Integrated Report 2026

HITACHI

Editorial Policy

Editorial policy

The Hitachi Integrated Report is compiled to further stakeholders' understanding of Hitachi's business model and foster dialogue through which we can further enhance corporate value and realize a virtuous cycle of value co-creation. In the 2026 edition, we focus on Hitachi's management strategies and initiatives to become the world-leading Digital Infrastructure Company and contribute to the realization of a Harmonized Society, centered on our strategies set forth in Inspire 2027, our 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.

Reporting scope

Period:
Fiscal 2025 (April 1, 2025–March 31, 2026)
Note: Includes activities and other information occurring after April 1, 2026.

Companies:
Hitachi, Ltd. and consolidated subsidiaries

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

Disclaimer regarding forward-looking statements

Certain statements regarding the future of the Company included in this report may constitute forward-looking statements, such as plans, forecasts and strategies. 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.

Production structure

Key Messages of Integrated Report 2026

POINT 01

Strong earnings foundation supporting sustainable growth

As the need for innovation in social infrastructure continues to grow world-wide, our four core business sectors, aligned with these trends, are delivering steady growth. Even amid an uncertain business environment, in fiscal 2025 we achieved record highs in profits, core FCF, ROIC, and order backlog, building a strong earnings foundation that supports sustainable growth.

POINT 02

Growth accelerated by AI

The rapidly expanding AI market will accelerate Hitachi's growth. By leveraging the IT, OT, product technologies and domain knowledge cultivated through 116 years of supporting social infrastructure, we will safely implement AI in social infrastructure, expand the Lumada business, and achieve further growth.

POINT 03

Balancing an unwavering commitment to growth with disciplined management

To respond to a rapidly changing business environment, we will enhance the quality and speed of management. By swiftly translating opportunities into growth while maintaining balanced capital allocation, rigorous risk management, and highly effective governance, we will achieve sustainable growth.

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 sustainability 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

Who We Are

Aiming to be the global leader in continuously transforming social infrastructure through digital

Founded in	Number of employees
1910	Approx. **290,000**

Unique capabilities

Products
Built on more than **110 years** of experience in building social infrastructure

OT (Operational Technology)
Built on on-site expertise across more than **190 countries and regions**

Digital and AI Technologies
Backed by more than **80 years** of experience in the IT business

Digital Systems & Services
Transform social infrastructure through the integration of digital and OT

LUMADA

Solutions, services and technologies powered by Hitachi's advanced digital technologies that create value from customers' data and accelerate digital innovation.

Energy
Provide sustainable energy to all

Mobility
Offer safe, comfortable and green mobility

Connective Industries
Improve on-site productivity with products and OT knowledge

Founder Namihei Odaira

History

Hitachi Group Identity

MISSION
Corporate Philosophy

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

VALUES
Hitachi Founding Spirit

Harmony, Sincerity, Pioneering Spirit

VISION
Hitachi Group Vision

We transform social infrastructure through digital technology, building a future where environmental sustainability, human wellbeing and economic growth advance together.

Hitachi's Value Creation Cycle

Hitachi aims to achieve sustainable increases in corporate value while contributing to the realization of a Harmonized Society. Centering its management on "Lumada," we will continue strengthening the portfolio by capturing trends in society, starting with evolving governance, while creating new value through innovation in technologies and business models. Through balanced capital allocation, we will further accelerate value creation. Through this cycle, we will achieve sustainable increases in corporate value while creating environmental, social and economic value.

Hitachi’s Corporate Value Enhancement Formula

The Corporate Value Enhancement Formula organizes Hitachi’s value creation cycle from an economic value perspective into three elements: maximizing value creation, enhancing growth and reducing the cost of capital. This page illustrates how each section of this report relates to these three elements.

Enhancing Corporate Value =

Maximizing Value Creation (Profit, Cash Flow and ROIC)

———————————————

Reducing the Cost of Capital — **Enhancing Growth**

CEO Message (P. 05)

Strengthening the Portfolio

Maximizing Value Creation (Profit, Cash Flow and ROIC)

By continuously strengthening our portfolio in response to trends in society, together with steady growth in our four core business sectors and ROIC-focused management, we will accelerate profit and cash generation and maximize value creation.

Innovating Technologies and Business Models

Reinvesting in Growth

Reducing the Cost of Capital

We will accelerate research and development toward innovations that drive the next stage of growth while executing strategic investments that foster new challenges to achieve sustainable growth.

Shareholder Returns

Evolving Governance

Enhancing Growth

Through disciplined financial strategies, advanced risk management and highly effective governance, we will reduce the cost of capital.

Four Core Business Strategies

Energy (P. 13)
Mobility (P. 15)
Connective Industries (P. 17)
Digital Systems & Services (P. 19)

Research & Development Strategy (P. 21)

Chairman of the Board’s Message (P. 31)

Corporate Governance (P. 33)

Lumada

Hitachi’s Growth Model for Creating Value from Both the Physical and Digital Worlds

PLEDGES

Sustainability Strategy

Lumada—Hitachi’s Growth Model (P. 11)

CHRO and CSuO Message (P. 27)

CFO and CRMO Message (P. 23)

Contents

CEO Message

Toshiaki Tokunaga | President & CEO

Digital Infrastructure Company transforming social infrastructure through digital

"What kind of company is Hitachi?" This was a question raised by one of our shareholders.

Hitachi has continued to transform to grow sustainably. We are a very different company today than we once were. This question captures what many stakeholders want to understand: where we stand today and where we are going.

With this in mind, I would like to reaffirm what kind of company Hitachi is, the value we bring to society, and how we will enhance our corporate value.

Since our founding in 1910, Hitachi has consistently built and supported social infrastructure, guided by our mission: "to contribute to society through the development of superior, original technology and products." For 116 years, we have delivered highly reliable, high-quality products, cultivating infrastructure control and operational technology (OT) on the ground in 190 countries and regions. And for 80 years in IT, we have built advanced digital technologies and the expertise to apply them. Very few companies possess strengths in IT, OT and products on a global scale.

Today, demand for sustainable social infrastructure is rising around the world. AI is expected to play a critical role in making operations more advanced and efficient. 2026 marks the dawn of physical AI. Physical AI directly controls real-world equipment and systems, where a single malfunction can cause not only equipment shutdowns and quality issues, but also disruption to economic activity and risks to human life. Deploying this technology in society is inherently complex and carries significant risks.

These characteristics of physical AI create a significant growth opportunity for Hitachi. In the AI era, competitive advantage comes not from the AI alone, but from the front-line operational data and domain expertise. As a Digital Infrastructure Company, we integrate the IT, OT and product technologies and expertise accumulated across our Energy, Mobility, Industry and Digital domains as One Company, fully leveraging on-site data. This is how we create distinct value as a "practitioner of physical AI" and expand our contribution to solving social challenges.

Our vision is to realize a Harmonized Society—a world where the environment, well-being and economic growth coexist in harmony. Hitachi will lead this new challenge for humanity: safely deploying physical AI across social infrastructure to build a sustainable society.

We have long worked to solve social challenges and enhance corporate value in pursuit of our goal of becoming a "global leader in the Social Innovation Business." Now, in the AI era, Hitachi has the opportunity to evolve even further.

My answer to the question at the beginning is this: Hitachi will pursue sustainable growth toward our goal of becoming the world-leading Digital Infrastructure Company and contributing to the realization of a Harmonized Society.

Value creation model evolving with AI

Hitachi's approach to value creation is to deliver services that help ensure stable operations at customer sites while driving innovation by leveraging the data generated by its extensive installed base world-wide.

Hitachi's energy business, for example, has a global installed base worth 240 billion dollars. In Japan, 15,000 IT systems developed by Hitachi are in operation across financial institutions and public-sector organizations. These systems, so-called "digitalized assets," generate vast amounts of data every day. We combine that data with our operational expertise and AI technologies, delivering the resulting insights as "digital services" that create new value.

A key feature of this approach is that the data and domain knowledge we accumulate and refine through these operations continually improve our AI, which in turn increases the value of our services. Through this virtuous cycle, the value we create compounds over time.

Lumada embodies this value creation approach. Since its launch in 2016, it has helped numerous customers solve challenges and drive digital transformation. We have placed Lumada at the core of our management strategy. Toward 2030, we have set out "Lumada 80-20:" a Lumada revenue ratio of 80% and an adjusted EBITA margin of 20%.

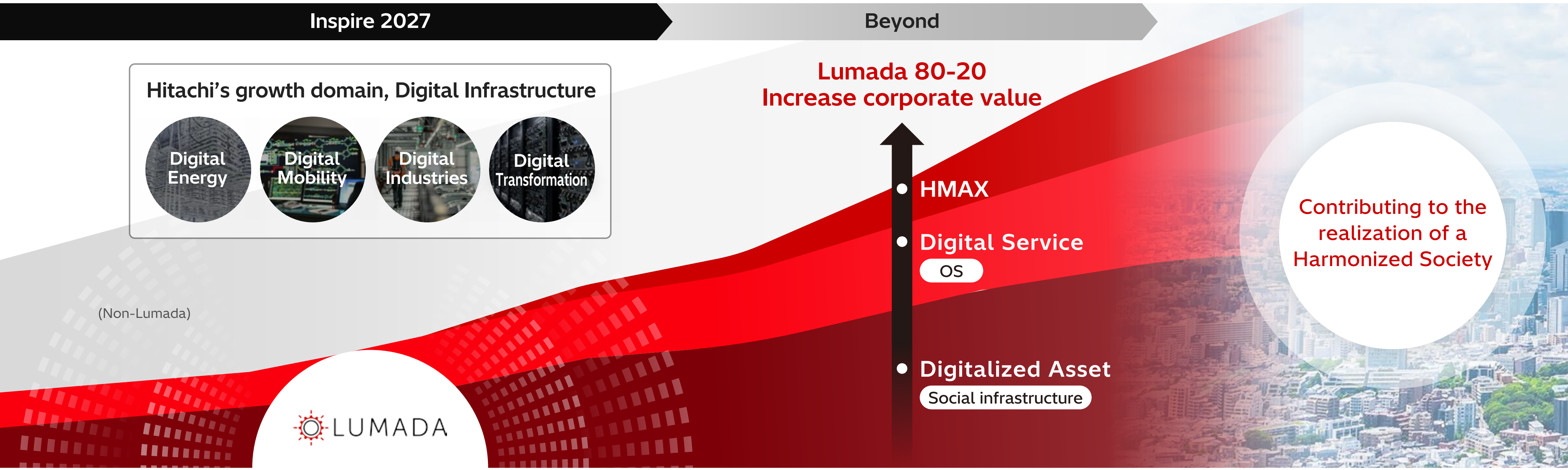
Our growth strategy toward this vision is delivering results. Fiscal 2025 was the first year of our Inspire 2027 management plan. Despite a volatile macroeconomic and geopolitical environment, we delivered strong performance. Adjusted EBITA, net income, core free cash flow and ROIC all reached record highs. Our order backlog also reached 21 trillion yen, the largest in our history.

Lumada helped drive this growth, reaching 40% of revenue and a 16% adjusted EBITA margin.

HMAX, our AI-powered, recurring Digital Service, is now gaining real momentum. HMAX started in the Mobility sector in 2024. There, we used Hitachi's domain knowledge and AI to analyze on-site data from trains and signaling systems. This helped reduce energy consumption and improve operations and services across railway infrastructure. In fiscal 2025, we launched two more services. HMAX Industry helps sustain building value and improve production efficiency. HMAX Energy supports safety, reliability, and sustainability across the energy value chain. Together, these have driven Hitachi Group's HMAX revenue to 300 billion yen, with a 22% adjusted EBITA margin. HMAX creates value across the entire life cycle of social infrastructure—a clear example of our "compounding value creation model."

Alongside HMAX's expansion, we're relentlessly reshaping our business portfolio. We continuously review each business through the lens of our value creation model and capital efficiency, taking decisive action. These efforts will accelerate our progress toward Lumada 80-20.

Evolution toward Hitachi's vision



Creating further growth opportunities with customers and partners

Through dialogue with customers and partners world-wide, Hitachi's value creation approach keeps expanding into a broader range of industries and social issues.

For example, we started working with a global manufacturer to improve productivity using Hitachi's proprietary sensing technology and AI to visualize and optimize their entire production process, including equipment from other vendors. That dialogue has since grown to cover a wider range of topics, from optimizing power usage on the factory floor to edge AI applications. We're now exploring new collaborations that draw on Hitachi's broad expertise and strengths to create new value.

In May 2026, we held Hitachi Physical AI Day, attended by more than 1,600 customers, partners, media and investors. Our four sectors, as well as our corporate and R&D functions, united as One Hitachi. Through exhibits and sessions, we showcased concrete scenarios for solving societal issues with physical AI. Our discussions with customers across a wide range of industries have since accelerated.

We're building an AI ecosystem with partners to capture the growth opportunities brought by AI. In conversations with CEOs of frontier AI companies, I have seen strong interest in the on-site data from Hitachi's installed base, and in the domain knowledge we've built up over generations. Combined with our partners' AI technologies, these strengths are driving new AI solutions and a growing use of agentic AI. These developments are expanding our digital services.

This is just the beginning of how AI will expand Hitachi's growth story. We'll keep accelerating value creation together with a wide range of customers and partners.

Constructive dialogue with capital markets

Since taking on the role of CEO, I have spoken with many investors about Hitachi's value creation model and growth strategy. These conversations have covered our distinctive approach to medium- and long-term growth as a social infrastructure business. We have also discussed Hitachi's competitive advantage in the AI era. As CEO, I feel every day that dialogue with capital markets is one of the most critical parts of my job.

Nearly every investor I met in 2026 asked me the same question: "Could advances in AI pose a threat to Hitachi?" My answer is clear: advances in AI are not threats to Hitachi. Rather, they represent the greatest growth opportunity we have ever had.

AI can replace some traditional IT services. At the same time, new demand is growing for the modernization of customers' vast IT assets to make them AI-ready, as well as for AI transformation. We expect AI-related revenue in the Digital Systems & Services sector to reach a compound annual growth rate (CAGR) of 20–25% from fiscal 2025 to fiscal 2027. We're also deploying AI across social infrastructure, especially physical AI: we anticipate HMAX revenue will grow at a CAGR of 50–60% over the same period. Our continuously expanding backlog will steadily convert into digitalized assets over time, underpinning HMAX's medium- to long-term expansion.

New value creation in our social infrastructure business often takes longer to monetize. Therefore, we have a responsibility to show our growth process—even before it shows up as financial value—so that investors can track our progress.

With this discipline, we will continue to increase the transparency of our disclosures. We will expand our disclosure of quantitative data beyond leading indicators of demand, such as orders and backlog, to give greater visibility into the growth of recurring services led by HMAX. Our business leaders will also engage directly with the capital markets, sharing their firsthand perspectives on where we currently stand in our growth journey.

We will continue to strengthen our dialogue with capital markets and demonstrate the progress and results of our value creation with greater transparency. Through this, we will remain committed to sustainably enhancing our corporate value.

Evolving our management for sustainable growth—pursuing speed and quality

Our management itself must continuously evolve to sustainably enhance corporate value.

Hitachi today faces two simultaneous waves of change: short-term shifts and medium- to long-term trends. One wave is immediate: AI technology continues to evolve at a rapid pace, and the geopolitical landscape remains highly unpredictable. The other runs deeper: megatrends such as aging infrastructure, a declining workforce and the energy transition will continue to unfold over time.

We view these changes as both risks and opportunities, turning them into a driver of growth. That said, competition for these growth opportunities will also intensify. We draw our strongest competitive advantage from the on-site data our installed base generates and the domain knowledge we have built up over generations. What matters most is speed: how fast we turn that advantage into value.

In solution development, we use our Customer Zero approach—leveraging Hitachi's own diverse business sites as a testbed to deliver value to customers faster. We are placing particular focus on strengthening our Physical AI FDE team* to further accelerate solution deployment. This FDE team combines deep expertise in both social infrastructure operations and cutting-edge AI. The team will deploy scalable digital services including HMAX.

*Forward Deployed Engineer (FDE) team: A specialist team equipped with FDE capabilities that works directly at customer sites and uses AI and other technologies to provide end-to-end support, from problem definition through implementation, operation and continuous improvement.

We are also evolving how we manage the Company. I set up the Global Strategy Committee shortly after becoming CEO. It brings together all executive officers to discuss critical growth strategies with a strong sense of ownership, accelerating decision-making and execution as One Company. We are also transforming our corporate culture. Rather than being satisfied with year-over-year improvements or the achievement of budget targets, we keep pushing for higher targets, always benchmarked against market consensus and global peers.

At the same time, disciplined management, or "quality," matters just as much. We will adhere to the capital allocation policy presented at Hitachi Investor Day 2026, allocating the cash we generate in a balanced way between growth investments and shareholder returns. For growth investments, our hurdle rates are the adjusted EBITA margin and the ROIC targeted under Inspire 2027. We will prioritize opportunities that offer a clear path to sustained ROIC improvement and spread expansion, pursuing them boldly and decisively. We will also grow shareholder returns through stable dividend increases aligned with business expansion and flexible share buybacks.

Strong performance is exactly when we must guard most against complacency. That is why it is even more important that we return to our core management principles. Hitachi captures this ethos in two phrases: "Basics and Ethics" and "Putting Right and Wrong Before Profit and Loss." These phrases capture a core principle of Hitachi's management—doing what is right without being tempted by short-term gain. We will tolerate no laxity in compliance or risk management, and will maintain rigorous management discipline to achieve sustainable growth that combines both speed and quality.

Deepening governance to support sustainable growth

Deepening corporate governance is fundamental to Hitachi's sustainable growth. Management and the Board hold constructive, substantive discussions regularly to enhance corporate value. For example, as we track progress under Inspire 2027, we continue to discuss whether HMAX can become a "true driver" of growth across Hitachi as a whole, not merely one solution among many, based on the business's actual performance and future potential.

As risk management becomes increasingly important, we are working to share the top risks identified by our executive team with the Board of Directors on a timely basis, drawing on its diverse global perspectives and expertise. We are also incorporating the Board's advice into our management decisions.

We're continuously working to strengthen oversight by enhancing the diversity, expertise, and independence of the Board of Directors. The Board welcomed two new Independent Directors in fiscal 2025, and a further two in fiscal 2026, expanding its global management expertise.

To translate deeper governance into real behavioral change across the organization, we are building mechanisms that align shareholder value more closely with employee mindsets and actions.

Specifically, we have significantly expanded our stock-based compensation plan beyond directors and executive officers to include 1,800 leaders driving our businesses and organizations. We believe that when leaders world-wide share our shareholders' perspective and act to enhance corporate value, this will provide powerful impetus for the execution of Hitachi's strategy.

Becoming the world-leading Digital Infrastructure Company, serving as the "OS" of social infrastructure

Beyond the value creation we have discussed so far lies a Harmonized Society.

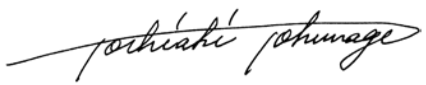
The infrastructure supporting this society takes the form of a System of Systems—diverse systems and operations, tightly interconnected. We must integrate them safely and efficiently, a task that will become increasingly critical to realizing a Harmonized Society.

The value Hitachi provides in such a society can be likened to an "operating system (OS) for social infrastructure." An OS is an essential platform for any system. A familiar example is your smartphone's operating system—it connects the hardware to a wide range of applications, and regular updates let you enjoy new features while the hardware itself stays the same.

The same holds true for social infrastructure. Technological advances and a shrinking labor force are reshaping how it operates. But social infrastructure cannot easily be replaced. That is why Hitachi draws on its existing assets to deliver innovative digital services. These services make infrastructure operations more efficient and more advanced, while strengthening its long-term sustainability.

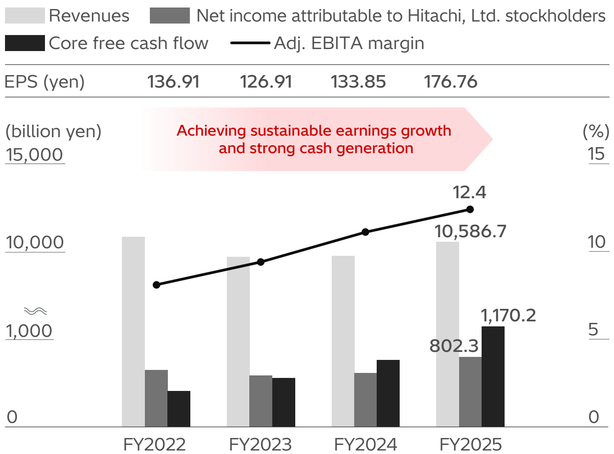
We are also looking beyond the deployment of AI in social infrastructure. The widespread adoption of AI is giving rise to new challenges, including a sharp increase in the scale and complexity of computing, along with surging power consumption from processing vast amounts of data. To solve these future challenges, Hitachi is using a backcasting approach to develop and deploy advanced technologies—including quantum computing, edge AI semiconductors, an 800V DC power architecture for data centers and space big data. Staying ahead of societal challenges and solving them through superior technology and innovation to benefit society—this has been Hitachi's unchanged purpose since our founding, and the true origin of our value creation.

