IT, OT and products. With a firm commitment to transforming Hitachi into a digital-centric company and achieving sustainable growth, I launched our new management plan, Inspire 2027 [P.12](#) , in April 2025.

This plan aims to contribute to realizing a Harmonized Society by deepening collaboration across our diverse businesses through digital technologies—what we call a “True One Hitachi.” It is not limited to a three-year horizon; rather, it represents an ongoing evolution toward sustainable growth. That is why we no longer call it “Mid-term” Management Plan.

In addition to financial KPIs targeted for fiscal 2027, we have set a long-term goal: “Lumada 80–20,” aiming for 80% Lumada [P.14](#) revenue ratio and 20% Lumada adjusted EBITA margin. To reach this goal, we will accelerate transformation through enhancement of business model and portfolio, optimized capital allocation and cultural change—propelling Hitachi to its next growth stage.

Enhance Lumada with Generative AI
as a Catalyst for Exponential Growth

As social challenges become increasingly complex on a global scale, Lumada continues to evolve to deliver unique value. The value is created by combining the vast amount of tacit knowledge and data from customer operations with Hitachi’s domain knowledge. Since its launch in 2016, Lumada has solved many customers’ challenges and support their transformation.

The key to further expanding Lumada and converting our strengths in IT, OT and products into new value is “integration.” Having spent many years in the IT business, I have integrated diverse internal and external resources—software,

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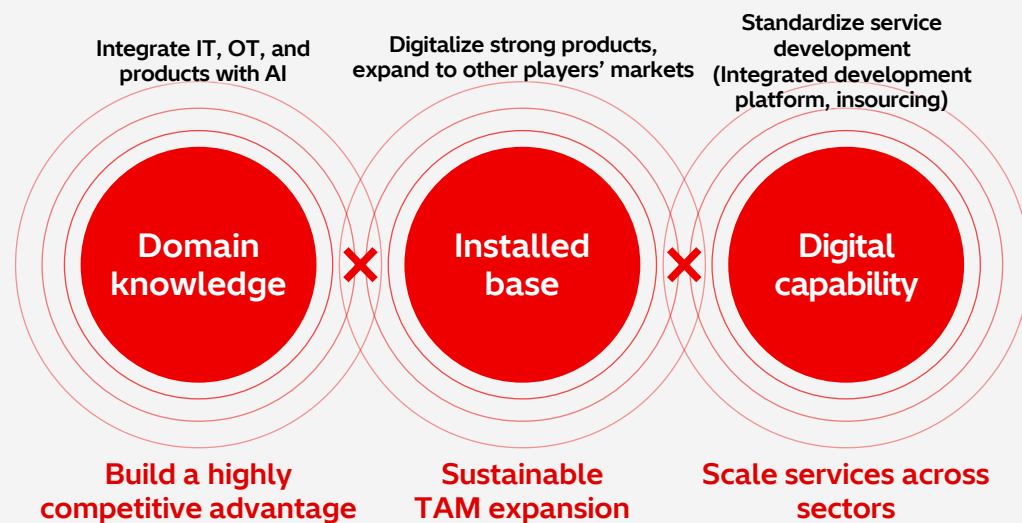
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hardware and more—into cohesive systems. When we acquired GlobalLogic in 2021, it was my mission to integrate culturally distinct businesses to pursue new opportunities. Now, as CEO, I am committed to driving integration across the entire Hitachi Group.

Generative AI, which has evolved rapidly in recent years, is a critical enabler of this integration and Lumada's enhancement. Leveraging generative AI, we are able to integrate our extensive domain knowledge, vast installed base and advanced digital capabilities.

The extensive domain knowledge that Hitachi has accumulated over more than a century, when learned by generative AI, becomes high-value digital services that improve and optimize customers' asset efficiency and operations. Our global installed base—including non-Hitachi products and systems—becomes digitalized assets, forming a massive TAM (Total Addressable Market) for these services. With our advanced digital capabilities, such as those of GlobalLogic, we can unify and scale service development across sectors. By integrating these strengths, we accelerate value delivery and drive Lumada's exponential growth.

■ Innovating technologies and business model transform Hitachi's strength into drivers for accelerated growth



A prime example is HMAX [\(P.22\)](#), launched in 2024 for the railway sector. With AI enhanced by the Hitachi Group's domain knowledge, HMAX realizes advanced analysis of vehicle data and significantly improves efficiency of operation and maintenance. It has been deployed across both Hitachi and non-Hitachi vehicles and highly appreciated by customers. Starting in fiscal 2025, we will expand its application to energy and industry fields as a core Lumada initiative under Inspire 2027. Lumada, enhanced by generative AI and domain knowledge, is beginning to create new value from our growing installed base.

We will also evolve our business portfolio centered on Lumada 80–20. Investment decisions will hinge on whether they are accretive to ROIC through enhancing Lumada. We will seek capabilities that differentiate value proposition, access to installed bases in high-growth areas and emerging technologies that could revolutionize Lumada. Conversely, we will restructure businesses that lack strategic alignment with Lumada and have limited growth potential or competitiveness.



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Lead the Creation of Our Next Growth Pillars

Hitachi’s continued growth since its founding can be attributed to its ability to identify inflection points in technology and society, drive innovation, and continuously create new growth pillars.

To cultivate future growth globally, we established the Strategic SIB (Social Innovation Business) Business Unit in fiscal 2025 which directly reports to the CEO. The CEO decides target domains, and the entire Hitachi Group accelerates value creation together. At launch, we identified four strategic themes—data centers, eMobility, smart cities and healthcare—based on societal demands such as generative AI adoption, decarbonization and electrification. The business unit will strengthen collaboration with the Global Marketing & Sales Division to incorporate market-driven perspectives into its strategy.

Strategic business areas targeted by the Strategic SIB BU

Data Center

Data center market

Sustainable data center that balances energy demand with AI usage

eMobility

Large-scale transportation electrification

Battery circular economy that supports electrified and electrification society

Smart City

Digital infrastructure of cities

Sustainable cities through the implementation of social innovation

Healthcare

Digital healthcare

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

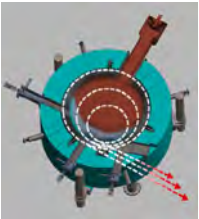
Among these areas, data centers are a strategic focus, as the rapid market expansion fueled by generative AI presents new social challenges, such as balancing energy efficiency with maximizing computing power. Hitachi is uniquely positioned as an integrator capable of designing, building and operating all elements—from power grid and cooling to IT and applications. Under the Strategic SIB Business Unit, we will fully leverage broader Hitachi’s capabilities to swiftly solve customer challenges and make data centers a new growth pillar.

We will also reinforce R&D [\(P.16\)](#), investing not only in current core businesses but also in future opportunities such as healthcare, mobility, quantum and space. Through backcasting-driven R&D that anticipates future social challenges, we will enhance our ability to respond quickly and convert change into opportunity.

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

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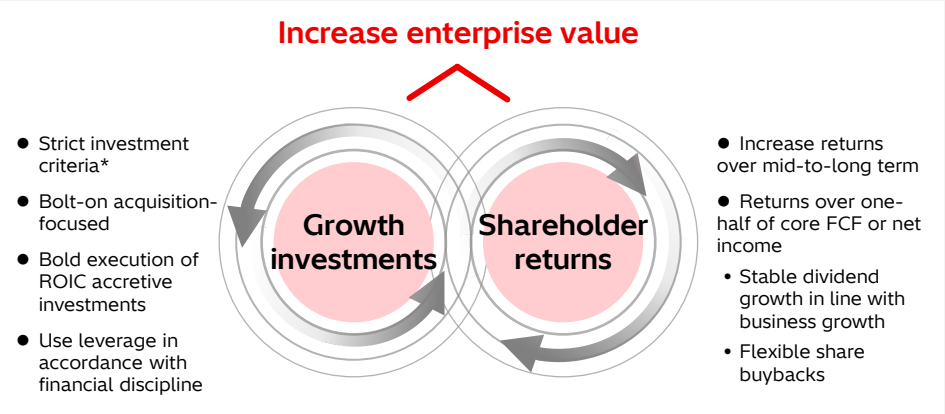
Maximize Value and Returns
Through Growth Investment and Shareholder Returns

Capital allocation [📄 P.26](#) is a top management agenda that I must commit as CEO to maximize corporate value and returns. Our basic policy remains focused on returns, with balanced and agile allocation of growth investment and shareholder returns.

Growth investments will be executed by strict criteria, choosing ROIC-accretive opportunities, and using leverage within financial discipline. We will enhance shareholder returns over the medium to long term. We aim to return over 50% of core FCF or net income, growing dividends steadily and executing share buybacks flexibly. In fiscal 2025, we plan 300 billion yen in share buybacks and approximately 200 billion yen in dividends, marking our largest total shareholder return to date. We will continue to pursue optimal capital allocation tailored to the business environment, accelerating corporate value enhancement.

Enhancing corporate value over the long term requires transparency through stakeholder communication and strong governance. We will deepen constructive

Flexible and balanced capital allocation to growth investments and shareholder returns with a focus on returns



*Hurdle rate: Inspire 2027 financial KPIs (Adjusted EBITA margin, ROIC)

dialogue with shareholders and investors, incorporating feedback to management. We also aim to further elevate the quality of discussions within the Board of Directors and among the board and executives.

Accelerate Cultural Transformation
Toward Growth

The key to sustainable growth for the Hitachi Group lies in 280,000 employees working in harmony toward Lumada 80–20. When diverse talent across the globe brings together their insights and strengths beyond roles, true integration can generate unimaginable new value.

This belief stems from my career-long experience in value creation by integration. There is a saying, “If you want to go fast, go alone. If you want to go far, go together.” My commitment as CEO is to integrate the entire Hitachi Group as a True One Hitachi and lead the company far toward the next growth stage. To achieve this, we must establish a growth-oriented culture and deepen risk management.

Recognizing these challenges, the new management structure [📄 P.13](#) launched in April 2025 has appointed the most suitable leaders with global experience and expertise—three of our four core businesses are now led by non-Japanese executives. We also established a new forum for intensive strategic discussions with regional leaders from across the globe. By encouraging dialogue from diverse perspectives, we aim to deepen mutual understanding and formulate effective initiatives toward True One Hitachi.

In addition, we have introduced a new compensation system [📄 P.33](#) to boost individual motivation, encouraging bold growth beyond market and competitor benchmarks. By extending our stock-based compensation—previously limited to executives—to include leadership-level employees, we directly link corporate value enhancement to individual rewards, strengthening employees’ commitment to corporate value enhancement. I am already seeing tangible changes in mindset and behavior as leaders now actively engage in open discussions beyond their roles and responsibilities.

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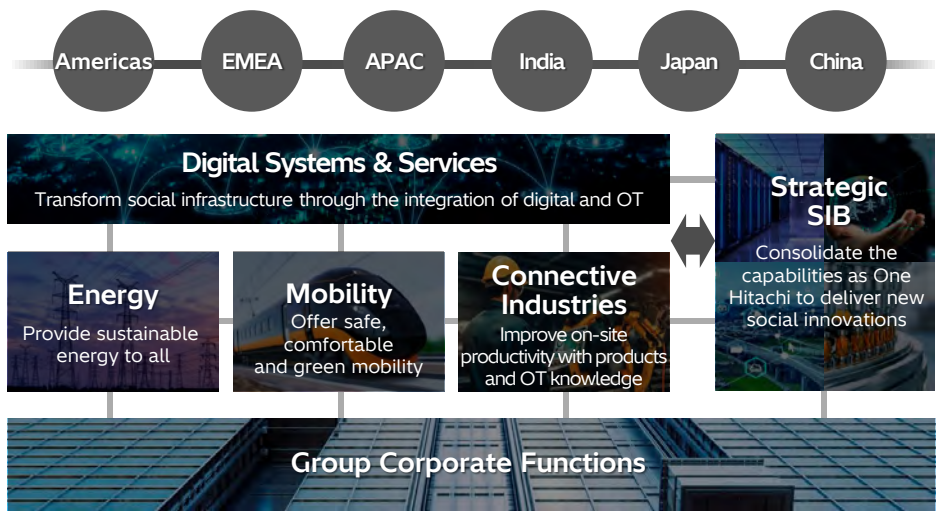
[Sustainability Report 2025](#)

One of the key enablers supporting these transformative efforts is our global-wide risk management framework. [\(P.28\)](#) With an autonomous decentralized business structure tailored to regional challenges, we have built resilient supply chains and promoted multi-sourcing. By enhancing coordination across dimensions of business and region, we effectively balance threat alleviation and opportunity creation even under uncertain circumstances. By further increasing our management agility, we aim to “go far and fast, together.”

In an increasingly uncertain environment, I believe what matters is not to “do things right,” but “do the right thing.” For Hitachi, “the right thing” is transforming itself into a digital-centric company through Lumada 80-20, continuously enhancing corporate value and contributing to a Harmonized Society. By integrating the full strength of the Hitachi Group and steadily delivering results, we will strive to earn the unwavering trust of stakeholders and continue our journey toward sustainable growth and further enhancement of corporate value.



Striving for sustainable growth through True One Hitachi



At the Hitachi Global Leaders Kickoff 2025, held in Tokyo in May 2025



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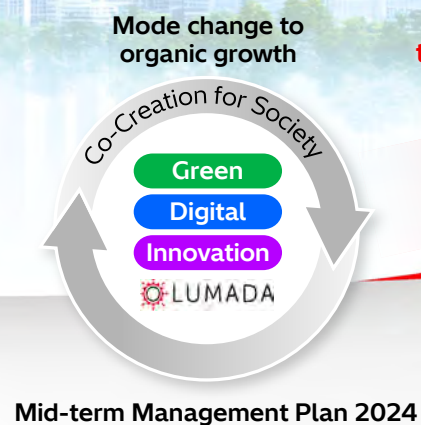
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Inspire 2027, the Hitachi Group's Management Plan [↗](#)

Growing Sustainably and Contributing to a Harmonized Society through True One Hitachi

To demonstrate our unshakeable determination to transform into a digital-centric company, we have set Lumada 80-20 as a long-term goal. To reach our target level, we intend to improve cash flow, optimize capital allocation and accelerate the transformation of our portfolio under Inspire 2027, the management plan. Along with this, we will integrate the strengths of the 280,000 employees of the Hitachi Group as True One Hitachi and aim to further enhance our corporate value. In this way, we will achieve sustainable growth and elevate Hitachi to the next stage while also contributing to a harmonized society.



Inspire 2027 Targets		
	Revenues* ³	CAGR 7–9%
	Adj. EBITA margin* ⁴	13–15%
	CF conversion* ⁵	Over 90%
	ROIC	12–13%
Lumada	Revenue ratio	50%
	Adj. EBITA margin	18%

^{*3} Three-year CAGR ^{*4} Updated definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization ^{*5} Core FCF/Net income (excluding special factors)



Examples of Social Innovation (Impact)

Decarbonization/resource circulation Balance expansion of energy demand with decarbonization	100 ^{*1*2} million t /year
Railway services Balance social infrastructure development/advancement with secure and safe lives	20 billion ^{*1} passenger trips /year
AI applications Balance productivity growth with reduction of worker burden	2 billion ^{*1} people /year
In-vitro testing/diagnosis, treatment Balance cancer treatment with work and social participation	1 billion ^{*1} people /year

^{*1} The value proposition is based on the Company's estimated target level

^{*2} Greenhouse gas avoided emissions

Impacts of Inspire 2027 Promoted as True One Hitachi

▶ Transform into a digital-centric company aiming for Lumada 80-20	P.14 Evolution of Lumada
▶ Strengthen Four core main businesses with Lumada at its core	P.17 Four Core Business Strategies
▶ Create the next pillars of growth	P.16 R&D and IP Strategies
▶ Optimize capital allocation supporting value creation	P.25 CFO and CRMO Message
	P.25 CFO and CRMO Message
▶ Strengthen management foundation supporting growth orientation	P.30 Sustainability Strategy
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Biographical Details 

Executive Officers*

Legend: Name / Age (as of April 1, 2025) / Country of birth / Responsibility

President & CEO



Toshiaki Tokunaga (58) 

Japan
Overall management

Executive Vice Presidents and Executive Officers



Jun Abe (63) 

Japan
Assistant to the President (digital systems & services business and digital strategies)
Digital systems & services business



Brice Koch (60) 

Switzerland
Assistant to the President (connective industries business)
Connective industries business



At the Hitachi Global Leaders Kickoff 2025, held in Tokyo in May 2025

Senior Vice Presidents and Executive Officers



Noriharu Amiya (56)

Japan
Urban systems business, industrial products & services business and industrial AI business



Tomomi Kato (61) 

Japan
Financial strategies, corporate pension system, investment strategies, investor relations strategies and risk management



Shashank Samant (56)

India
Regional strategies (Americas/EMEA)



Andreas Schierenbeck (59)

Germany
Energy business



Jun Taniguchi (52)

Japan
Strategic social innovation business



Lorena Dellagiovanna (55)

Italy
Sustainability strategies, environmental strategies, human capital strategies, safety and health management, diversity, equity and inclusion strategies and crisis management strategies



Katsuya Nagano (66)

Japan
Business for government, public corporation and social infrastructure systems, and defense systems business; Assistant to the Executive Vice President (Digital Systems & Services (Japan))



Masahiko Hasegawa (60) 


Japan
Marketing & sales strategies, regional strategies (Japan/China), government & external relations and corporate communications strategies



Giuseppe Marino (60)

Italy
Mobility business



Toshiaki Higashihara (70) 

Japan
General

Executive Officer

Vice Presidents and Executive Officers

Atsuhiko Aketa
Regional strategies (China)

Hidenori Azushima
Management strategies

Yasunori Inada
Nuclear energy business

Yasuki Imai
Business for financial institutions

Michael Goodman
Information security management and information technology strategies

Tadashi Kume
Supply chain management (manufacturing strategy and quality assurance) and safety and health management

Takashi Saito
Marketing & sales strategies (business for connective industries)

Shigetoshi Sameshima
Research & development

Susumu Takimoto
Human capital strategies, safety and health management and crisis management strategies

Yasuhiro Takeuchi
Business synergy promotion in Americas

Kojin Nakakita
Regional strategies (APAC/India)

Hideshi Nakatsu
Industrial products & services business

Seiichiro Nukui
Information technology strategies

Andrew Barr
Regional strategies (EMEA)

Hirohide Hirai
Government & external relations

Michele Fracchiolla
Strategic social innovation business

Yoshinori Hosoya
AI & software services business

Chie Mashima
Marketing & sales strategies

Yuto Matsumura 
Legal matters, corporate export regulation, compliance strategies, corporate auditing and intellectual property strategies

Takashi Yoda
Marketing & sales strategies (business for energy) and energy business

*Executive Officers are listed by position and in Japanese alphabetical order within each grouping. The double circle (⊙) denotes executive officers who are representative executive officers.

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Evolution of Lumada

Transforming Data into Value through Lumada Further Evolved through Hitachi's Domain Knowledge and AI

Evolve social infrastructure through AI strengthened with domain knowledge

Digital capabilities

Domain knowledge

Installed base



Transform data into value

Digital Services

Domain knowledge × AI

Digitalized Assets

Collect data from installed base

Energy Railway Industry
Public Finance ...

Positioning Hitachi's broad installed base of products and systems as Digitalized Assets that generate data and value, we will use our own domain knowledge and AI to provide Digital Services that transform our accumulated data into value, contributing to solve our customers' problems.

Under Inspire 2027, we will aim for Lumada revenue ratio of 50% and adjusted EBITA margin of 18%. We have also set a long-term target level called Lumada 80-20, where we will aim to increase the Lumada revenue ratio to 80% and adjusted EBITA margin to 20%. We will achieve continuous growth by raising the Lumada ratio.

