

HITACHI

Hitachi Investor Day 2026

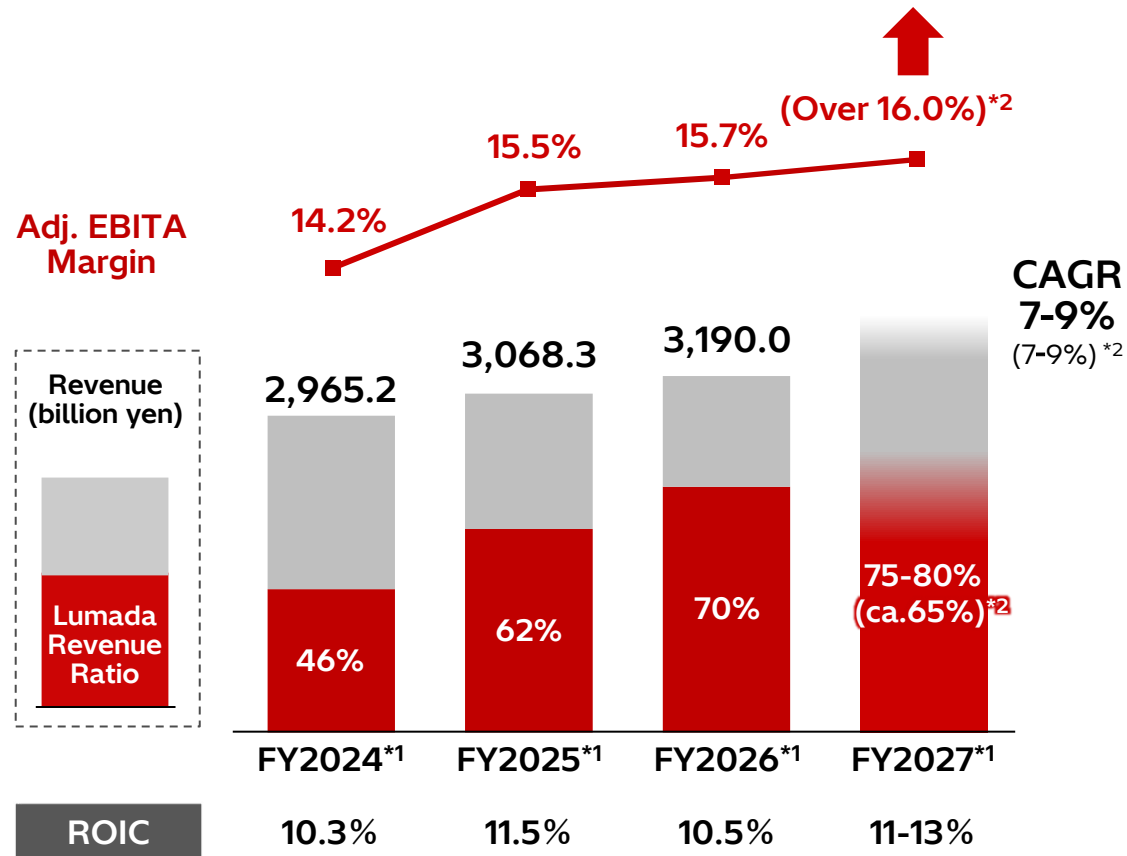
Digital Systems & Services Business Strategy

June 10, 2026

Jun Abe
Executive Vice President and Executive Officer,
CEO of Digital Systems & Services Sector,
Hitachi, Ltd.