Toward our goal of becoming the world-leading Digital Infrastructure Company, Hitachi will continue to digitally transform social infrastructure and contribute to the realization of a Harmonized Society. We will continue solving social challenges and enhancing corporate value, working with all our stakeholders, beginning with our shareholders and investors, to shape the next chapter of value creation.



Key Financial Indicators

Financial Performance Trends



*The decrease in revenues for FY2023 includes the impact of business portfolio restructuring (Hitachi Construction Machinery, Hitachi Metals and Hitachi Astemo).

*Adj. EBITA margin: The old definition applies to FY2022 and FY2023, while the new definition applies to FY2024 and FY2025. For details of the old and new definitions, see p. 41.

Inspire 2027 Targets

Revenues*1

FY2021*2	FY2024	FY2027
CAGR 5%	CAGR 8%*3	CAGR 7–9%

Adj. EBITA margin*4

FY2021*2	FY2024	FY2027
9.9%	11.1%	13–15%

CF conversion*5

FY2021	FY2024	FY2027
50%	83%	90%+

ROIC

FY2021	FY2024	FY2027
7.7%	10.9%	12–13%

Lumada

	FY2021	FY2024	FY2027
Revenue ratio	21%	29%	50%
Adj. EBITA margin	12%	15%	18%

*1 Three-year CAGR
*2 Three sectors
*3 Excluding foreign exchange impact
*4 The old definition applies to FY2023 and prior, while the new definition applies to FY2024 and beyond.
*5 Core FCF (excluding advances received from large projects)/ Net income

FY2025 Results

Revenues	Adj. EBITA margin	CF conversion*6
10.5 trillion yen YoY +8%	12.4% YoY +1.3pts	103%

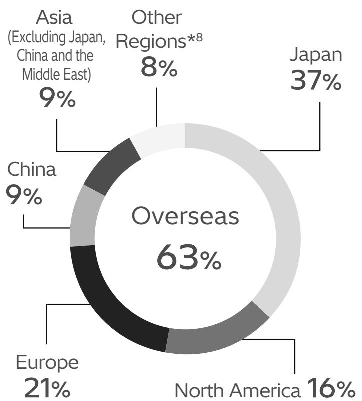
ROIC	Lumada*7 Revenue ratio	Lumada*7 Adj. EBITA margin
12.4% YoY +1.5pts	40% YoY +11pts	16% YoY +1pt

R&D expenses	Capital expenditures
290.3 billion yen YoY +12%	497.8 billion yen YoY +27%

*6 Core FCF (excluding advances received from large projects)/ Net income

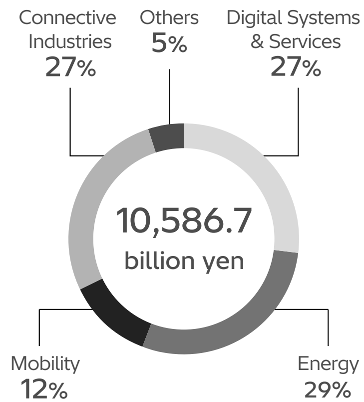
*7 Calculated based on revenues excluding certain businesses undergoing structural reforms.

Revenues by region



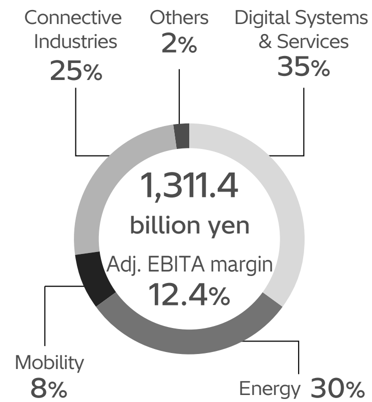
*8 Middle East, Latin America, Africa and Oceania

Revenues by business segment*9



*9 Based on the FY2026 reportable segment structure

Adj. EBITA by business segment*9



*9 Based on the FY2026 reportable segment structure

Executive Officers*

Biographical Details

Legend: Name / Country of birth / Responsibility

President & CEO

Toshiaki Tokunaga ◎

Japan
Overall management

Executive Vice President and Executive Officer

Jun Abe ◎

Japan
Assistant to the President (Digital Systems & Services business; digital strategies)
Digital Systems & Services business

Senior Vice Presidents and Executive Officers

Noriharu Amiya

Japan
Connective Industries business

Tomomi Kato ◎

Japan
Finance strategies, corporate pension system, risk management, investment strategies, investor relations strategies

Andreas Schierenbeck

Germany
Energy business

Jun Taniguchi

Japan
Strategic Social Innovation business

Lorena Dellagiovanna

Italy
Human capital strategies, crisis management strategies, safety and health management, diversity, opportunity and inclusion strategies, environmental strategies, sustainability strategies, value integration strategies

Katsuya Nagano

Japan
Assistant to the Executive Vice President (Digital Systems & Services (Japan))
Digital Services business

Masahiko Hasegawa ◎

Japan
Marketing & sales strategies, regional strategies overall management, corporate strategies overall management, government & external relations and corporate communications strategies, business management promotion

Giuseppe Marino

Italy
Mobility business

Executive Officer

Toshiaki Higashihara ◎

Japan
General

Vice Presidents and Executive Officers

Atsuhiro Aketa
Marketing & sales strategies (business for energy)

Hidenori Azushima
Digital Systems & Services business (corporate strategies)

Yasunori Inada
Nuclear Energy business

Yasuki Imai
Digital Services business

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

Yoshimitsu Takagi
Industrial Solutions business

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

Yasuhiro Takeuchi
Regional strategies (Americas)

Takahiro Tsukishima
Corporate strategies

Megumu Tsuda
Environmental strategies, sustainability strategies

Kojin Nakakita
Regional strategies (APAC)

Hideshi Nakatsu
Industrial Products business

Masashi Hatakeyama
Finance strategies, corporate pension system

Hirohide Hirai
Government & external relations

Satoko Fujimori
Information security management and information technology strategies

Michele Fracchiolla
Regional strategies (EMEA)

Alice Po
Value integration

Yoshinori Hosoya
AI & Software Services business

Kosuke Horiuchi
Regional strategies (India)

Chie Mashima
Marketing & sales strategies; Regional strategies (Japan)

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

Yoshimaro Yusuki
Regional strategies (China)

Takashi Yoda
Business management promotion

*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.

Lumada —— Hitachi's Growth Model

Hitachi's source of competitive advantage lies in its ability to create value from both the physical and digital worlds by integrating the domain knowledge it has cultivated across a broad range of businesses since its founding with operational technology (OT) and advanced digital technologies.

Building on this strength, we have spent the past decade advancing Lumada, which creates value from data and accelerates digital innovation. Within Lumada, HMAX™ by Hitachi (HMAX) comprises a portfolio of next-generation solutions that leverage AI enhanced by Hitachi's unique domain knowledge to transform social infrastructure. Through delivering HMAX, we address the most complex challenges facing social infrastructure and delivers the greatest outcomes and value to customers and society.

		FY2025 (results)	FY2027 (targets)	Long-term goal
Lumada	Revenue ratio	40%	50%	**80%**
	Adj. EBITA margin	16%	18%	**20%**

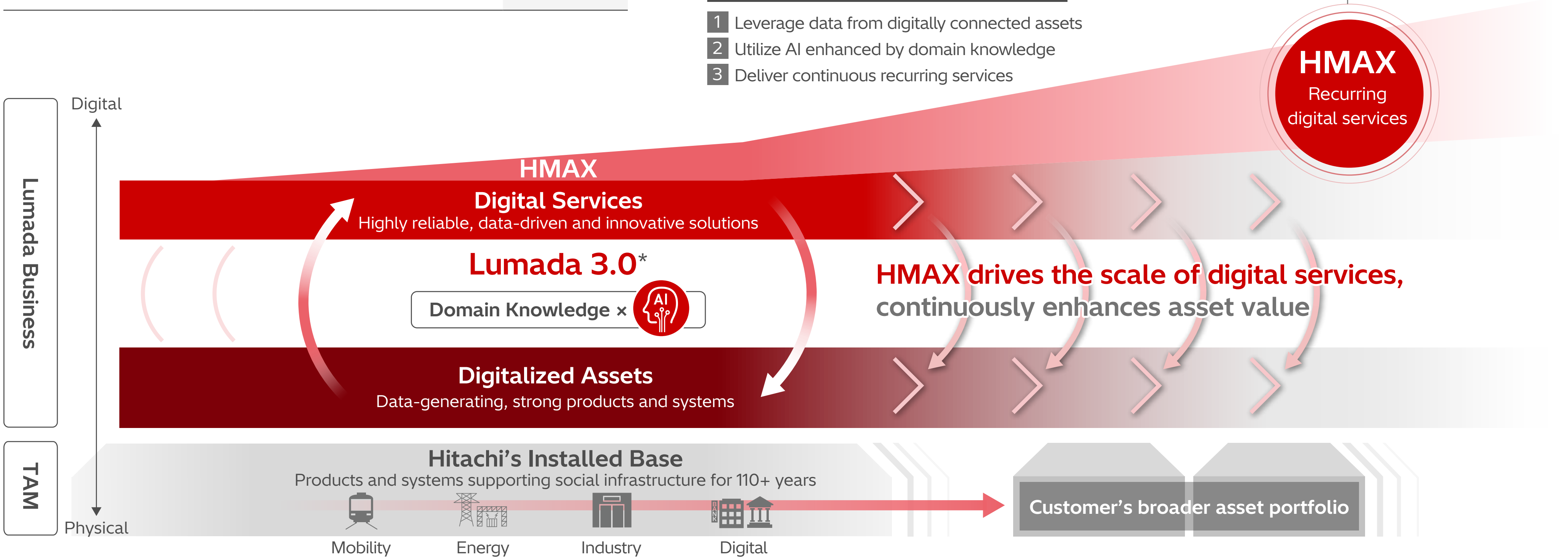
Lumada contributes to all elements of Hitachi's Corporate Value Enhancement Formula. (P.04)

Enhancing Corporate Value = **Maximizing Value Creation** (Profit, Cash Flow and ROIC) / (**Reducing the Cost of Capital** — **Enhancing Growth**)

Features of Lumada		
	•Expand high-margin digital services businesses •Improve ROIC through the application of services to third-party assets	Maximizing Value Creation
	•Achieve sustainable growth by transforming social infrastructure by continuously accumulating data and through ever-evolving cutting-edge technologies	Enhancing Growth
	•Increase digital services and recurring revenue	Reducing the Cost of Capital

What is HMAX?

1 Leverage data from digitally connected assets
2 Utilize AI enhanced by domain knowledge
3 Deliver continuous recurring services



*Lumada 3.0: An evolution of Lumada, leveraging AI enhanced with Hitachi's domain knowledge

HMAX —Recurring Digital Services

HMAX

HMAX by Hitachi

A portfolio of next-generation solutions that transform social infrastructure with AI.

By leveraging vast amounts of data generated from both physical and digital assets and enhancing advanced AI with Hitachi's unique and deep domain knowledge, HMAX addresses the most complex challenges facing social infrastructure and delivers the greatest outcomes and value to customers and society.

HMAX Energy

The suite of digitally-enabled services for critical energy infrastructure offers the optimization of asset life cycles through data-driven insights, the early prediction of issues through asset monitoring as well as proactive maintenance to reduce risk and extend asset life, enabling the increase in operational efficiency and grid reliability.

Domain Knowledge

- Global leader in electrification—pioneering HVDC, transformers, switchgear, power electronics, automation, software and services
- World's largest installed base of transmission and distribution equipment with over 500,000 assets

× AI

Safeguarding power infrastructure by reducing equipment failures, extending asset lifetime and optimizing operations

Up to 60% reduction
in revenue loss from equipment downtime

Energy (P. 13)

HMAX Mobility

A comprehensive suite of intelligent transportation systems (ITS) covering public transit, including fleet management, automated vehicle diagnostics, passenger information systems and EV* management. By integrating these capabilities into the HMAX Mobility digital asset management platform and building an operational digital twin, HMAX Mobility leverages AI and edge computing to maximize asset performance and optimize costs.

*EV: Electric Vehicle (e.g., electric buses and other electric vehicles)

Domain Knowledge

- Rolling stock manufacturing and maintenance
- Signaling system manufacturing and maintenance
- Traffic management systems

× AI

Optimizing replacement timing for parts, maintenance workforce allocation, cost reduction and workforce transformation

Up to 15% reduction
in maintenance costs

Mobility (P. 15)

HMAX Industry

We offer a wide range of solutions for the industrial area including buildings and factories to advance safety, productivity, quality and environmental sustainability. By leveraging physical AI, which integrates high-precision data from our highly reliable products and measurement equipment with our deep domain knowledge, we autonomously optimize onsite operations. Through these solutions, we contribute to maximizing customer value and driving global industrial transformation.

Domain Knowledge

- Manufacturing, operation and maintenance of highly reliable products supporting a wide range of industries
- Tacit and explicit knowledge rooted in industrial operations

× AI

Realizing time to market, productivity improvement & quality assurance, energy efficiency improvement, zero downtime

16% reduction in energy consumption,
3% improvement in facility management costs
by optimizing equipment operations and facility management

Connective Industries (P. 17)

Transforming social infrastructure to drive customers' sustainable growth

By enhancing the efficiency and resilience of the social infrastructure that supports society, cities and industries, we drive customers' business transformation, create new value and realize sustainable growth.

Investor Day (Energy Business Strategy)

Energy

Delivering global energy security through digital and innovative technologies

Andreas Schierenbeck | Senior Vice President and Executive Officer, CEO of Energy Sector

Business environment

Electricity's share of total global energy consumption continues to rise and is projected to reach 25% by 2030 and more than 40% by 2050. Between 2015 and 2025, global investment in electricity increased significantly: investment in renewables doubled, investment in transmission and distribution grids and storage increased 1.4 times, investment in electrification increased 2.4 times, and investment in nuclear energy increased 1.7 times while investment in fossil fuels decreased. In this environment, the power grid market is projected to grow from approximately 270 billion dollars in 2025 to approximately 450 billion dollars in 2035, driven by electrification, demand growth and renewables transition*[1]. The nuclear power market is also expected to expand, supported by growth in the SMR*[2] market alongside conventional large reactors, reaching approximately 130 billion dollars in 2050*[3].

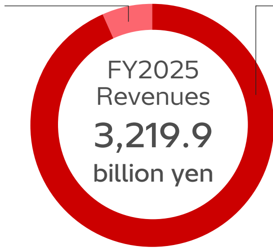
Progress of Inspire 2027

In fiscal 2025, the Energy sector achieved record-high performance, with revenues of 3,219.9 billion yen and an adjusted EBITA margin of 12.9%. ROIC also improved by 6.9 points year on year to 15.4%. Even as we continued to invest aggressively, with capital expenditures up 92% and R&D expenses up 22% year on year, we enhanced capital efficiency while achieving a substantial increase in profitability. Following the strong fiscal 2025 performance and with continued market growth, the Energy sector updated its Inspire 2027 targets. We aim to deliver a revenue CAGR*[4] of 15%–17%*[5], an adjusted EBITA margin of 14%+, and ROIC of 20%+ by fiscal 2027. As our long-term targets, we have set a revenue CAGR of approximately 14%*[6] through fiscal 2030, an adjusted EBITA margin of 16%+, and ROIC of 25%+ in fiscal 2030. To achieve these targets, we will continue to capitalize on the energy transition and leverage AI and digitalization, including Lumada and HMAX, across the sector. In the Power Grids business, we will continue our focus on solid execution and capacity expansion to deliver our record backlog as well as cementing our market leadership through innovative technologies. In the Nuclear Energy business, we will focus on priority initiatives for further growth and transformation, including supporting the restart of domestic BWRs*[7], the resumption of new plant construction, contributing to the revitalization of Fukushima, and pursuing market opportunities through the expansion of SMR business via our joint venture with GE Vernova.

Strengthen the core	Accelerate strategic growth	Leverage AI, digitalization and innovative technology
Operational excellence Continue investments in capacity expansion M&A and partnerships Core nuclear business in Japan	Capture profitable market opportunities Become #1 service provider Record order backlog and long-term market visibility enable confident investments	Accelerate investment in AI Cement technology leadership Capture global opportunities in SMR

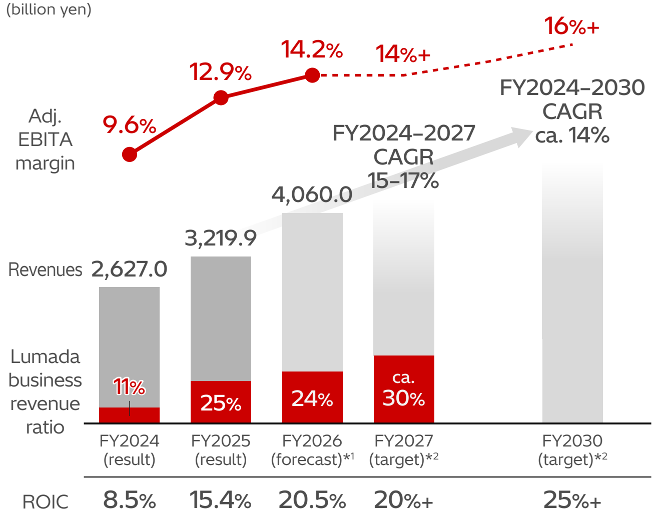
*1 2025 Hitachi Energy market assessment. Unconsolidated figures in FY2025 Budget rate billion USD *2 Small Modular Reactor
*3 Sourced from International Atomic Energy Agency (IAEA) and International Energy Agency (IEA) *4 Compound Annual Growth Rate
*5 FY2024–2027 *6 FY2024–2030 *7 Boiling Water Reactor

Business structure



Power Grids BU	•Transformers •High-voltage products and switchgear •HVDC (High-voltage direct current) •Grid & power quality solutions •Service •Automation systems and protection •Enterprise and asset management software
Nuclear Energy BU	•Nuclear power plant •Decommissioning •Nuclear fuel cycle

Business performance/Inspire 2027 targets



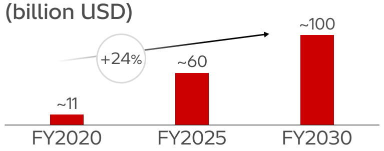
*1 Announced on July 29, 2026 *2 Announced on June 10, 2026

Solid execution of order backlog and investment for growth

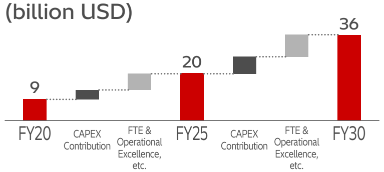
Power Grids

Hitachi Energy's order backlog, which underpins our growth, reached a record high of approximately 60 billion dollars at the end of fiscal 2025 and is expected to reach approximately 100 billion dollars by fiscal 2030. The order backlog currently represents approximately 3 times annual revenues and is expected to remain at 2.5 to 3 times revenues going forward. To deliver on our commitments to customers, continued solid execution of order backlog is critical. To support this effort, we are advancing over 9 billion dollars in investments*8, one of the largest investment programs in the industry. We maintain strict investment discipline by committing capital only to bankable business cases and are currently investing in more than 40 projects globally.

Backlog evolution
(billion USD)



Revenue growth
(billion USD)

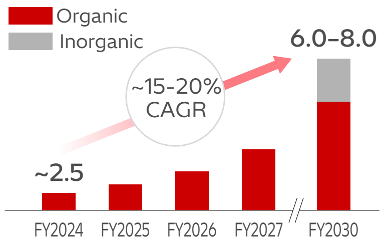


Expanding the service business through digital capabilities

Power Grids

The digitally enabled service business is a significant growth opportunity. In April 2025, we established a dedicated Service BU with clear growth priorities. In October 2025, we completed our first inorganic investment in Shermco, in partnership with Blackstone, and are jointly developing capabilities to serve hyperscalers building next-generation AI factories. In March 2026, we launched HMAX Energy, a portfolio of digitally enabled services for critical energy infrastructure, accelerating service business expansion. We aim to grow our service business with a CAGR of 15%–20%*9 by fiscal 2030 driven by organic and inorganic initiatives. We plan to expand service revenues from approximately 15% to more than 30% of total revenue by fiscal 2035.