Lumada Revenue/Ratio

3.0 trillion yen/31%
Adj. EBITA margin 15%

Digital services 1.4 trillion yen
Digitalized assets 1.6 trillion yen

FY2024

3.9 trillion yen/38%
Adj. EBITA margin 16%

1.8 trillion yen
2.1 trillion yen

FY2025

Inspire 2027
Lumada revenue ratio 50%
Lumada Adj. EBITA margin 18%

FY2027

Long-term Management Goal

Target level

Lumada Revenue ratio 80%

Lumada Adj. EBITA margin 20%

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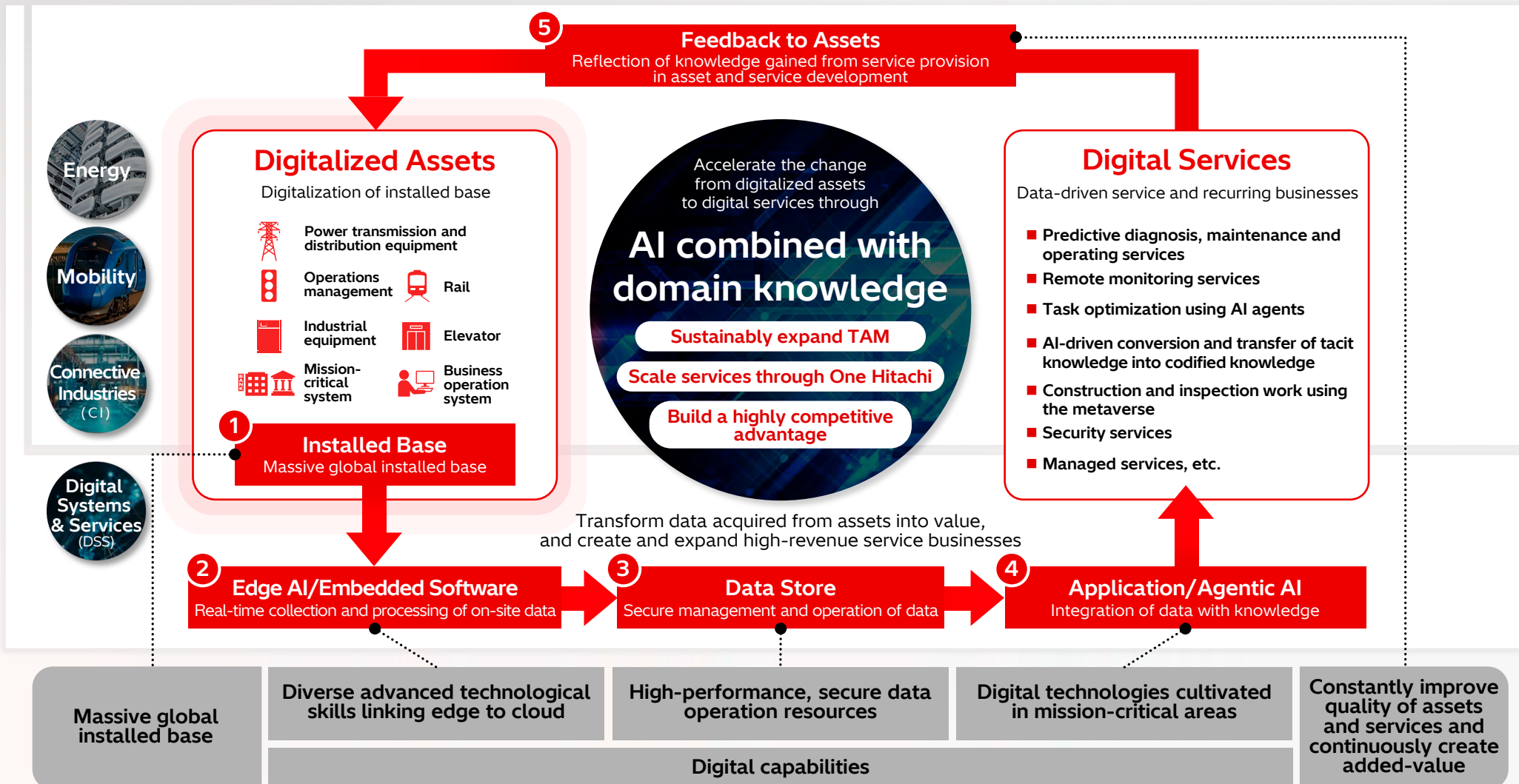
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Lumada: A Growth Model for Maximizing Hitachi's Strengths

Hitachi is helping to solve issues for society and our customers through Lumada, leveraging Hitachi's massive, globe-spanning installed base and deep domain knowledge cultivated in mission-critical areas and combines them with digital technology. In addition to boosting our capabilities through solo initiatives, co-creation with customers and cooperation with external partners, we are also using AI to maximize the value of accumulated data and on-site knowledge, through which we are accelerating business development in Hitachi's unique way. Moreover, by providing services to products and systems from other companies, we are striving to continuously expand the Lumada business's Total Addressable Market (TAM) and switch to a stable, continued high-revenue model rooted in relationships with our customers.



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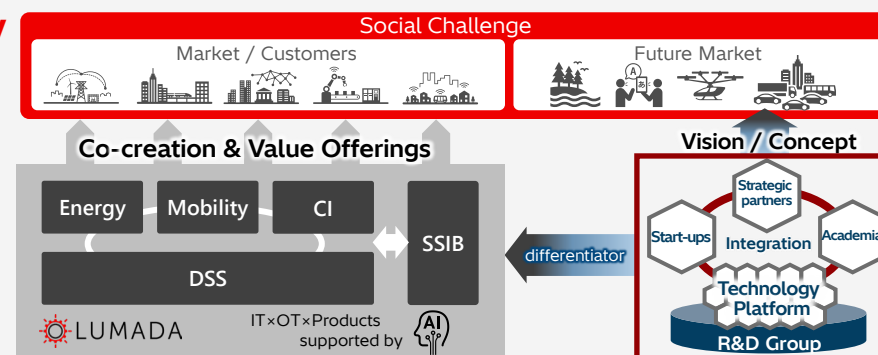
Research & Development Strategy

Driving the Next Growth through Sustainable Innovation

Hitachi aims to maximize corporate value through by continuously investing in advanced technology R&D to address societal issues while realizing sustainable growth. The Research & Development Group is driving innovation not only by advancing its strong technological platforms but also by leveraging diverse assets cultivated over many years, such as domain knowledge, OT technologies, and intellectual property. By bringing together our technological platforms with those of our customers and strategic partners in academia, we are working to create new values.

In Lumada, we are fusing our cutting-edge AI technologies with on-site domain knowledge to develop innovative solutions addressing operational challenges and improving efficiency. For example, the AI agent “Naivy” integrates real-time data collected from equipment and systems with site knowledge to present optimal responses to field operators and significantly enhance safety and operations.

Looking ahead to future growth, the Research & Development Group is collaborating with the Strategic Social Innovation Business Unit (Strategic SIB) to innovate



in key areas driving societal and industrial transformation, such as data centers and eMobility, by combining Hitachi's advanced digital technologies with our extensive knowledge of societal infrastructure. Through such initiatives, we are leveraging innovative technologies and rich experience to realize a sustainable society for the future while achieving steady growth.

Supporting Business Evolution through the Challenge of “Next” to Lead the Future

Hitachi is taking on the challenge of realizing “world-first” and “world-leading” technologies through disruptive innovations such as high QoL particle beam therapy

revolutionizing cancer treatment, electrification of aircraft transforming mobility, silicon quantum computers dramatically enhancing computing power, and infrastructure monitoring utilizing big data from space. These “Next” domains are our growth drivers as we aim to solve societal issues while creating new markets.

Hitachi has planned 1.3 trillion yen in R&D investment up to FY2027 to advance the development of both Lumada and next-generation technology. We will continue to pursue next-generation growth areas and accelerate the evolution of our business through R&D.



AI agent, Naivy

Intellectual Property Strategy

Leveraging the Source of Value Creation

Under Inspire 2027, we expect to strengthen synergies between businesses and regions, especially in digital- and Lumada-related areas. By deepening such connections, we hope to accelerate the creation of innovation and solutions, which should also increase the intellectual properties generated from them. Hitachi has positioned these intellectual properties as the source of business growth and value creation, and we are enhancing our cross-departmental and global intellectual property activities under the leadership of the Chief Intellectual

Property Officer (CIPO) to ensure that this source is effectively leveraged.

Specifically, by appropriately protecting and managing not only inventions but also software, data, design rights and other IP (such as know-how, trade secrets) that are valuable to the Company's businesses, we are concentrating on building the optimal intellectual property portfolio that can support digital-centric business growth while also promoting the sharing of intellectual property throughout the Group. Furthermore, as generative AI develops, its effect on intellectual property rights and their management is becoming a

new issue, and therefore we are also focusing on risk management in the field of intellectual property, such as by analyzing copyright risks, formulating guidelines, using generative AI in intellectual property management, and seeking to understand related precedents.

By visualizing intellectual property, strategically managing and utilizing it, and promoting IP sharing within the group, alongside minimizing IP-related risks, we aim to contribute to the achievement of the Inspire 2027 goals and the realization of a true One Hitachi.

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Four Core Business Strategies

Digital Systems & Services

Transform Social Infrastructure with AI
to Realize a Harmonized Society



Investor Day (Digital Systems
and Services Business Strategy)

Jun Abe

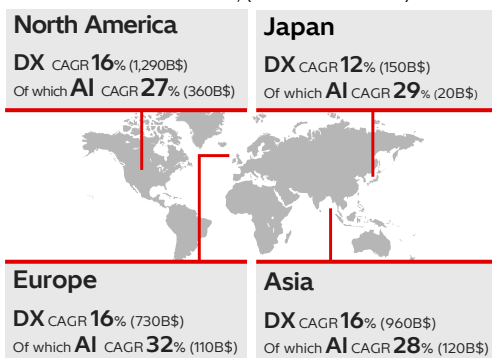
Representative Executive Officer,
Executive Vice President and
Executive Officer,
Head of Digital Systems &
Services Business

Market Environment

The digital transformation (DX) market is expected to continue experiencing high growth globally despite the ongoing uncertainty in the global economic environment due to factors such as rising geopolitical risk and tariff impacts. The AI market is expected to grow by an average of 30% annually, driven by its rapid expansion across various fields such as system development and social infrastructure as technologies advance including generative AI. Meanwhile, many clients face challenges in utilizing AI including a shortage of human resources, risks of data leakage and increasing operational costs. To resolve such issues, a business environment is gradually being established where the strengths of Hitachi and the DSS sector—such as high reliability and technological expertise—can be further demonstrated.

DX Market Outlook by Region

CAGR 2024–2027, (Market size in 2027)



Market CAGR and size source: Hitachi

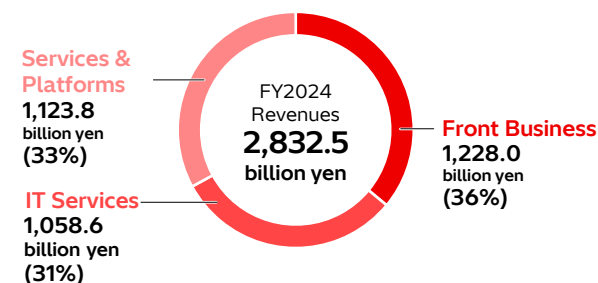
Our Ambition for Inspire 2027

By leveraging AI, the DSS sector continues to deliver revenue growth and enhanced profitability while leading the group-wide Lumada business

Strategy 1	Strategy 2	Strategy 3
Strengthening systems integration (SI) execution capabilities	Expanding services and recurring business	Driving Lumada business with One Hitachi

The DSS sector positions AI as the growth driver to achieve continuous revenue growth and increased profitability. Specifically, we aim to strengthen the SI business and services/recurring business, while accelerating the development of the Lumada business with One Hitachi. With these three strategies as the growth pillars, the DSS sector aims to build highly growing and profitable businesses with revenues CAGR of 7–9% (fiscal 2024–2027) and adjusted EBITA margin of over 16% by focusing on high-margin SI and services businesses while further enhancing productivity and optimizing pricing. Additionally, by contributing to the expansion of the Lumada business in other sectors through the provision of DSS sector's digital and AI technologies, we will drive increased profitability for the Hitachi Group's growth as a whole.

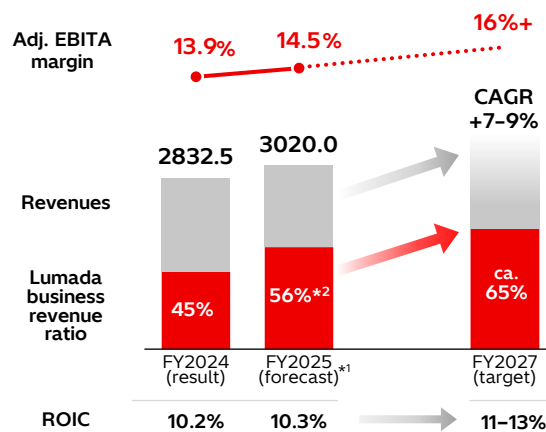
Business Structure



Front Business	Building and operation of mission-critical IT and digital systems • Financial Institutions BU • Social Infrastructure Systems BU
IT Services	Developing and operating IT, digital solutions and services • Hitachi Systems, Ltd. • Hitachi Solutions, Ltd.
Services & Platforms	Providing the methods and latest digital technologies required for DX • Digital Engineering & AI Solutions BU • AI & Software Services BU

Business Performance / Inspire 2027 Targets

(billion yen)



*1 Announced on April 28, 2025 *2 Announced on July 31, 2025

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The Competitive Advantages of the DSS Sector

Development and operation of mission-critical systems

- SI business revenue growth CAGR 9% (FY2021–2024)
- SI/DX execution capabilities that can execute complex and large-scale projects

GlobalLogic's extensive human resources and advanced AI technology

- Over 30,000 digital engineers (India, Eastern Europe, etc.)
- Rated as a Leader in ISG Provider Lens's Generative AI Services Report 2024 [🔗](#)

Ability to integrate social infrastructure and digital domains

- Value creation by combining digital technologies and AI with the installed base of equipment, machinery, etc. through One Hitachi (HMAX, etc.)
- Ability to transform social infrastructure based on vast amounts of accumulated data and abundant domain knowledge

Expanding capabilities through partnering

- Strengthen collaboration with global tech companies, including becoming the first Japan-headquartered company to join NVIDIA's Global System Integrator (GSI) program

Strengthening SI Execution Capabilities

As projects become larger and more exclusive due to growing demand for IT modernization and DX, Hitachi is strengthening the SI business by leveraging our strengths such as the ability to build and operate highly reliable systems with high added value which we have cultivated in mission-critical areas including the financial industry. The DSS sector is fully leveraging generative AI in the SI business to drive dramatic increases in productivity and create new value through the integration of domain knowledge. In fiscal 2024, we increased productivity in manufacturing and unit testing processes by around 30% and generated application results of about 5 billion yen by applying generative AI. We plan to expand the scope of application to SI as a whole and generate application results of 100 billion yen across all companies by fiscal 2027.

Furthermore, we will also strengthen the SI business's execution capabilities by utilizing the extensive global engineering resources of GlobalLogic and Hitachi Digital Services. This initiative addresses the shortage of skilled personnel while promoting software development efficiency and effective use of intellectual property (IP) assets through the establishment of a shared AI development environment.

Expanding Services and Recurring Business

Along with providing AI infrastructure and services such as Hitachi iQ and HARC*1 for AI that make rapid and highly

reliable data applications possible, we are enhancing solutions with high added value like agentic AI, and we will further expand services and recurring businesses that provide a one-stop solution, from consulting-based business transformation to AI utilization environments and related services.

We are also focusing on software asset-based services that integrate GlobalLogic's advanced design with engineering capabilities and advanced AI technology. Through [VelocityAI](#) [🔗](#), a comprehensive suite of AI-powered service offerings, we help enterprises accelerate product development, improve operations and enhance customer experiences by integrating AI, digital and human expertise.

Driving Lumada Business with One Hitachi

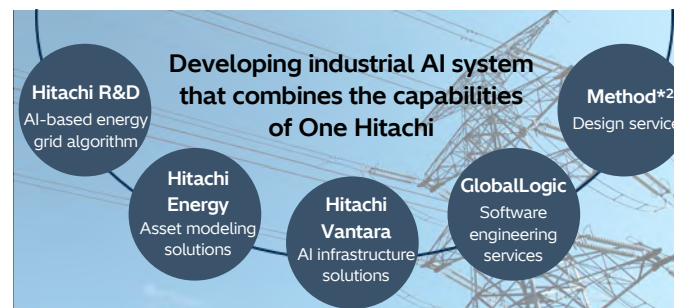
Hitachi is deploying HMAX in high-growth markets by integrating digital technologies such as AI utilization from the DSS sector into its steadily expanding installed base of equipment and machinery. To further accelerate the growth of Lumada businesses including HMAX, Hitachi has established the One Hitachi Advisory Board, a cross-sector executive forum that enables faster decision-making on strategic priorities and investment allocation. In response to rising data center demand, we will expand relevant solutions and enhance initiatives like secure data management, AI utilization, power optimization and operations automation to realize green data centers as One Hitachi.

Co-creating Value through One Hitachi

Southwest Power Pool—Advancing Power Grid Management [🔗](#) Addressing Energy Supply and Demand Gaps with Industrial AI System

Southwest Power Pool, a Regional Transmission Organization (RTO) responsible for ensuring stable power supply and maintaining transmission infrastructure across 14 states in Central U.S., is advancing power grid management with AI. Amid a sharp rise in energy demand driven by expansion of data centers and manufacturing, the gap between electricity supply and demand is becoming critical in the United States. To address this challenge, Hitachi Energy and other divisions across Hitachi Group are collaborating to develop an industrial AI system that harnesses advanced analytics and simulation technologies. Hitachi will continue to leverage the strength of One Hitachi to advance the development of AI-driven solutions and transform social infrastructure on a global scale.

*1 Hitachi Application Reliability Centers *2 GlobalLogic's strategic design department



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Four Core Business Strategies

Energy

Supporting Stable Power Supply
through Digital Technologies and Energy Solutions

Investor Day
(Energy Business Strategy)

Andreas Schierenbeck

Senior Vice President and
Executive Officer,
Head of Energy Business

Market Environment

In 2024, global power generation capacity increased by over 585 GW, with approximately 85% attributed to renewable energy sources such as solar and wind. Renewable energy is expected to continue expanding as the fastest and most cost-effective means of increasing capacity. Its share is projected to double by 2035 across most regions—including Europe, India and China. The grid-related market is forecast to grow from 233 billion dollars in 2024 to 450 billion dollars in 2035. In addition, the importance of nuclear energy is gradually increasing, supported by the growing need to ensure energy security and to meet rising electricity demand from data centers, electrification and other high-load applications. In this context, the SMR*1 market in North America and Europe is expected to reach 100 GW in magnitude by 2050.

Our Ambition for Inspire 2027

In the power grids business, we are investing in capacity expansion and maintaining a strong focus on operational excellence. Leveraging digital technologies, we aim to become the number one service provider in the industry. In the nuclear energy business, we will contribute to restart and new build of BWRs*2 in Japan as well as the revitalization of Fukushima, while also promoting SMRs and digital solutions empowered by expertise and experiences. By harnessing digitalization and technological innovation, we will sustain growth that outpaces the market. With a long-term target of 10–12% CAGR*3 in revenues through fiscal 2030, the Energy Sector is committed to achieving 11–13% CAGR*4 in revenues and adjusted EBITA margin exceeding 12% by fiscal 2027.

Focus areas to UNLOCK Potential

Backlog

Largest OBL*5 in the industry
with \$43 bn in FY2024

Manufacturing

Expanding existing,
building new capacity

Operational efficiency

Targeting >98% contractual
on-time delivery rate

People

Expanding workforce
by 15,000 by 2027

Service

500,000 power grid installed assets,
~\$230 bn, only <1%
with service agreements

New business models

Standardization &
frame agreements

Nuclear energy

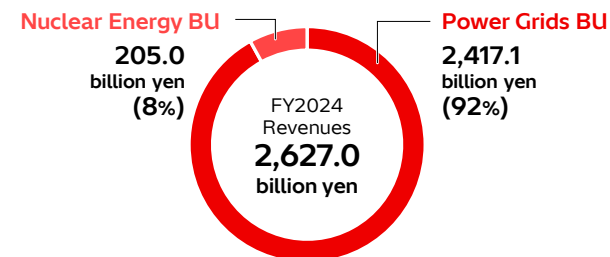
Hitachi's unique expertise
making SMRs possible

Pioneering spirit

Continuing with R&D
investments to maintain
technology leadership

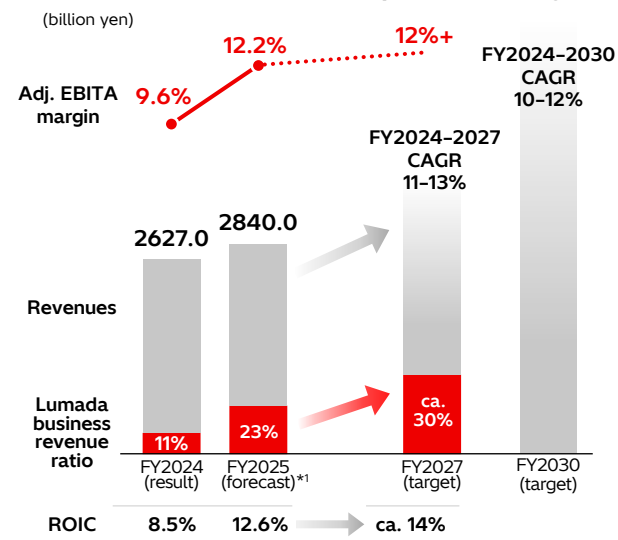
*1 Small Modular Reactor *2 Boiling Water Reactors *3 Fiscal 2024 to 2030 *4 Fiscal 2024 to 2027 *5 Order backlog

Business Structure



Power Grids BU	<ul style="list-style-type: none">Automation systems and protectionEnterprise and asset management softwareHVDC (High-voltage direct current)GIS (Gas insulated switchgears)TransformersGrid & power quality solutionsService
Nuclear Energy BU	<ul style="list-style-type: none">Nuclear power plantDecommissioningNuclear fuel cycle

Business Performance / Inspire 2027 Targets



*1 Announced on July 31, 2025

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Scaling to Meet Demand —Investments and People

Power Grids

Hitachi Energy's order backlog reached an industry-leading 43 billion dollars at the end of fiscal 2024, underscoring the urgent need for capacity expansion. To meet this demand, we have announced over 6 billion dollars in investments between fiscal 2024 and 2027*6, targeting manufacturing, engineering and digital capabilities across key regions including the United States, Europe and India. In parallel, we are executing a strategic workforce expansion plan, aiming to hire 15,000 new employees by 2027. This initiative is progressing steadily and is essential to support our accelerated growth trajectory.