- 1. Progress on Inspire 2027**
- 2. Address Changes in the Business Environment Driven by AI**
- 3. Growth in the "Modernization and AI Services" Market**
- 4. Growth in the "Social Infrastructure x AI" Market**
- 5. Growth Investments, Partnerships, and Structural Reforms**
- 6. Conclusion**

Strong Japan Domestic Operations Drove Performance, Resulting in Record-High Profits



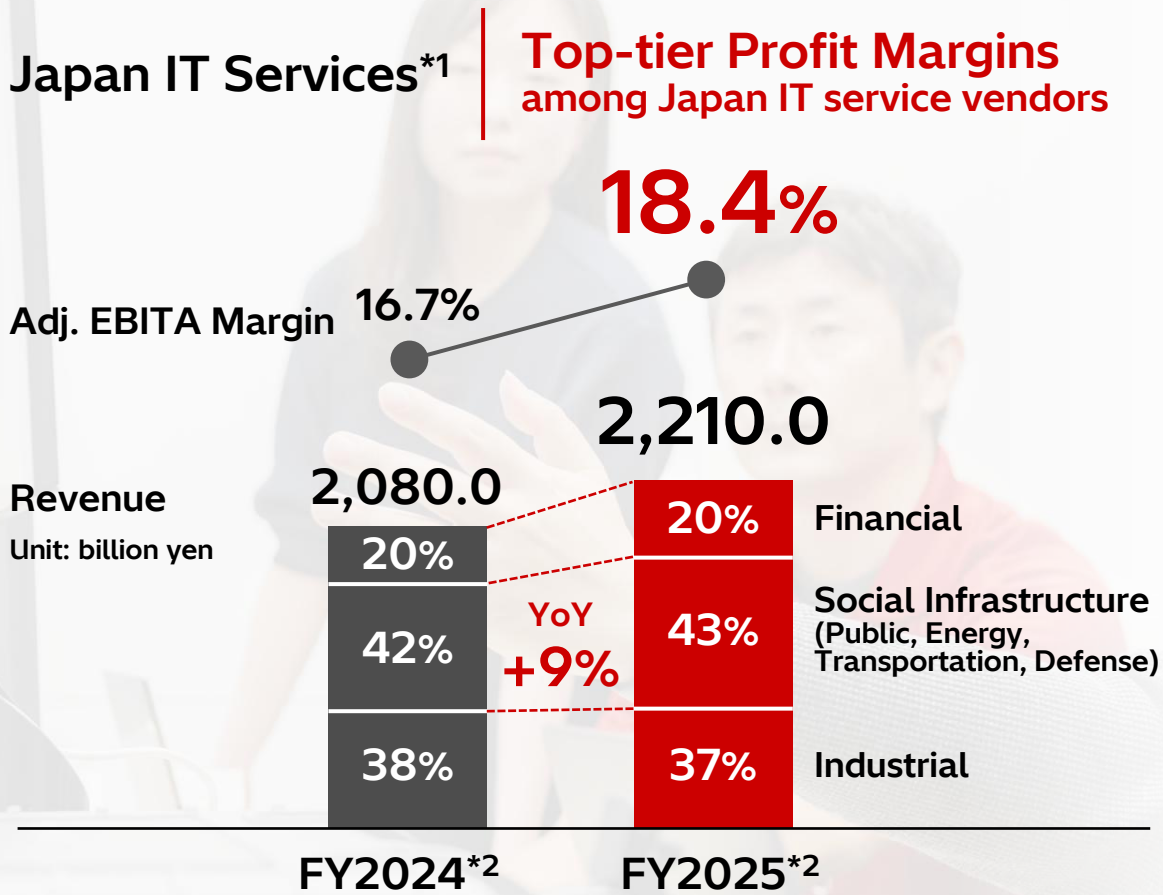
*1 Based on the new reporting segment structure
 *2 () : Previous target announced at Hitachi Investor Day 2025 (as of June 11, 2025)

FY2025 Achievements



			YoY
● Increase in orders	Backlog	1.8 trillion yen	+11%
● Improved profitability	Adj. EBITA Margin	15.5%	+1.3pts
● Growth of the Lumada business	Revenue ratio (DSS)	62%	+16pts
	Revenue ratio (Hitachi Group)	40%	+11pts

Revenue Growth in Social Infrastructure, Driven by Large-Scale Projects Significant Profit Margin Improvement through Gross Margin Enhancement



*1 Combined total of SI & Services and Engineering & Services businesses in Japan
*2 Based on the new reporting segment structure

Business Achievements (FY2025)

Increase in large-scale, mission-critical projects

Revenue generated from contracts valuing over 3 billion yen
330 billion yen, YoY +87%