Service revenues*
(billion USD)



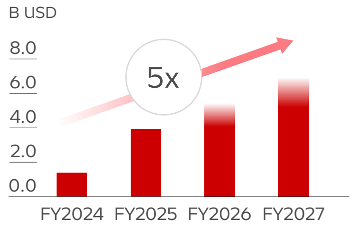
*Total Hitachi Energy Service offering includes Software, and select service activities delivered through systems and projects

Capturing demand in high-growth segments —Data centers

Power Grids

Driven by the rapid expansion of AI-related demand, orders from data centers increased by more than 150% year over year in fiscal 2025. Hitachi Energy provides a broad range of products and solutions, from critical components such as high-voltage switchgear, transformers, and power electronics to support throughout the planning, construction and operation phases of data centers. Leveraging the advantages of our broad portfolio, fast delivery times, standardization, global footprint and capacity expansions, we aim to increase orders from data centers fivefold by fiscal 2027 compared with fiscal 2024.

Hitachi Energy data center orders



Capturing demand in high-growth segments —Nuclear energy and SMRs

Nuclear Energy

Hitachi supports two-thirds of BWR plants in Japan and has been involved in the construction of all ABWR (Gen III+)*10 plants. As part of our digitalization initiatives, we are accelerating efforts such as AI-enabled design and licensing support and the Metaverse Platform for Nuclear Power Plants, which combines metaverse and AI technologies. These initiatives support improvements in nuclear power plant capacity factors and promote greater efficiency in activities across safety enhancement measures as well as the design, field construction, and asset management of new-build, maintenance and decommissioning projects, thereby contributing to greater customer value. In the SMR business, the joint venture between Hitachi and GE Vernova has received an order for Canada's first commercial SMR project, and construction has commenced following the final investment decision. In addition, we signed an agreement to advance the Polish generic SMR design. We will continue to pursue and expand opportunities across global markets, including North America and Europe.

The competitive advantages of the Energy sector

Power Grids

- World's largest T&D installed base, with over 500,000 assets and approximately $240 billion value, spanning more than 190 countries
- World-leading OEM expertise
- Dedicated global Service BU
- IT x OT x Products strengths
- World-leading upgrades & retrofit technology

Nuclear Energy

- Supporting two-thirds of BWR plants in Japan and being involved in the construction of all ABWR (Gen III+) plants
- Delivering new solutions by integrating accumulated technology, expertise, experience, and digital technologies

One Hitachi: Collaboration with the DSS sector

Accelerating the deployment of HMAX Energy Leveraging digital engineers across DSS, including GlobalLogic

Launching EcoSpace, a digital sustainability platform

EcoSpace, part of the HMAX Energy portfolio, is a digital sustainability platform that quantifies and visualizes the environmental footprint of power grid projects. The platform enables utilities, grid developers and investors to make faster, data-driven decisions while meeting the growing demand for credible, transparent and strategic sustainability reporting.

Strengthening long-term reliability at the Ulinda Park BESS

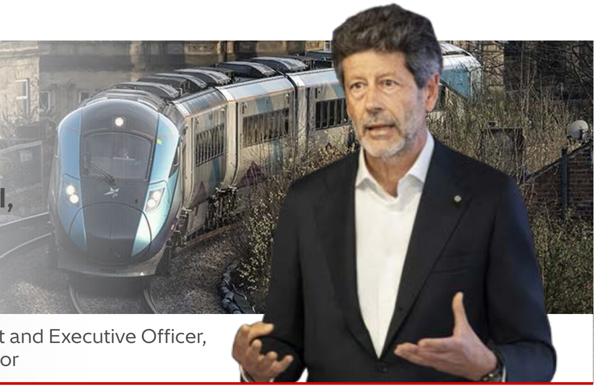
Hitachi Energy successfully delivered and is supporting the Ulinda Park battery energy storage system (BESS) at Ulinda Park in Queensland, Australia, through a new HMAX Energy service agreement. Developed by Akaysha Energy, the large-scale battery system has a rated output of 155 MW and storage capacity of 298 MWh. The project supports the integration and stable supply of renewable energy while contributing to enhanced grid stability.

Ulinda Park BESS, Queensland, Australia

*8 FY2020–2027 *9 FY2024–2030 *10 Advanced Boiling Water Reactor

Mobility

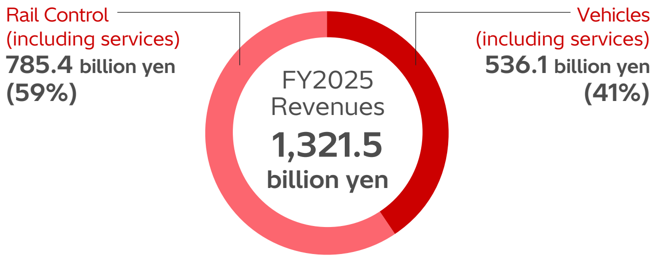
Driving the next generation of mobility through digitalization, multimodality, autonomy and agentic AI, backed by our strong position as a sustainable, digital and global mobility player



Giuseppe Marino | Senior Vice President and Executive Officer, CEO of Mobility Sector

Investor Day (Mobility Business Strategy)

Business structure



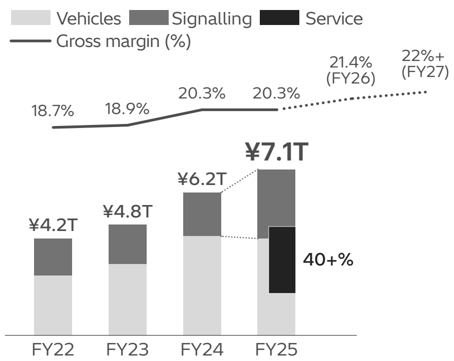
Mobility	• Rail control services • Rail control • Vehicles services • Vehicles

Business environment

The future of mobility is being shaped by three powerful trends that are transforming the market and accelerating investment in rail infrastructure world-wide. The first is the demand for greater transport capacity, which is driven by population growth and increasing energy costs. The second is a broader view of sustainability, which focuses not only on carbon footprint reduction but also on providing more affordable mobility solutions. The third is the role of digitalization in advancing multimodality by seamlessly connecting multiple modes of transportation.

The global railway market is undergoing a structural transformation and is expected to continue growing over the medium- to long- term. In the near term, the global rail market is projected to expand by approximately 4% annually across signaling, rolling stock and digital mobility. We are also strengthening our presence in high-growth regions, including Germany, Eastern Europe and the Middle East.

Order backlog trends



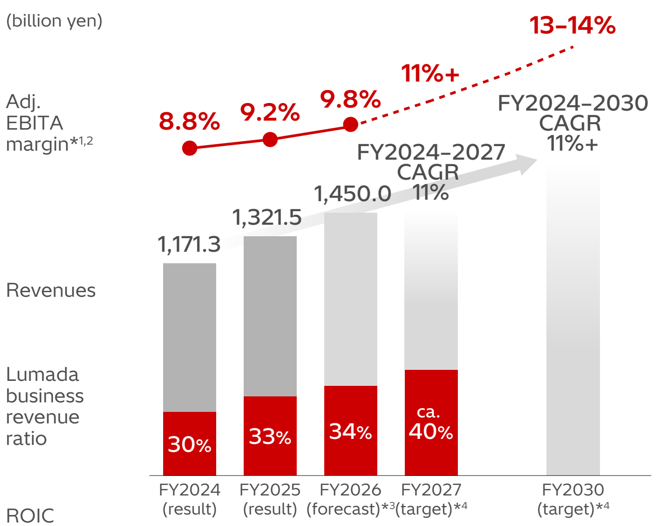
Progress of Inspire 2027

Fiscal 2025 marked another year of solid execution against our Inspire 2027 commitments. Revenue increased 13% year over year, adjusted EBITA margin improved by 0.4 percentage points, and order intake grew, resulting in a book-to-bill ratio of 1.2x. Even as we increased CAPEX by 65% and R&D investment by 25% year over year, ROIC excluding PPA and integration-related costs improved by 2 percentage points to 12.5%, while the cash conversion cycle improved to 54.3 days, reflecting continued progress in operational discipline.

We also made strong progress across major projects, including those in Turin, Taiwan and Pittsburgh. In digital mobility, HMAX Mobility was deployed with Tobu Railway and in Copenhagen and more, expanding the installed base to 2,500 trainsets. Importantly, over 35% of these fleets were manufactured by companies other than Hitachi, demonstrating the platform's ability to serve the broader rail ecosystem. We are building strong sales momentum, with the HMAX opportunity pipeline expanding rapidly from 200 billion yen last year to over 600 billion yen. We also advanced our strategic M&A agenda through the acquisitions of Omnicom, which brings sensor technologies, and Clever Devices, a provider of ITS for public transportation. This marks a major step forward in multimodality, enabling us to expand the HMAX platform into the broader mobility domain.

As a result, we are accelerating our transformation from a rail-focused OEM into a multimodal digital mobility company. By 2030, we aim to expand revenue to approximately 2.0 trillion yen, building on our achievement of growing revenue by 3.5 times from the fiscal 2015 level to fiscal 2025, through a balanced combination of organic growth and strategic acquisitions.

Business performance/Inspire 2027 targets



ROIC	FY2024 (result)	FY2025 (result)	FY2026 (forecast)*3	FY2027 (target)*4
With PPA and integration cost	7.0%*5	8.3%	9.4%	ca. 12%
Without PPA and integration cost	10.5%*5	12.5%	12.3%	ca. 14%

*1 Adj. EBITA excluding integration cost
*2 Adj. EBITA including integration cost: 8.1% (FY24), 8.2% (FY25), 9.4% (FY26), ca 11% (FY27)
*3 Announced on July 29, 2026
*4 Announced on June 10, 2026
*5 FY24 ROIC restated for GTS opening (ROIC before restatement with PPA and integration cost: 9.0%)

The competitive advantages of the Mobility sector

With sustainability, digitalization and global mobility serving as powerful macro trends, Hitachi is leveraging its position as a global full-range provider with established strengths in both signaling systems and rolling stock.

Signaling	With the completed integration of Thales GTS, Hitachi has established itself as a global full-range provider in signaling systems, with one of the most comprehensive portfolios in the industry, seamlessly combining digital signaling, operations and asset management capabilities to expand its global footprint and drive stronger value creation.
Rolling stock	Hitachi serves as a global full-range provider of rolling stock, which forms a key foundation for the Mobility sector's digital asset base. We have a particularly strong position in high-speed trains and services. Moving forward, we will drive growth through a selective approach, focusing on our high-speed platforms while continuing to invest in the services business to ensure long-term business stability.

3 key business drivers

Global full range provider of signalling systems
Thales GTS integration now completed, delivers expanded global footprint and stronger value creation

Global full range provider of Rolling stock
Selective focus on high-end rolling stock platforms especially high-speed trains. Strong base for recurring business

Digital products and services based on HMAX, Autonomous driving, Revenue collection
Control operational data layers, integrate fragmented systems, enable real-time decision-making and orchestrate autonomous operations

Agentic AI implementation

Deploying AI agents in industrial processes and core use cases:

To drive operational transformation and accelerate execution of key tasks, the Mobility sector is making significant investments in the deployment of agentic AI within our engineering processes. Through our core program, RAILA / Project Jackie+, we have already deployed 90 AI agents across various areas of engineering. This initiative significantly contributes to a shorter time to market, improved product performance and higher productivity.

To highlight a few specific examples, we are leveraging these advanced AI capabilities in bidding documentation and preparation, diagram generation and software coding, substantially improving the efficiency and speed of our operations.

Agentic AI implementation in industrial processes—productivity & innovation (example)

RAILA/Project **Jackie+**

AI Agents - Accelerating task execution
Knowledge mgmt tool: Document analysis and understanding & writing
Requirements mgmt : Extraction, compliance, quality and classification
Extracting data from ERP, transforming and loading into central tool
Bidding documentation preparation: Understanding and analysis
Meeting notes & action summary: Copilot 365
HR chat bot: Policy and FAQ engagement
Diagram generation: Multimodal diagram creation
Software coding and unit testing
Tender authoring / bid writing: Writing higher quality RFP responses

*Image generated by AI

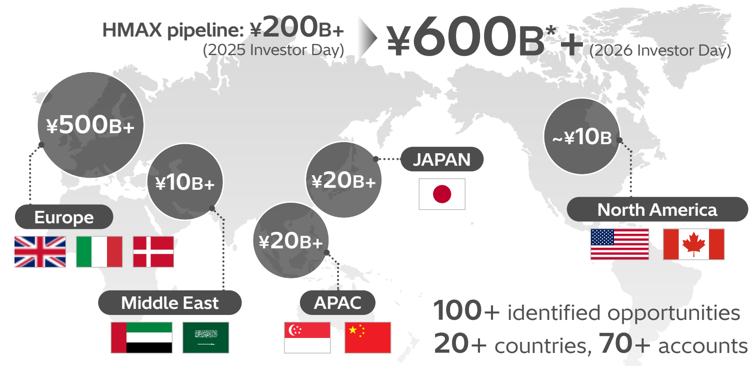
One Hitachi: Collaboration with the DSS sector

HMAX and Advanced Mobility

Through a One Hitachi collaboration, we have fused Hitachi Rail's deep domain knowledge and operational expertise with the digital capabilities of the DSS sector to create HMAX Mobility. This comprehensive digital mobility platform integrates advanced Digital Asset Management (DAM) capabilities—such as axle bearing and track condition monitoring, point machine analytics and predictive maintenance to optimize real-time operations, automate vehicle inspections, reduce life cycle costs, improve reliability and drive further quality improvements.

- **A major step into multimodality:** Through the strategic acquisition of Clever Devices, we are expanding the HMAX platform into the broader mobility domain, including public transit. This major step into multimodality enables us to combine data across broader mobility ecosystems and enhance our value propositions.
- **Pioneering physical AI and advanced mobility:** Powered by physical AI, we are transforming legacy infrastructure with Autonomous Trams featuring state-of-the-art situational awareness and advanced driverless safety capabilities. Key examples include Copenhagen Metro's 24/7 autonomous operation (GoA4) with punctuality of over 99% and Tobu Railway's next-gen DAM for automated inspections.

HMAX is gaining strong momentum. The HMAX opportunity pipeline grew from more than 200 billion yen last year to over 600 billion yen today, encompassing more than 100 identified opportunities across more than 20 countries.

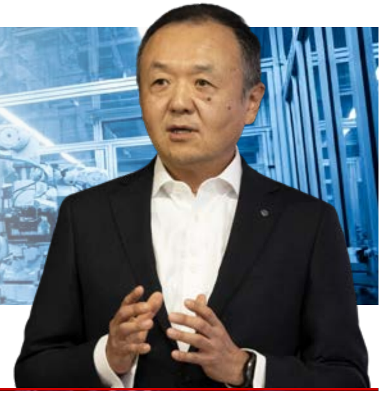


* Total value of OS&M contract

Connective Industries

Driving global industrial transformation through physical AI, powered by strong products and deep domain knowledge

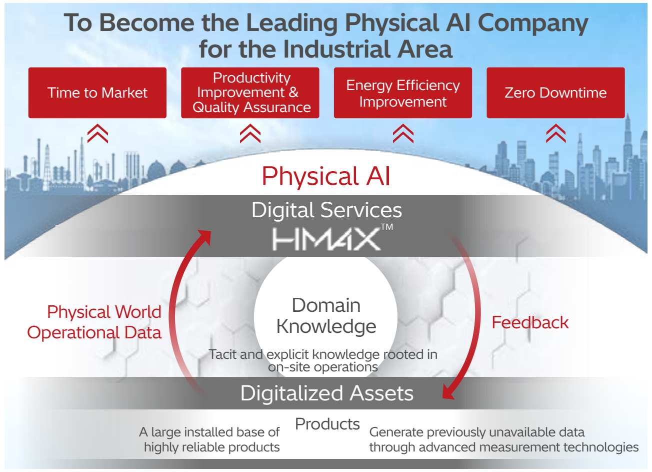
Noriharu Amiya | Senior Vice President and Executive Officer, CEO of Connective Industries Sector



Business environment

In the industrial area, driven by changing customer challenges due to increasing technological complexity, customer needs are rapidly growing for shortening time to market, productivity improvement & quality assurance, energy efficiency improvement and zero downtime. For example, semiconductor verification time has seen a 1.5 times increase, and the types of genetic testing and diagnostics have surged by approximately 200 times. As technologies become increasingly complex and sophisticated, it is becoming difficult for customers to solve these challenges on their own, making collaboration with partners indispensable. Under these circumstances, the Connective Industries sector focuses on physical AI, which autonomously optimizes field operations through digital services HMAX. This is achieved by combining AI with high-precision data generated by strong products including measurement equipment, along with domain knowledge encompassing tacit and explicit knowledge rooted in on-site operations. With the clear aim to become the leading physical AI company for the industrial area, Hitachi's Connective Industries sector is accelerating growth by focusing management resources on areas with strong AI investment: facilities, semiconductors, medical diagnostics and pharmaceutical manufacturing.

Connective Industries sector vision



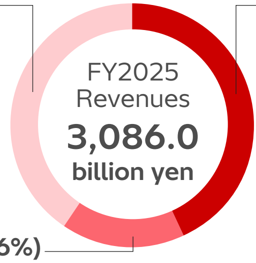
Progress on Inspire 2027

In fiscal 2025, driven by robust Lumada growth by capturing AI demand, the Lumada revenue ratio increased by 9 percentage points year over year to 43%, and the adjusted EBITA margin reached 11.0%. While increasing R&D investment by 8 percentage points year over year in anticipation of future growth opportunities, we improved ROIC by 0.5 percentage points over the previous fiscal year to 12.0%. Particularly strong growth was achieved in three businesses: facilities,*1 semiconductors and life sciences.*2 In the facilities business, expanding related services such as UPS,*3 leveraging data center demand, resulted in a 23% year-over-year increase in revenue. The semiconductor business achieved a 26% year-over-year increase in revenue, driven by diversifying its customer base and capturing AI demand. In the life sciences business, diagnostic equipment shipments reached a record high of approximately 16,000 units, and the biopharmaceuticals maintenance business expanded to approximately 2x its fiscal 2023 level. Thus, the businesses are on track to achieve the Inspire 2027 targets. Going forward, we will further accelerate four initiatives: a clear focus on physical AI business by leveraging our strong products portfolio, accelerating business portfolio transformation, scaling Customer Zero initiatives by leveraging our strengths as a manufacturer and global business expansion. Through these initiatives, we aim to achieve 6-8% revenue growth, an adjusted EBITA margin of 13%+, ROIC of 11-13%, and a Lumada revenue ratio of ca. 50% in fiscal 2027.

*1 Business areas targeting social infrastructure and facilities that require high reliability, such as data center equipment, elevators and escalators, industrial HVAC, and industrial equipment (compressors, etc.)
*2 Healthcare business (diagnostics and treatment) + Pharmaceutical manufacturing business *3 UPS: Uninterruptible Power Supply

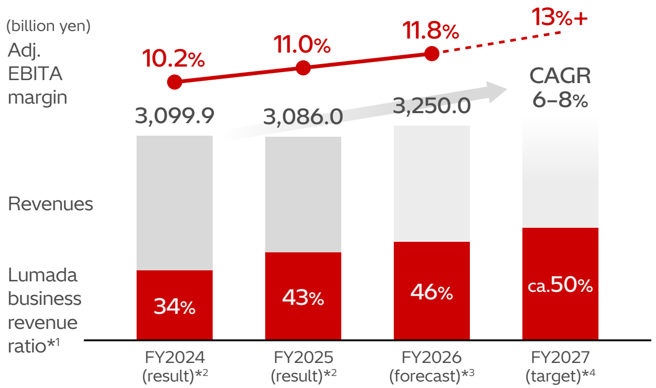
Investor Day (Connective Industries Business Strategy)

Business structure



Industrial Solution BU	Strengthening solutions business through measurement and digital integration •Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.), measurement and analysis (semiconductor manufacturing & metrology/inspection equipment, electron microscopes, etc.) •Industry and distribution solutions, robotic SI, Industrial process, utility, water supply and sewerage solutions
Industrial Products BU	Expanding product business to enhance digitalized assets •Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.) •Custom-made industrial equipment (process compressors, drive systems, UPS, etc.)
Urban Solutions & Services BU	Accelerating services business in the facilities area •Elevators, escalators and building services •Home appliances and air-conditioning systems •Field service, carbon neutral solution

Business performance/Inspire 2027 targets



	FY2024 (result)*2	FY2025 (result)*2	FY2026 (forecast)*3	FY2027 (target)*4
ROIC	11.5%	12.0%	11.1%	11–13%

*1 Calculated based on revenue from FY2026 reportable segment structure, excluding certain restructuring operations
*2 Based on the FY2026 reportable segment structure
*3 Announced on July 29, 2026 *4 Announced on June 10, 2026

Expansion of the physical AI business in four key focus areas

The Connective Industries sector has identified four focus areas—facilities, semiconductor manufacturing, diagnostics and pharmaceutical manufacturing—to drive growth through physical AI, building on the strength of a large installed base of highly reliable products. Leveraging high-precision data generated by these globally top-class digitalized assets—including 650,000 connected elevators and escalators, CD-SEMs* with a global market share of approximately 76%, and global No. 1 clinical chemistry and immunoassay analyzers and genetic testing instruments—we will provide the HMAX Industry suite of AI solutions through co-creation with customers and partners. Through these efforts, we will deliver customer value such as improving operational efficiency and shortening Time to Market, aiming to expand the physical AI business.