What Makes the Energy Sector Unique

Power Grids

- World's largest T&D*7 installed base
- World-leading OEM expertise
- Dedicated global Service BU
- Global service footprint in >55 countries
- IT x OT x Products strengths
- World-leading upgrades & retrofit technology

Nuclear Energy

- Supporting construction of 2/3 of BWR units in Japan, involved in all ABWR*8 constructions
- New solutions integrating accumulated technology, expertise, experience and digital

Co-creating Value through One Hitachi

Predictive Capabilities on Electrical Substations for Rail Service

As a collaboration example, Hitachi Energy and the Railway Systems Business Unit have jointly introduced a predictive maintenance solution for railway substations. Based on the HMAX concept, this solution visualizes asset health through advanced digital modeling and forecasting, while optimizing portfolio resources and performance by balancing cost and risk. By leveraging predictive capabilities, it delivers high-value solutions that support optimal asset management for customers.

*6 Doubled from 3 billion dollars invested between fiscal 2020 and 2023

*7 Transmission and distribution *8 Advanced Boiling Water Reactors

*9 Engineering & Procurement/Engineering & Procurement Plus (i.e. not EPC, excluding Construction)

*10 Compared to fiscal 2021

De-risked Business Model

Power Grids

Hitachi Energy adopts a de-risked business model through framework agreements, capacity reservation agreements, enhanced terms and conditions and EP/EP+*9 schemes. These measures contribute to better risk profile and improved gross margins in the order backlog. It is also striving to enhance productivity, delivery performance and quality through digital transformation. The company is promoting a dual approach of rigorous risk management and proactive capturing of opportunities to achieve sustainable growth.

Expanding the Service Business with Digital Capabilities

Power Grids

In April 2025, Hitachi Energy established a dedicated Service BU. Centered on this unit, the company is leveraging its industry-leading installed base of 500,000 assets valued at 230 billion dollars, along with advanced digital capabilities—including Lumada, the core of the Hitachi Group's digital strategy—and the HMAX framework to drive scalable growth. Hitachi Energy is strongly committed to becoming the world's most trusted number one service provider with a plan to expand the service business by a factor of four to five*10 by fiscal 2030.

Inorganic Growth to Sustain No. 1 Position

Power Grids

To drive further growth, Hitachi Energy is pursuing inorganic growth and strategic partnerships to strengthen its capabilities. The company is focusing on three key areas: core competencies such as manufacturing capacity and technology, digital grids and services and edge domains including power electronics, charging infrastructure and power distribution.

Contributing to Reliable and Stable Energy Supply

Nuclear Energy

Hitachi supports the restart of all BWR plants and construction projects in Japan. Going forward, the company will actively promote Lumada and digital solutions, contributing to enhancement of plant safety and operational efficiency. In the growing SMR market, the joint venture between Hitachi and GE Vernova has received an order for Canada's first commercial SMR unit. The SMR "BWRX-300" to be installed has significant potential, with the aim of active rollouts in global market especially in North America and Europe at early stage.



Asset monitoring



Electrical substation for traction

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Mobility

Becoming a Sustainable Global Mobility Player
with the Power of Digital and One Hitachi

Investor Day
(Mobility Business Strategy)

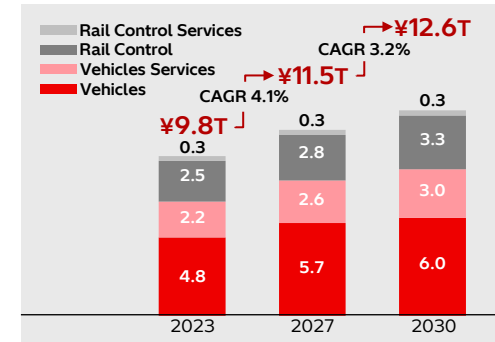
Giuseppe Marino

Senior Vice President and
Executive Officer,
Head of Mobility Business

Market Environment

The mobility market is in a structural transformation and expected to continue growing in the future. In the long-term, global passengers-km are projected to double by 2050 compared to 2015, which is accelerating demand for solutions that enhance efficiency of both urban and long-distance travel. Rail is a sustainable means of transportation in its own right, and digital technologies are driving innovation in mobility such as seamless multi modal journeys. In the short to mid-term, the rail market is expected to grow by an average of around 4% per annum, and we expect to see stable growth in all business areas, namely rolling stock, signaling and control and services.

Rail Market Evolution†



† Hitachi accessible market

Source: UNIFE

Our Ambition for Inspire 2027

Becoming a sustainable global mobility player

Strategy 1

Delivering sustainability

Strategy 2

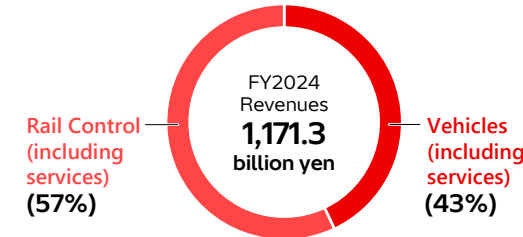
Innovating for the mobility
of the future

Strategy 3

Shifting towards recurring and
software-based solutions

The three drivers to realizing our vision are sustainability, innovation and recurring revenues. On sustainability, we believe that rail is the way to move people more efficiently with shorter travel time whilst solving congestion issues and reducing carbon footprint. As for innovation, we will continue to innovate for the mobility of the future as we stand at the crossroad of transformational changes driven by digital innovation. Our business is gradually shifting its model towards more recurring and software-based solutions through mix shift and business model evolution. Our target is to generate 74% of revenue to come from these areas in fiscal 2027.

Business Structure

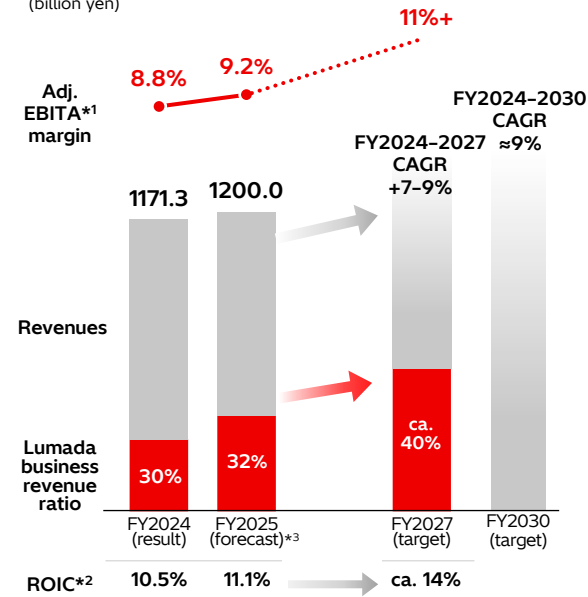


Mobility

- Rail Control Services
- Rail Control
- Vehicles Services
- Vehicles

Business Performance / Inspire 2027 Targets

(billion yen)



*1 Adj. operating income plus acquisition-related amortization excluding integration cost and intra company adjustment
*2 Without PPA and integration cost. FY2024 ROIC restated for GTS opening (ROIC before restatement with PPA and integration cost: 9.0%)
*3 Announced on July 31, 2025

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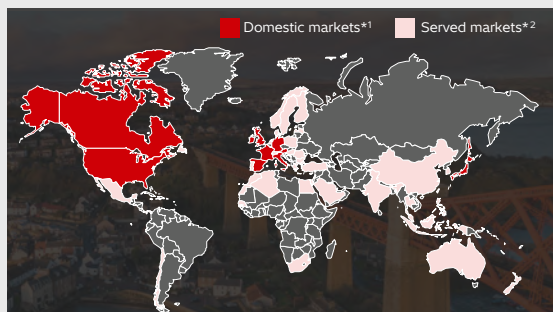
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Key Competitive Advantages
of the Mobility SectorGlobal presence with footprint in 50+ countries
Strengthened through One Hitachi approach

- Our global footprint covers business in over 50 countries serving more than 300 customers worldwide.
- Leveraging a strong product installed base, we are combining operational technologies (OT) and information technologies (IT) through the One Hitachi approach, driven by growth in digital technologies.



*1 Markets where Hitachi Rail has either a manufacturing facility and/or a main office *2 Countries mainly served with project offices

Priority Area:
Key Action Pillars for Inspire 2027

We have set 6 key action pillars to focus. To begin with, the business growth. We are accelerating in key geographies and growth markets. Another key pillar is backlog execution. Our 6.2 trillion yen backlog consists of 36% Rail control, 21% Vehicles and 43% services. Equally important, cost containment. We are working on this leveraging our focus on productivity and AI. In addition, M&A. We are looking at potential opportunities which could support innovation realizing synergies with the rest of Hitachi. A further consideration is managing geopolitical impact. We are for instance managing potential changes through our diversified global footprint. Lastly, but for sure very important, our people. With our very large pool of diversified competences, we have the strengths to lead the technological challenges of the future.

Accelerating HMAX

HMAX is our digital platform. It collects information and data from a very wide range of sensors. From trains, from on board and wayside signaling, from rail infrastructure and even from substations for power supply. The collected data will then flow through layers of data integration, common data lake, where each application through algorithms and AI can have access and elaborate. There are a number of applications up and running already delivering value to our customers and even more will be introduced. HMAX for example can make our journeys more reliable (potential to reducing up to 20% in service delays) and also increase cost efficiency (potentially reducing up to 15% in maintenance costs and energy consumption). It is differentiated through a number of factors. Our proprietary sensor technologies, architecture and software developed by Hitachi Digital and GlobalLogic enhanced by AI evolution, capabilities of our partner NVIDIA and very solid reference (more than 2,000 trains in the field).

HMAX Go-to-Market Business Model

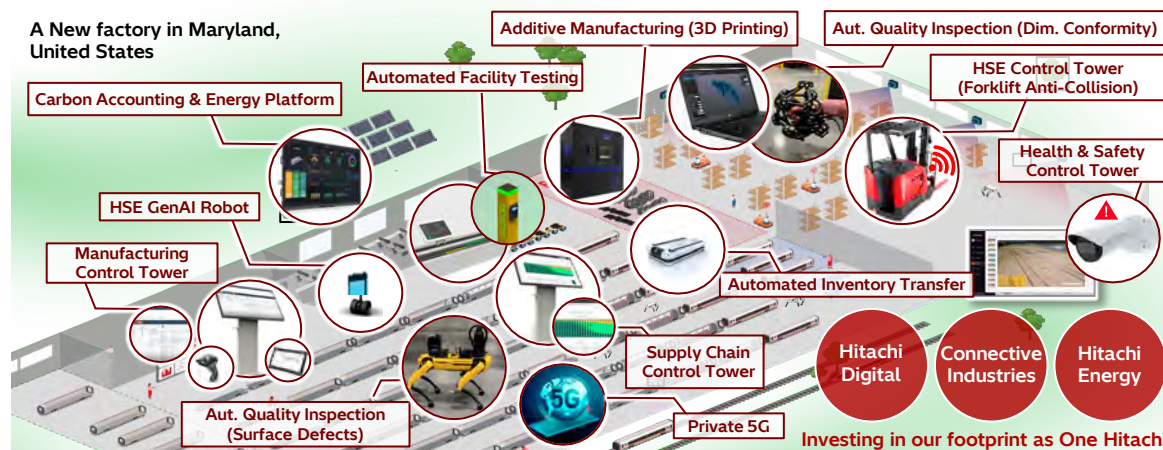


*Source: McKinsey & Company "The journey toward AI-enabled railway companies, 2024

Co-creating Value through One Hitachi

A New Factory in the United State
Using Best Digital Technologies

The new factory we opened in Maryland, United States is a great example of what One Hitachi can achieve, bringing together deep expertise from all areas of Hitachi's operations. This includes Hitachi Digital's capabilities for robotic inspections, automatic guided vehicles from Connective Industries and Hitachi Energy for the power supply. In addition to these advanced manufacturing capabilities, the venue also incorporates a customer experience center where solutions across Hitachi businesses are showcased with digitalized contents.



Four Core Business Strategies

Connective Industries

Realize a Harmonized Society by
Driving Innovation for Frontline Workers

Investor Day (Connective
Industries Business Strategy)

Brice Koch

Representative Executive Officer,
Executive Vice President and
Executive Officer,
Head of Connective Industries
Business

Market Environment

Structural change is underway in the industry market. Decline of skilled workers accelerates AI utilization across the industry to ensure efficiency, skill and safety. In discrete industries*¹, automation and optimization are being more seamlessly integrated across design and manufacturing. In process industries*², the evolution of AI is shortening development cycles and improving manufacturing efficiency. Among these, in hybrid industries*³, which combine characteristics of both industries, the need to improve asset efficiency and labor productivity is becoming increasingly critical, particularly in growing markets such as battery and biopharmaceutical manufacturing.

Structural Changes in the Industry Market

Industry / Structural Change	Value Required
Discrete Automation optimization seamlessly between design and manufacturing	Improvement of Asset Efficiency
Process With advancements in AI, development time is shortened, and manufacturing efficiency improves	
Common As skilled workers in mission-critical domains decline, AI ensures efficiency, skill and safety	

Our Ambition for Inspire 2027

Aiming for profitable growth by focusing on Integrated Industry Automation

Strategy 1	Strategy 2	Strategy 3
Expand mission-critical product businesses	Scale HMAX for Industry	Transform the business portfolio and expand globally

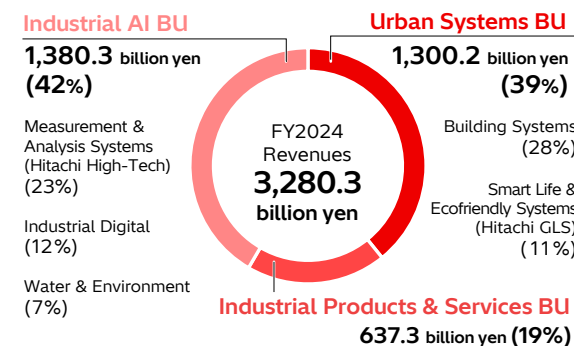
Under Inspire 2027, we aim to evolve vertical integration of mission-critical products, abundant OT domain knowledge and advanced IT leveraging AI. At the same time, we will horizontally integrate our capabilities in both process and discrete industries to address customer challenges in hybrid industries. Through these integrations, we will focus on Integrated Industry Automation to achieve profitable growth through three priority strategies. First, as a foundation business, we will further expand the installed base of mission-critical products. Second, we will scale HMAX for Industry, which combines product data with domain knowledge and advanced AI, with a focus on hybrid industries. Third, we aim to drive global growth by accelerating business portfolio transformation, including strategic inorganic investments, and R&D, as well as advancing One Hitachi initiatives.

*1 Discrete industries: Industries that assemble parts and components to manufacture products

*2 Process industries: Industries that use heat, pressure, or other methods to induce chemical or physical changes to manufacture products

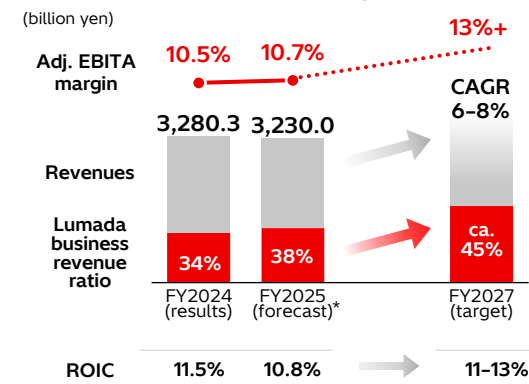
*3 Hybrid industries: Industries that require both discrete and process manufacturing processes

Business Structure



Urban Systems BU	<ul style="list-style-type: none">Elevators, escalators and building servicesHome appliances and air-conditioning systems
Industrial Products & Services BU	<ul style="list-style-type: none">Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.)Custom-made industrial equipment (process compressors, drive systems, UPS, etc.)Field service, roll press equipment, carbon neutral solution
Industrial AI BU	<ul style="list-style-type: none">Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.), measurement and analysis (semiconductor metrology/inspection equipment, electron microscopes, etc.)Industry and distribution solutions, robotic SIIndustrial process, utility, water supply and sewerage solutions

Business Performance / Inspire 2027 Targets



*Announced on April 28, 2025

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Expand Mission-critical Product Businesses

The CI sector's globally delivered mission-critical products generate frontline operational data and form a core foundation for Lumada. We offer a broad portfolio of products. For diverse industries, we offer, for example, measurement and analysis equipment, compressors and air conditioning systems. We also provide industry-specific products, such as bioreactors for biopharmaceutical manufacturing and roll presses for battery manufacturing. We aim to further expand this extensive installed base.

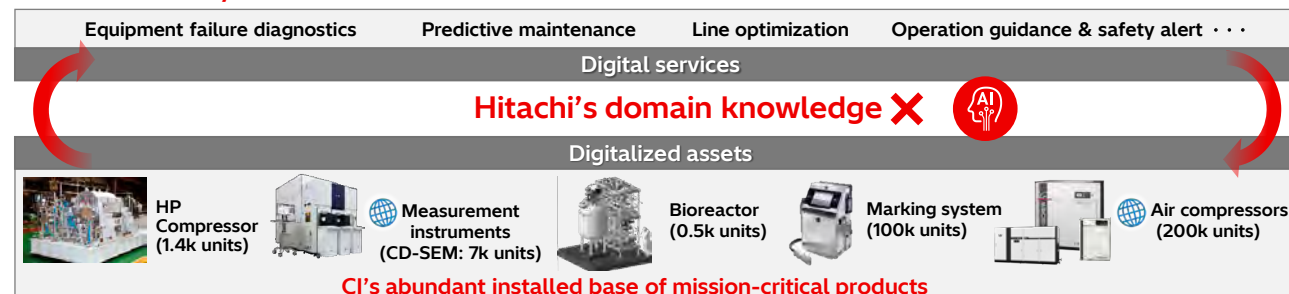
Scale HMAX for Industry

We will scale HMAX, our differentiated solution that vertically integrates products, OT and IT, leveraging AI, into the industry market. HMAX for Industry is a business model that leverages data from CI's abundant installed

base of mission-critical products (digitalized assets) and integrates it with our domain knowledge and advanced AI. It aims to deliver advanced digital services, including equipment failure diagnostics, predictive maintenance and line optimization. Furthermore, it establishes a cycle that enhances the intrinsic value of the products and drives sustainable innovation of production sites. We are already advancing co-creation with partners such as NVIDIA and Daikin Industries.

Moving forward, we will globally expand the application of HMAX, focusing on high-growth hybrid industries, such as biopharmaceutical manufacturing, battery manufacturing and advanced materials manufacturing, where improvement of asset efficiency and labor productivity is critical. We will grow our highly profitable recurring businesses through HMAX.