- Modernization requiring deep domain knowledge and a proven track record

Rapid expansion of the defense business

Revenue growth YoY +26%

- Expansion of cybersecurity & intelligence, and equipment businesses such as naval systems and vehicles

Gross margin improvement

Gross margin YoY +1.4pts

- Expansion of high-value-added projects and AI-driven efficiency
- Enhanced project management and quality control

Expanded synergies with OT*¹ Sectors through a Shift in the Business Portfolio toward High-Growth AI

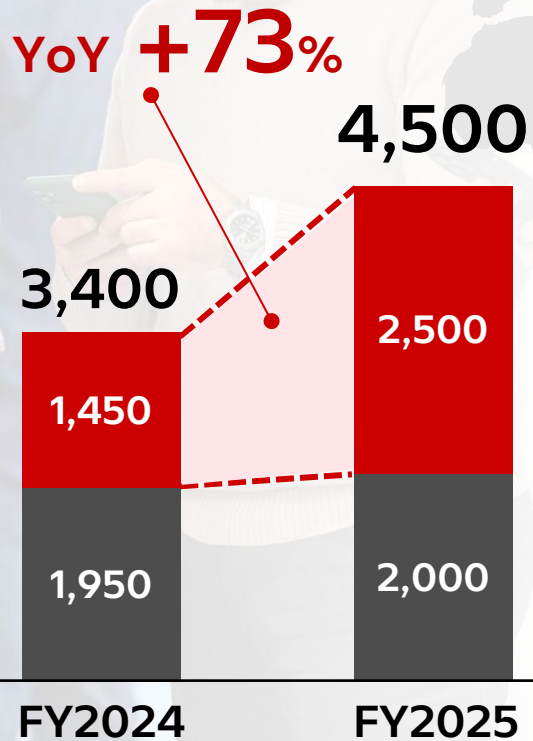
GlobalLogic

Expanded the digitalization of OT and products

The total is included in Lumada business revenue

Revenue
unit: million USD

- Synergies (booked by other BUs & Group companies)*²
- Stand-Alone



Achievements

Synergies creation case studies



Metaverse platform that replicates nuclear power plants



Solution to optimize energy efficiency in train operations



Service that utilizes building facility data to optimize operations, maintenance, and energy consumption

Challenge



Transformation of stand-alone businesses

*1 OT: Operational Technology *2 GlobalLogic contribution to the Lumada business. Synergies represent revenue recorded in each BUs & Group companies

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Unlocking a Significant Growth Opportunity Leveraging Hitachi's Strengths

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

 **Modernization**  **AI Services*2**

FY2025-2030(Global)*1 FY2025-2030(Global)*1
 CAGR **15-20%** CAGR **30-35%**

Needs Reliable AI deployment in complex enterprise systems

 **Social Infrastructure x AI** **Physical AI**

FY2025-2030(Global)*1 Electric power & utilities, rail & transportation, manufacturing government & public sector
 CAGR **15-20%**

Needs AI deployment in mission-critical systems with ensured reliability and safety



*1 Internal analysis based on industry reports *2 A general term for services related to AI, including AI deployment and operation

Two rapidly Expanding Frontiers — Delivering High Growth and Resilient Profitability Base



Growth in the “Modernization and AI Services” Market

- Further deepen customer co-creation through the FDE*1 team
- Transform into a continuous value delivery model*2



Growth in the “Social Infrastructure x AI” Market

- Deployment of Physical AI in social infrastructure
- Create value to innovate social infrastructure

DSS sector AI-related revenue*3	FY2025 Results	FY2025-2027
	800 billion yen	CAGR 20-25%