*CD-SEM: Critical Dimension - Scanning Electron Microscope

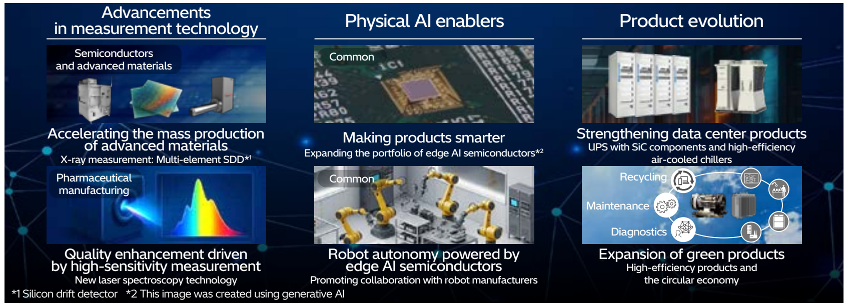
Physical AI business in focus areas

Focus area	Digitalized assets	Physical AI value
Facilities	• Connected elevators & escalators • HVAC • UPS for data centers	**HMAX for Buildings** Optimizing building operations and facility management
Semiconductor manufacturing	• CD-SEM	**HMAX for Semiconductors** Integrated production optimization across deposition, lithography and etching processes
Diagnostics	• Clinical chemistry and immunoassay analyzers • Genetic testing instruments	**HMAX for Healthcare** Enabling optimal treatment selection and healthcare optimization through high-precision, multi-modal diagnostics
Pharmaceutical manufacturing	• Spectrophotometers • Bioreactors • Line build	**HMAX for Biopharma** Providing seamless support from lab to fab, starting with process development and scale-up

Furthermore, Hitachi's proprietary edge AI semiconductors will be key to accelerating the growth of the physical AI business. These edge AI semiconductors are over 10 times more power-efficient than cutting-edge GPUs, enabling intelligent operation of products without the need for dedicated servers. By integrating AI semiconductors to further strengthen our No. 1 products, deepening co-creation through AI semiconductor integration in partner products, and accelerating the verification and creation of solutions through the Customer Zero model, we will further accelerate the expansion of the physical AI business.

Research and development investments to expand the physical AI business

We will increase R&D investment to expand the physical AI business by expanding and intelligently optimizing our products. Centered on the three pillars of Advancements in Measurement Technology, Physical AI Enablers, and Product Evolution, we will make a three-year cumulative R&D investment of 370.0 billion yen through fiscal 2027.



Transforming the business portfolio centered on physical AI

We will accelerate building a business portfolio centered on physical AI and generating next global top products. To expand the physical AI business in our focus areas, we will make focused investments in key areas including expansion of the measurement portfolio and strengthening OT. Furthermore, we will achieve further expansion of physical AI business through the generation of our next global top products in our next growth areas: Data Centers, Robotics, Advanced Materials and the Circular Economy. Additionally, beginning with the reorganization of the home appliance business announced in April 2026, we will optimize our business portfolio by leveraging the strengths of each division while further accelerating our focus on physical AI.

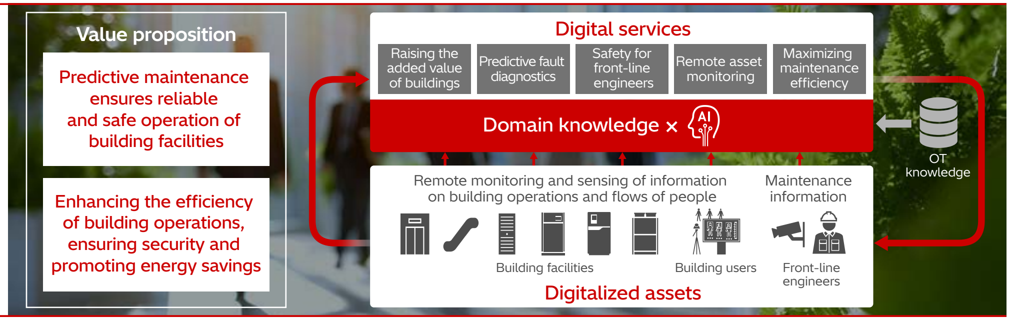
Competitive advantages of the Connective Industries sector

Strong products and deep OT knowledge	Physical AI implementation capabilities
• Deep domain knowledge built through decades of manufacturing excellence	• Comprehensive capabilities for end-to-end optimization from data integration and analytics to feedback in the field
• Extensive installed base of highly reliable products	• Advanced data utilization driven by deeper customer and partner co-creation
• Advanced measurement technologies that generate previously unavailable data	• Accelerating the verification and creation of solutions through the Customer Zero model
• Integration capabilities across multiple products and data	• Intelligent operation of products enabled by proprietary edge AI semiconductors

One Hitachi: Co-creation with the DSS sector

Realizing HMAX for Buildings in collaborations with GlobalLogic

Leveraging Hitachi's domain knowledge cultivated over many years in the facilities area, together with GlobalLogic's extensive experience and expertise in agile development, we have evolved BuilMirai, a digital service within the HMAX for Buildings portfolio, into an as-a-service offering. By connecting building equipment, front-line engineers responsible for maintenance, and building occupants, and by utilizing data generated from equipment and human activities, this service improves building operational and maintenance efficiency, energy efficiency, and the well-being of building occupants. Going forward, we will further expand this value creation platform under One Hitachi by connecting this service to the equipment and facilities of our co-creation partners, and deploying it not only in commercial buildings but also in mission-critical buildings such as data centers.



Digital Systems & Services

Leading the Hitachi Group's digital transformation and accelerating AI deployment across social infrastructure worldwide

Jun Abe | Executive Vice President and Executive Officer, CEO of Digital Systems & Services Sector

Business environment

AI is fundamentally transforming the IT services industry, driving a structural shift in the market. The most important change is not simply greater operational efficiency through automation and, even more importantly, the creation of entirely new markets. New value creation and rapid market expansion are emerging in areas such as modernization and AI services, as companies implement AI in complex enterprise systems to drive business transformation, and physical AI, where AI is deployed in mission-critical systems, including social infrastructure, while ensuring reliability and safety. We believe these new markets will reach approximately 100 trillion yen by 2030, and this expansion is already underway.

With its proven track record in developing and operating mission-critical systems, domain knowledge spanning IT, OT and products, and a global customer base, Hitachi has a competitive advantage that enables it to create value and generate sustainable earnings in these markets. The rise of AI represents a clear growth opportunity for the company.

Progress of Inspire 2027

In fiscal 2025, the DSS sector achieved record earnings, driven by strong performance in Japan. The adjusted EBITA margin improved 1.3 percentage points year over year to 15.5%. In addition to double-digit growth in the proportion of high-margin Lumada revenue, profitability improved as the business continued to shift toward a higher-value-added business model. Despite a 14% year-over-year increase in capital expenditures, ROIC improved 1.2 percentage points year over year to 11.5%, demonstrating strong capital efficiency. In particular, the domestic IT services business achieved an adjusted EBITA margin of 18.4%, placing it among the most profitable IT service providers in Japan. Furthermore, total orders for large-scale projects (defined as contracts valued at 3 billion yen or more) increased 87% year over year. The 1.8 trillion yen backlog provides a solid foundation for future revenue growth, while the customer base in mission-critical domains, particularly across financial systems and social infrastructure systems, is a key source of competitive advantage. Globally, GlobalLogic is shifting its business portfolio toward AI and has increased synergy revenue with OT sectors by 73% year over year, contributing to the expansion of Lumada business under One Hitachi.

Going forward, we will simultaneously target two markets: Modernization and AI services, and Social infrastructure × AI (physical AI). By capturing steady growth through our established customer base in the former and harnessing the high-growth opportunities in the latter, we aim to build a sustainable competitive advantage.

Business environment shifts driven by AI and key initiatives

New business opportunities driven by AI 100 trillion yen*1 (2030)

Modernization	AI services*2	Physical AI — Social infrastructure × AI
FY2025-2030 (Global)*1 CAGR 15–20%	FY2025-2030 (Global)*1 CAGR 30–35%	FY2025-2030 (Global)*1 CAGR 15–20% Electric power & utilities, rail & transportation, manufacturing, government & public sector
Needs: Reliable AI deployment in complex enterprise systems		Needs: AI deployment in mission-critical systems with ensured reliability and safety
Growth in the modernization and AI services market • Further deepen customer co-creation through the FDE*3 Team • Transform into a continuous value delivery model*4		Growth in the social infrastructure x AI market • Deployment of physical AI in social infrastructure • Create value to innovate social infrastructure

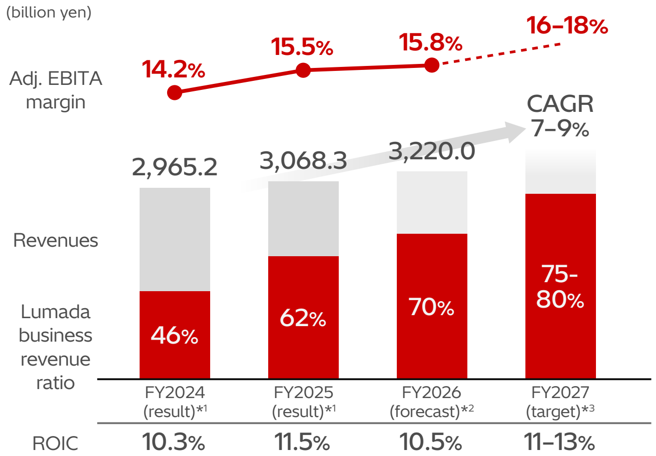
*1 Internal analysis based on industry reports
*2 A general term for services related to AI, including AI deployment and operation
*3 Forward Deployed Engineer
*4 Value-based and recurring business model

Investor Day (Digital Systems and Services Business Strategy)

Business structure

SI & Services	Building and operation of mission-critical IT and digital systems •Financial Systems •Social Infrastructure Systems (Public sector, Energy, Transportation, Telecommunications, etc.) •Industrial Systems
Engineering & Services	Developing and operating IT, digital solutions and services •Hitachi Systems •Hitachi Solutions •AI & Software Services BU •GlobalLogic •Hitachi Digital Services
IT Products	•Hitachi Vantara (Storage business) •Hitachi Channel Solutions (ATM business)

Business performance/Inspire 2027 targets



*1 Based on the FY2026 reportable segment structure
*2 Announced on July 29, 2026 *3 Announced on June 10, 2026

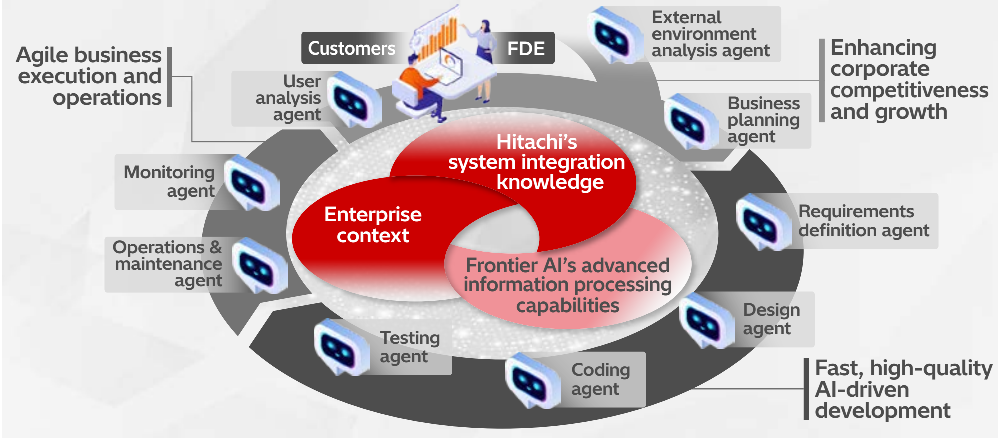
Growth in the modernization and AI services market

Addressing strong customer demand for transformation in the AI era, we drive AI readiness and implementation across IT systems, converting growth market opportunities into tangible value. To support this transformation, we have developed the AI-driven Agentic AI Integration Platform, combining Hitachi's knowledge with frontier AI. By storing tacit knowledge—such as customer-specific operational expertise and decision-making criteria—as enterprise context, it creates an autonomous sophistication cycle via AI agent feedback. Through this approach, we aim to achieve a 30% productivity improvement across the entire development processes by fiscal 2027.

In addition, the FDE Team, leveraging AI to rapidly solve complex challenges, provides end-to-end support at customer sites, from problem definition through implementation and operation. Its speed in delivering prototype proposals forms a core competitive advantage, and we aim to expand the team to 5,000 professionals in Japan. Leveraging an installed base of approximately 15,000 customer systems, we target expansion of domestic revenue from 2.2 trillion yen in fiscal 2025 to 3 trillion to 5 trillion yen by fiscal 2030. Through the continuous evolution of systems, Hitachi will enhance customer competitiveness and support sustainable business growth.

*Man-hour and lead time reduction across all SI phases compared to cases without the application of AI

Hitachi's AI-driven system integration process



Growth in the social infrastructure × AI market

AI deployment across social infrastructure—including power grids, railways and large-scale industrial facilities—is creating a market expected to grow to several trillion to more than 10 trillion yen over time. Despite its potential, the market remains largely unconsolidated, with no clear leader yet to emerge. Hitachi aims to lead this market by delivering HMAX as an integrated offering that brings together four distinctive strengths: Physical AI built on domain knowledge, the Physical AI FDE Team, Mission Critical Security, and Data Fabric.

Successfully deploying AI in social infrastructure requires the integration of IT and OT. Our Physical AI FDE Team combines the AI and data expertise of GlobalLogic and Hitachi Digital Services with decades of OT domain knowledge, enabling customers to turn AI capabilities into measurable business value. The foundation that enables this approach is Data Fabric, our data integration platform. By connecting and structuring distributed IT and OT data, Data Fabric enables optimization across individual systems and entire industries. For example, it can connect renewable energy generation data with factory production planning data to optimize operations across domains. This capability creates recurring value for customers and supports long-term revenue growth.

Strengthening the foundation for growth

To support future growth, we will increase organic investment by 30 billion yen in fiscal 2026, accelerating investment in talent and technology, including FDE Team development and proprietary AI capabilities. We have also secured up to 1 trillion yen for inorganic investments during the Inspire 2027 period and will actively use M&A to expand in high-growth markets. At the same time, we will accelerate value creation by strengthening our partner ecosystem through partnering with Anthropic, Google Cloud, NVIDIA, OpenAI and others.

We will continue improving profitability and capital efficiency through portfolio transformation. This includes focusing on the block storage business, where we have a competitive advantage and integrating the ATM business with OKI. Through these initiatives, we are building a more focused portfolio positioned for sustainable growth.

The competitive advantages of the DSS sector

Development and operation of mission-critical systems

- Approximately 15,000 installed customer systems in Japan and a backlog of 1.8 trillion yen (DSS sector total, as of March 31, 2026)
- Execution capabilities in SI and AX (AI Transformation) for delivering complex, large-scale projects

Extensive talent resources with expertise in IT, OT and AI

- FDE Team that creates value by starting from customers' business challenges

Core Talent Base

- 35,000 systems engineers in Japan
- Approx. 30,000 global professionals with advanced AI expertise

AI implementation capabilities for social infrastructure

- More than 110 years of domain knowledge in social infrastructure and over 60 years of AI research
- Highly reliable AI implementation that delivers business outcomes, validated through internal deployment (Customer Zero)
- Mission-critical security

Expanding capabilities through partnering

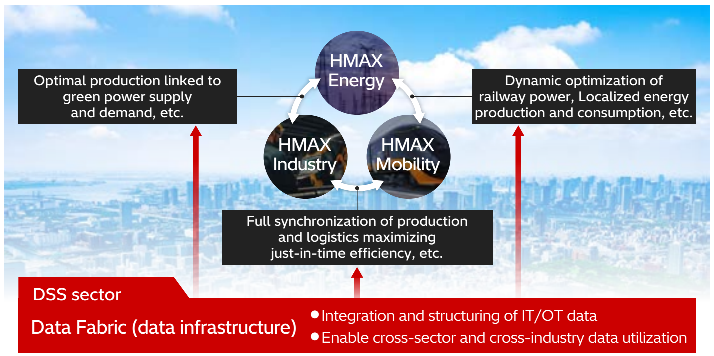
- Continuously enhancing customer problem-solving capabilities by incorporating advanced technologies through co-creation with a broad range of partners

One Hitachi — Scaling HMAX

Creating new value across industries with Hitachi's Data Fabric at the core

Hitachi's strength lies in its diverse business domains that support society, which serve as real-world environments for creating value. Data Fabric is the common platform that integrates and structures the vast volumes of IT and OT data distributed across these environments, transforming them into value that AI can interpret and act upon. With this platform at its core, the DSS sector will turn insights generated by the FDE Team in the field, together with knowledge gained through internal deployment (Customer Zero), into reusable assets to drive new value creation across industries.

Through these initiatives, we will lead the scaling of HMAX across the OT sectors and achieve sustainable digital value creation and earnings growth across the Hitachi Group as a whole.

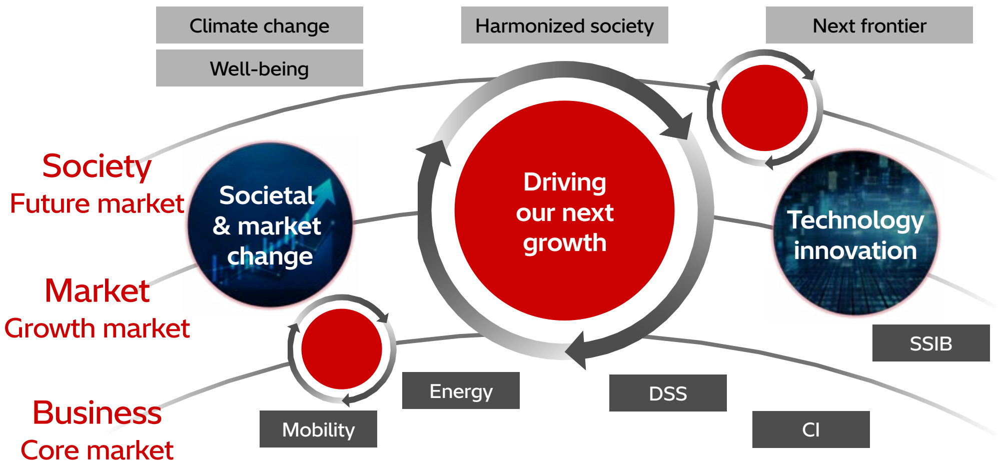


Research & Development Strategy

R&D strategy vision
——Driving technology differentiation and accelerating commercialization, capturing market and technology inflection points

Hitachi is capturing market and technology inflection points and accelerating commercialization through research and development. In addition to growing its core businesses through the expansion of the Lumada business, Hitachi is advancing technological innovation through Group-wide collaboration and strategic partnerships with external partners to capture growth markets in strategic fields across regions and countries, and to create new markets by addressing social challenges. Through these initiatives, Hitachi will strengthen the technological foundation of its core strengths in IT, OT and products, while translating the outcomes of R&D into business value and contributing to the resolution of social challenges and business growth.

Creating inflection points and pioneering new horizons toward a Harmonized Society



Strengthening the technological foundation of Hitachi's core strengths in OT, IT and products

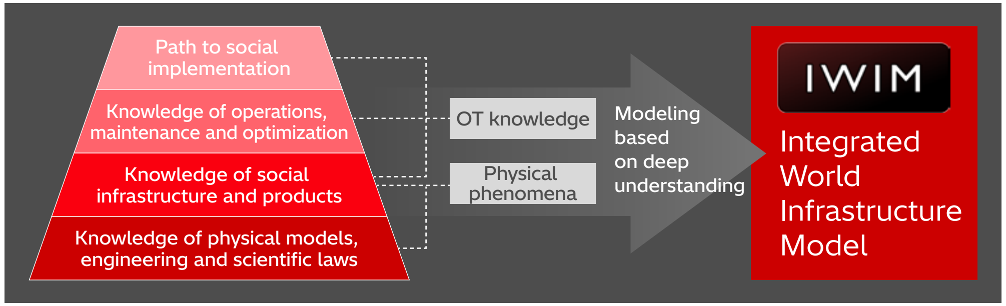
Contributing to the growth of four core businesses

Hitachi's R&D supports the competitiveness and sustainable growth of its core businesses by expanding the Lumada business through HMAX, and advancing differentiation through physical AI. Looking ahead to customers' business model transformation, Hitachi is developing and scaling AI-enabled business models while expanding business opportunities across industries by implementing physical AI in social infrastructure through a new infrastructure intelligence foundation model.