HMAX for Industry

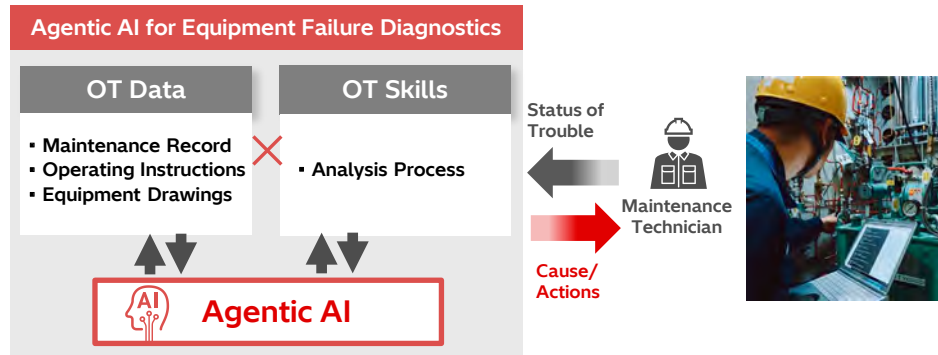


Global share 1st to 3rd place (Hitachi source)

Co-creating Value through One Hitachi

Use Case of HMAX for Industry

As part of our co-creation with Daikin Industries, Ltd., we have started a trial operation of an Agentic AI supporting equipment failure diagnostics at a Daikin Industries' factory. This initiative integrates the on-site OT knowledge cultivated by both Daikin Industries and the CI sector with the digital capabilities of the Hitachi Group. By combining OT data, such as maintenance records, operating instructions and equipment drawings, with OT skills, including maintenance technicians' analysis processes, Agentic AI analyzes the root causes of equipment failures and proposes solutions. The system has achieved response times within 10 seconds and an accuracy rate exceeding 90%, contributing to improved operational efficiency, quality assurance and skills transfer. Moving forward, we plan to expand this solution to other sites globally, as well as to other industries.



Transform the Business Portfolio and Expand Globally

Under Inspire 2027, we position Integrated Industry Automation as the core of our growth strategies. We will accelerate the business portfolio transformation and global expansion to strengthen our core businesses that contribute to this initiative. Specifically, we will optimize management resources by focusing on hybrid industries, driving strategic inorganic investments, enhancing R&D and reviewing our business structure to accelerate transformation. In addition, we will expand the CI sector's products and solutions to other sectors, such as Mobility and Energy, creating One Hitachi synergies. Through these initiatives, we aim to drive global business expansion and further strengthen our earnings base.

The Competitive Advantages of the CI Sector

Extensive Installed Base of Mission-critical Products

- Global top-share products (air compressors and measurement equipment, etc.)
- Approx. 2,500k units of installed connected products (FY2024)

Vertical Integration of Products, OT and IT

- Capabilities and domain knowledge across all layers (products, OT, and IT)
- Advanced integration capabilities that leverage AI to address complex, site-specific challenges
- Our experience and track record in recurring businesses that continuously enhance customer value

CFO and CRMO Message

Aiming for Enhanced Corporate Value by Accelerating the Transformation to a Digital-centric Company and Achieving High Profitability and Sustainable Growth

Tomomi Kato
Senior Vice President and Executive Officer,
CFO and CRMO



Investor Day (CFO session)

Financial Targets of Inspire 2027

Aiming for Sustainable Growth to Further Enhance Corporate Value

Under Inspire 2027, we have set five financial KPIs to help us further enhance corporate value by accelerating our transformation into a digital-centric company, evolving Lumada with generative AI and achieving high profitability and sustainable growth.

Firstly, when it comes to revenues, our target is to achieve sustainable growth at a yearly average of 7–9% despite the unstable economic conditions. For adjusted EBITA margin, our target is 13–15% to bring us closer to the level of our global peers. Our cash flow conversion target is over 90%, which we intend to reach through means such as improving our cash conversion cycle, optimizing CAPEX and others. As we steadily improve these three financial indices, we will continuously expand our core FCF and work to boost our cash generation capabilities.

Next, we will work towards improvements in medium- to long-term capital efficiency as we make aggressive inorganic investments while maximizing returns and optimizing invested capital through the expansion of the Lumada business. We are targeting ROIC of 12–13% even though we expect to make a certain amount of growth investments.

Additionally, we have set targets of 50% revenue ratio and 18% adjusted EBITA margin for the Lumada business, which will be the driver for growth and greater profitability. We will accelerate our transformation into a digital-centric company with the Lumada business at its core and steadily increase corporate value despite the uncertain business environment we are placed in.

Financial KPIs Targeted in Inspire 2027

	FY2021	FY2024	FY2027
Revenues CAGR*4	5%*5	8%*6	7–9%
Adj. EBITA margin	9.9%*5	11.1%*7	13–15%*7
Cash flow conversion*8	50%	83%	Over 90%
ROIC	7.7%	10.9%	12–13%
Lumada	Revenue ratio	21%	50%
	Adj. EBITA margin	12%	18%

*4 Three-year CAGR *5 Three sectors *6 Excluding foreign exchange
*7 Updated definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization
*8 Core FCF/Net income (excluding special factors)

Review of Mid-term Management Plan 2024

Achieved Organic Growth and Established Cash Flow and ROIC-focused Management

In fiscal 2024, we recorded increased revenues and profit in all sectors, driven by GEM sector†, which performed well with renewable energy-related projects and projects involving transmission upgrades, and DSS sector, which grew greatly boosted by the trend towards DX and modernization in the domestic IT market, and also due to the solid growth of CI sector both domestically and overseas. As a result, we set a new record for the highest ever adjusted EBITA margin and core FCF in our history. Reflecting on Mid-term Management Plan 2024 as a whole, we achieved the organic growth we had set as a target and also increased both revenues and profit margins. Furthermore, thanks to our cash flow-focused management policy, cash efficiency went up and core FCF increased dramatically. We were also able to improve ROIC and by and large meet our KPIs overall.

Despite that, however, we were still faced with the issue where we could not make enough growth investments because we did not find opportunities that matched Hitachi’s business strategy while also promising suitable returns. Furthermore, we are aware that compared to our global peers, we need to increase our profitability even more and further enhance our business portfolio and risk management.

† Green Energy & Mobility Sector was divided into Energy sector and Mobility sector from fiscal 2025.

Overview of FY2024 Performance

	Revenues CAGR (FY2021–2024)	Adj. EBITA Margin	EPS Growth Rate CAGR (FY2021–2024)	Core FCF 3-year cumulative (FY2022–2024)	ROIC
MMP2024 Targets	5–7%*1	12.0%*3	10–14%	1.2 tn yen	10.0%
Results	8%*2	11.7%*3	18%	1.8 tn yen	10.9%

*1 Three Sectors (excluding Astemo) *2 Excluding foreign exchange effect
*3 Old definition of Adj. EBITA: Adj. operating income plus acquisition-related amortization and equity in earnings (losses) of affiliates

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Enhancing Cash Generation Capabilities

Continuously Increasing Core FCF by Increasing Revenues and Profit Margins through the Expansion of the Lumada Business, and by Improving Cash Flow Conversion

Hitachi's core FCF has grown at a year over year of 23% until now. We will aim to continuously increase core FCF going forward by achieving revenue growth and higher profit margins through the expansion of the Lumada business in addition to further improving the conversion of profit to cash. Additionally, as we accelerate our transformation into a digital-centric company, we will steadily restructure our business portfolio based on the potential to enhance both growth and profitability in the Lumada business.

Capital Allocation (Growth and Returns)

Focus on Returns and Allocate Cash between Growth Investment and Shareholder Returns in a Balanced and Flexible Manner

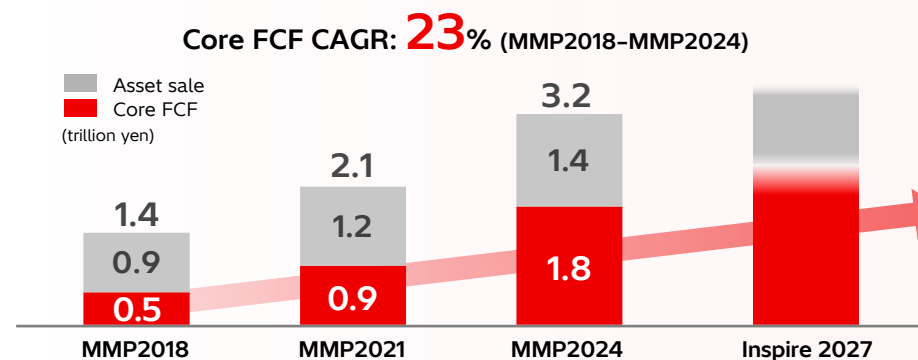
In Inspire 2027, as a basic policy just as in the previous Mid-term Management Plan 2024, we will focus on returns and allocate cash between growth investments and shareholder returns in a balanced and flexible manner.

When allocating cash, core FCF will be allocated to growth investments and shareholder returns. Next, cash from the sales of assets will be invested in growth if there are growth investment opportunities or allocated to share buybacks if there are no such opportunities. Borrowing leverage will also be used for growth investments.

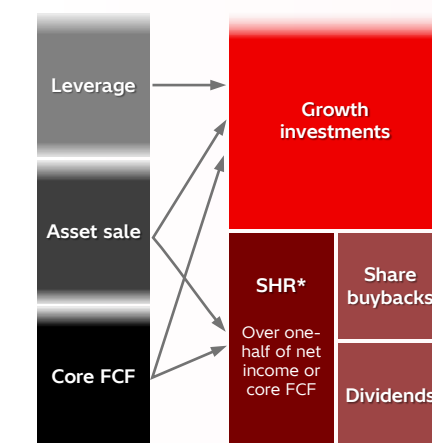
For inorganic growth investments, we are focusing investment targets on fields that match the company-wide growth strategy and that can be expected to result in higher profitability and capital efficiency. In specific terms, we expect these to be investments that enhance digital areas or expand service businesses, and the majority of investments will likely take the form of bolt-on M&As that complement existing businesses.

In making investment decisions, in addition to their compatibility with our strategy, we will use Inspire 2027's financial target values (adjusted EBITA margin of 13–15%, ROIC of 12–13%) as the hurdle rate and consider risks and other factors as we carefully make decisions. On the funding side, as financial discipline we will aim to maintain a D/E ratio of 0.5x and a Net Debt/EBITDA ratio of approximately 1–2x in the medium term, and we will also use borrowing leverage depending on the growth investment opportunities available.

Cash Generation Trends



Capital Allocation Policy



*Shareholder Returns

Priority: 1. Dividends
2. Growth investments/share buybacks
3. Debt repayment

In the absence of growth investment opportunities, excess cash will be returned to shareholders

Investment in Inorganic Growth

- Focus investment in digital enhancement and service expansion
 - Strengthen Strategic SIBs (data centers, healthcare, etc.)
 - Strengthen integrated industry automation
 - Strengthen digital engineering and service
- Invest with strategic, risk, and return considerations
 - Hurdle rate: Financial KPIs under Inspire 2027 (Adj. EBITA: 13–15% and ROIC: 12–13%)
- Utilize leverage under financial discipline
 - D/E ratio: 0.5 times
 - Net Debt/EBITDA multiple: 1–2 times

Shareholder Returns

- Continuously increase returns to shareholders over the medium to long term
- Over one-half of core FCF or net income
- Stable dividend growth in line with business growth
- Flexible share buybacks

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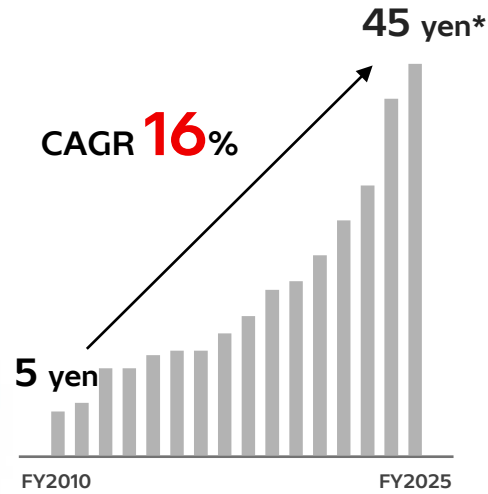
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When it comes to shareholder returns, our policy is to set aside 50% or more of core FCF or net income for shareholder returns on a yearly basis, and we will steadily increase the amount of returns in the medium to long term.

The dividend amount has trended upwards in the past 14 years, and we will aim for continued stable growth in line with business growth. We plan to achieve a CAGR of 16% for the annual dividend per share (payment basis) by fiscal 2025, taking fiscal 2010 as the starting year.

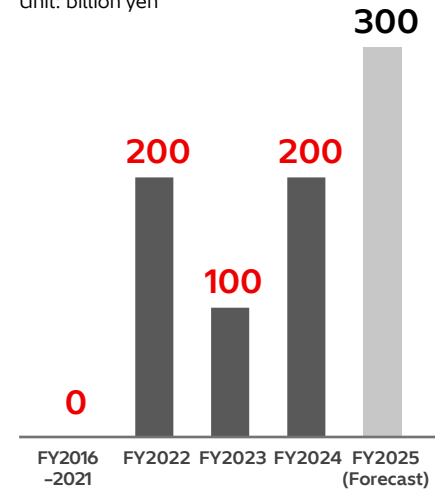
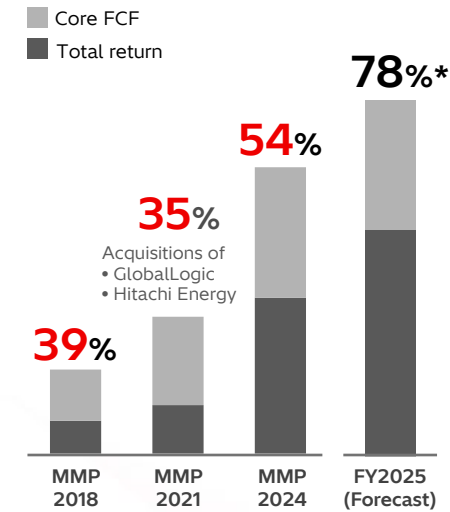
We will flexibly do share buybacks while taking the state of cash generation, financial conditions, the progress of asset sales and other factors into comprehensive account. In fiscal 2025, we plan to buy back approximately 300 billion yen in shares, 100 billion yen more than the previous fiscal year.

Annual Dividend Per Share
(Payment basis)

*Planned amount of interim dividend for FY2025

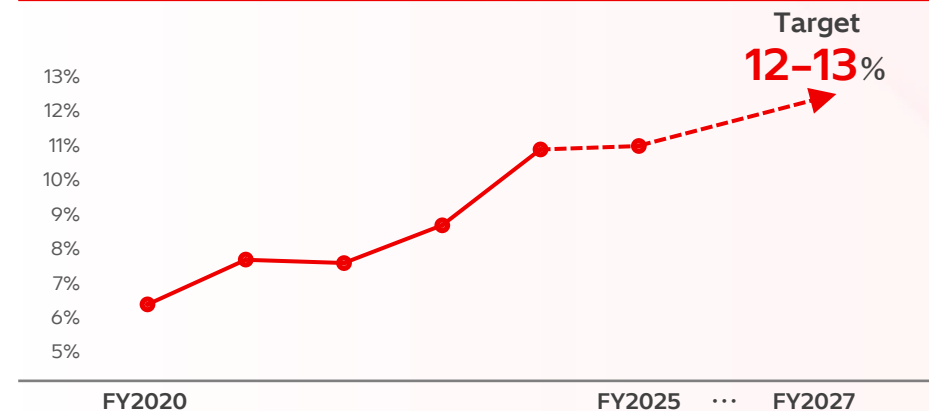
Share Buybacks

Unit: billion yen

Total Shareholder Return Ratio
(To core FCF, cumulative total for three years, payment basis)

*Total return ratio for a single fiscal year

ROIC Trend



Improving Capital Efficiency

Improving ROIC through Maximizing Returns and Optimizing Invested Capital by Expanding Lumada Business
Expanding ROIC-WACC Spread through Improving and Early Recovery of ROIC after Inorganic Investments and Reducing WACC

By continuing our transformation into a digital-centric corporate body through the expansion of the Lumada business, we will strive to improve returns, optimize invested capital and further increase ROIC.

We believe that inorganic growth investments are indispensable to sustainable growth in the medium to long term. If ROIC drops momentarily after an investment is made, we will attempt to quickly recover and improve it by applying strict investment discipline, and we will also focus on WACC reduction and expanding the ROIC-WACC spread.

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We will endeavor to achieve greater returns, in other words to improve the numerator for ROIC, by boosting growth potential and profitability in the four core businesses with Lumada at their core. On the other hand, we will work to optimize invested capital, the denominator, by driving asset-light business models and optimizing our equity ratio. We will proceed with asset sales strategically based on criteria such as the growth potential of the Lumada business, the rationale for retaining its business and ROIC. To further expand the ROIC-WACC spread, we will strive to reduce WACC by using leverage, optimizing β by stabilizing profitability through the expansion of digital services, and communicating with stakeholders in capital market.

Risk Management

Enhancing ERM (Enterprise Risk Management)

Hitachi's business activities have been transformed through innovations in digital technologies such as generative AI and the advancement of globalization. The risks that may have a significant impact on management have become diversified and more complex. Since individual risks interact with each other and can affect business activities in a complex chain reaction, they must be viewed from multiple perspectives, such as their nature, likelihood of occurrence and impact on Hitachi if they do occur.

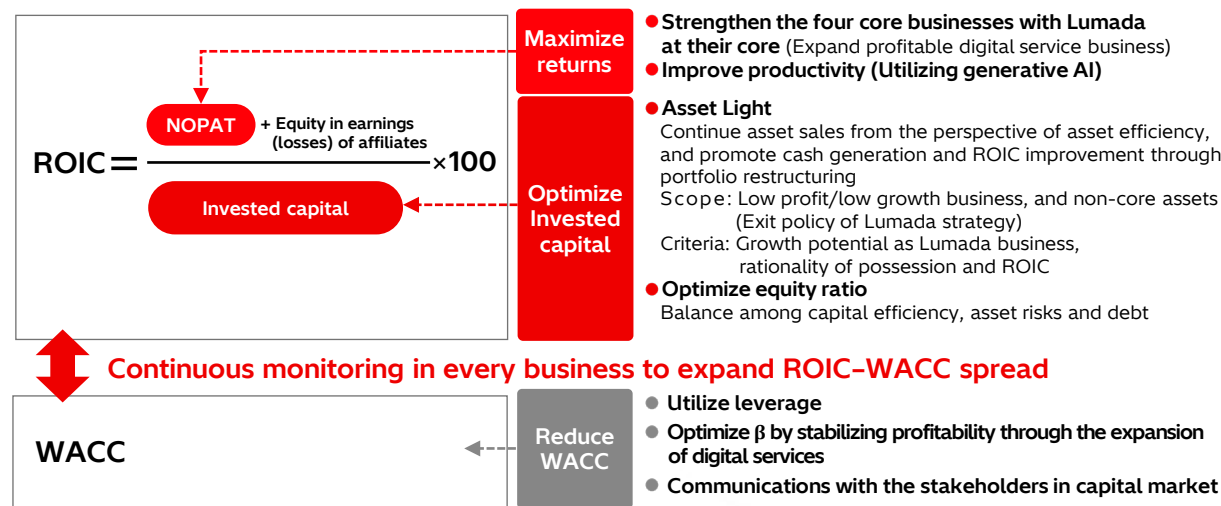
For Hitachi to enhance its corporate value over the medium to long term, it needs not only to grasp risks as threats but also to see their positive aspects as business opportunities in order to implement risk management and to create profit-earning opportunities.

From this perspective, Hitachi has established the risk management system and risk management process to manage risks in a group-wide manner. As the Chief Risk Management Officer (CRMO), I identify major risks across the Group and report the status of our risk response to the Senior Executive Committee and Board of Directors.