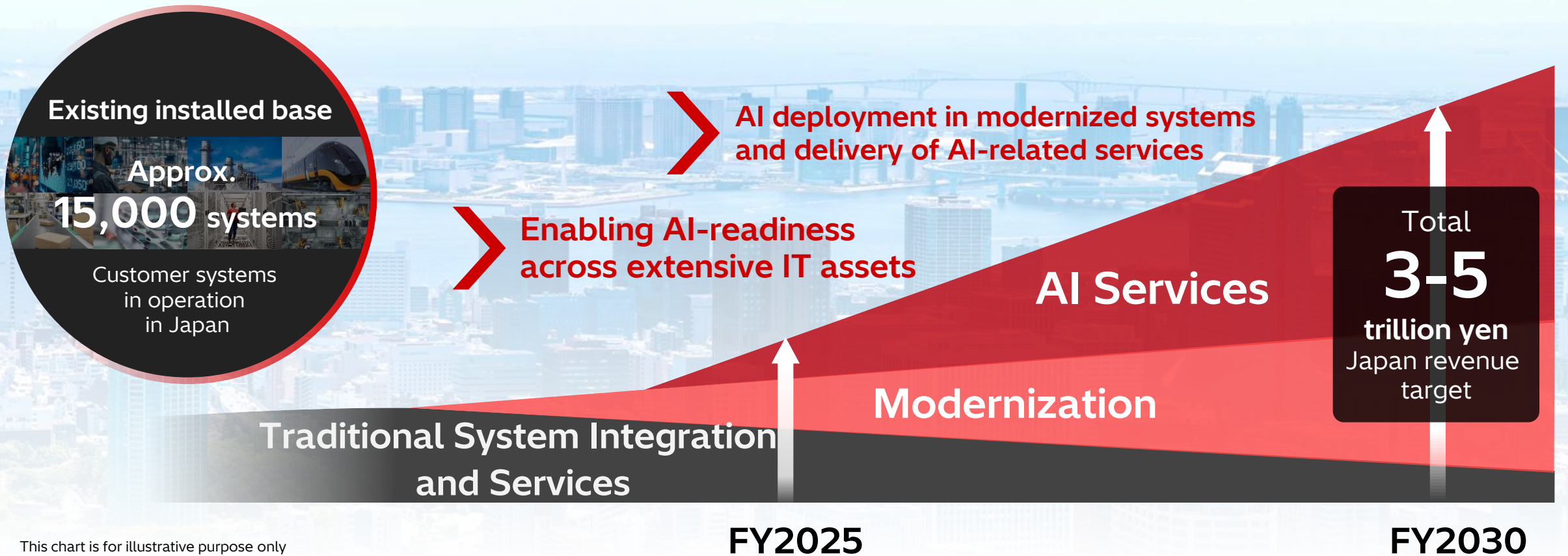
Hitachi group HMAX revenue	FY2025 Results	FY2025-2027
	300 billion yen	CAGR 50-60%

*1 Forward Deployed Engineer *2 Value-based and recurring business model *3 Total revenue from modernization and AI services(global)

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A High-Confidence Growth Scenario Driven by a Robust Installed Base and Full-Scale AI Utilization

KPI >>> AI-related revenue CAGR **20-25%** (FY2025-2027) | **Key areas for strengthening** ● talent ● the foundation for AI utilization



This chart is for illustrative purpose only

"FDE Team" on the Front Lines Solve Complex Challenges rapidly with AI

FDE Team (Forward Deployed Engineer Team)

A specialist FDE team delivering AI-driven solutions on-site across the full lifecycle—from problem definition to deployment and continuous improvement

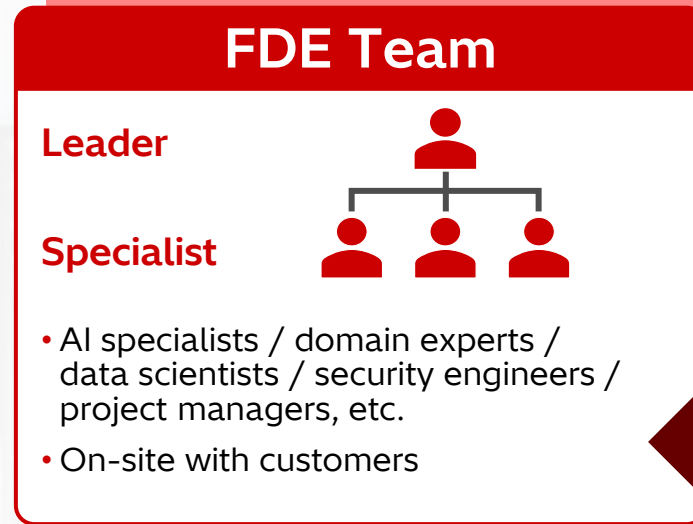
The role of FDE Target in Japan **5,000** people