Integrated World Infrastructure Model (IWIM): A social infrastructure intelligence foundation model

To implement Physical AI safely and reliably in mission-critical social infrastructure, it is essential to prevent serious risks such as large-scale power outages and railway accidents resulting from incorrect AI decisions. Accordingly, drawing on its multilayered OT knowledge accumulated over many years and its deep understanding of physical phenomena, Hitachi has developed IWIM, a social infrastructure intelligence foundation model designed for AI-enabled operations. IWIM supports appropriate decision-making and control of equipment and systems even under complex conditions, while enhancing the entire life cycle from design and construction to operation and maintenance in an integrated manner. Through its implementation, IWIM supports the transition to safe, highly reliable and highly efficient autonomous operation of social infrastructure and continuously creates value.

IWIM framework



Creating Lumada synergies through IWIM

IWIM enables the safe and sustainable advancement of social infrastructure fields, including data centers, energy, mobility and manufacturing and logistics. It also helps address challenges in cross-domain areas created through the convergence of these industries. As collaboration across industries and layers and the optimization of social infrastructure become increasingly important, Hitachi will use IWIM as a foundation for innovation across social infrastructure and accelerate the creation of synergies within the Lumada business.

Social challenges IWIM is addressing

Synergy use cases enabled by IWIM

Use case 1 Manufacturing: Physical AI orchestration system

In industrial workplaces, preserving front-line operational capabilities and passing on skills amid a shortage of experienced workers have become urgent challenges. To address these challenges, Hitachi has developed Front-line Coordinator – Naivy, a next-generation AI agent that effectively integrates and coordinates on-site information and provides necessary information to workers and robots in a timely and easily understandable way. Naivy will be offered as part of HMAX Industry, its portfolio of next-generation solutions for the industrial sector. By integrating Naivy with IWIM and enhancing a variety of interaction capabilities, including AI debriefing for operational review, Hitachi will accelerate the capture and utilization of on-site knowledge and support the co-evolution of workers, AI and robots.

Note: "Naivy" is a product/service name used in Japan.

Conceptual rendering of Naivy

Use case 2 Energy: Optimizing power grid interconnection planning

In North America, Southwest Power Pool Inc. (SPP) is seeing an increasing number of generation and load interconnection requests as electricity demand surges, driven by the rapid expansion of data centers, EV charging and manufacturing. In partnership with NVIDIA, Hitachi is applying the IWIM concept, which integrates AI with models of physical infrastructure—including the power grid, generation resources, data centers and other loads—to accelerate transmission planning while maintaining engineering rigor. Through this initiative with Hitachi combined with other internal processes, SPP anticipates reducing the study processing time by 80%, enabling faster decision-making, higher quality solutions, and improved overall efficiency.


Power generation and transmission facilities, North America (image)

In addition to these industry-specific use cases, Watt-Bit integration is an example of an approach that addresses challenges across multiple domains. When transmitting electricity (watts) is difficult, the system instead transfers AI-processed data (bits) to data centers in other regions, thereby optimizing load distribution across the entire power grid. IWIM combines power grid analysis technologies with data center operational expertise to digitally model complex physical phenomena and the causal relationships underlying operations. This enables optimized operation of power grids and data centers based on highly accurate forecasts.

Other examples include wide-area mobility infrastructure management, which supports efficient urban transportation by coordinating power grids and mobility systems, and the physical internet, which enables seamless coordination between manufacturing and logistics. Hitachi is leveraging IWIM to address challenges across a wide range of cross-domain applications.

Capturing growth markets

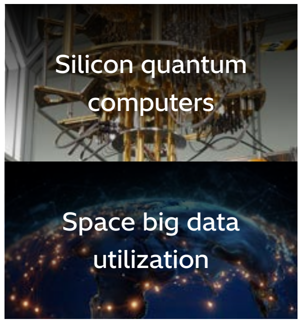
Hitachi's R&D is advancing the development of technologies that help secure leading positions in growth markets in priority areas, including data centers and healthcare, promoted by the Strategic SIB (Social Innovation Business) BU. Drawing on the social challenges and industrial needs unique to each region and country, Hitachi is creating new value by combining advanced digital technologies with knowledge cultivated through social infrastructure. Examples include high-efficiency cooling systems and power optimization technologies that support energy-efficient data center operations, as well as technologies that accelerate pharmaceutical manufacturing processes and enhance automated cell culture. Through these technological advances and co-creation with partners, Hitachi will accelerate commercialization, support the transformation of society and industry, and achieve sustainable growth.

Growth markets prioritized by Hitachi

Creating new markets

In its Next domain, which is focused on addressing increasingly complex social challenges and creating new markets for the future, Hitachi is pursuing world-first and world-leading technologies, including breakthroughs in computing performance through large-scale silicon quantum computers and innovations in infrastructure operation and maintenance using space big data. With Chowa-no-Oka, a social infrastructure research center scheduled to be established in Hitachi City, Ibaraki Prefecture, in 2030, as a hub, Hitachi will strengthen its open ecosystem with academic institutions and partners in Japan and overseas and promote a consistent approach that spans cutting-edge research through social implementation across multiple disciplines. Through these initiatives, Hitachi will help realize a harmonized society by digitally transforming social infrastructure.

Initiatives in the Next domain



Conceptual rendering of the Chowa-no-Oka research center building

Investor Day (CFO session)

CFO and CRMO Message

Balancing an unwavering commitment to growth with disciplined management

Becoming the global leader in continuously transforming social infrastructure through digital

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

Progress on Inspire 2027

Achieving record-high profit in the first year while continuously enhancing our cash generation capabilities

Business performance in fiscal 2025, the first year of Inspire 2027, the Hitachi Group's Management Plan, exceeded our initial forecasts. Growth was driven by the Power Grids business in the Energy sector, robust domestic IT business in the DSS sector, and the railway systems business in the Mobility sector, resulting in year-on-year increases in both consolidated revenues and profit.

In terms of profitability, adjusted EBITA, net income, and core free cash flow (core FCF) all reached record highs. The adjusted EBITA margin improved by 1.3 percentage points, reflecting higher profitability in the Energy and DSS sectors, as well as the steady expansion of the Lumada business. Core FCF increased, driven by higher earnings along with the advances received from large projects. In addition, our cash flow conversion remained above our 90% target. We believe that Hitachi's ability to steadily convert profit into cash is a key strength of our earnings structure. 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.

For fiscal 2026, we forecast increases in both revenues and profit across all four sectors, led by the Power Grids business in the Energy sector and the domestic IT business in the DSS sector. While continuing to closely monitor the Middle East situation, we expect to achieve further growth building on the strong performance achieved in fiscal 2025, even as we strengthen strategic investments to support steady growth. Over the two-year period from fiscal 2024, EPS is expected to grow at a CAGR of 23%. Core FCF is also projected to achieve a CAGR of 32% over the same two-year period, even excluding the impact of advances received from large projects. Going forward, we will continue to enhance our cash generation capabilities based on the underlying strength of our businesses, without relying on one-off factors.

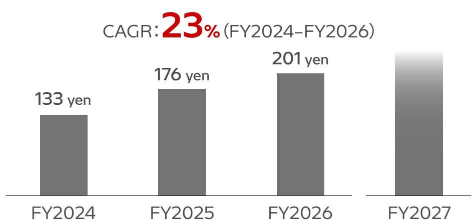
Regarding organic growth investments, we expanded our investments primarily in growth areas, including R&D and capital expenditures (CAPEX). In fiscal 2025, capital expenditures (CAPEX) totaled 497.8 billion yen, representing an increase of 106.1 billion yen year over year. On the other hand, regarding inorganic growth investments, we were unable to execute sufficient investments because we could not find opportunities that aligned with Hitachi's business strategy while also promising suitable returns, which remains a key challenge. Furthermore, compared to our global peers, we recognize the need to increase our profitability even further, and to continue strengthening our business portfolio and risk management.

Overview of performance in fiscal 2025 and outlook for fiscal 2026 (Key Inspire 2027 indicators)

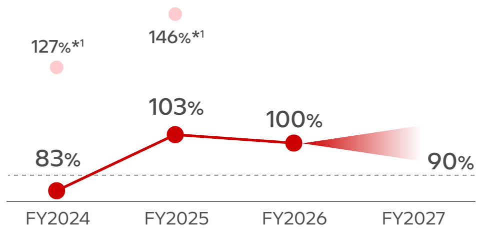
		FY2024 (result)	FY2025 (result)	FY2026 (forecast)*4	FY2027 (target)
Revenues CAGR*1		YoY 14%	YoY 8%	YoY 11%	CAGR 7-9%
Adj. EBITA margin		11.7%	12.4%	13.0%	13-15%
Cash flow conversion*2 (Excluding advances received from large projects)		83%	103%	100%	Over 90%
ROIC		10.9%	12.4%	13%	12-13%
Lumada	Revenue ratio	29%	40%	44%	50%
	Adj. EBITA margin	15%	16%	17%	18%

*1 Fiscal 2027 targets are based on a three-year CAGR.
*2 Core FCF*3 (excluding advances received from large projects) / Net Income
*3 Core FCF is presented as free cash flows excluding cash flows from M&A and asset sales, etc.
*4 Announced on July 29, 2026

EPS trends

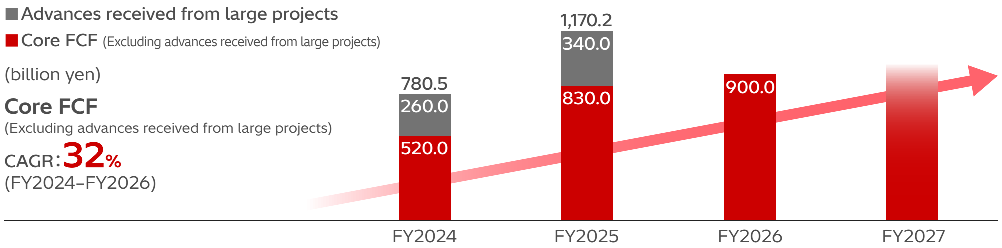


CF conversion trends (Excluding advances received from large projects)



*1 Including advances received from large projects

Cash generation trends



CFO and CRMO Message

Capital allocation (growth and shareholder returns)

Focus on returns and allocate cash between growth investments and shareholder returns in a balanced and flexible manner

Our capital allocation policy remains consistent with the previous year. We will continue to focus on returns and allocate cash between growth investments and shareholder returns in a flexible and balanced manner.

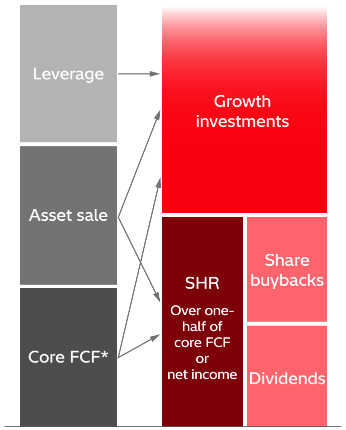
Specifically, we will first allocate core FCF to growth investments and shareholder returns. Our ongoing efforts to enhance cash generation capabilities have increased the amount of cash available for allocation. Next, cash from asset sales will be invested in growth if attractive opportunities exist; otherwise, it will be allocated to share buybacks. We will also utilize borrowing leverage for growth investments in accordance with our financial discipline. Regarding inorganic growth investments to support sustainable growth, we will focus our acquisitions on digital enhancement and service expansion. The majority of these transactions are expected to take the form of bolt-on M&As that complement existing businesses. In making M&A investment decisions, we will apply rigorous discipline by considering risk, return, ROIC-WACC spread, and strategic fit of Lumada growth. In fiscal 2025, the number of internal deliberations related to portfolio reform tripled year on year, reflecting significantly more active discussions. Through both the divestiture of non-core businesses and investments in growth areas, we have steadily executed investments that contribute to the expansion of Lumada, particularly digital services, thereby shifting our portfolio toward higher-growth areas.

In addition to inorganic growth investments, we are actively allocating capital to organic growth investments, with a particular focus on expanding capital expenditures (CAPEX). By executing investments to increase production capacity in growth areas, we will steadily capture opportunities that promise high investment returns. We will also increase strategic investments including talent development and acquisition, to accelerate AI-driven business creation and strengthen business resilience.

Regarding shareholder returns, our policy is to continuously increase the amount of returns over the medium to long term, with a commitment to return one-half or more of either core FCF or net income. With regard to dividends, we aim to achieve stable growth in line with business growth. Supported by the steady growth of core FCF, we have increased dividends for 10 consecutive years. On a cash payment basis, the annual dividend per share is projected to increase from 41 yen in fiscal 2024 to 55 yen in fiscal 2026. Regarding share buybacks, we will flexibly implement them, taking into comprehensive account cash generation, our financial condition, the progress of asset sales, and other relevant factors. We expect share buybacks to increase significantly from 200.0 billion yen in fiscal 2024 to 550.0 billion yen in fiscal 2026.

As a result, the total shareholder return ratio for fiscal 2026 is expected to increase to 89%, while total shareholder returns are projected to expand from approximately 390.0 billion yen in fiscal 2024 to 800.0 billion yen.

Capital allocation policy



*Cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.

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

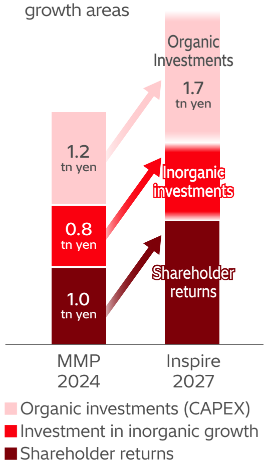
- Focused investment in digital enhancement and service expansion
  - Technology-related (digital, software, sensing, etc.)
  - Service-related (footprint, etc.)
  - Human resources-related (specialists, etc.)
- Execution on strategic alignment, risk, return, ROIC–WACC spread, etc.
  - Hurdle rate: Financial KPIs under Inspire 2027 (Adj. EBITA: 13–15%, ROIC: 12–13%)
- Leverage is utilized under financial discipline
  - D/E ratio: 0.5 times
  - Net Debt/EBITDA multiple: 1-2 times

Shareholder returns

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

Investment in organic growth

- Accelerating CAPEX Investments
  - Expand production capacity to meet robust demand in growth areas



Execution of portfolio reform

Inorganic growth investments (acquisitions)

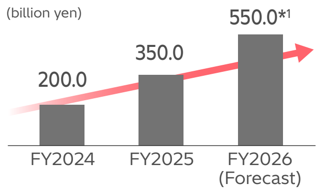
Projects	Purpose	Lumada expansion: Digital services	Lumada expansion: Digitalized assets
Clever Devices	Marking its growth as a global digital mobility player	✓	
Omnicom	Supporting the growth of Hitachi Rail's HMAX digital asset management platform, which optimizes railway operations and maintenance	✓	✓
Shermco	Expanding its service footprint, launching new digital service solutions with HMAX Energy	✓	
synvert	Strengthening GlobalLogic's data and consulting capabilities	✓	✓

Asset sales (business restructuring)

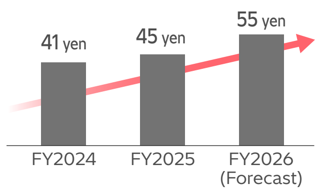
- Astemo
- Hitachi Global Life Solutions
- Hitachi Construction Machinery
- Hitachi Channel Solutions
- Johnson Controls-Hitachi Air Conditioning

Shareholder returns trends

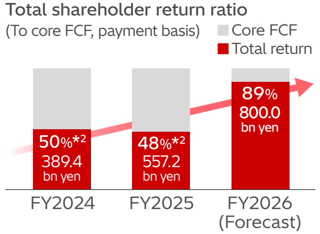
Share buybacks
(Payment basis in each fiscal year)



Annual dividend per share
(Payment basis in each fiscal year)



Total shareholder return ratio
(To core FCF, payment basis)



*1 Portion acquired in April (50.0 bn yen) out of the amount resolved on January 29, 2026, and the amount resolved on April 27 (500.0 bn yen)
*2 Core FCF includes advances received from large projects

CFO and CRMO Message

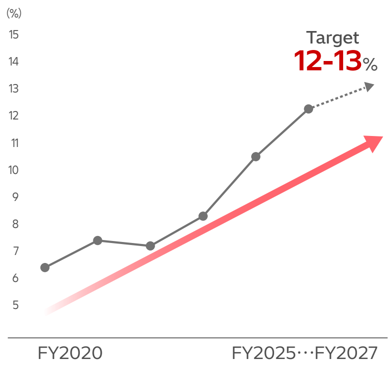
Improving capital efficiency

Sustainably expanding the ROIC–WACC spread through improving returns and reducing WACC

In fiscal 2025, we continued to maximize returns and optimize invested capital through the expansion of the Lumada business, thereby successfully improving ROIC. ROIC rose from 10.9% in fiscal 2024 to 12.4%, maintaining an upward trend.

To improve ROIC, we will continuously enhance capital efficiency by addressing both the numerator (returns) and the denominator (invested capital).On the numerator side, we will improve the returns for ROIC by boosting the growth potential and profitability of our four core businesses with Lumada at their core. At the same time, we will expand the use of AI to improve productivity. On the denominator side, we will optimize invested capital by driving asset-light business models through portfolio reform and optimizing our equity ratio.

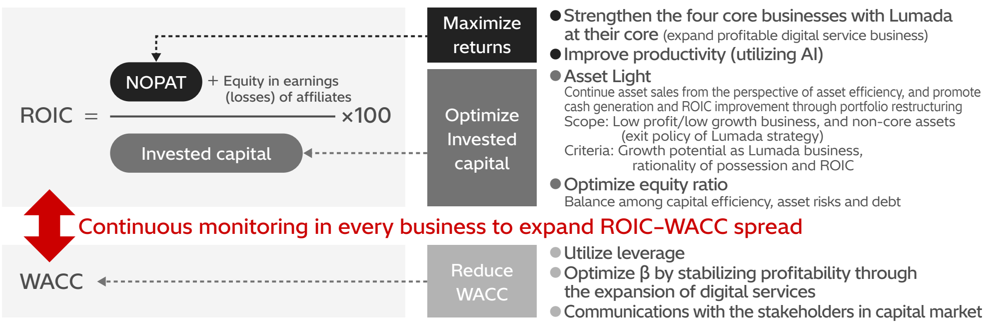
ROIC trend



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 the capital markets.

Inorganic growth investments are essential to sustaining the growth of our businesses. While ROIC may drop momentarily following such investments, we are committed to its prompt recovery. Looking ahead to fiscal 2027, we target maintaining ROIC at the current level of 12–13%, even as we actively pursue inorganic growth opportunities. We will continue to drive higher capital efficiency by steadily building on the results of our transformation initiatives.

Measures for improving ROIC and expanding ROIC–WACC spread

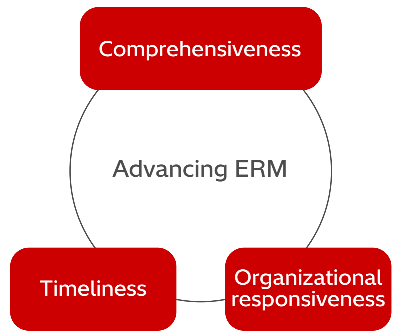


Strengthening risk management

Advancing ERM to mitigate threats while capturing growth opportunities

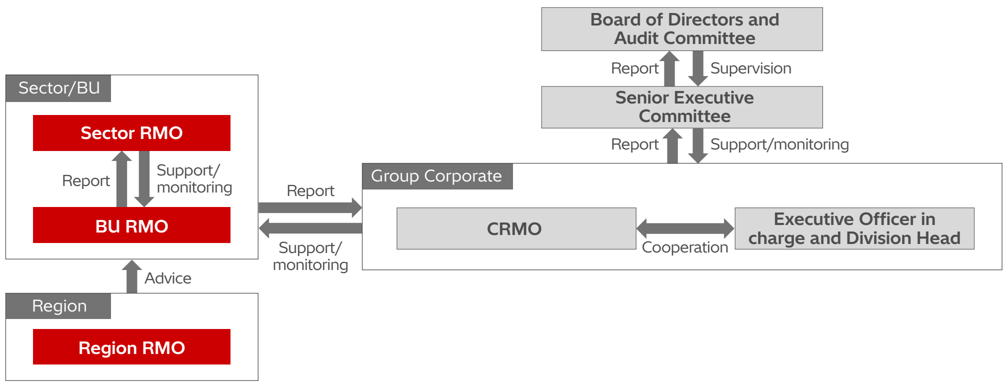
For Hitachi to enhance its corporate value over the medium to long term, it needs not only to grasp risks as threats but also to see their positive aspects as business opportunities to create profit-earning opportunities.