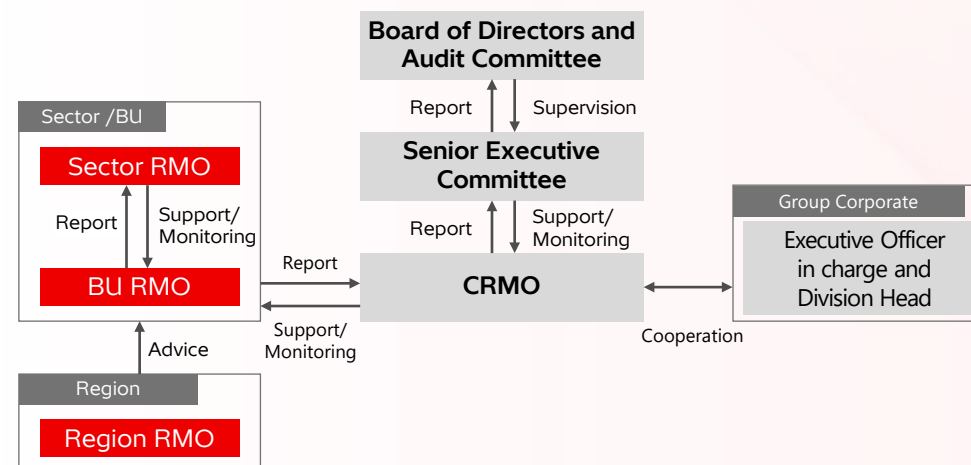
Hitachi operates its risk management system based on clearly defined roles and responsibilities. RMOs placed in sectors and BUs identify and evaluate risks from the standpoint of persons close to the front line and report to the CRMO. Furthermore, we have appointed regional RMOs in six regions including Japan, and they give advice from regional perspectives. Group corporate organizations also support the sectors and BUs through advice and monitoring.

By building the RMO network, we are incorporating region-specific perspectives in addition to those from sectors, BUs and corporate functions, managing major risks in a centralized, company-wide manner, and enhancing our ERM.

Measures for Improving ROIC and Expanding ROIC-WACC Spread



Group Risk Management System



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Risk Management

Building a Risk Culture with One Hitachi

To ensure comprehensive and efficient risk management throughout the Group, we have established group risk items, risk assessment methods, etc. in the internal regulations for group-wide risk management. Risks are assessed by evaluating the impact and likelihood of occurrence for each risk item and by creating the risk heat map. In the assessment, sector/BU identifies risks related to its business activities and assesses the impact and likelihood of occurrence as a bottom-up approach. The members of the Senior Executive Committee, etc. make adjustments for the risks identified and assessed by the bottom-up approach, as well as their impact and likelihood of occurrence, from the perspective of the Group as a whole as a top-down approach. Through this process, Hitachi's countermeasures against major risks are considered from the perspective of avoidance, mitigation, transfer and acceptance. The effectiveness of measures taken to address risks is monitored on a regular basis, and additional countermeasures and remedial measures are implemented as necessary.

Risk management cannot be fully carried out by only management and the CRMO. It is crucial for every single employee to understand the connection between risks and their duties and to take a proactive stance. We share risk-related information, learn together, and strive to foster a proactive risk culture as One Hitachi. Through an approach that balances growth strategy with risk management, we will aim for the sustainable enhancement of corporate value.

Message for Shareholders and Investors

Working to Further Increase Corporate Value

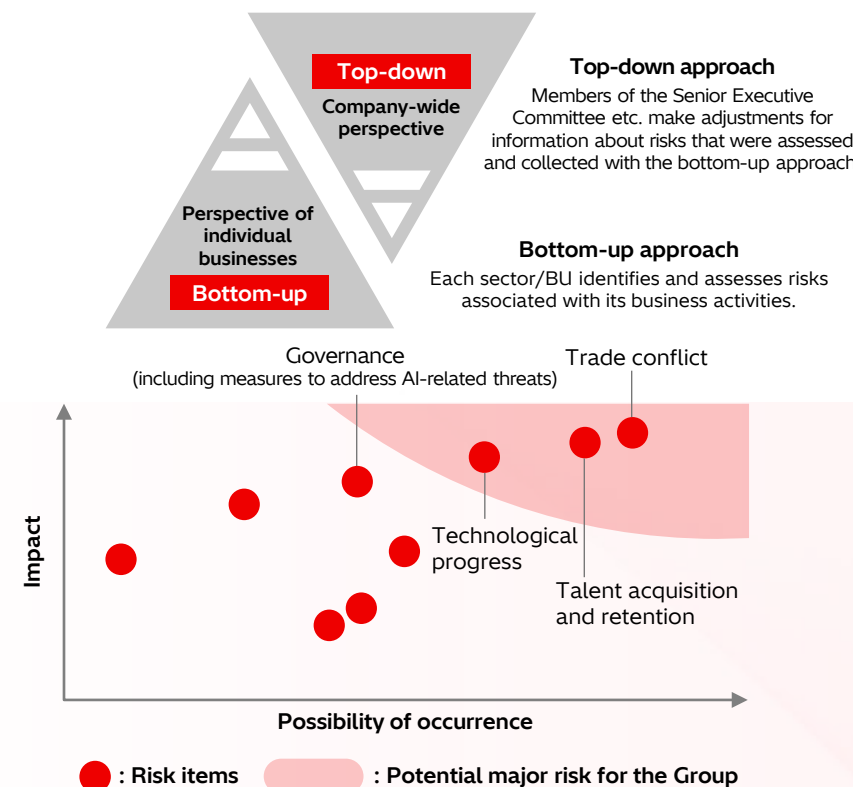
Under Inspire 2027, we will continue to drive three financial indices: revenues, adjusted EBITA margins and cash flow conversion to continuously strengthen our cash flow generation capabilities. Cash generated will be allocated between growth investments and shareholder returns in a flexible and balanced manner. Furthermore, we will work towards improvements in medium- to long-term capital efficiency as we make inorganic investments while maximizing returns and optimizing invested capital.

Over the past few years, geopolitical risks have intensified, with global trade tensions and regional disputes becoming more apparent. Moreover, amid the rapid evolution of generative AI, the global political, economic and social landscapes are changing at unprecedented speed.

Even in today's uncertain business environment, I am committed to fulfill my responsibilities as CFO while concurrently serving as CRMO. By enhancing ERM and accelerating Hitachi's transformation into a digital-centric company with the Lumada business at its core, we aim to enhance corporate value through the realization of high profitability and sustainable growth.

I will continue enhancing Hitachi's corporate value by engaging in interactive dialogue with our investors.

Risk Evaluation Process and Heat Map



The following initiatives are available in the Sustainability Report:

Climate-related Financial Information Disclosure	Efforts against Investment risks
AI governance-related initiatives	Business ethics and compliance
Quantitative understanding of risks	Information security initiatives

Moreover, details on risks for our business and others are available on [page 44 of the Annual Securities Report](#)

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Chief Sustainability Officer, CHRO, and CDEIO Message

PLEDGES as a Compass for Maximizing Corporate Value, Deepening Sustainable Management through One Hitachi

Lorena Dellagiovanna

Senior Vice President and Executive Officer,
Chief Sustainability Officer, CHRO, CDEIO



Driving Further Growth through Sustainability

Under the philosophy of “Contribute to society through the development of superior, original technology and products,” Hitachi has positioned sustainability at the core of its corporate value enhancement and has fostered management that integrates sustainability with business activities. For us, sustainability is not a standalone initiative—it is synonymous with management itself, driving both innovation and growth.

We have steadily delivered results through environmental initiatives and measures in accordance with the human resources strategies, and our sustainability goals have progressed largely as planned. These efforts, along with highly transparent information disclosure, have been well recognized by global external organizations such as MSCI and CDP.

However, to further deliver value to society, stronger collaboration across regions and businesses within the Hitachi Group, as well as co-creation with all stakeholders including partners, is essential. Under Inspire 2027, Hitachi aims to realize a Harmonized Society where environmental, social and economic values are in balance. To this end, the company has formulated the Hitachi Group’s sustainable strategy PLEDGES, which represents our commitment to pursuing sustainability across the entire group in collaboration with all stakeholders. Structured around seven strategic pillars, it defines our vision and sets KPIs and targets for fiscal year 2027, which are key to realizing a sustainable society and business growth.

By advancing management in accordance with the PLEDGES framework, We will deliver value to society, accelerate sustainable business growth and aim for further enhancement of corporate value. Rather than merely pursuing KPI achievement, each employee is expected to develop sense of ownership toward PLEDGES, translate it into behavioral change and

Hitachi has been working to solve the challenges facing society for 115 years, guided by its corporate philosophy. Under Inspire 2027, we continue to address social challenges by leveraging our strengths in IT, OT and Products more than ever before. Our goal is to contribute to the realization of a Harmonized Society, where the environment, wellbeing, and economic growth are in balance, and to enhance sustainable corporate value.

Sustainability Strategy PLEDGES

Sustainability Report

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	

appropriately monitor progress toward its realization. By positioning its sustainability strategy as the foundation for enhancing corporate value, and by achieving both the resolution of social challenges and corporate growth at a high level, Hitachi will contribute to the creation of a truly sustainable future as a global leader.

Executing Human Capital Strategy toward Inspire 2027

It has been one year since I took on the additional responsibilities of CHRO, building on my two years of experience as Chief Sustainability Officer. Over this past year, I have once again come to deeply acknowledge that “people” are the key driver of Hitachi’s innovation and growth. We have consistently adopted to change and achieved sustainable growth through the human capital strategy that is clearly aligned with our business strategy. To move toward the next stage of growth, Hitachi aims to unite the strength of our 280,000 employees as True One Hitachi and maximize the potential of each individual. It is essential to establish a steady and virtuous cycle; Employees are encouraged to set ambitious goals and take on challenges, while the company ensures that their achievements are appropriately rewarded.

We have established human capital-related KPIs within the PLEDGES framework and are implementing concrete initiatives to achieve them. Under Inspire 2027 in particular, we will actively invest in human capital by focusing on securing core talent through competitive compensation, including stock-based incentives, strengthening expertise in areas such as generative AI, developing future leaders and promoting talent mobility. Through these initiatives, we will actively lead the integration of diverse perspectives across regions and businesses, foster both organizational and individual growth, and drive our business forward and further enhance corporate value.

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Sustainability Strategy PLEDGES

By identifying risks and opportunities in business and the impact on society (IRO†), Hitachi has established the KPI/target of the PLEDGES sustainability strategy.

Inspire 2027 aims to contribute to the realization of a Harmonized Society and drive Hitachi’s sustainable growth. To deepen our commitment to sustainable management toward this goal, Hitachi has developed a group-wide sustainability strategy, PLEDGES.

† Impact, Risk, Opportunity

Process of Formulating the Sustainability Strategy PLEDGES		Sustainability Report
1	Created a list of sustainability topics Hitachi formulated a list of sustainability topics referring to international standards such as ESRS*1 and SASB*2	
2	Analysis and evaluation of business risks, opportunity and social impact (IRO) Using the list created in step 1, Hitachi conducted analysis and evaluation of IRO (business risks/opportunities and social impact) for each business, taking into account the characteristics of each business and its value chain, based on common group-wide criteria. Based on the results of the analysis and evaluation by BU, Hitachi calculated business risk/opportunity scores and social impact scores for each topic, and visualized the IRO areas that should be prioritized.	
3	Confirmed expectations from external stakeholders To validate the relevance of the IRO areas visualized in step 2, Hitachi engaged in dialogue with 10 organizations, including domestic and international investors, international institutions and NGOs, to confirm expectations and requests from external stakeholders.	
4	Deliberation held within management, taking into account management policy and strategy	
5	PLEDGES was reported to the Senior Executive Committee and approved by the Board of Directors	

PLEDGES organizes seven strategic pillars across the IRO domains that Hitachi should address, and defines the vision, KPIs/targets for each. The first six pillars of Planet, Leadership, Empowerment, Diverse perspectives, Governance and Engagement contain Hitachi’s approach and strategies to strengthen Group management foundation for sustainable growth. The final pillar, Sustainability for all, represents Hitachi’s commitment to deliver value to society through business activities based on the above six pillars. Starting in fiscal year 2025, certain targets have been incorporated as evaluation indicators for determining short-term and medium- and long-term incentives in executive compensation, reinforcing our commitment to their achievement.

*1 ESRS : European Sustainability Reporting Standards
*2 SASB : Sustainability Accounting Standards Board
*3 All manufacturing sites and non-manufacturing sites in categories A and B are covered
*4 Per gross profit *5 All manufacturing sites
*6 Ambitious target of 80 points is set, which exceed global competitors (base target is 75 points)
*7 A program to support bottom-up idea proposals and implementation aimed at Hitachi Group employees
*8 At or above the benchmark score established for similarly situated companies utilizing external institute’s (Ethisphere) ethical culture and compliance perceptions assessment
*9 Number of recordable injuries per 200,000 work hours
*10 Based on METI Cyber Security Management Guidelines created with reference to globally recognized standards (ISO/IEC 27000 series) and frameworks (NIST Cybersecurity Framework, etc.)

Overview of PLEDGES, KPI/Target for Each Strategy						P.40 Director and Executive Officer Compensation
Strategic Pillars	Aspirations	Included Themes	FY2027 KPIs/Targets		Linked to Executive Compensation	
Planet	Lead green transformation (GX) globally to achieve decarbonization	Decarbonization	GHG emissions reduction rate at business sites (factories and offices)*3 (compared to FY2019)	75%	STI	
			Number of procurement partners that set GHG reduction plans and targets	700 procurement partners		
			Reduction in GHG emissions intensity through products and services*4 (compared to FY2022)	40%		
		Circular economy	Application rate of environmental conscious design for new product development	100%		
			Waste landfill rate*5	2%		
			Effective utilization rate of plastic waste*5	92.5%		
		Nature Positive	Reduction rate in water use per unit*5 (compared to FY2019)	8.0%		
			Reduction rate of water usage at manufacturing sites located in water-stressed areas	1%		
Leadership	Lead transformation with people who can boldly take on societal issues and pave the way for a brighter future	Human capital acquisition and development, Individual leadership	Number of global leaders who realize growth strategy	1,000 people		
			Number of generative AI professional talents	50,000 people		
Empowerment	Build a culture that praises learning and encourages challenges and growth	Employee engagement, Organizational culture	Employee growth mindset score	70 points	LTI	
			Employee engagement score	80 points*6		
			Number of people who receive allotment of Restricted Stock Unit	1,500 people		
Diverse perspectives	Drive innovation by maximizing capabilities and performance of diverse talents	Inclusive workplace and opportunities for all	Number of people eligible for Employee Stock Purchase Plan globally	150,000 people		
			Realize innovative ideas through the new “Make a Difference!” program*7			
Governance	Build a resilient foundation with safety and ethics as a priority	Business ethics and compliance	Ethical culture and compliance perceptions assessment score	85 points*8	STI	
			Total recordable injury frequency rate*9	0.1 or lower		
		Health and safety	Number of fatal incidents	0		
		Quality and product safety	Executive participation rate (including Hitachi executives and business site senior management) in review sessions for product-related incidents (OCHIBO-HIROI)	100%		
		Information security	Ensure and enhance information security by implementing measures based on the annual cybersecurity score Monitoring*10			
Engagement	Build a sustainable value chain along with stakeholders	AI governance	Implement risk management for applying AI to products, services and systems			
		Risk management	Strengthen process and talent of our global operation to foster effective risk management for growth			
		Sustainable procurement	Number of procurement partners taking action on environment and human rights (compared to FY2024)	1.5 times (6,000+ procurement partners)	STI	
Sustainability for all	Accelerate value delivery to society and Hitachi’s sustainable growth through PLEDGE	Human rights	Work to remediate the specific human rights risks identified			
			Avoided emissions from the use of products and service per year (FY2025–FY2027 average)	100 million tons/year		
		Delivering Value to society	Revenues of products, services and solutions contributing to GX per year (FY2025–FY2027 average)	¥4.6 trillion/year		

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Human Capital Strategy

At Hitachi, people are the key driver of sustainable growth, and therefore Human Capital is positioned as a core pillar of our management strategy. Hitachi Group's Human Capital strategy is built on six key initiatives. Through these initiatives, we are driving the transformation towards becoming a global employer of choice, while empowering businesses to achieve sustainable, long-term growth. By expanding the Restricted Stock Unit (RSU) program for senior leaders, offering Employee Stock Purchase Plan (ESPP) to all employees, fostering the culture of "Agility", "Responsibility", "Transparency", and developing global leaders who create value, we are driving business growth. We are also strengthening our expertise in AI and promoting its implementation, enhancing talent mobility, and advancing global HR platforms, building a strong foundation for delivering value to our customers and society as One Hitachi.

Our Key Human Capital Strategy Initiatives and Target by fiscal 2027

1

Incentivize employees to increase corporate value

2

Foster a high-performance culture

3

Develop leaders for sustainable growth

4


Strengthen AI expertise and adopt

5

Enable talent mobility to accelerate synergy

6

Enhance Global HR platform to strengthen One Hitachi collaboration



HR Drivers for Growth

Initiative 1

Incentivize employees to increase corporate value

The expansion of stock-based compensation is designed to foster ownership and commitment, and support employees' wellbeing. In addition, it will help in attracting and retaining top talent in a competitive global market.

RSU for senior leaders

1,500 people

Global ESPP offerings for all employees

150,000 people

Initiative 2

Foster a high-performance culture

Initiative 3

Develop leaders for sustainable growth

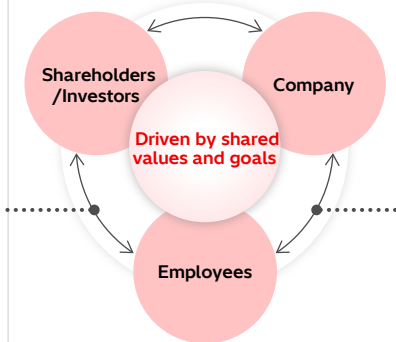
We are focusing not only on actions and outcomes, but also on cultivating the right mindset and encouraging behavioral changes that promote excellence. By linking compensation with ambitious goals and achievements, driving cultural transformation and investing in leadership development, we are committed to driving sustainable growth.

Develop global leaders

1,000 employees

Engagement Score

80 points



Initiative 4

Strengthen AI expertise and adopt

Hitachi is committed to equip our talent and scale AI expertise for boosting productivity and enhancing effectiveness.

AI Professional talent pool

50,000 people

Initiative 5


Enable talent mobility to accelerate synergy

We are actively promoting talent mobility to accelerate synergy across our businesses and to provide employees with attractive career and growth opportunities across Hitachi Group, thereby strengthening retention and development.

Initiative 6

Enhance Global HR platform to strengthen One Hitachi collaboration

We continue to establish common global HR policies, frameworks and platforms to promote synergy, enable seamless execution and foster collaboration across Hitachi Group.



HR Platform as Enablement

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Human Capital Strategy—Specific Initiatives of HR Drivers for Growth

Initiative 1 Incentivize Employees to Increase Corporate Value

We have strategically introduced and expanded Restricted Stock Unit (RSU) program and Global Employee Stock Purchase Plan (ESPP) to foster employee ownership and commitment.

● Expand the Restricted Stock Unit (RSU)

We are globally expanding the Restricted Stock Unit (RSU) program to include leaders up to two to three levels below BU CEOs or functional leaders, thereby extending to approximately 1,500 senior leaders. RSU program is designed to align employee interests with those of shareholders and serve as drivers for medium- and long-term corporate value creation. In addition to increasing employee engagement, we aim to attract and retain top talent through the expansion of this program.

● Offer Global Employee Stock Purchase Plan (ESPP)

We are promoting the global implementation of the Employee Stock Purchase Plan (ESPP), which enables global employees to purchase company stock by contributing a portion of their earnings. By offering matching contributions from company, we aim to strengthen support for employees in building their financial assets. We are aiming to expand this program to 150,000 employees across Hitachi Group by fiscal 2027, with plans to further expand it to over 50 countries in the future. We are currently assessing the feasibility of its implementation in each country, in line with local laws and regulations.

P.39 Director and Executive Officer Compensation

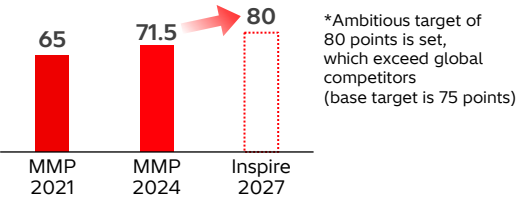
Initiative 2 Foster a High-Performance Culture

We are committed to fostering a high-performance culture by implementing initiatives by focus on each employees’ growth mindset and challenge-driven actions that drive tangible outcomes. Specifically, we aim to promote employee challenges and growth through building a psychologically safe workplace environment and fostering a culture that encourages employees’ autonomous action.

This includes transformation through continuous dialogue and active engagement by executive leadership team, as well as the enhancement and expansion of group-wide training programs and the promotion of talent mobility to enable employees to support their capability development and cultivate a mindset conducive to autonomous career formation. To further encourage employees to take on challenges proactively, we will strengthen the linkage between rewards and the achievement of ambitious goals, aiming to offer best-in-class compensation.

As a means of measuring the effectiveness of initiatives, we conduct annual employee survey across Hitachi Group. Addition to conventional engagement score, we have introduced a new “growth mindset score*” with the target of 70 points. Through the implementation and monitoring of these initiatives, we aim to further strengthen employee engagement and growth mindset, thereby advancing the development of a high-performance organizational culture.