- Identifying customer challenges and building hypotheses
- Enable rapid prototyping to validate hypotheses
- Owning the deployment and operation of mission-critical AI systems

Delivering highly reliable, high-quality AX*1

*1 AX: AI Transformation *2 SE: System Engineer

Expanding the FDE Team, with mission-critical expertise



Announced May 19, '26

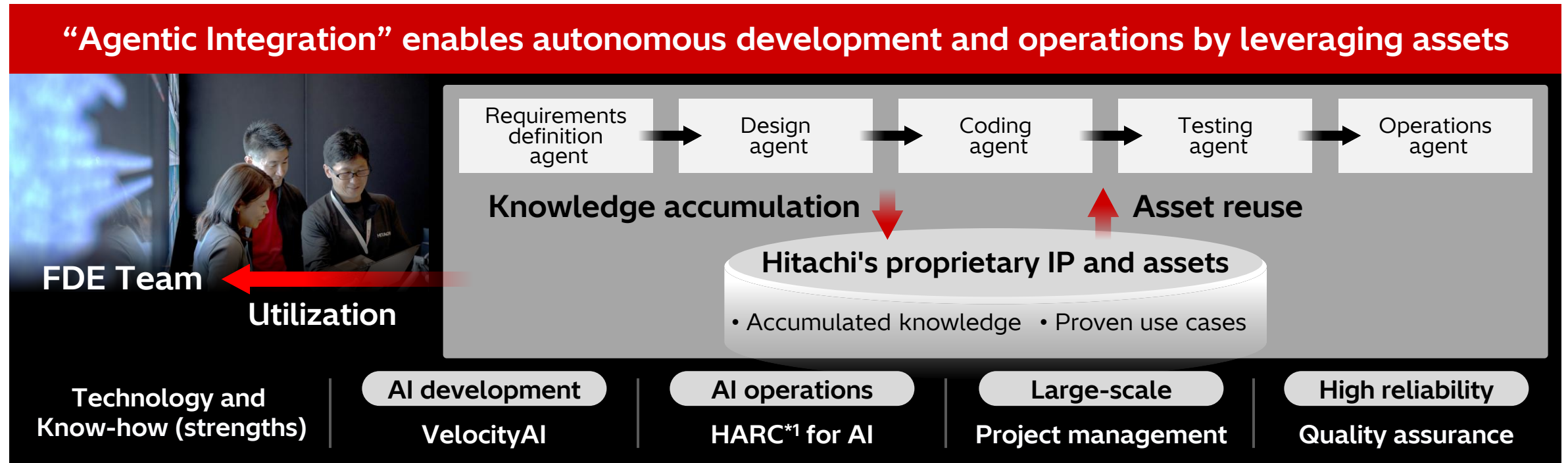
Frontier AI Deployment Center

Support FDE Team

- Providing technology
- Use case repository
- On-the-job training programs, etc.



Agentic Integration: AI-Agent-Driven Autonomous Development – A Game Changer for Productivity and Scalability



- Significant productivity improvements** → Minimize cost and time through AI agent-driven development and operations
- Scalable business expansion** → Significantly expand ability to address challenges by comprehensive assets reuse