As the Chief Risk Management Officer (CRMO), I identify major risks across the Group and am promoting the advancement of ERM through collaboration across our sectors, regional units, and corporate functions amidst a rapidly changing business environment. By continuously identifying Key Risks, monitoring the status of our responses, and discussing additional countermeasures, we aim to mitigate losses caused by threats while capturing opportunities for growth. Furthermore, combining the CFO's perspective on financial discipline and capital efficiency with my responsibilities as CRMO enables me to evaluate risk and return from multiple perspectives, thereby supporting disciplined growth investments.



To advance ERM, we are focusing on strengthening three priorities: comprehensiveness, timeliness, and organizational responsiveness. In terms of comprehensiveness, we have established Group-wide risk items, selection processes, and evaluation methods to identify Key Risks to be addressed across Hitachi. In terms of timeliness, we report the status of these Key Risks at monthly executive committee meetings and discuss additional countermeasures, allowing us to respond rapidly to changes in the business environment.

Group risk management system



CFO and CRMO Message

In terms of organizational responsiveness, we assign Risk Management Officers (RMOs) across our sectors, regional units, and corporate functions, incorporating their diverse perspectives to promote Group-wide risk management.

To ensure comprehensive and efficient risk management throughout the Group, we have established Group-wide risk items and evaluation methods in our internal regulations for Group-wide risk management. Risks are assessed by evaluating the impact and likelihood of occurrence for each risk item and creating a Group risk heat map. First, each sector and BU identifies risks associated with its business activities and evaluates their impact and likelihood of occurrence using a bottom-up approach. The results of the bottom-up approach are reviewed by members of the Senior Executive Committee and others from the perspective of the Hitachi Group as a whole and the overall risk portfolio, and the key risks for the Hitachi Group are selected (top-down approach). Through this robust process, we determine our countermeasures against Key risks from the perspectives of avoidance, mitigation, transfer, and acceptance. We regularly monitor the effectiveness of these risk responses and implement additional countermeasures as necessary to drive continuous improvement.

Among the areas we are currently monitoring most closely are procurement, which is affected by the Middle East situation; talent acquisition and retention, which is critical to our growth strategy and productivity improvements; and technological progress, including opportunities arising from AI. While these areas represent risks to our business activities, we believe that, if managed appropriately, they can also create new opportunities for growth. In response to the Middle East situation, our sectors, regional units, and corporate functions are working together to quickly visualize predicted business impacts and accelerate countermeasures. With respect to AI, we believe the opportunities for Hitachi outweigh the associated risks. While appropriately managing AI-related risks, we will capture growth opportunities by applying physical AI to mission-critical social infrastructure and driving AI transformation for customer operations. For growth investments, it is essential not simply to avoid risk, but to take disciplined risks based on a multifaceted assessment of risk and return. By determining our risk appetite from a Group-wide perspective and supporting decisions on growth investments and portfolio reform, we will effectively balance capturing growth opportunities with appropriate risk management, thereby contributing to the sustainable enhancement of corporate value.

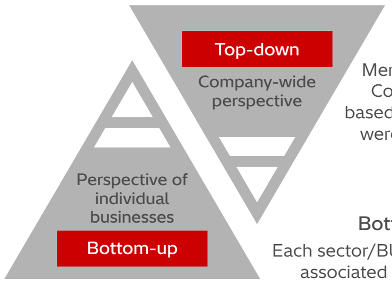
Message for shareholders and investors

Accelerating our transformation into the world-leading Digital Infrastructure Company while balancing relentless growth with disciplined management

Even in a rapidly evolving business environment, Hitachi remains committed to balancing relentless growth with disciplined management as we strive to become the global leader in continuously transforming social infrastructure through digital technologies. 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 AI, the global political, economic and social landscapes are changing at unprecedented speed.

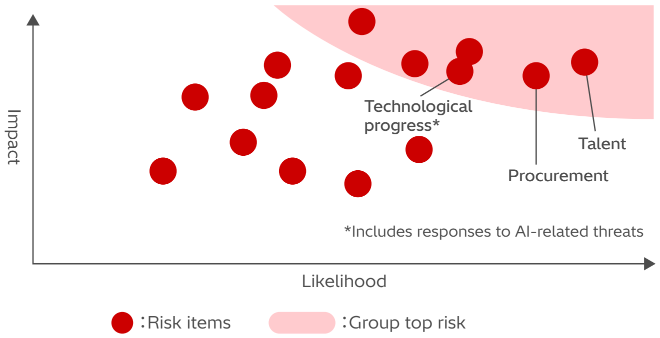
Even in this uncertain business environment, I am committed to fulfilling my responsibilities as CFO while concurrently serving as CRMO. By enhancing our ERM framework and accelerating Hitachi's transformation into the world-leading Digital Infrastructure Company with the Lumada business at its core, we aim to achieve high profitability and sustainable growth. Futhermore, I will continue to enhance Hitachi's corporate value by engaging in active, constructive dialogue with our shareholders and investors.

Risk evaluation process and heat map



Top-down approach
Members of the Senior Executive Committee etc. select key risks based on information about risks that were assessed and collected with the bottom-up approach.

Bottom-up approach
Each sector/BU identifies and assesses risks associated with its business activities.



Details of 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

Moreover, details on risks for our business and others are available on page 40 of the Annual Securities Report

Sustainability Strategy

Hitachi has spent more than 110 years addressing societal challenges, guided by a founding commitment to solving them through its corporate philosophy. Our management plan, Inspire 2027, builds on this same commitment: by leveraging our strengths in IT, OT and products more than ever before, we aim to contribute to a Harmonized Society where the environment, wellbeing and economic growth are in balance, and to sustainably enhance our corporate value.

PLEDGES contributes to all elements of Hitachi's Corporate Value Enhancement Formula.
(P. 04)

Enhancing Corporate Value = Maximizing Value Creation / (Reducing the Cost of Capital − Enhancing Growth)

• Expand business opportunities by strengthening human capital and creating environmental and social value	Maximizing Value Creation
• Achieve sustainable growth by developing human resources with a growth mindset andcreating innovation originating from social challenges	Enhancing Growth
• Gain and improve trust from the market through highly transparent and resilient management	Reducing the Cost of Capital

CHRO and CSuO Message

Delivering sustainable growth through PLEDGES

Lorena Dellagiovanna
Senior Vice President and Executive Officer,
Chief Human Resources Officer and Chief Sustainability Officer

PLEDGES in action

Creating long-term corporate value requires disciplined execution and an organization equipped to adapt. As we advance Inspire 2027, PLEDGES guides how we lead and manage our business and embed sustainability into our decision-making and operations to create long-term value for our customers, society and shareholders.

Our people are central to our success. By investing in leadership, critical skills and an inclusive high-performance culture, we are building the agility and resilience needed to innovate, respond to changing market expectations and deliver sustainable growth.

Turning commitments into progress

In fiscal 2025, we made measurable progress across the PLEDGES pillars. We advanced decarbonization circular economy and nature positive initiatives, reinforced governance and human rights across our value chain, and continued to focus on health and safety as our highest priority. We are also further embedding sustainability in business planning and operational decision-making, with consistent execution across the Group.

External recognition—including the AAA MSCI ESG rating, the Catalyst Award for advancing inclusion and recognition as one of the World's Most Ethical Companies—reflects the progress we are making and reinforces confidence in our long-term approach.

Building the organization of the future

Delivering Inspire 2027 depends on our people's capabilities and the resilience of our organization.

In fiscal 2025, we strengthened our leadership pipeline, expanded internal mobility and invested in the skills required to respond to rapidly evolving business and societal demands, while fostering greater collaboration across the Group.

These efforts are helping us operate as One Hitachi and respond to customers with greater speed, agility and innovation.

Accelerating AI adoption

At Hitachi AI is both a significant business opportunity and an important organizational capability. In fiscal 2025, we accelerated the responsible adoption of AI by expanding AI literacy, developing workforce capabilities and scaling practical applications. Our objective is not simply to deploy new technology, but to combine AI with human expertise to improve productivity, support decision-making and accelerate innovation.

Looking ahead

Our priorities are clear: we will continue embedding PLEDGES across our business, executing with discipline, building the capabilities required for future growth, creating an organization in which people and technology can perform at their best and deliver the greatest impact, and scaling responsible AI. Through these priorities, we will strengthen Hitachi's competitiveness and deliver sustainable, long-term value for customers, society and shareholders.

Sustainability Strategy PLEDGES

Sustainability Report

PLEDGES: aspirations and progress

We analyzed and assessed the relationship between Hitachi business activities and sustainability issues from the perspectives of both social impacts and business risks and opportunities. Based on our findings, we formulated the sustainability strategy PLEDGES under the management plan Inspire 2027. For each strategic pillar, we have defined our aspirations, KPIs and targets, and are working to advance sustainable management.

*1 All manufacturing sites and non-manufacturing sites in categories A and B are covered

*2 Per gross profit

*3 All manufacturing sites

*4 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

*5 A program to support bottom-up idea proposals and implementation aimed at Hitachi Group employees

*6 At or above the benchmark score established for similarly situated companies utilizing external institute's (Ethisphere) ethical culture and compliance perceptions assessment

*7 Number of recordable injuries per 200,000 work hours

*8 Based on METI Cyber Security Management Guidelines created with reference to globally recognized standards (ISO/IEC 27000 series) and frameworks (NIST Cybersecurity Framework, etc.)

*9 Forecast of FY2025–FY2027 average

Overview of PLEDGES and KPI/targets/results for each strategy

Strategic pillars	Aspirations	Included themes	KPIs	FY2027 targets	FY2025 results	Linked to executive compensation
Planet	Lead green transformation (GX) globally to achieve decarbonization	Decarbonization	GHG emissions reduction rate at business sites (factories and offices)*1 (compared to FY2019)	75%	64%	STI
			Number of procurement partners that set GHG reduction plans and targets	700 procurement partners	428 procurement partners	
			Reduction in GHG emissions intensity through products and services*2 (compared to FY2022)	40%	41%	
		Circular economy	Application rate of environmental conscious design for new product development	100%	100%	
			Waste landfill rate*3	2%	1.8%	
			Effective utilization rate of plastic waste*3	92.5%	99.1%	
		Nature Positive	Reduction rate in water use per unit*3 (compared to FY2019)	8%	22%	
			Reduction rate of water usage at manufacturing sites located in water-stressed areas	1%	(0.4)%	
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	550 people	
			Number of AI professional talents	50,000 people	39,000 people	
			Employee growth mindset score	70 points	69.2 points	LTI
Empowerment	Build a culture that praises learning and encourages challenges and growth	Employee engagement, Organizational culture	Employee engagement score	80 points*4	73.3 points	STI/LTI
			Number of people who receive allotment of Restricted Stock Unit	1,500 people	1,800 people	
			Number of people eligible for Employee Stock Purchase Plan globally	150,000 people	130,000 people	
Diverse perspectives	Drive innovation by maximizing capabilities and performance of diverse talents	Inclusive workplace and opportunities for all	Realize innovative ideas through the new "Make a Difference!" program*5			
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*6	82.4 points	
		Health and safety	Total recordable injury frequency rate*7	0.1 or lower	0.15	STI
			Number of fatal incidents	0	4	
		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%	100%	
		Information security	Ensure and enhance information security by implementing measures based on the annual cybersecurity score Monitoring*8			
		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			
Engagement	Build a sustainable value chain along with stakeholders	Sustainable procurement	Number of procurement partners taking action on environment and human rights (compared to FY2024)	1.5 times (6,000+procurement partners)	5,232 procurement partners	STI
		Human rights	Work to remediate the specific human rights risks identified			
Sustainability for all	Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE	Delivering value to society	Avoided emissions from the use of products and service per year (FY2025–FY2027 average)	100 million tons/year	280 million tons/year*9	
			Revenues of products, services and solutions contributing to GX per year (FY2025–FY2027 average)	¥4.6 trillion/year	¥4.7 trillion/year*9	

Director and Executive Officer Compensation (P. 37)

Human Capital Strategy

PLEDGES

Global human capital management

Aligned with Inspire 2027 and guided by the belief that people are the primary source of value creation, we are strengthening and unifying the capabilities of our global workforce through strategic investments in human capital. By fostering a high-performing, connected and purpose-driven organization, we aim to create greater social value as the "One Hitachi." To support this ambition, we advance our human capital strategy through three strategic pillars—Talent Management, Total Reward and the One HR Platform—ensuring close alignment between HR initiatives and business strategy.

With distinctive strengths across IT, OT and products, underpinned by a diverse business portfolio, we recognize that attracting, developing and retaining world-class talent is fundamental to sustaining our global competitiveness. To this end, we advance globally consistent Talent Management and Total Reward frameworks that balance market competitiveness and fairness with the flexibility to address regional needs and business characteristics. As we continue our transformation to a truly global enterprise, we are also driving cultural transformation and strengthening the systems, processes and digital platforms that enable seamless collaboration across regions and businesses. Through these efforts, we seek to fully leverage the collective strengths of the Hitachi Group, accelerate innovation and achieve sustainable growth.

Connection between 3 focus areas / 6 initiatives / HR programs and KPI progress

3 focus areas	6 initiatives / HR programs	Track record and achievements	Initiatives toward FY2027	Inspire 2027 target
Talent Management	**Leadership development for sustainable growth** • Strengthening the leadership talent pipeline (for selective) **Enable talent acquisition, development, and mobility to accelerate synergy** • Empowering career ownership & growth (for all employees)	Launched a new leadership program for 550 ppl based on the new leadership model Integrated all open roles (overseas) into Hitachi Careers website Growth Mindset score improved to 69.2 pts	Providing tailored talent development program with stretch assignments Providing greater access to opportunities, development resources and career guidance	Future leader talent pool 1,000 people Employee growth mindset score: 70 points
Total Reward	**Fostering a high-performance culture** • Job-based talent management in Japan • Performance-based incentive plan **Incentivize employee to increase corporate value** • Restricted Stock Unit (RSU) • Employee Stock Purchase Plan (ESPP)	Granted RSU to over 1,800 ppl Implemented ESPP in 11 countries Revised the Executive Equity Compensation Program	Expanding RSU and ESPP coverage Accelerating the transition to job-based and performance-driven compensation	RSU for senior leaders: 1,500+ people Global ESPP offerings for all employees: 150,000+ people
One HR Platform	**Enhance global HR platform to strengthen One Hitachi collaboration** • Redesigned Hitachi Global Grading (HGG) • New Hitachi Insights (new employee survey) • Global HR operations (shared services) • One Hitachi Global digital HR platform **Strengthen AI expertise and adopt** • Workforce transformation by AI	Developed 39,000 AI professionals Delivered AI literacy training covering AI fundamentals, ethics and responsible use to 136,000 employees* Established the vision, strategy and approach for organizational transformation	Build AI foundational knowledge across the Group Develop and acquire specialized AI expertise Redesign HR work, workflows, roles and establish group HR AI agent framework	AI professional talent pool: 50,000 people Agentic AI based HR Organization

Enhancing Employee Engagement FY2027 target 80 points

*As of July 2026 (total enrollments over 164,000)

Specific initiatives of HR drivers for growth

Talent management

Hitachi is strengthening its global talent management approach to identify, develop and deploy talent in line with business needs. We support career growth and mobility, build critical capabilities and strengthen succession planning for key roles.

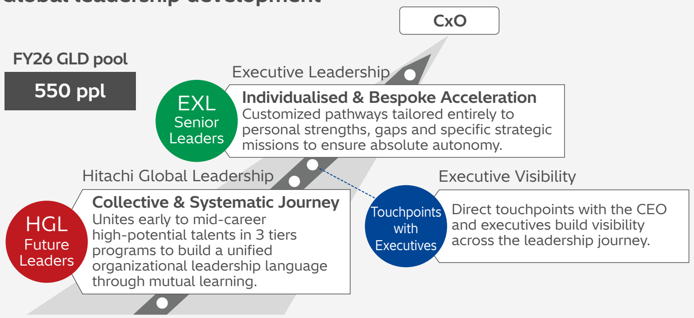
We are also developing the next generation of leaders through targeted development, stretch assignments, Individual Development Plans and executive sponsorship.

Leadership development

The New Hitachi's Global Leadership Development program accelerates the readiness of 550 next-generation leaders, 60% of whom are newly selected. Drawn from across our global businesses and regions, the cohort brings diverse perspectives to the leadership pipeline. It combines personalized executive development with a structured group program that builds shared leadership capabilities and a common leadership language* across Hitachi.

*A framework of leadership values and behaviors

Global leadership development



Total reward

Our compensation program is designed around the principles of transparency, fairness and market competitiveness. We strive to create a positive cycle between employee growth and corporate value creation by aligning rewards more closely with employees' performance, based on roles and responsibilities.

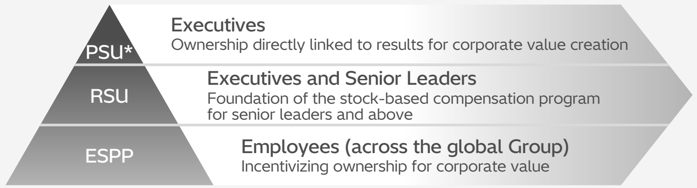
Restricted Stock Unit (RSU) for senior leaders

We began granting Restricted Stock Units (RSU) for approximately 1,800 senior leaders across approximately 40 countries, targeting those who are two to three levels below BU CEOs or functional leaders. We will further broaden eligibility for the program, which aligns leaders' performance with the creation of medium- to long-term corporate value.

Employee Stock Purchasing Plan (ESPP)

We introduced the Employee Stock Purchase Plan (ESPP) to support employee asset building and strengthen employee ownership. Since fiscal 2026, we have accelerated the global rollout, launching the program in 11 countries. We will continue expanding participation with the target of making the program available to approximately 150,000 employees world-wide.

Fostering ownership for enhancing corporate value



* PSU: performance-linked restricted Stock Units

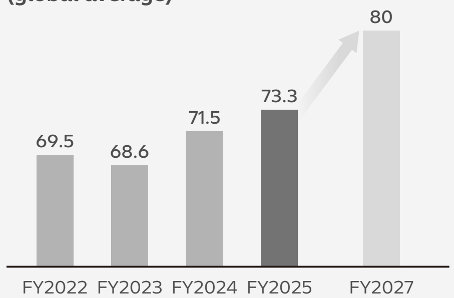
Enhancing employee engagement

Employee engagement is an important driver of innovation, productivity and sustainable growth. We strengthen engagement through a range of people and organizational initiatives while measuring progress through the Hitachi Insights employee engagement survey. In fiscal 2025, the survey response rate reached 90.5%, and the engagement score improved from 71.5 to 73.3.

In addition to the annual survey, we gather employee feedback through channels such as town hall meetings and internal social platforms. These insights are reflected in management decisions and organizational improvement initiatives. Beginning in fiscal 2026, we will further enhance this approach by collecting feedback across key employee milestones and applying AI-powered analytics to identify priorities and accelerate action.

Through this continuous cycle of listening to employees, understanding insights and acting on them, we seek to strengthen employee engagement and achieve engagement scores of 75 as the base target and 80 as the ambitious target in fiscal 2027, contributing to sustainable corporate value creation.

Engagement score trends and target (global average)*



*Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

One HR Platform

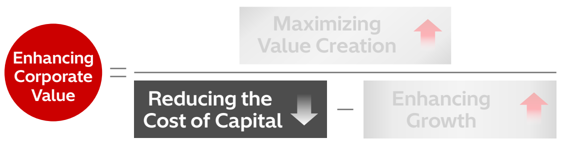
As a core pillar of our human capital strategy, the One HR Platform globally integrates people data, processes and experiences across the organization. One HR platform enables greater transparency of our workforce capabilities and supports data-driven decision-making, allowing us to manage talent more effectively in line with strategic priorities. Our common digital HR foundation strengthens global consistency, enhances organizational agility, and enables locally relevant execution across diverse markets and businesses. Approximately 275,000 employees have been onboarded on our digital HR platform so far.

Toward a future Hitachi organization enabled by AI agents

We view AI as an amplifier of human potential, enabling employees to innovate more effectively by AI. In fiscal 2025, we strengthened AI readiness through AI literacy training to approx. 160,000 employees, with more than 83% completing the program. We also launched a pilot involving approximately 2,000 employees to assess AI's impact on work, identify skill gaps and develop our AI agent adoption strategy. In fiscal 2026, we will begin pilots within HR to redesign work and roles and establish a foundation for scaling adoption across the Hitachi Group.