Engagement Score Trends and Target (Global Average)



CEO town hall meeting (May 2025, Singapore)

P.42 CEO Appointment, Dismissal, and Succession Plan

Initiative 3 Develop Leaders for Sustainable Growth

In today’s increasingly unpredictable business environment, developing global leaders who can demonstrate strong and resilient leadership is one of Hitachi’s top management priorities to ensure sustainable growth. To strengthen the talent pool of potential global leaders, we are redefining the profile of future leaders and enhancing our Global Leadership Development Program (GLD). This new program aims to support individuals who can learn quickly, think strategically across the organization, lead transformation with accountability, leverage diverse talent, and inspire with a clear vision. Through this program, Hitachi aims to develop 1,000 next-generation global leaders and build a robust leadership pipeline that supports succession planning across the entire group.

*Growth Mindset score evaluated based on items related to “Individual’s action for growth” and “Organizational culture supporting individual’s growth mindset (Psychological safety, Coaching & Feedback, Calculated risk-taking, Agility, Learning from mistakes, Inclusion)”

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Message from the Chairman of the Board

Hitachi views the expansion of long-term and overall returns to shareholders and investors as an important management objective. Hitachi maintains good relationships with a wide range of stakeholders, and we recognize that these relationships make up an important portion of our overall corporate value. Accordingly, we are striving to establish a system that will improve our corporate value primarily through the implementation of measures focused on promoting constructive dialogue. To advance these efforts effectively, we are working to improve our corporate governance by ensuring thorough separation between the oversight and execution of management, establishing a swift business execution system and striving to achieve highly transparent management.

The Role of the Board of Directors in Formulating Inspire 2027 and Further Enhancing Corporate Value

Involvement in Inspire 2027

Although we switched modes to organic growth under the previous mid-term management plan, I have long held that for Hitachi to grow further and transform into a digital-centric corporate group instead of being content with that level of achievement, its management plan itself must evolve as well. Inspire 2027, the current management plan, goes beyond simply laying out our target values three years in the future. While setting fiscal 2027 as its target, the plan has laid out ambitious goals to prepare for sustainable growth beyond that point. The Board of Directors was involved in discussions right from the beginning of the consideration stage. Centered on independent directors, we held four discussions during the formulation process where we pondered perspectives such as whether we would be able to construct suitable scenarios that would meet the expectations of the capital market and also increase corporate value.

The Role and Ideal State of the Board of Directors for Driving Long-term Growth

As we endeavor to realize Inspire 2027, we need to overcome multiple hurdles involving unpredictable world economies and conditions, even as the capital market expects values from us that are much higher than before. To do so, naturally we must continue the steady growth of our existing businesses, but we will also need to display the combined strength of One Hitachi to its fullest extent in order to create new businesses. In this current situation, I believe the Board of Directors is duty-bound to participate from two perspectives: value creation and value preservation. Firstly, from the value creation perspective, in addition to giving advice on

Katsumi Ihara
Chairman of the Board
and Nominating Committee

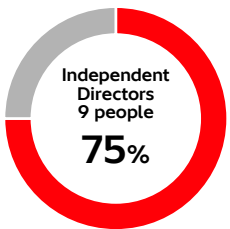


transforming into a digital-centric company and acquiring businesses to make Lumada 80–20 a reality, we will discuss the company-wide R&D needed for creating value in the long term. We will also find opportunities to discuss regional strategies to promote autonomous distribution with the heads of each region in order to stimulate business development. From the value preservation perspective, on the other hand, while ensuring the practice of financial discipline that balances CF creation with improvements to ROIC, we will hold ongoing discussions with the executive side about creating the foundation for the next stage of growth and also support the further restructuring of the portfolio. Additionally, when it comes to tariff impacts, investment restrictions and other geopolitical risks, directors who are thoroughly familiar with the situation in various countries will collect information from far and wide and use their foresight to encourage thorough risk management aimed at absolutely minimizing the impacts of these risks on our businesses.

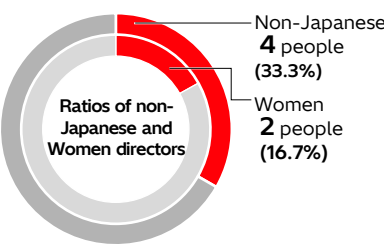
For Hitachi to grow further, it will be essential for the Board of Directors to constantly strengthen its roles and functions without loosening the reins. The two new independent directors we just welcomed possess abundant insight that comes from having led global companies. With the addition of these new viewpoints, the Board will accompany Hitachi as it rises to the next level, aiming for constant improvement as we welcome members with diverse backgrounds such as CEO experience. All of the directors are passionately committed to management and are dedicated to promoting the continued operation of the Board of Directors where high-quality discussions can be held. We will further develop serious, transparent and effective governance and contribute to the enhancement of Hitachi's corporate value.

Board of Directors Composition (as of June 2025)

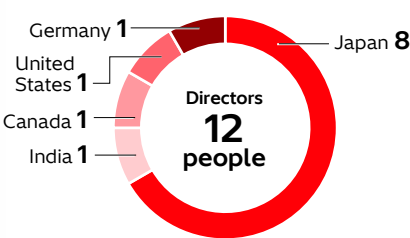
Independence (ratio of Independent Directors)



Diversity (ratio of non-Japanese and Women directors)



Diversity (country of origin)



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Messages from the Newly Appointed Independent Directors

Leveraging Diverse Perspectives to Gain a Competitive Edge and Empower the Organization to Transform

Eriko Sakurai

Independent Director / Member of the Nominating Committee



As a manager leading a multinational team at a materials company in the United States, I have strived to foster both diversity and unity. I started my career in a passionate and dynamic environment, surrounded by highly motivated individuals, each of whom harbored ambitions to grow their own businesses as they boldly pursued technological innovation to expand on a global scale. Going into the 2010s, I began to accept independent directorships out of a growing desire to contribute to the work of Japanese companies that seek transformation in order to break out onto the global stage. Hitachi is similarly undergoing significant transformation, courageously embarking on a path of painful portfolio reforms, nevertheless achieving respectable results as it continues to enhance its corporate value. I firmly believe that these changes were underpinned by strong leadership with a clear vision for the future. Unbound by conventional frameworks, this leadership readily accepts the need for change as it resolutely and unhesitatingly advances ever onward. To fulfill Inspire 2027, I believe it is essential to develop the human capital to lead the organization globally. Such talent needs to experience different cultures early in their careers, internalize the understanding that “differences” are an asset to the organization and gain experience in managing a diverse workforce. This is because the environment where people with different backgrounds and perspectives can speak candidly and motivate each other to improve is the one that produces innovation, sharpens sensitivity to changes in the operation and geopolitical risks and becomes a driver for enhancing organizational agility. Furthermore, as symbolized by Hitachi’s vision of a Harmonized Society, it is highly meaningful for B2B companies to leverage technological innovation to contribute to solving the social challenges. At Hitachi, going forward, I will continue to engage in active discussions with management on how to effectively incorporate sustainability into its decisions. I also hope to apply the insights I have gained in my conversations with investors and other stakeholders during my previous experiences as an independent director. In recent times, the roles and expectations demanded of independent directors have been growing ever greater. As I assumed this position, I made a conscious effort to set aside time to further deepen my understanding of Hitachi’s people and organization. I hope to visit locations both in Japan and overseas to get a feel for the realities on the ground, and to actively engage in candid discussions with Board members who hold diverse skills and perspectives, as well as in dialogue with people outside the Company. Armed with an understanding of the scale of Hitachi and depth of its business, I will utilize my experience in deriving optimal solutions from a global management perspective and a regional axis to contribute to maximizing the collective strength of Hitachi as a global team.

Accelerating Transformation and Integration through Trust-based Governance

Takashi Nishijima

Independent Director / Member of the Audit Committee and Compensation Committee



Under the banner of Inspire 2027, Hitachi aims to further enhance its corporate value with digital technology at its core, working to transform its business structure and establish its position on the global stage. I myself have spent many years engaged in the management of a manufacturer of measurement and control equipment—a global company that, while being Japanese, generates over 70% of its sales overseas. I have worked to deliver value through a combination of products, services and solutions, and it is due to these experiences that I feel a deep resonance with Hitachi’s values and find myself aligning with the path the Company seeks to follow. I have placed particular emphasis on recognizing commonalities between strong individual businesses and linking them together to boost overall competitiveness, leveraging the power of IT to optimize the vertical value chain of the operation, organization and management. In addition to this vertical collaboration, I believe that horizontal collaboration between businesses can create powerful synergies that will propel the organization forward. Hitachi has the potential to achieve this kind of vertical and horizontal optimization on a global scale. Moreover, I believe that there is still significant room for growth in its overseas business development. I hope to contribute by drawing on my management experience as I engage in dialogue with the executive team. Creating sustainable corporate value requires quality and depth of governance. I believe that the most important function of a board of directors is to directly confront the fundamental issues of what vision a company hopes to pursue in the medium to long term and whether its strategy is feasible. Additionally, with regard to risk management, I believe that a board of directors can support more reliable decision-making by striking a balance between opportunity loss and crisis prevention, as well as by sharing and discussing diverse perspectives, including those of independent directors. When I myself served in an executive position, I benefited greatly from the candid and tough questions coming from independent directors. I have learned firsthand that such sincere discussions improve management quality, leading to higher corporate value. That is why I believe it is now more important than ever for the Board of Directors and the executive team at Hitachi to share goals and build relationships based on trust and open discussion. Furthermore, in order to continue growing even amid the high level of uncertainty we see today, we must not only revise our visible businesses and organizations, but also reform the invisible aspects of our organization, such as our corporate culture, mindset and decision-making processes. Hitachi is addressing these difficult questions head-on, and we are now beginning to feel some traction. I find it deeply meaningful to be able to participate in such initiatives, and I will devote myself to this work with great enthusiasm.

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Board of Directors (as of June 25, 2025)

Biographical Details


: Nominating Committee Member
 : Audit Committee Member
 : Compensation Committee Member
 C : Chairperson
 N : Newly appointed

Independent Directors




Katsumi Ihara (74)

Director, Chairman of the Board
Share ownership: 7,600 shares
Term of office as Independent Director: 7 years
Country of origin: Japan
Attendance rate at Board of Directors meetings: 100%
Attendance rate at all committee meetings: 100%



Ravi Venkatesan (62)


Share ownership: 3,800 shares
Term of office as Independent Director: 4 years and 11 months
Country of origin: India
Attendance rate at Board of Directors meetings: 100%



Eriko Sakurai (64)


N

Share ownership: 0 shares
Term of office as Independent Director: newly appointed
Country of origin: Japan




Ikuro Sugawara (68)

Share ownership: 4,900 shares
Term of office as Independent Director: 3 years
Country of origin: Japan
Attendance rate at Board of Directors meetings: 100%
Attendance rate at Audit Committee meetings: 100%



Isabelle Deschamps (55)


Share ownership: 0 shares
Term of office as Independent Director: 1 year
Country of origin: Canada
Attendance rate at Board of Directors meetings: 100%



Takashi Nishijima (67)


N

Share ownership: 0 shares
Term of office as Independent Director: newly appointed
Country of origin: Japan



Joe Harlan (66)


Share ownership: 9,100 shares
Term of office as Independent Director: 7 years
Country of origin: United States
Attendance rate at Board of Directors meetings: 100%
Attendance rate at Compensation Committee meetings: 100%



Takatoshi Yamamoto (72)

C


Share ownership: 77,800 shares
Term of office as Independent Director: 9 years
Country of origin: Japan
Attendance rate at Board of Directors meetings: 100%
Attendance rate at Compensation Committee meetings: 100%



Helmuth Ludwig (62)

Share ownership: 28,300 shares
Term of office as Independent Director: 4 years and 11 months
Country of origin: Germany
Attendance rate at Board of Directors meetings: 100%
Attendance rate at Audit Committee meetings: 100%


Directors



Toshiaki Tokunaga (58)


N

Share ownership: 372,000 shares
Country of origin: Japan



Mitsuaki Nishiyama (68)

Share ownership: 134,100 shares
Country of origin: Japan
Attendance rate at Board of Directors meetings: 100%
Attendance rate at Audit Committee meetings: 100%



Toshiaki Higashihara (70)

Share ownership: 1,112,200 shares
Country of origin: Japan
Attendance rate at Board of Directors meetings: 89%
Attendance rate at Nominating Committee meetings: 100%

© Independent directors are directors who fulfill the qualification requirements to be outside directors as stipulated in the Companies Act and also meet independence criteria defined by Hitachi and stipulated by Japanese stock exchanges where Hitachi is listed.
 *The attendance rates of Board of Directors meetings and each committee meeting given are for fiscal 2024.

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Directors’ Skills Matrix

The experiences and insights, and skills of each director are as follows.

No	Name	Major Experiences and Insights	Core Skills			Professional Skills				
			Corporate management	Global business	Risk management	Finance and accounting	Legal affairs	Digital	Government, international and educational organizations	Sustainability
1	Katsumi Ihara	Mr. Ihara has held various leadership positions in the electronics and financial businesses as well as CSO and CFO at Sony group, and has rich management experience and insight for management of diverse businesses globally.	○	○	○	○				
2	Ravi Venkatesan	Mr. Venkatesan has rich experience and insight in global corporate management at Infosys, Microsoft India and ServiceNow, digital business and emerging market business, as well as international organizations such as the Global Energy Alliance for People and Planet.	○	○	○			○	○	
3	Eriko Sakurai	Ms. Sakurai has rich experience and insight in the area of global corporate management and sustainability management, having served as head of business divisions and regions at Dow Corning and as chair of the Sustainability Committee as an independent director of financial institution.	○	○	○					○
4	Ikuro Sugawara	Mr. Sugawara has rich experience and insight from leadership positions in government agencies such as the Ministry of Economy, Trade and Industry, as well as serving as an independent director for global companies.	○	○	○				○	
5	Isabelle Deschamps	Ms. Deschamps has rich experience and insight in the areas of corporate law, corporate governance and sustainability management, having worked at Nestle, Unilever, Rio Tinto and other global companies.	○	○	○		○			○
6	Takashi Nishijima	Mr. Nishijima grew the business globally through the integration of IT/OT*1 and the promotion of DX*2 as President of Yokogawa Electric, and has rich experience and insight in global corporate management and sustainability management.	○	○	○			○		○
7	Joe Harlan	Mr. Harlan has rich experience and insight, having served as CFO of Lighting Business at General Electric, and various business and marketing roles at 3M and Dow Chemical.	○	○	○	○				
8	Takatoshi Yamamoto	Mr. Yamamoto has rich experience and insight in the area of corporate analysis and global corporate management at Morgan Stanley Securities and Nomura Research Institute.	○	○	○	○				
9	Helmuth Ludwig	Mr. Ludwig has rich experience and insight in the area of global corporate management and the digital business, as CIO at Siemens, as well as teaching experience at educational institutions.	○	○	○			○	○	
10	Toshiaki Tokunaga	Mr. Tokunaga has rich global corporate management and sustainability management experience and insight, primarily focused on the digital business at Hitachi.	○	○	○			○		○
11	Mitsuaki Nishiyama	Mr. Nishiyama has rich experience and insight in the areas of global corporate management and finance & accounting, having worked as CFO at Hitachi and as chairman and president of Hitachi Metals (currently Proterial).	○	○	○	○				
12	Toshiaki Higashihara	Mr. Higashihara has rich global corporate management as well as sustainability management experience and insight, having served as Hitachi’s CEO, etc. as well as rich experience in key positions in government agencies and economic and industry organizations.	○	○	○			○	○	○

*1 OT: Operational Technology *2 DX: Digital Transformation

Definition

Core Skills	Corporate management	Corporate management experience and knowledge
	Global business	Business experience outside Japan or management experience at a company expanding business globally
	Risk management	Knowledge of the risk assessment and management required to sustain a company

Professional Skills	Finance and accounting	Leadership experience such as CFO or practical experience in corporate analysis, and specialized knowledge in these fields
	Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business
	Digital	Practical experience in the digital business that is vital for promoting DX in the Social Innovation Business
	Government, international and educational organizations	Leadership experience in government, governmental agencies, international organizations, or economic associations that facilitate an understanding of and response to regulations and social issues, as well as practical experience at educational institutions
	Sustainability	Expertise and practical experience of sustainability through corporate management

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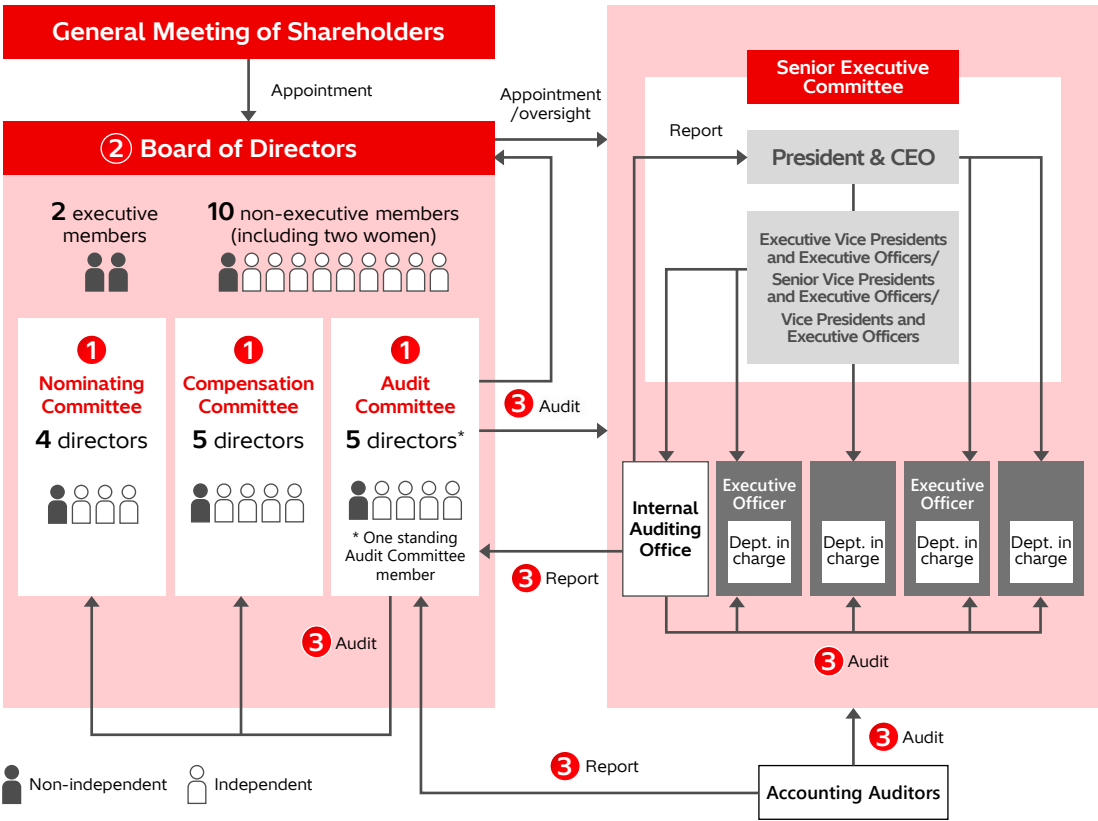
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Hitachi’s Corporate Governance Framework and Features (as of June 2025)



POINT 1 Transparency in Management

- Transitioned to a company with committees (currently a company with a nominating committee, etc.) in 2003

Hitachi established the Nominating Committee, the Compensation Committee and the Audit Committee, with independent directors comprising the majority of members. The Nominating and Compensation Committees are also chaired by independent directors. This system ensures transparency in management, separates the oversight and execution of management, facilitates the full exercise of oversight functions, and enables discussions and reports to be conducted appropriately within these three committees.

POINT 2 Independence of the Board of Directors

- Increased the number of independent directors, including non-Japanese directors, in 2012

The Board of Directors, which is chaired by an independent director, has 12 members, including nine independent directors, two directors who are also serving as executive officers, and one director who is not serving as an executive officer. In addition, we have established a system that facilitates the full exercise of oversight functions by maintaining separation between management oversight and execution. Our basic policy is to have the three committees chaired by independent directors as a rule.

POINT 3 Enhanced Collaboration through Tripartite Auditing

Hitachi’s Audit Committee and internal audit sections collaborate with third-party accounting auditors to strengthen the Tripartite Auditing aimed at increasing the effectiveness of internal controls.