Deliver continuous, rapid, high-quality business transformation for customers

*1 HARC: Hitachi Application Reliability Centers

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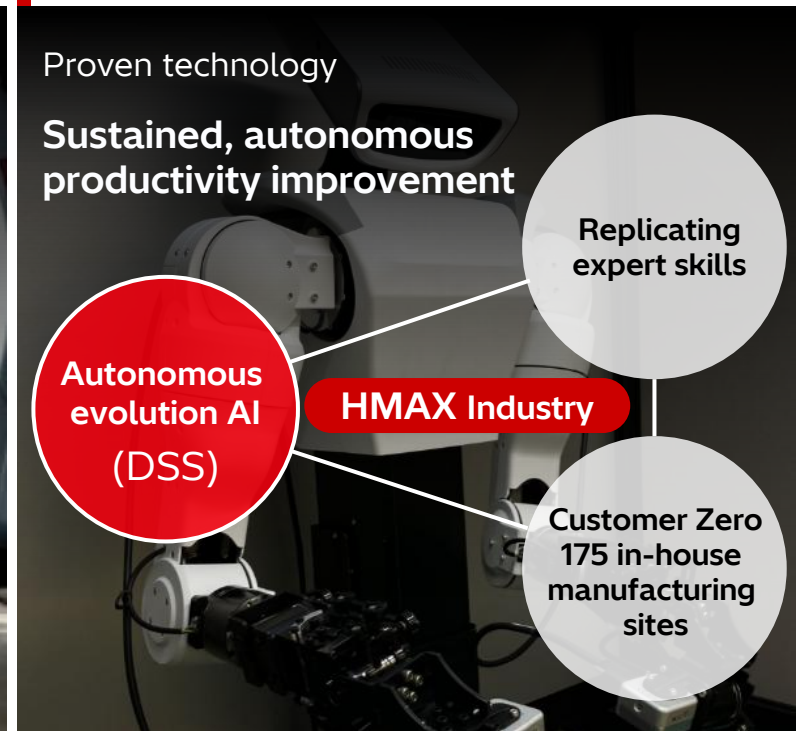
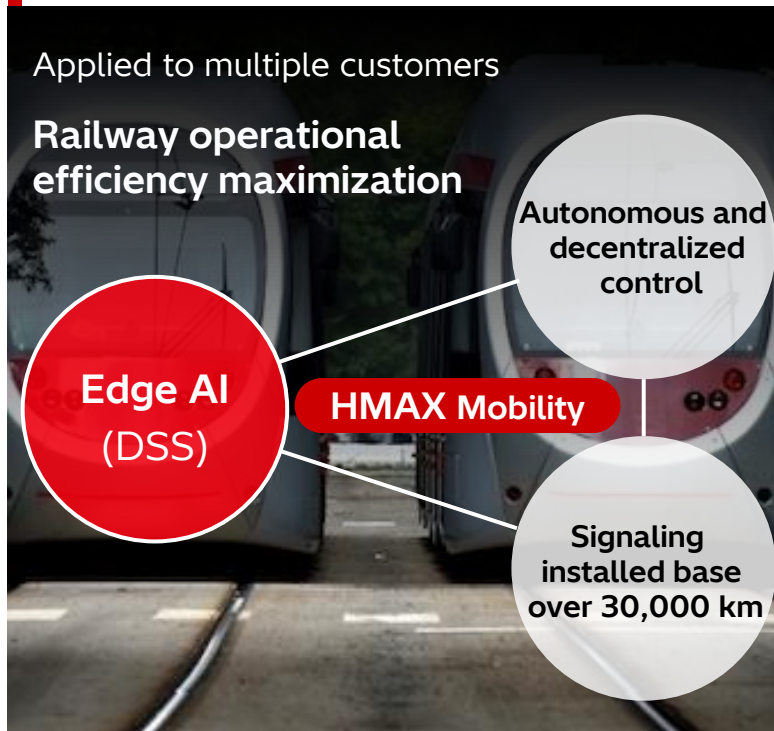
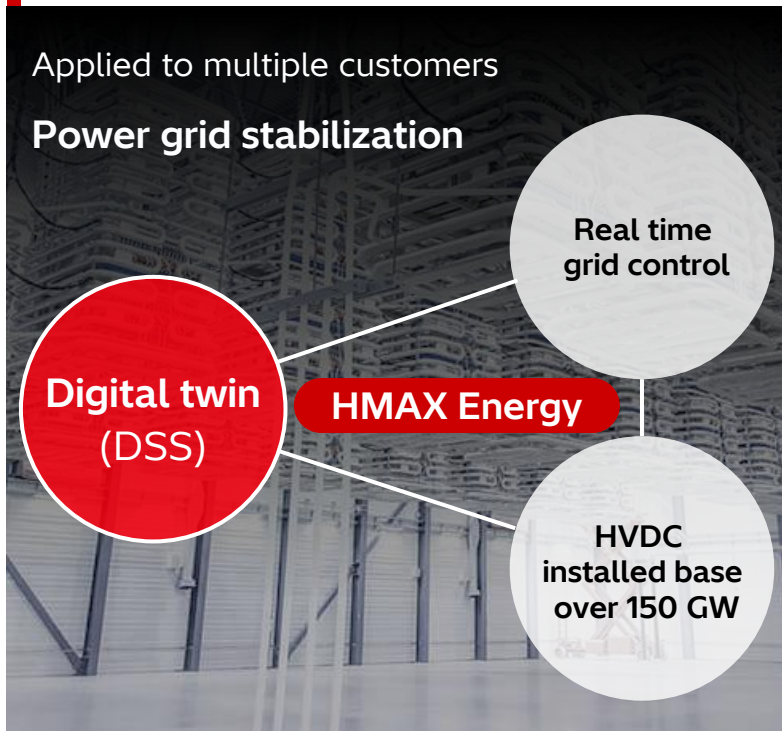
HMAX™ by Hitachi Converts rapidly Expanding Physical AI Opportunities into Sustainable Revenue Streams