Governance

Hitachi views the expansion of long-term, overall returns to shareholders and investors as an important management objective. To enhance corporate value, we maintain good relationships with diverse stakeholders and are establishing a framework to foster sustainable value creation through ongoing dialogue. In terms of corporate governance, we separate oversight from execution, supporting swift business execution and underpinning highly transparent management.



Hitachi's Corporate Value Enhancement Formula (P. 04)

Chairman of the Board's Message

Toward a Board of Directors that oversees continuous corporate transformation and encourages appropriate risk-taking

Ikuro Sugawara
Chairman of the Board and Nominating Committee

Biography

- Apr 1981 Joined Ministry of International Trade and Industry of Japan
- Jul 2010 Director-General of the Industrial Science and Technology Policy and Environment Bureau, METI
- Sep 2012 Director-General of the Manufacturing Industries Bureau, METI
- Jun 2013 Director-General of the Economic and Industrial Policy Bureau, METI
- Jul 2015 Vice-Minister of Economy, Trade and Industry of Japan
- Aug 2017 Special Advisor to the Cabinet of Japan (retired in June 2018)
- Jun 2022 Director, Hitachi, Ltd. (currently in office)

Commitment to the continuous evolution of governance and my vision as the new Chairman

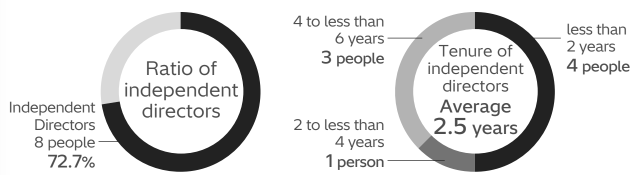
In June 2026, I was appointed Chairman of the Board of Directors. Hitachi is currently advancing its transformation to achieve sustainable growth. However, our business environment is changing rapidly, driven by accelerating technological innovations—particularly in AI—as well as rising geopolitical risks. The path toward Hitachi's goal of becoming a global leader is by no means straightforward. Amidst such uncertainty, I am acutely aware of the weight of my responsibility as Chairman to guide Hitachi's growth and enhance its corporate value.

In my previous career at Japan's Ministry of Economy, Trade and Industry (METI), I played a role in shaping growth strategies for the Japanese economy and helped introduce Japan's Corporate Governance Code in 2015. The core challenge we sought to address was how to unlock the inherent earning power of Japanese companies. We recognized that sustainable corporate growth requires a structure that enables resolute decision-making, and that making effective use of independent directors is essential for bringing external perspectives into corporate management.

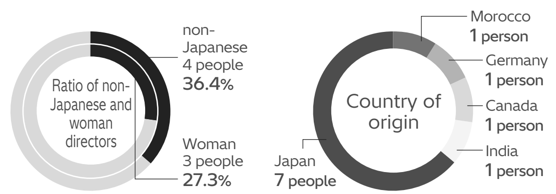
Following my tenure at METI, I had the privilege of joining Hitachi as an independent director four years ago. Since then, from a governance perspective, I have closely overseen and supported Hitachi's transformation from a Japanese company into a globally competitive growth company and its pursuit of sustainable growth. Engaging deeply with important management challenges through candid and rigorous dialogue with the executive team has been an exceptionally stimulating and rewarding experience.

Board of Directors composition (as of June 2026)

Independence



Diversity



In a business environment that continues to evolve, there is no final, perfected form of governance. Taking the baton from my predecessor, I am committed to further deepening our board's effectiveness and encouraging the executive team to take bold initiatives as we drive Hitachi toward its next stage of growth.

Governance effectiveness driven by diverse perspectives and constructive tension

The effectiveness of Hitachi's current governance structure is underpinned by two major characteristics.

First, our Board's deliberations deeply reflect a wide range of diverse perspectives. Currently, eight of our 11 Board members are independent directors, four of whom are non-Japanese nationals. Capitalizing on these diverse backgrounds, each director brings invaluable global insights, extensive management experience and specialized expertise. Leveraging these collective strengths, they rigorously assess proposals from the executive team through robust discussions.

Second, Hitachi fully leverages its structure as a Company with Nominating Committee, etc., utilizing it as a forum to discuss our broad strategic direction with the goal of enhancing corporate value over the medium to long term.

As the executive team focuses on achieving annual targets, medium- to long-term decision-making risks being overlooked. Rather than simply endorsing executive proposals or imposing our past experiences, we consistently pose critical questions from a medium- to long-term perspective. This dialogue functions as a reliable check on the executive team, fostering constructive tension. Ensuring the quality and effectiveness of these discussions are the activities of our three statutory committees: the Nominating Committee, the Compensation Committee and the Audit Committee.

The Nominating Committee engages in in-depth, strategic discussions with the executive team, extending beyond selecting the next CEO to cultivating future leaders for generations to come. Independent directors share their expertise and mentor promising leaders, directly supporting their growth and playing a pivotal role in shaping the Company's future management structure.

Regular meeting of the Board of Directors (India)

The Compensation Committee consistently prompts the executive team to review and refine compensation systems to stay competitive globally. This includes establishing frameworks aligned with roles and responsibilities as job-based employment progresses, as well as expanding stock-based compensation.

The Audit Committee serves as a vital foundation supporting the Board of Directors. Four of its five members—excluding the standing Audit Committee member—are independent directors, ensuring independent and objective oversight. This structure is rendered truly effective by an environment where the executive team openly shares internal information without reservation, enabling candid dialogue. By scrutinizing vast amounts of information shared in a timely manner via digital tools, as well as actively conducting site visits and interviews globally, members build a deep understanding that forms the basis for substantive, high-level discussions.

In addition, under a culture that places the highest priority on safety, quality and compliance, the executive team views findings identified through the tripartite audit—a close collaboration among the Audit Committee, the internal audit function, and the independent auditors—as opportunities for operational improvement and proactively addresses them. As directors, we also remain vigilant regarding significant concerns in executive decision-making. When deemed necessary, even if it entails a temporary impact on business operations, we strongly request plan revisions or cancellations, ensuring that our preventive governance functions effectively.

Together, transparent information sharing by the executive team, the Audit Committee's deep operational understanding and the checks and balances provided by the tripartite audit underpin the effectiveness of the Audit Committee, ultimately elevating the quality of deliberations across the entire Board.

Supporting the executive team's bold challenges toward sustainable value creation

Hitachi is currently in the second year of its Inspire 2027 Management Plan. First-year performance exceeded initial targets, making an exceptionally strong start. However, the business environment is changing far faster than assumed when the plan was formulated. In such an uncertain era, simply executing the original plan is merely a baseline requirement. We share a strong sense of urgency with the executive team that if we misjudge the essence of this changing landscape and fail to seed future growth today, it will be too late by the time the impacts manifest in two or three years.

In particular, AI is advancing at a remarkable pace, and simply keeping pace with its evolution will not be enough to gain and sustain a competitive advantage. However, the current wave of AI expanding from the digital domain into the physical world presents a distinct strength for Hitachi. By combining AI with expertise cultivated over many years in IT, OT and products, Hitachi is uniquely positioned as an integrator—one that connects third-party assets—to lead the way in enhancing the value of social infrastructure.

Furthermore, to mitigate the risk of asset obsolescence, it is essential to continuously optimize the business portfolio and further concentrate management resources on core businesses. Through disciplined risk-taking, Hitachi must relentlessly pursue domains where only we can deliver value, thereby achieving sustainable growth.

Effective risk management requires us to recognize the risk of inaction—standing by silently—as a major threat, while facing change head-on and proactively embracing future challenges. The Board looks beyond short-term business performance, rigorously evaluating from an independent, long-term perspective whether strategic measures are fully deployed to enable swift, proactive executive decisions. This, we believe, is the fundamental purpose of governance: ensuring Hitachi's sustainable development and underpinning robust management.

This risk management perspective is equally crucial in executing disciplined capital allocation and striking the optimal balance between growth investment and shareholder returns. As directors representing the interests of shareholders who seek long-term corporate value enhancement, we approach deliberations on investments and shareholder returns with a strong sense of responsibility. From the standpoint of investment discipline, we oversee execution to ensure that long-term growth is not sacrificed for short-term gains, while maintaining prudent risk management to preserve financial soundness.

As society and technology evolve, Hitachi must incorporate the expectations of diverse stakeholders into its management and embrace continuous transformation to achieve sustainable value creation. Through discussions based on diverse perspectives, the Board of Directors will discern essential risks while supporting the executive team's bold challenges toward both corporate growth and enhancing social value.

Board of Directors (as of June 24, 2026)

Biographical Details

N : Nominating Committee Member A : Audit Committee Member C : Compensation Committee Member ◯ : Chairperson

Independent directors◎

Ikuro Sugawara (69)

Director,
Chairman of the Board

N A C

Share ownership: **5,700 shares**
Term of office as Independent Director: **4 years**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at
Nominating Committee meetings : **100%**
Attendance rate at Audit Committee meetings: **100%**

Ilham Kadri (57)

Newly appointed

N A C

Share ownership: **0 shares**
Term of office as Independent Director: —
Country of origin: **Morocco**

Takashi Nishijima (68)

N A C

Share ownership: **400 shares**
Term of office as Independent Director: **1 year**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at Audit Committee meetings: **100%**
Attendance rate at
Compensation Committee meetings: **100%**

Masahiko Chino (62)

Newly appointed

N A C

Share ownership: **0 shares**
Term of office as Independent Director: —
Country of origin: **Japan**

Helmuth Ludwig (63)

N A C

Share ownership: **28,500 shares**
Term of office as
Independent Director: **5 years and 11 months**
Country of origin: **Germany**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at Audit Committee meetings: **100%**

Eriko Sakurai (65)

N A C

Share ownership: **200 shares**
Term of office as Independent Director: **1 year**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at
Nominating Committee meetings: **100%**

Isabelle Deschamps (56)

N A C

Share ownership: **300 shares**
Term of office as Independent Director: **2 years**
Country of origin: **Canada**
Attendance rate at Board of Directors meetings: **100%**

Ravi Venkatesan (63)

N A C

Share ownership: **4,100 shares**
Term of office as
Independent Director: **5 years and 11 months**
Country of origin: **India**
Attendance rate at Board of Directors meetings: **100%**

Directors

Toshiaki Higashihara (71)

N A C

Share ownership: **1,272,700 shares**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at
Nominating Committee meetings: **100%**

Mitsuaki Nishiyama (69)

N A C

Share ownership: **134,300 shares**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at Audit Committee meetings: **100%**

Toshiaki Tokunaga (59)

N A C

Share ownership: **450,000 shares**
Country of origin: **Japan**
Attendance rate at Board of Directors meetings: **100%**
Attendance rate at
Compensation 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 2025.

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	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.	○	○	○				○	
2	Ilham Kadri	Dr. Kadri has rich experience and insight in global corporate management and sustainable management, having served as CEO of Diversey, Solvay and Syensqo, as well as chairman of WBCSD*1, ICC*2 and Cefic*3, and possesses experience and insight in economic and industry organizations and international institutions.	○	○	○				○	○
3	Takashi Nishijima	Mr. Nishijima grew the business globally through the integration of IT/OT*4 and the promotion of DX*5 as President of Yokogawa Electric, and has rich experience and insight in global corporate management and sustainable management.	○	○	○			○		○
4	Masahiko Chino	Mr. Chino has rich experience and insight in global corporate management as well as accounting, auditing, and consulting as Co-Chairman of KPMG Japan.	○	○	○	○				
5	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.	○	○	○			○	○	
6	Eriko Sakurai	Ms. Sakurai has rich experience and insight in global corporate management and sustainable management, having served as the head of global business divisions at Dow Corning and regional operations at Dow, as well as chair of the Sustainability Committee as an outside director of a financial institution.	○	○	○					○
7	Isabelle Deschamps	Ms. Deschamps has rich experience and insight in the areas of corporate law, corporate governance, risk management including geopolitics, and sustainable management, having worked at Nestle, Unilever, Rio Tinto and other global companies.	○	○	○		○			○
8	Ravi Venkatesan	Mr. Venkatesan brings considerable experience and insight in corporate management and technology at global firms including Microsoft India, Infosys, Bank of Baroda and international organizations including UNICEF, Rockefeller Foundation and the Global Energy Alliance for People and Planet.	○	○	○			○	○	
9	Toshiaki Higashihara	Mr. Higashihara has rich global corporate management as well as sustainable 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.	○	○	○			○	○	○
10	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).	○	○	○	○				
11	Toshiaki Tokunaga	Mr. Tokunaga has rich experience and insight in global corporate management and sustainable management as CEO, etc. at Hitachi.	○	○	○			○		○

*1 WBCSD: World Business Council for Sustainable Development *2 ICC: International Chamber of Commerce *3 Cefic: The European Chemical Industry Council *4 OT: Operational Technology *5 DX: Digital Transformation

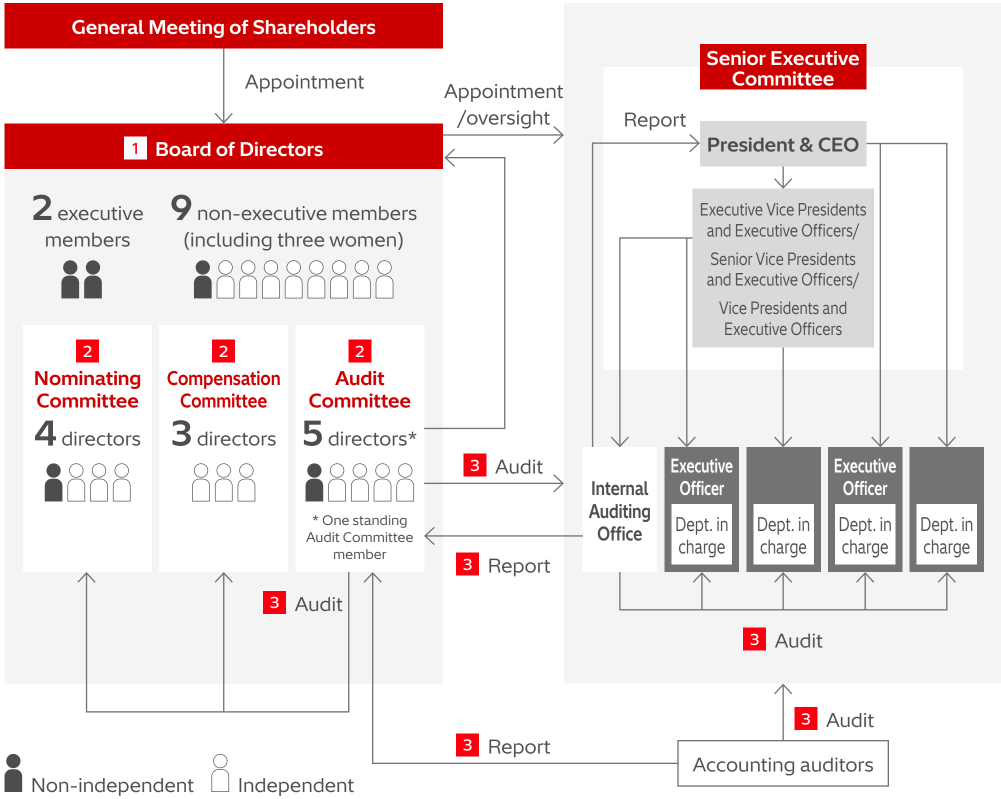
Definition

Core skills	Corporate management	Experience and knowledge related to corporate management and management oversight
	Global business	Practical experience in global business or management experience in a company operating 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 professional knowledge and practical experience in accounting and audits
	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

Hitachi's Corporate Governance Framework and Features (as of June 2026)

Corporate Governance Report



POINT 1 —— Independence of the Board of Directors

A structure with a majority of independent directors, including international directors

The Board of Directors consists of 11 members: eight independent directors, two directors who concurrently serve as executive officers and one non-executive director. The Board is chaired by an independent director. Furthermore, by separating management oversight from execution, we have established a structure that enables the Board to fully exercise its supervisory functions.

POINT 2 —— Transparency in management

Robust governance structure as a company with Nominating Committee, etc.

We have established three committees—Nomination, Audit and Compensation—each chaired by an independent director. This structure is designed to strengthen the supervisory function of the Board of Directors while ensuring that discussions and reporting within the committees are conducted effectively.

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 committee, 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 principle, the Board of Directors meets once a year in a country with close ties to the business. In December 2025, a Board of Directors meeting was held in New Delhi, India. At the meeting in New Delhi, discussions were held on business strategies for the India region. In addition, a lecture by a local expert and visits to local subsidiaries were conducted.

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 2025, Hitachi endeavored to deepen independent directors' understanding of the businesses through activities such as attending the opening ceremony of the Hitachi Rail Hagerstown Factory (U.S.), visiting the Hitachi Rail CBTC Solutions Headquarters (Canada), participating in the Hitachi Social Innovation Forum, Hitachi Digital Summit, internal business conferences and research presentations held at research laboratories. We also provided opportunities for them to engage in dialogue with senior management and front-line employees. Audit Committee members also conducted onsite audits of Hitachi Rail (Italy), the Nuclear Energy BU (Japan) and Hitachi Power Solutions (Japan).

Visit to a nuclear power plant (Japan)

Director and Executive Officer Compensation

Key principles of executive compensation

Key principles: 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- to 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 targets 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	• 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 PLEDGES, 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. • Promote long-term share ownership through measures such as the establishment of shareholding guidelines.
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 2.5-to-1. The methods for determining each type of compensation are as follows.

A. Basic remuneration

The amount of basic remuneration 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 compensation

Restricted stock 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.

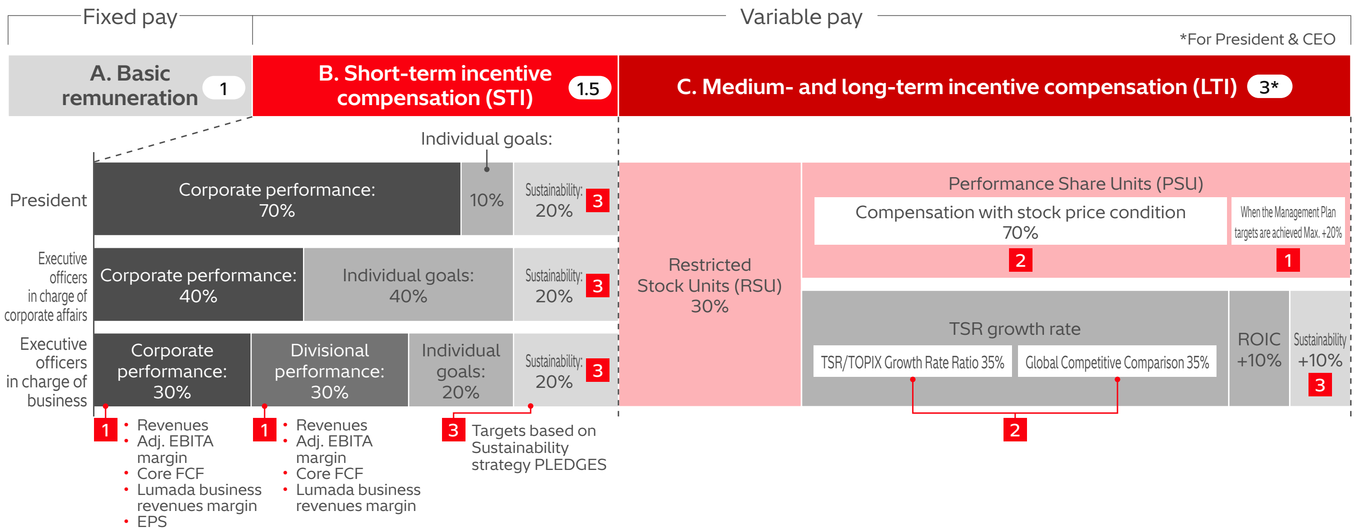
If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company (clawback policy). A director concurrently serving as an executive officer is not paid compensation as a director.

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.

(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 : 1.5 : 3. 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 123 of Hitachi's Annual Securities Report.



A. Basic remuneration
The amount of basic remuneration is decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

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 in order to propel management from a medium- to long-term perspective and to provide incentives to bring about a sustainable increase in corporate value by further promoting shared values among senior management and shareholders through the holding of shares from their term of office. In order to further clarify its commitment to enhancing corporate value over the long term, in March 2026, the Company revised its executive stock compensation program. Under a globally unified program, medium- and long-term incentive compensation consisting of restricted stock unit (RSU) awards and performance-linked stock unit (PSU) awards is granted. Details are available on page 125 of the Annual Securities Report.

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).