To better understand the Hitachi Group’s corporate governance structure and its key features, please also refer to the video ‘Hitachi’s corporate governance and tripartite auditing’

Providing Information to Independent Directors

To enhance the effectiveness of the Board of Directors, Hitachi uses a dedicated information sharing tool to share materials for the Board of Directors and each committees, and also to share important business operation information from the executive departments with directors as needed. Moreover, Hitachi organizes individual meetings when necessary so that we can provide information in a timely and accurate manner. In addition to this, Hitachi provides independent directors with ample opportunities to understand the business and share information through briefings on business details, visits to Group locations and the direct provision of information from Executive Officers. In fiscal 2024, Hitachi endeavored to deepen independent directors’ understanding of the businesses by having them participate in events like the Hitachi Social Innovation Forum, Hitachi Digital Summit, internal business conferences and research presentations held at research laboratory. We also provided opportunities for them to engage in dialogue with senior management and frontline employees. Audit Committee members also conducted onsite audits of GlobalLogic (U.S.) and Hitachi High-Tech (Japan, U.S.).



A visit to Hitachi High-Tech (Naka Factory)

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Director and Executive Officer Compensation

Executive Compensation System (Key Principles)

Key Principles: New Incentive Plan		Aim for Growth, Profitability and Cash Generation	Accelerate Sustainable Management	Emphasize Alignment with Shareholder Value	Ensure Global Competitiveness in Business and Compensation
Aligned with the medium- to long-term growth of corporate value and business performance	Corporate value growth through Pay-for-Performance	Linkage with the management plan + Medium- or long-term growth	1	Alignment with the management plan	For short-term incentive compensation and medium- and long-term incentive compensation, set performance metrics toward the management plan as key performance indicators (KPIs) to encourage executives to achieve them.
			2	Establishment of a compensation program and a performance evaluation program that fosters a growth mindset	<ul style="list-style-type: none">Pursue an optimal balance among short-, medium- and long-term performance about growth, profitability improvement and cash generation, aiming for improvement of short-term performance and medium- to long-term growth in corporate value.Establish a compensation program that significantly rewards performance by setting stretch goals and commensurate compensation levels.
			3	Setting indicators to promote sustainable management	Develop specific indicators and goals under the sustainability strategy, and encourage their implementation.
			4	Expansion of stock compensation that rewards growth in corporate value over the medium to long term	Expand stock compensation to better align with medium- to long-term corporate value.
Attract and retain key talent			5	Competitive compensation levels with a global perspective	Ensure competitive compensation levels to attract and retain key executives in the global market, regardless of their residence or origin, who lead global management of a global organization.
			6	Compensation benchmarking with objectivity and transparency	Reference the benchmarks in the U.S. and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.
Transparency, objectivity and fairness			7	Transparency and objectivity through enhanced compensation disclosure and shareholder engagement	Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement.

Compensation Structure

(1) Directors

Compensation for directors is made up of basic compensation as fixed pay and stock-based compensation. The ratio for the base amount of basic compensation to stock-based compensation is 3-to-1. The methods for determining each type of compensation are as follows.

A. Basic Compensation

The amount of basic compensation is decided by adjusting the base amount to reflect full-time or part-time status, committee membership and position, meetings attended and other factors.

B. Stock-based Compensation

Restricted stock-based compensation units (RSU) are granted to serve as an incentive to provide management oversight and advice with the medium- to long-term enhancement of corporate value in mind. After three years have passed, Hitachi provides an amount equivalent to the granted units in the form of common stock or cash.

If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company (clawback policy). A director concurrently serving as an executive officer is not paid compensation as a director.

Alignment of Increased Corporate Value with Employee Compensation

Hitachi has also introduced mechanisms for employee compensation to link individuals' goals with those of the Company and determine compensation, and the management goals set out in Inspire 2027 are used as one of the evaluation metrics when determining the compensation of individual employees.

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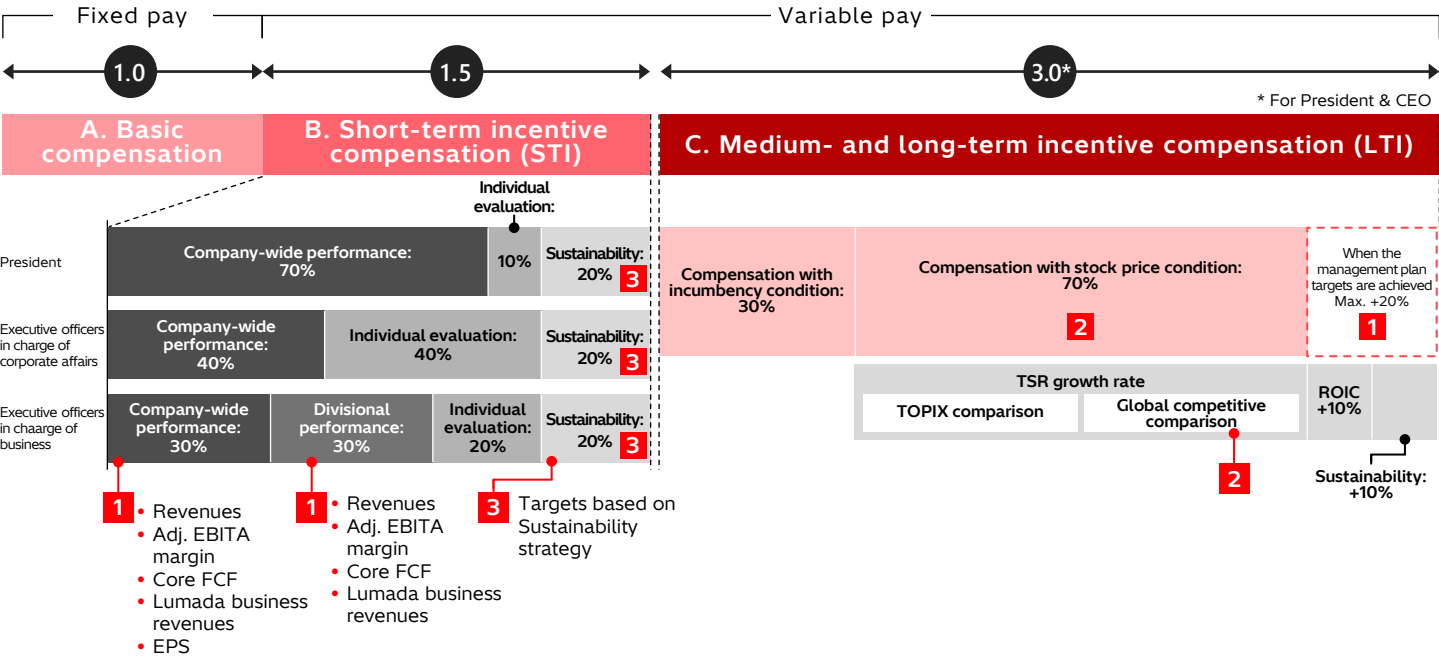
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Director and Executive Officer Compensation

(2) Executive Officers

Compensation for Executive Officers consists of basic compensation as fixed pay and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. The ratio of base amounts for each form of compensation is determined to ensure the enhancement of corporate value through global business growth, referencing ratios for executive compensation at leading global companies, including those in Europe and the United States. In the case of Hitachi's President & CEO, this ratio is 1.0:1.5:3.0. In addition, ratios are set so that the higher the rank of an executive officer position, the greater the variable compensation as a percentage of total compensation. The details of compensation are disclosed in the Compensation to Directors and Executive Officers, etc. section on page 124 of Hitachi's Annual Securities Report.



A. Basic Compensation

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.

B. Short-term Incentive Compensation (STI)

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.

C. Medium- and Long-term Incentive Compensation (LTI)

The target amount (Medium- and Long-term incentive compensation target (LTI target)) is decided based on the positions of Executive Officers, and the shares of Restricted Stock (RS) compensation with an incumbency condition and Performance-linked Restricted Stock (Performance-linked RS) compensation are granted in order to propel management from a long-term perspective and to provide incentives to bring about a sustainable increase in corporate value by further promoting senior management's shared values with shareholders through the holding of shares during their term of office. The Company grants restricted stock units to non-Japanese Executive Officers as medium- and long-term incentive compensation.

If it is found that an executive officer has engaged in misconduct during his/her term of office, compensation for Executive Officers that has already been paid shall be returned to the Company (clawback policy).

Key Aspects of Compensation to Executive Officers

1 Strengthening the link with the management plan

- Adopt the key indicators set forth in Inspire 2027 as KPIs (STI, LTI)

2 Strengthening the link with corporate value enhancement

- Set a high ratio of stock price condition compensation (LTI)
- Establish a global competitive comparison (LTI)

3 Further evolving sustainable management

- Separate sustainability evaluations and set at 20% (STI)
- Some KPIs and targets of the sustainability strategy PLEDGES are incorporated into executive compensation evaluation to encourage their execution (STI, LTI)

Strategic Pillars	FY2027 KPIs/Targets		Linked to Executive Compensation
Planet	GHG emissions reduction rate at business sites (factories and offices) (compared to FY2019)	75%*1	STI
Leadership	Employee growth mindset score	70 points	LTI
Empowerment	Employee engagement score	80 point*2	STI/LTI
Governance	Total recordable injury frequency rate*1	0.1 or lower	STI
	Number of fatal accidents	0	
Engagement	Number of procurement partners taking action on environment and human rights (Compared to FY 2024)	1.5 times (6,000+ procurement partners)	STI

*1 per gross profit *2 Ambitious target of 80 points is set, which exceed global competitors (base target is 75 points)

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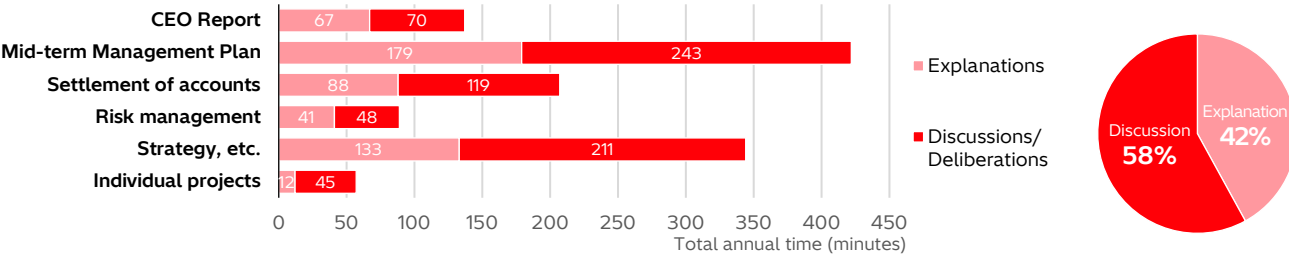
Administrative Performance of the Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and supervises the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and shareholders’ common interests. The basic management policy includes the management plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy, as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation and the Board of Directors Regulations.

In fiscal 2024, in addition to reporting on the progress of the Mid-term Management Plan 2024, in the course of making multiple reports to the Board of Directors on the status of discussions concerning the formulation of Inspire 2027, we held many discussions on the ideal state the Hitachi Group should aim for in the future and the business strategies that would make that possible. We also widely discussed and deliberated on risk management pertaining to generative AI, and responses to geopolitical risks in light of recent world affairs.

Aside from these strategic discussions on basic management policies and risk-related discussions, recognition is shared between the supervisory and executive sides of management by reporting to the Board of Directors on important topics discussed in the Senior Executive Committee, an advisory body to the President & CEO, in order to promote discussion. To facilitate more lively discussion on these topics, more time is allotted to exchanging opinions than explaining each topic.

FY2024 Time Spent and Ratios of Explanations and Discussions of Important Topics (results up to January 31, 2025)



Board of Directors Meetings and Major Agendas in FY2024

Meetings		
Meetings held	Average number of agenda items	Average meeting length
9 times	8.2 per meeting	2.9 hours (longest meeting 5.8 hours)
Topics	Main Topics Discussed	
CEO report	Progress of capital policy-related matters, response to investors, etc.	
Mid-term management plan	Next mid-term management plan (new management plan, Inspire 2027)	
Settlement of accounts	Results, business environment, shareholder returns, etc.	
Risk management	Compliance structure and its operating status, group governance structure, M&A process, AI risk management, enterprise risk management (ERM), monitoring of high-risk cases, etc.	
Strategy, etc.	Progress of acquisition deals, research and development, innovation, sustainability, human resources, etc.	

- Notes
- The time spent on Board of Directors meetings is approximately the same as for the previous fiscal year.
 - Out of the major topics, the number of times management plan-related issues appeared on the agenda and the amount of time spent on them increased compared to the previous fiscal year.
 - The percentage of questions about mid-term management plan-related issues and strategy increased, and the percentage of questions increased overall.

Activities of the Three Committees

Activities of the Three Committees

	Meetings Held in FY2024	Major Activities	
Nominating Committee	9 times	<ul style="list-style-type: none">Decided the details of proposals for the election of the CEO and directorsDiscussed future CEO successor candidates	<ul style="list-style-type: none">Confirmed the structure of executive officers for fiscal 2025Discussed the development of management leadership candidates, conducted one-on-one interviews with leadership candidates
Audit Committee	13 times	<ul style="list-style-type: none">Considered matters such as strengthening Hitachi's Tripartite Audit structure, and auditing the development and operational status of an internal control systemVerified the results of financial statement audits and internal control audits based on the accounting auditor's reportChecked and approved the quality control structure and compensation of the accounting auditor	<ul style="list-style-type: none">Received regular reports on the risks, challenges and opportunities of executive departmentsConducted onsite audit of Group locations
Compensation Committee	8 times	<ul style="list-style-type: none">Confirmed and deliberated over the processes and details of performance evaluations and individual target evaluations regarding the assessment of fixed compensation and short-term incentive compensation for executive officersReviewed level of CEO compensation (introduced from fiscal 2025 onwards)	<ul style="list-style-type: none">Decided on the introduction of executive compensation system linked to the targets of Inspire 2027Reflected changes in the business environment, feedback from shareholders and investors and benchmark information and advice from third-party organizations in conducting deliberations

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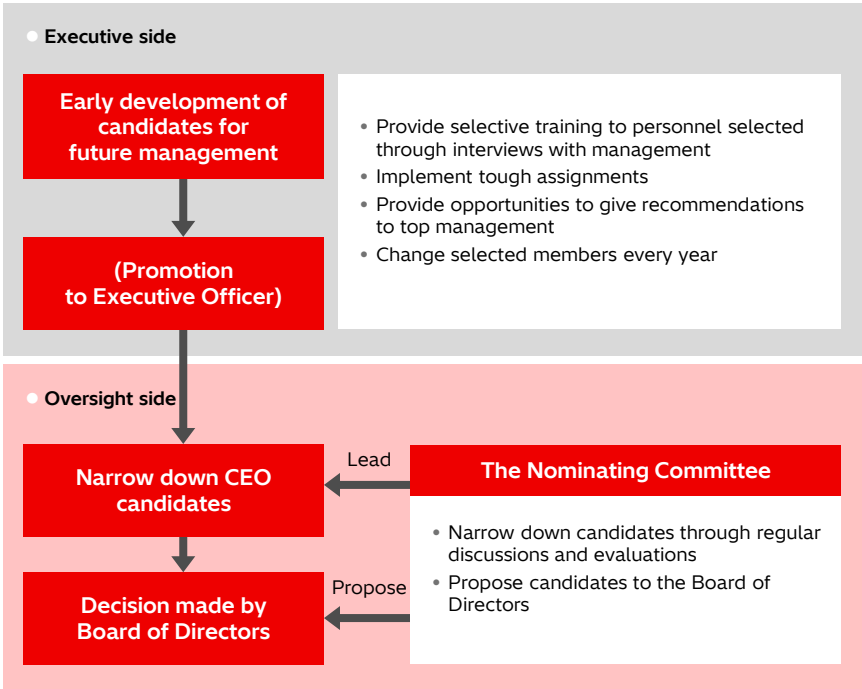
[Sustainability Report 2025](#)

CEO Appointment and Dismissal, and Succession Plan

After a preliminary report to the Nominating Committee, Hitachi's Board of Directors decides upon the appointment and dismissal of executive officers with the goal of constructing an optimal business execution system for management. As stipulated in our Corporate Governance Guidelines, our basic policy concerning the CEO requires that individuals serving in the position of CEO have extensive experience and achievements in the field of company management. They must also be considered optimally suited for conducting management aimed at achieving Hitachi's goals of continuously raising its corporate value and further serving the common interests of its shareholders. Decisions regarding the appointment or dismissal of the CEO shall be made based on prior deliberations and proposals by the Nominating Committee.

Regarding our CEO succession plan, as the speed of change in the management environment accelerates, we are striving to build a system that enables us to appropriately and promptly secure and develop (both internally and globally) necessary management personnel who will provide leadership that will allow us to realize our growth strategies. Accordingly, we are also concentrating on providing training for selected employees while targeting the early development of candidates for future management positions. Through this, participants discuss what is necessary for Hitachi's future growth, and by providing a forum for making recommendations to management, we foster next-generation leaders capable of acting authoritatively and resolutely.

The Succession Planning Process



Analysis and Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of its Board of Directors each year in a continuous effort to maintain and improve its functions.

FY2024 Evaluation Process

1. Self-assessment by each director (February 2025)	<ul style="list-style-type: none">Board RoleBoard Composition (diversity of the Board, the number and proportion of Independent Directors, etc.)Board Operation (relation between the Board and Executive Officers, appropriateness of agenda setting, time allocation, meeting frequency, etc.)Committee Activities (composition, roles, report to the Board, etc.)Information to the Board (provision of information such as the Board materials and business information, etc.)Contribution of the Board Members Themselves (understanding of the business and group identity, utilization of Director's knowledge and experience, teamwork, etc.)Contribution by the Board (role of Chairperson, contribution to the succession plan of CEO, external PR activities and dialogue with investors, etc.)
2. Discussions among independent and non-executive directors (March 2025)	<ul style="list-style-type: none">Independent and non-executive directors had a meeting and discussed the Board effectiveness there referring to the Board's activities in each evaluation item set out in 1. above.
3. Discussions at the Board meeting (April 2025)	<ul style="list-style-type: none">The Board analyzed and evaluated its effectiveness as a whole and confirmed the policy on approaches to further enhance the Board's effectiveness based on the results of the preceding process, considering comparison to the evaluation results for the previous year and measures taken for improving its effectiveness.

Evaluation Results (Overall evaluation in FY2024)

The Board assessed that Board members are diverse and make use of their knowledge and expertise to speak out, having vigorous discussions especially on matters related to business strategies such as the mid-term management plan targeting the medium-/long-term growth of corporate value. The Board, therefore, concluded that the effectiveness of the Board as a whole is maintained.