KPI >>> HMAX revenue growth rate: CAGR 50-60% (FY2025-2027)

Grid maintenance services market
15 trillion yen*1 (2035)

Railway AI application market
3 trillion yen*1 (2030)

Frontline worker support market
10 trillion yen*1 (2030)



*1 Internal analysis based on industry reports

Evolve HMAX, which Pursues Ultimate Reliability through Four Pillars, into the “OS*1” that Supports Social Infrastructure Operations



Energy

Mobility

Industry

Deployment of Physical AI (HMAX)



Domain Knowledge x AI

Integration of cutting-edge AI, on-site expertise, and OT

Physical AI



Talent

A team with deep expertise in IT, OT, and AI

Physical AI FDE Team



Security

Ensuring the safety of mission-critical infrastructure that must never stop

Mission-Critical Security



Data Infrastructure

Integrating and structuring IT/OT data, enabling the safe use of AI

Data Fabric

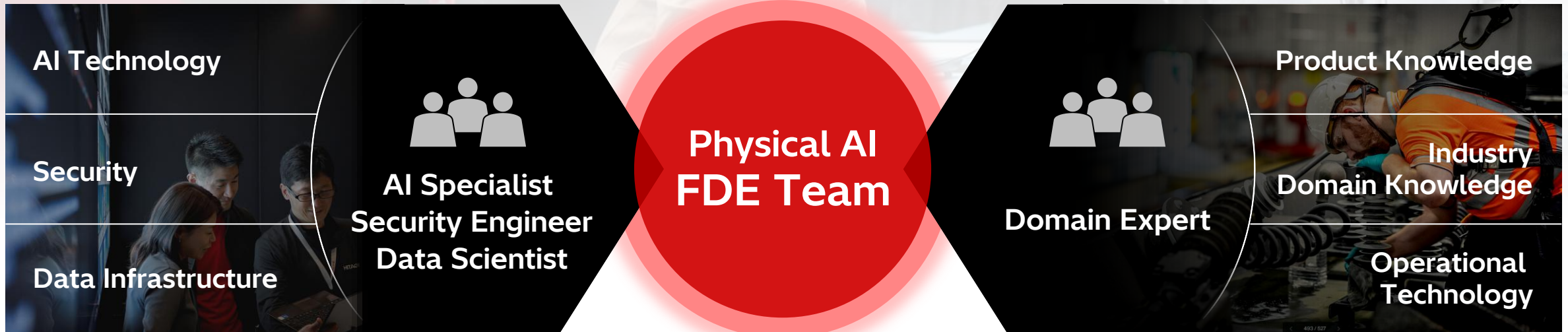
*1 OS: Operating System

“Physical AI FDE Team” Integrating IT and OT with AI