Shareholding guidelines for Executive Officers are designed to further enhance the effectiveness of sharing value with shareholders through shareholding and to promote continued shareholding. Specifically, the guidelines set a target whereby Executive Officers are expected to acquire, within four years of appointment, and continuously hold during their term of office, shares equivalent in value to an amount calculated by multiplying their basic remuneration by coefficients determined according to their respective positions.

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)

PLEDGES strategic pillars	FY2027 KPIs/targets		Link to executive compensation
Planet	GHG emissions reduction rate at business sites (factories and offices) (compared to FY2019)	75%	STI
Leadership	Employee growth mindset score	70 points	LTI
Empowerment	Employee engagement score	80 points*	STI/LTI
Governance	Total recordable injury frequency rate (TRIFR)	0.1 or lower	STI
	Number of fatal incidents	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

*Ambitious target of 80 points is set, which exceeds that of global competitors (baseline target is 75 points)

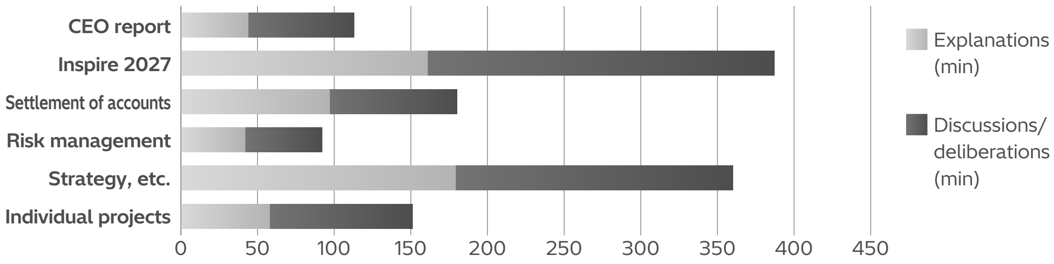
Administrative Performance of the Board of Directors

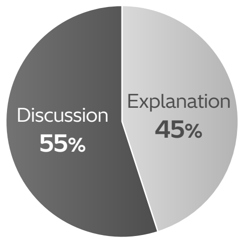
The Board of Directors approves the basic management policy for the Hitachi Group and supervises the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and shareholders' common interests. The basic management policy includes the management plan and annual budget planning. 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 2025, by approving Inspire 2027 management plan and receiving progress reports on two occasions at board meetings, 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 having the President & CEO report to the Board of Directors on important executive topics, including key management issues discussed in the Senior Executive Committee, an advisory body to the President & CEO, and promoting discussion on such topics. To facilitate more lively discussion on these topics, more time is allotted to exchanging opinions than explaining each topic.

FY2025 time spent and ratios of explanations and discussions of important topics (results up to March 31, 2026)





Board of Directors Meeting and major agendas in FY2025

Meetings

Meetings held	Average number of agenda items	Average meeting length
10 (9) times	7.3 (8.0) per meeting	160.2 (170.0) minutes

Note: Figures exclude those from the Extraordinary Meeting of the Board of Directors held on October 9, 2025.

Topics	Main topics discussed
CEO report	Progress of capital policy-related matters, response to investors, etc.
Inspire 2027	Resolution to approve Inspire 2027: 1 meeting Progress reports: 2 meetings
Settlement of accounts	Financial results, business environment, shareholder returns, etc.
Risk management	Status of compliance initiatives, improvements to Group governance and M&A processes, AI risk management, enterprise risk management (ERM), monitoring of investment and financing projects, etc.
Strategy, etc.	Research and development strategy, regional strategy, human capital strategy, sustainability strategy, individual M&A transactions

Activities of the three committees

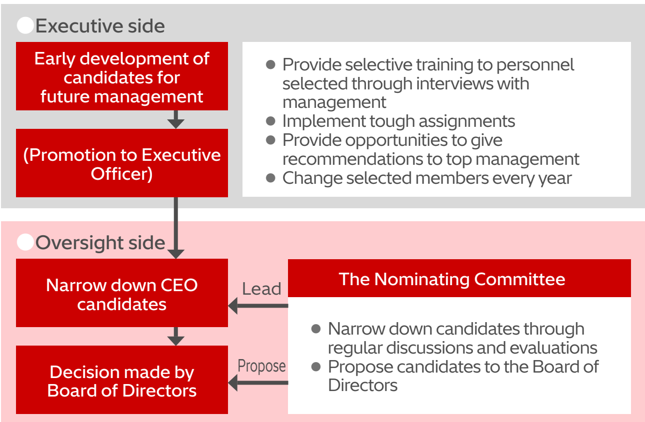
	Meetings held in FY2025	Major activities	
Nominating Committee	10 times	• Decided the details of proposals for the election of directors • Discussed future CEO successor candidates	• Confirmed the structure of executive officers for fiscal 2026 • Discussed the development of management leadership candidates, conducted one-on-one interviews with leadership candidates
Compensation Committee	7 times	• 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 officers • Discussed and deliberated on executive officer shareholding guidelines (to be introduced from fiscal 2026).	• Decided to revise the executive officer medium- and long-term incentive compensation program and transition to a structure consisting of a restricted stock unit (RSU) program and a performance share unit (PSU) program • Reflected changes in the business environment, feedback from shareholders and investors and benchmark information and advice from third-party organizations in conducting deliberations
Audit Committee	12 times	• Considered matters such as strengthening Hitachi's tripartite audit structure, and auditing the development and operational status of an internal control system • Verified the results of financial statement audits and internal control audits based on the accounting auditor's report • Checked and approved the quality control structure and compensation of the accounting auditor	• Received regular reports on the risks, challenges and opportunities of executive departments: covering sustainability, human capital, health and safety, quality assurance, brand management, compliance, cybersecurity, and AI transformation • Conducted onsite audit of Group locations

CEO Appointment and Dismissal, and Succession Plan

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. And 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.

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 have opportunities to make recommendations directly to management, fostering next-generation leaders who can act with confidence and determination.

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 an ongoing effort to maintain and improve its functions. In particular, beginning in fiscal 2025, to ensure the objectivity of the evaluation and incorporate multifaceted perspectives, evaluations by Executive Officers and interviews conducted by a third-party organization have been introduced.

FY2025 evaluation process

1. Self-assessment by each director (February 2026)	● Board role ● Board 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.) ● Three committees' 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 the Hitachi Group Identity, utilization of director's knowledge and experience, etc.) ● Contribution by the Board (role of Chairperson, contribution to the succession plan of CEO, external communication, etc.)
2. Questionnaire-based evaluation by some Executive Officers (March 2026)	● Contribution by the Board ● Board composition ● Relationship between the Board and Executive Officers
3. Interview conducted by a third party for independent directors (From February to March 2026)	● To gain a deeper understanding of the directors' self-assessment results, an interview with independent directors was conducted by a third party.
4. Discussions among independent and non-executive directors (March 2026)	● Independent directors and non-executive directors held a meeting and discussed the effectiveness of the Board of Directors, referring to each evaluation result and the Board's activities in fiscal 2025 with respect to the evaluation items described in 1 through 3 above. The discussion focused on such topics as the appropriate division of roles between oversight/supervision and execution, strengthening communication between directors and Executive Officers, and the policy regarding the involvement of independent directors in investor engagement.
5. Discussions at the Board meeting (April 2026)	● 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 director self-evaluations, executive evaluations, third-party interviews and Section 4 discussions, considering comparison to the evaluation results for the previous year and measures taken for improving its effectiveness.

Evaluation results (overall evaluation in FY2025)

The overall effectiveness of the Board of Directors is ensured by the following strengths in particular:
1. A healthy balance between oversight and execution of management, built on transparency and trust
2. A diverse Board composition designed with a global perspective
3. A Board culture that enables open, candid, and substantive discussion
4. Effective facilitation of the meetings and smooth operations

Future initiatives

Enhance corporate governance and further improve the effectiveness of the Board	Enhance the Board support system and improve practical issues in operations
● The Board of Directors will continue to hold more vigorous discussions regarding management policies, etc. from a medium- to long-term perspective with a thorough separation of execution and oversight. ● In addition to discussions at Board of Directors meetings, by setting up meetings for executive officers and directors to exchange opinions freely regarding the long-term management policy, further promote sharing of understanding and fostering of mutual trust between the Board and the executives. ● Independent 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	● 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 means ● Further improve the structure and contents of materials for the Board meeting, early provision of meeting materials

Dialogue with investors and information sharing with directors
Establish and implement appropriate opportunities for dialogue and share feedback from investors with each director

Data

Past Mid-term Management Plans

Management Plan

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 front-line functions

- Expanded service businesses through the use of digitalizations
- 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 front-line, platform and product tiers

- Accelerated decision-making with the introduction of a business unit system

2 Strengthened the global front-line

- Bolstered global front-line 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 United Kingdom nuclear power stations construction project
- Promoted diversity, increased digital talent and enhanced risk management

*1 Completed in FY2022

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%

*2 Adj. EBITA (old definition): Adj. operating income plus acquisition-related amortization
*3 Impact of one-time factors is excluded from net income in FY2021

1 Changed mode to organic growth

- Increase 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
  - CF 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

10-Year Financial Data

Annual Securities Report

Information for Shareholders and Investors (Financial Information)

million yen

Fiscal year (IFRS)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Revenues	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	10,586,781
Adjusted operating income	587,309	714,630	754,976	661,883	495,180	738,236	748,144	755,816	971,606	1,199,275
Adjusted EBITA (updated definition)	-	-	-	-	-	-	-	-	1,083,525	1,311,436
Adjusted EBITA (old definition)	-	-	-	-	609,107	855,380	884,606	918,184	1,141,845	-
EBIT	475,182	644,257	513,906	183,614	850,287	850,951	845,632	857,942	977,607	1,274,049
EBITDA	-	-	885,318	619,001	1,343,067	1,392,840	1,373,468	1,310,702	1,409,337	1,732,295
Net income attributable to Hitachi, Ltd. stockholders	231,261	362,988	222,546	87,596	501,613	583,470	649,124	589,896	615,724	802,368
Net cash provided by (used in) operating activities	629,582	727,168	610,025	560,920	793,128	729,943	827,045	956,612	1,172,240	1,668,061
Net cash provided by (used in) investing activities	(337,955)	(474,328)	(162,872)	(525,826)	(458,840)	(1,048,866)	151,063	(131,543)	(573,650)	(341,553)
Net cash provided by (used in) financing activities	(209,536)	(321,454)	(320,426)	2,837	(184,838)	202,739	(1,142,966)	(1,024,907)	(424,122)	(971,037)
Core free cash flows	100,215	283,593	136,079	135,441	419,848	290,082	416,460	571,467	780,592	1,170,232
Capital expenditures (CF basis)	417,150	440,312	472,249	421,276	372,945	439,861	410,585	385,145	391,648	497,829
Depreciation	302,757	265,413	271,682	342,450	345,201	382,922	358,412	280,306	238,784	251,154
Amortization	112,426	99,019	96,362	90,708	146,462	157,330	167,898	171,234	192,750	206,819
R&D expenditures	323,963	332,920	323,145	293,799	293,571	317,383	316,280	290,145	259,431	290,399
Total assets	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	15,041,246
Total Hitachi, Ltd. stockholders' equity	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	6,568,369
Interest-bearing debt	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	1,009,037

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Adjusted EBITA margin (updated definition) (%)	-	-	-	-	-	-	-	-	11.1	12.4
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)	47.90	75.19	46.09	18.14	103.86	120.75	136.91	126.91	133.85	176.76
Core free cash flows per share, basic (CFPS) (yen)	20.76	58.74	28.18	28.05	86.93	60.03	87.84	122.95	169.70	257.80
Return on invested capital (ROIC) (%)	-	-	8.5	9.4	6.4	7.7	7.6	8.7	10.9	12.4
Return on equity (ROE) (%)	8.1	11.6	6.8	2.7	15.0	14.8	14.0	11.1	10.7	12.9
D/E ratio (Including non-controlling interests) (times)	0.29	0.23	0.23	0.35	0.54	0.58	0.41	0.20	0.20	0.15
Total shareholder return (payment basis)	57,937	67,591	77,246	91,761	96,653	111,210	329,146	244,460	389,206	557,124
including share buybacks	0	0	0	0	0	0	199,999	99,999	199,999	352,054
Dividend per share (yen)	13.0	15.0	18.0	19.0	21.0	25.0	29.0	36.0	43.0	50.0
Dividend payout ratio (%)	27.1	20.0	39.1	104.8	20.2	20.7	21.0	28.3	32.0	28.1

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Strategic shareholding status Number of shares / the ratio of strategic shareholdings (total amount recorded on the balance sheet) of net assets (consolidated)	309 / 7.9%	288 / 6.0%	272 / 4.1%	233 / 3.3%	217 / 4.5%	198 / 5.1%	177 / 4.4%	157 / 1.1%	143 / 1.0%	135 / 4.0%

Notes: 1. Adjusted operating income is presented as revenues less selling, general and administrative expenses, as well as cost of sales.

2. 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.

3. Cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.

4. 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.

5. TSR (Total Shareholder Return) shows the investment return, including share price appreciation and dividends received during the period, with the investment value at the end of March 2016 set at a numerical index of one hundred.

	Previous year	Past 3 years		Past 5 years		Past 10 years	
	TSR	TSR	Annual TSR	TSR	Annual TSR	TSR	Annual TSR
Hitachi	30.5%	216.7%	46.8%	364.3%	35.9%	798.8%	24.6%
TOPIX (including dividends)	31.5%	91.7%	24.2%	102.3%	15.1%	232.4%	12.8%

5-Year ESG Data

Sustainability Report

Employee data (Hitachi Group)

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees	Hitachi Group*2	368,247	322,525	268,655*1	282,743	287,901
	Hitachi, Ltd.	29,485	28,672	28,111	25,892	25,934
Average service (years)	Hitachi Group*2	13.5	12.6	12.9	12.6	11.8
Turnover rate (%)*3, 4	Hitachi Group*2	7.5	8.5	6.3	5.8	6.0

AI professional talents*5 (Hitachi Group)

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of AI professional talents		—	—	—	22,000	39,000

Employee engagement score*6 (Hitachi Group)

		FY2021	FY2022	FY2023	FY2024	FY2025
Global average (point)		65	69.5	68.6	71.5	73.3
By region (point)	Japan	56	61.2	61.6	63.2	65.6
	Outside Japan	80	82.3	80.2	80.9	81.6

Registered employees, managers

		FY2021	FY2022	FY2023	FY2024	FY2025
Ratio of women employees (%)*3	Hitachi Group*2	20.2	22.3	22.5	23.2	23.4
Ratio of women managers (%)*7	Hitachi Group*2, 3	9.8	13.0	14.1	15.8	17.4
	Hitachi, Ltd.*8	6.8	7.4	7.8	8.5	8.9

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

	June 2022	June 2023	June 2024	June 2025	June 2026
Number of women executives	9	9	9	11	11
Ratio of women executives (%)	12.2	11.4	11.8	15.9	15.9
Number of non-Japanese executives	13	16	19	18	16
Ratio of non-Japanese executives (%)	17.6	20.3	25.0	26.1	23.2

†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 2025, the number of manufacturing workers not registered in the employee database was 22,000.

*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 The number of employees who have completed the Company's internal training program or obtained AI-related certifications from vendors, among others.

*6 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.

*7 The increase in the percentage of women managers over time reflects improved coverage of our employee database and changes in the number of consolidated companies.

*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 (TRIFR*9) (Hitachi Group)

	FY2021	FY2022	FY2023	FY2024	FY2025
Global total	0.27	0.26	0.16	0.13	0.15
Japan	0.12	0.14	0.13	0.11	0.11
Asia (excluding Japan)	0.11	0.09	0.05	0.05	0.07
North America, Central and South America	1.20	1.10	0.38	0.30	0.32
Europe	0.45	0.39	0.32	0.26	0.30

Number of fatal accidents

	FY2021	FY2022	FY2023	FY2024	FY2025
Hitachi Group (including contractors)	2	5	4	2	4

[Scope of data]

*9 Total Recordable Injury Frequency Rate (number of recordable injuries per 200,000 work hours)

Sustainable procurement activities (Hitachi Group)

	FY2021	FY2022	FY2023	FY2024	FY2025
Sustainability assessment (companies)	[Human rights] 2,524*11 [Environment] 708*11	1,374*12	3,227	4,029	5,090
Sustainability audits (companies)	25	128*13	150	153	142
Sustainability procurement seminars (companies)	359	520	269*14	156	388

*10 Sustainability monitoring in fiscal 2021 was focused on human rights and environment.

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

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

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

Environment (Hitachi Group)

	FY2021	FY2022	FY2023	FY2024	FY2025
Total greenhouse gases*14 (kt-CO_2e)	3,412	1,565	676	601	460
Waste and valuables generated (kt)	1,111	356	164	154	162
Water usage (million m^3)	26.03	14.56	10.92	9.20	10.01
Total chemical substances discharged (kt)	3.50	1.39	0.65	0.49	0.55

*14 Total GHGs: Scope 1 and 2 market-based

Avoided emissions through products and services: 280 million tons/year

(Forecast: fiscal 2025 to fiscal 2027 average)

[Scope of data]

Based on the Environmental Management Classification Criteria, all Hitachi Group sites are classified into three categories (A, B and C)*. The reporting boundary for environmental data is determined in accordance with the environmental risks associated with each category.

*A: High environmental risk, B: Medium environmental risk, C: Low environmental risk

Corporate Data and Stock Information (as of March 31, 2026)

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
466,666 million yen

Number of employees (consolidated)
287,901

Number of shares issued (common stock, including treasury stock)
4,535,560,985

Number of shareholders
363,532

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 (%)*2
The Master Trust Bank of Japan, Ltd. (Trust Account)	742,663,700	16.50
Custody Bank of Japan, Ltd. (Trust Account)	248,921,800	5.53
State Street Bank and Trust Company 505001	147,704,302	3.28
The Chase Manhattan Bank, N.A. Londonsecs Lending Omnibus Account	145,160,508	3.23
Moxley & Co LLC*1	108,165,930	2.40
Nippon Life Insurance Company	84,499,995	1.88
Hitachi Employees' Shareholding Association	73,662,230	1.64
GOVERNMENT OF NORWAY	70,531,030	1.57
JP Morgan Chase Bank 385642	67,468,788	1.50
State Street Bank and Trust Company 505223	64,500,403	1.43

*1 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.

*2 Treasury stock (35,798,823 shares) is not included in the calculation of the shareholding ratio.

Ratings (As of August 31, 2026)

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+

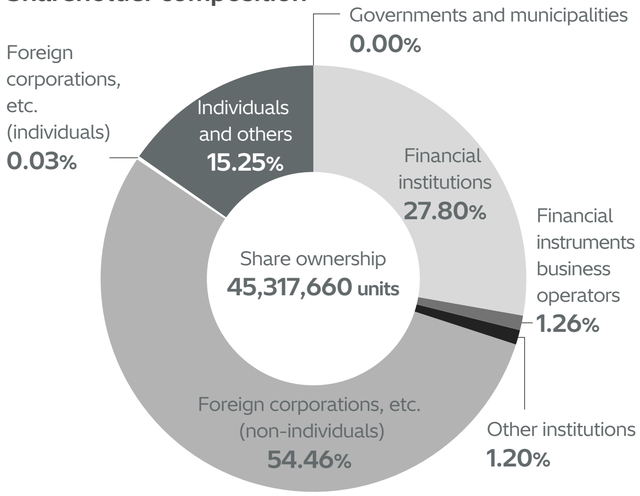
Assurance
To enhance the reliability of information it discloses, Hitachi uses a combined assurance model that includes assurance obtained from executives and from external assurance providers. Please refer to production structure. Editorial Policy (P. 1)

The supervisor of the Hitachi Integrated Report 2026 is Tomomi Kato, Senior Vice President and Executive Officer, CFO and CRMO.

Some of the environmental in the Hitachi ESG Data Book 2026 has undergone third-party limited assurance by Ernst & Young ShinNihon LLC.

Indicators subject to independent assurance
Total greenhouse gases (Scope 1 and 2 market-based)

Shareholder composition



Engagement with shareholders and investors

Hitachi emphasizes engagement with shareholders and investors. In fiscal 2025, the CEO and CFO held discussions with institutional investors in North America, Europe, and Japan, providing opportunities to strengthen engagement. The Investor Relations Division holds IR briefings and meets with analysts and investors about 1,000 times a year, discussing topics ranging from business strategies, financial strategies and financial 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 2025
- Inspire 2027 Management Plan (April)
- Financial Results Briefings (quarterly)
- Hitachi Investor Day (June)
- Hitachi Energy Investor Day (UK, October)
- CES Booth Tour (U.S., January 2026)

Hitachi, Ltd.

Investor Relations Division

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