Future Initiatives

Enhance corporate governance and further improve the effectiveness of the Board	Enhance the Board support system and improve practical issues in operations
<ul style="list-style-type: none">The Board will continue to engage in even more active discussions on management policies and other matters from a medium- to long-term perspectiveIn addition to discussions at meetings of the Board, a forum will be established for the free exchange of opinions focusing on issues articulated by the CEO, thereby further promoting the sharing of information between the Board and the executive teamIndependent and non-executive directors will share information on the selection of CEO and executive candidates as appropriate and provide further support for the development of said candidates	<ul style="list-style-type: none">Increase opportunities for Directors to further understand the businesses of the Company through briefing sessions to explain businesses, visiting operation sites of the Hitachi Group and other meansFurther improve meeting documents and the content of briefings
Dialogue with investors	<ul style="list-style-type: none">The Board will provide opportunities for engagement with investors to deepen mutual understanding with shareholders through dialogue

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Mid-term Management Plan 2012 (FY2010–2012)

Rebuilding Management Recovery

- 1 Created a product-based company system clarifying responsibilities and authority**
 - Clarified responsibility and authority through introduction of an in-house company system
 - Consolidated business into six groups, focused on growth fields under an integrated system of operations and accelerated management
- 2 Rebuilt/Withdrew from low-profit businesses**
 - Automotive systems business: Rebuilt through structural reform
 - Flat-panel TV business: Withdrew from in-house production
 - HDD business: Divestiture
- 3 Strengthened cost competitiveness**
 - Started the Hitachi Smart Transformation Project for cost structure reform
 - Expanded centralized purchasing and global procurement
 - Optimized and consolidated manufacturing sites

Mid-term Management Plan 2015 (FY2013–2015)

Building a Foundation for Growth The Swapping Out of Businesses

- 1 Promoted the Social Innovation Business on a global basis by strengthening frontline functions**
 - Expanded service businesses through the use of digitalization
 - Strengthened digital capabilities through the acquisition of Pentaho
- 2 Reviewed non-core businesses**
 - Thermal power business: Established a joint-venture firm with Mitsubishi Heavy Industries
 - Air-conditioning business: Established a joint-venture firm with Johnson Controls
 - Batteries business: Relisted Hitachi Maxell, drew down Hitachi's stake in the company
- 3 Promoted globalization**
 - Relocated the railway systems business headquarters to the United Kingdom
 - Introduced Global Performance Management aimed at enhancing the use of global human capital

Mid-term Management Plan 2018 (FY2016–2018)

Strengthening the Social Innovation Business Leveraging Digital Technologies

- 1 Transitioned away from a product-based company system to a three-level structure comprising frontline, platform and product tiers**
 - Accelerated decision-making with the introduction of a business unit system
- 2 Strengthened the global front line**
 - Bolstered global frontline operations through acquisitions (Ansaldo STS [now Hitachi Rail STS], Sullair [now Hitachi Global Air Power])
- 3 Expanded the digital solutions business with Lumada**
 - Launched Lumada
 - Established Hitachi Vantara to deliver digital solutions
 - Lumada business revenues grew to 1 trillion yen
- 4 Executed ongoing business reviews**
 - Divestiture and deconsolidation of listed subsidiaries (Divestiture of Hitachi Koki and Clarion, Sold a part of shares in Hitachi Transport System, Hitachi Capital and Hitachi Kokusai Electric)
 - Reduced/Withdrew from low-profit businesses such as the information and telecommunications equipment business and the overseas EPC business

Mid-term Management Plan 2021 (FY2019–2021)

Realized Social Innovation with Digitalization Built a Platform for Global Growth

- 1 Launched the digital business platform and achieved growth**
 - Launched the Lumada Solution Hub and the Lumada Alliance Program
 - Expanded the Lumada business revenues to 1.6 trillion yen
- 2 Enhanced efforts toward digital and environmental growth**
 - 2019: Acquired JR Automation
 - 2020: Made Hitachi High-Tech a wholly owned subsidiary
 - Established Hitachi ABB Power Grids (now Hitachi Energy)
 - 2021: Established Hitachi Astemo (now Astemo)
 - Acquired GlobalLogic
 - Transferred the diagnostic imaging-related business
 - Participated in COP26 as a principal partner
- 3 Reinforced and improved the business foundation by resolving management issues**
 - Made progress in reviewing the capital policies of listed subsidiaries
 - Divestiture of Hitachi Chemical and Hitachi Metals^{*1}
 - Sale of a part of shares in Hitachi Construction Machinery and Hitachi Transport System^{*1}
 - Responded to management issues
 - Settled with Mitsubishi Heavy Industries on South Africa projects
 - Withdrew business operations on the U.K. nuclear power stations construction project
 - Promoted diversity, increased digital talent and enhanced risk management

^{*1} Completed in fiscal 2022^{*2} Adj. EBITA (Old Definition): Adj. operating income plus acquisition-related amortization^{*3} Impact of one-time factors is excluded from net income in fiscal 2021

Mid-term Management Plan 2024 (FY2022–2024)

Mode Change to Organic Growth Moved to next stage aimed at sustained growth

Financial Indicators	MMP 2024 Targets (as announced in April 2023)	FY2024 Results
Revenues CAGR (FY2021–2024)	5–7%	14%
Adj. EBITA Margin ^{*2}	12%	11.7%
EPS Growth Rate CAGR ^{*3} (FY2021–2024)	10–14%	18%
Core FCF (3-year cumulative) (FY2022–2024)	1.2 trillion yen	1.8 trillion yen
ROIC	10%	10.9%

- 1 Changed mode to organic growth**
 - Increased in orders and revenue growth driven by DX and GX
 - Expanded the Lumada business revenues to 3.0 trillion yen and driving improved profit margins
 - Stabilized net income through risk management
 - Increased EPS growth rate
 - Deconsolidation of Hitachi Astemo (now Astemo)
- 2 Established cash flow and ROIC oriented management**
 - Expanded cash generation capability
 - Core FCF (3-year cumulative) 0.9 trillion yen → 1.8 trillion yen
 - Core FCF conversion 50% → 83%
 - Improved ROIC 7.7% → 10.9%
- 3 Increased shareholder returns**
 - Total share buybacks (3-year cumulative) 500 billion yen
 - Increased total shareholder return ratio (against core FCF, 3-year cumulative) from 35% to 54%
- 4 Strengthened sustainable management including evolving governance**
 - Aligned executive compensation with shareholder value
 - Revised director and executive officer compensation system (incorporated TSR growth against global peers into a reward metric)
 - Enhanced digital talent: 107,000 / Engagement score: 71.5

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million yen

Fiscal year (IFRS)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenues	10,034,305	9,162,264	9,368,614	9,480,619	8,767,263	8,729,196	10,264,602	10,881,150	9,728,716	9,783,370
Adjusted operating income	634,869	587,309	714,630	754,976	661,883	495,180	738,236	748,144	755,816	971,606
Adjusted EBITA (updated definition)	—	—	—	—	—	—	—	—	—	1,083,525
Adjusted EBITA (old definition)	—	—	—	—	—	609,107	855,380	884,606	918,184	1,141,845
EBIT	531,003	475,182	644,257	513,906	183,614	850,287	850,951	845,632	857,942	977,607
EBITDA	—	—	—	885,318	619,001	1,343,067	1,392,840	1,373,468	1,310,702	1,409,337
Net income attributable to Hitachi, Ltd. stockholders	172,155	231,261	362,988	222,546	87,596	501,613	583,470	649,124	589,896	615,724
Net cash provided by (used in) operating activities	812,226	629,582	727,168	610,025	560,920	793,128	729,943	827,045	956,612	1,172,240
Net cash provided by (used in) investing activities	(730,799)	(337,955)	(474,328)	(162,872)	(525,826)	(458,840)	(1,048,866)	151,063	(131,543)	(573,650)
Net cash provided by (used in) financing activities	(26,467)	(209,536)	(321,454)	(320,426)	2,837	(184,838)	202,739	(1,142,966)	(1,024,907)	(424,122)
Core free cash flows	113,371	100,215	283,593	136,079	135,441	419,848	290,082	416,460	571,467	780,592
Capital expenditures (CF basis)	485,932	417,150	440,312	472,249	421,276	372,945	439,861	410,585	385,145	391,648
Depreciation	366,547	302,757	265,413	271,682	342,450	345,201	382,922	358,412	280,306	238,784
Amortization	141,243	112,426	99,019	96,362	90,708	146,462	157,330	167,898	171,234	192,750
R&D expenditures	333,730	323,963	332,920	323,145	293,799	293,571	317,383	316,280	290,145	259,431
Total assets	12,551,005	9,663,917	10,106,603	9,626,592	9,930,081	11,852,853	13,887,502	12,501,414	12,221,284	13,284,813
Total Hitachi, Ltd. stockholders' equity	2,735,078	2,967,085	3,278,024	3,262,603	3,159,986	3,525,502	4,341,836	4,942,854	5,703,705	5,847,091
Interest-bearing debt	3,604,455	1,176,603	1,050,294	1,004,771	1,485,042	2,397,356	3,126,712	2,213,348	1,180,022	1,206,116
Adjusted EBITA margin (updated definition) (%)	—	—	—	—	—	—	—	—	—	11.1
Adjusted EBITA margin (old definition) (%)	—	—	—	—	—	7.0	8.3	8.1	9.4	11.7
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (EPS) (yen)	35.65	47.90	75.19	46.09	18.14	103.86	120.75	136.91	126.91	133.85
Core free cash flows per share, basic (CFPS) (yen)	23.48	20.76	58.74	28.18	28.05	86.93	60.03	87.84	122.95	169.70
Return on invested capital (ROIC) (%)	—	—	—	8.5	9.4	6.4	7.7	7.6	8.7	10.9
Return on equity (ROE) (%)	6.1	8.1	11.6	6.8	2.7	15.0	14.8	14.0	11.1	10.7
D/E ratio (Including non-controlling interests) (times)	0.87	0.29	0.23	0.23	0.35	0.54	0.58	0.41	0.20	0.20
Total shareholder return (payment basis)	57,941	57,937	67,591	77,246	91,761	96,653	111,210	329,146	244,460	389,206
including share buybacks	0	0	0	0	0	0	0	199,999	99,999	199,999
Dividend per share (yen)	12.0	13.0	15.0	18.0	19.0	21.0	25.0	29.0	36.0	43.0
Dividend payout ratio (%)	33.7	27.1	20.0	39.1	104.8	20.2	20.7	21.0	28.3	32.0
Strategic shareholding status										
Number of shares / the ratio of strategic shareholdings (total amount recorded on the balance sheet) of net assets (consolidated)	332 / 5.8%	309 / 7.9%	288 / 6.0%	272 / 4.0%	233 / 3.3%	217 / 4.5%	198 / 5.1%	177 / 4.4%	157 / 1.1%	143 / 1.0%

- Notes:
- Adjusted operating income is presented as revenues less selling, general and administrative expenses, as well as cost of sales.
 - Adjusted EBITA (updated definition) = Adjusted operating income + Acquisition-related amortization. Adjusted EBITA (old definition)= Adjusted operating income + Acquisition-related amortization + Share of profits (losses) of investments accounted for using the equity method.
 - Core free cash flows are net cash provided by operating activities minus capital expenditures.
 - On October 1, 2018, the Company completed the share consolidation of every 5 shares into 1 common share. On July 1, 2024, the Company completed the share split into 5 shares for every 1 common share. The figures of EPS, CFPS and dividend per share from FY2018 to FY2024 are calculated based on the adjusted number of shares due to the share consolidation and split. EPS and CFPS are calculated based on the weighted average number of ordinary shares outstanding during the period.
 - TSR (Total Shareholder Return) show the investment return for an investment made at the end of March 2015, considering the dividends and share price at the end of March 2025.To ensure the investment performance of Hitachi's share price including dividends, we set the investment value at the end of March 2015 at a numerical index of one hundred. The indexed data for TOPIX, the Tokyo Share Price Index, in the same way is served as a comparison index.

	Previous year	Past 3 years		Past 5 years		Past 10 years	
	TSR	TSR	Annual TSR	TSR	Annual TSR	TSR	Annual TSR
Hitachi	25.9%	189.2%	42.5%	474.6%	41.9%	357.4%	16.4%
TOPIX (including dividends)	(1.5)%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%

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Employee Data (Hitachi Group)

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	Hitachi Group	350,864	368,247	322,525	268,655*1	282,743
	Hitachi, Ltd.	29,850	29,485	28,672	28,111	25,892
Average service (years)	Hitachi Group*2	13.6	13.5	12.6	12.9	12.6
Turnover rate (%)*3, 4	Hitachi Group*2	4.3	7.5	8.5	6.3	5.8

Employee Engagement Score*5 (Hitachi Group)

Global average (point)		62	65	69.5	68.6	71.5
By region (point)	Japan	—	56	61.2	61.6	63.2
	Outside Japan	—	80	82.3	80.2	80.9

Digital Talent*6 (Hitachi Group)

Global (persons)		35,000	67,000	83,000	95,000	107,000
By region	Japan	23,000	29,000	42,000	50,000	56,000
	Outside Japan	12,000	38,000	41,000	45,000	51,000

Registered Employees, Managers

Ratio of women employees (%)*3	Hitachi Group*2	19.1	20.2	22.3	22.5	23.2
Ratio of women managers (%)*7	Hitachi Group*2, 3	9.5	9.8	13.0	14.1	15.8
	Hitachi, Ltd. *8	6.5	6.8	7.4	7.8	8.5

Ratio of women and ethnically/culturally diverse executive and corporate officers† (Hitachi, Ltd.)

	June 2021	June 2022	June 2023	June 2024	June 2025
Number of women executives	7	9	9	9	11
Ratio of women executives (%)	10.1	12.2	11.4	11.8	15.9
Number of non-Japanese executives	8	13	16	19	18
Ratio of non-Japanese executives (%)	11.6	17.6	20.3	25.0	26.1

†Executive Officers and Corporate Officers

[Scope of Data]

- *1 The decrease in the number of group employees from the previous fiscal year is mainly due to the deconsolidation of Hitachi Astemo (now Astemo).
- *2 Manufacturing workers not registered in the employee database and employees of some newly consolidated companies are not included. As of the end of fiscal 2024, the number of manufacturing workers not registered in the employee database was 28,000.
- *3 The figures are based on enrolled employees with employment contracts including those seconded from Hitachi Group to other companies and those taking leave, and excluding those seconded from other companies to Hitachi Group (as of March 31).
- *4 Figures include only voluntary resignations.
- *5 Employee engagement score measures the positive response rate of 4 factors—pride in working for Hitachi; whether it is a workplace one would recommend to others as a great place to work; job satisfaction and sense of accomplishment; and desire to continue working for Hitachi for the foreseeable future.
- *6 We define digital talent as those who possess any of the 12 capabilities required for digital business, including design thinking, data science, and security. The number of digital talents is the total number of persons under each capability (total number of people, in thousands).
- *7 The increase in the number and percentage of women managers over time reflects improved coverage of our employee database and changes in the number of consolidated companies. Also, employees whose grades (job titles) are not registered in the employee database are not included in the number of managers.
- *8 The figures are based on the number of employees including those seconded from Hitachi Group to other companies, those taking leave, and those seconded from other companies to the Hitachi Group (as of March 31). Figures for fiscal 2021 exclude those seconded from other companies to the Hitachi Group.

Total Recordable Injury Frequency Rate**9 (TRIFR*10) (Hitachi Group)

	CY2020	CY2021	FY2021	FY2022	FY2023	FY2024
Global total	0.29	0.28	0.27	0.26	0.16	0.13
Japan	0.14	0.12	0.12	0.14	0.13	0.11
Asia (excluding Japan)	0.17	0.12	0.11	0.09	0.05	0.05
North America, Central and South America	1.54	1.36	1.20	1.10	0.38	0.30
Europe	0.45	0.38	0.45	0.39	0.32	0.26

Number of Fatal Accidents

Hitachi Group (including contractors)	3	2	2	5	4	2
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[Scope of Data]

*9 We used the statistical period between January and December of each year in the past. However, in accordance with the safety targets set under our Mid-term Management Plan 2024, we changed the statistical period to April through March beginning in fiscal 2021.

*10 Total Recordable Injury Frequency Rate (casualties per 200,000 work hours)

Sustainable Procurement Activities (Hitachi Group)

	FY2020	FY2021	FY2022	FY2023	FY2024
Sustainability risk assessment (companies)	271	[Human rights] 2,524*11 [Environment] 708*11	1,374*12	3,227	4,029
Sustainability audits (companies)	27	25	128*13	150	153
Sustainability procurement seminars (companies)	450	359	520	269*14	156

*11 Sustainability monitoring in fiscal 2021 was focused on human rights and environmental risk assessment.

*12 Sustainability monitoring from fiscal 2022 onwards has been focused on environment, labor and human rights, ethics and sustainable procurement.

*13 Included the number of companies audited by Hitachi Energy beginning fiscal 2022.

*14 Procurement partners of Hitachi Astemo (now Astemo) not included in the Sustainable Procurement Seminars for fiscal 2023.

Environment (Hitachi Group)

CO ₂ emissions at business sites (factories and offices) (kt-CO ₂ e)	3,313	3,412	1,565	676	601
Waste and valuables generated (kt)	1,061	1,111	356	164	154
Water usage (million m ³)	26.35	26.03	14.56	10.92	9.83
Atmospheric emissions of chemical substances (kt)	2.37	2.50	1.09	0.62	0.47

CO₂ Avoided Emissions through Products and Services: 142 million metric tons/year
(three-year average from FY2022 to FY2024)

[Scope of Data]

Data on the Environment (Hitachi Group) applies to business sites with a large environmental load that are classified as category A*. From fiscal 2023, CO₂ emissions at business sites (factories and offices) include non-energy-related greenhouse gases (kt-CO₂e) in the reported amount. From fiscal 2023, CO₂ emissions at business sites (factories and offices) covers all manufacturing and A/B Non-manufacturing.

*All Group business sites are classified into one of three categories: A, B, or C, based on the Criteria for Classification of Environmental Management established by Hitachi, and the most suitable management is then conducted for each in accordance with the respective level of environmental risk.

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Corporate Data and Stock Information (as of March 31, 2025)

Corporate Name

Hitachi, Ltd.
(Kabushiki Kaisha Hitachi Seisakusho)

URL

https://www.hitachi.com/en/

Head Office

6-6, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8280, Japan

Founded

1910 (Incorporated in 1920)

Capital Stock

464,384 million yen

Number of Employees (consolidated)

282,743

Number of Shares Issued
(common stock, including treasury stock)

4,580,341,685

Number of Shareholders

370,650

Administrator of Shareholders' Register

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8233, Japan

Stock Exchange Listings

Tokyo, Nagoya

Accounting Auditor

Ernst & Young ShinNihon LLC

Contact

Hitachi, Ltd.
TEL: +81-3-3258-1111

10 Largest Shareholders

Name	Share ownership (shares)	Shareholding ratio (%) ^{*1}
The Master Trust Bank of Japan, Ltd. (Trust Account)	788,876,600	17.23
Custody Bank of Japan, Ltd. (Trust Account)	270,599,100	5.91
STATE STREET BANK AND TRUST COMPANY 505001	143,436,447	3.13
STATE STREET BANK WEST CLIENT-TREATY 505234	98,697,835	2.16
MOXLEY & CO LLC ^{*2}	95,208,929	2.08
JP MORGAN CHASE BANK 385632	89,489,070	1.95
STATE STREET BANK AND TRUST COMPANY 505223	85,424,943	1.87
Nippon Life Insurance Company	84,499,995	1.85
Hitachi Employees' Shareholding Association	79,042,957	1.73
GOVERNMENT OF NORWAY	77,771,030	1.70

^{*1} Treasury stock (2,467,109 shares) is not included in the calculation of shareholding ratio.

^{*2} MOXLEY & CO LLC is the nominee name of the depositary bank, JP Morgan Chase Bank, N.A, for the aggregation of the Company's American Depositary Receipts (ADRs) holders.

Ratings

(As of August 31, 2025)

Rating company	Long-term	Short-term
Standard & Poor's (S&P)	A	A-1
Moody's Japan K.K. (Moody's)	A2	P-1
Rating and Investment Information, Inc. (R&I)	AA	a-1+

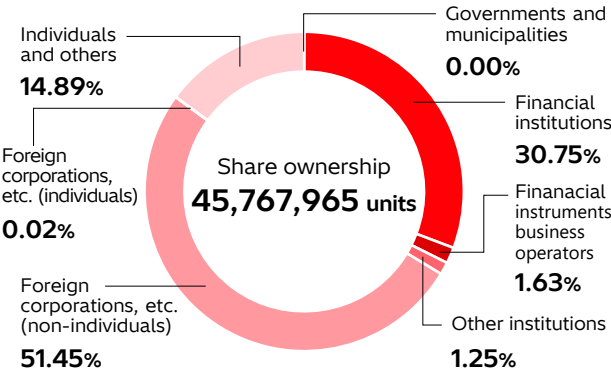
Assurance

To enhance the reliability of information it discloses, Hitachi uses a combined assurance model that includes assurance obtained from executives and from external assurance providers. Please refer to production structure. [\(P.1\)](#) The supervisor of the *Hitachi Integrated Report 2025* is Tomomi Kato, Senior Vice President and Executive Officer, CFO and CRMO. Some of the environmental and social data in the *Hitachi ESG Data Book 2025* has undergone third-party verification by KPMG AZSA Sustainability Co., Ltd.

Indicators Subject to Independent Assurance

Hitachi Group Number and ratio of women managers, CO₂ emissions at business sites (factories and offices)

Shareholder Composition



Engagement with Shareholders and Investors

Hitachi emphasizes engagement with shareholders and investors. In fiscal 2024, Directors and Executive Officers had meetings with major shareholders (representing 12% of total shareholdings). In other activities, the Investor Relations Division holds IR briefings and meets with analysts and investors about 900 times a year, discussing topics ranging from business strategies and financial strategies and results to governance, the executive compensation structure and sustainability strategies. Feedback received during these meetings is shared with top management and utilized in decision-making.

IR Briefings Conducted in Fiscal 2024

- [Mid-term Management Plan Progress Briefing](#) (April)
- [Financial Results Briefings](#) (quarterly)
- [Hitachi Investor Day](#) (June)
- [Presentation by the CEO of Hitachi Energy](#) (October)
- [Railway Systems Business Briefing and Sites Tour](#) (Europe, November)

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