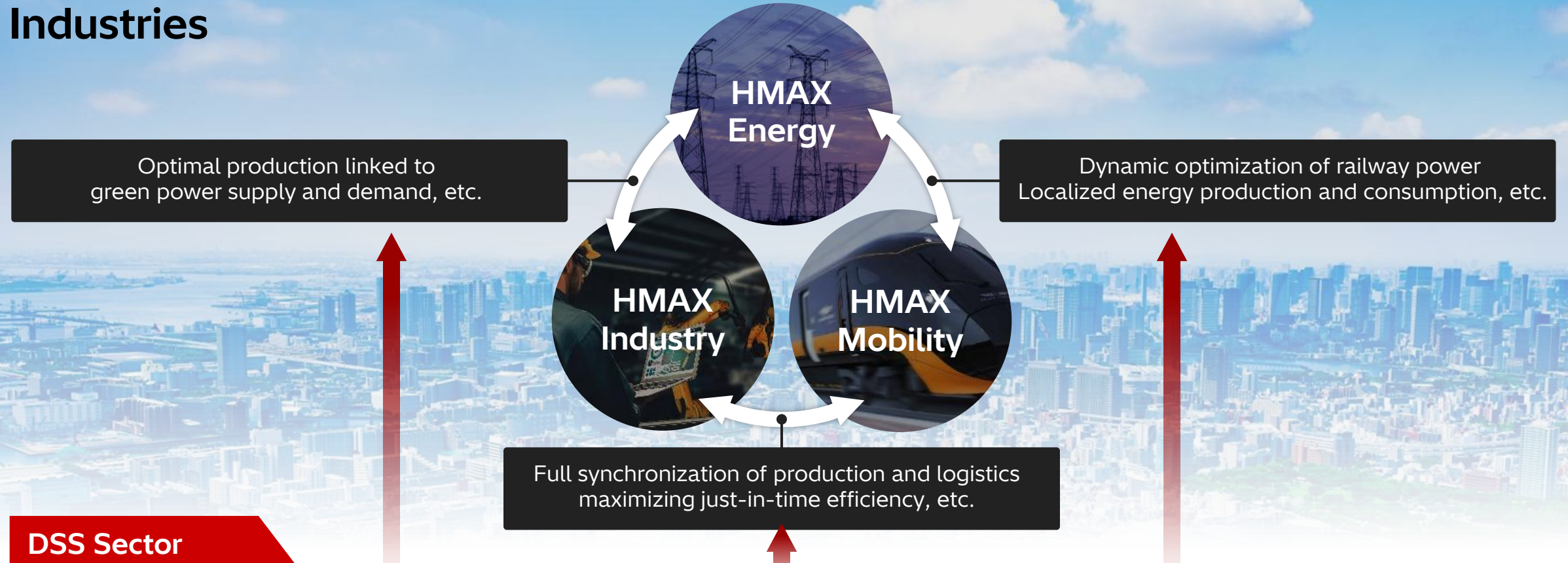
**Advanced AI Deployment in Social Infrastructure
with Enhanced Reliability and Safety**

**GlobalLogic +
Hitachi Digital Services**

OT Sectors



Data Fabric Integrates IT/OT Data to Enable New Value Creation across Industries



DSS Sector

Data Fabric (Data Infrastructure)

- Integration and structuring of IT/OT data
- Enable cross-sector and cross-industry data utilization

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30 billion yen in Organic Investments (FY2026) and Financial Capacity for up to 1 trillion yen in Inorganic Investments (FY2026-FY2027)



Talent

Strengthen and develop the specialists comprising our FDE team (AI, security, business analysis, project management, etc.)



Technology

- Enhance data fabric capabilities
- Expand OT security services
- Build an advanced AI utilization environment across the Hitachi Group

Collaborate with Partners to Advance AI Platforms and Infrastructure, Scaling Value Creation



Listed in alphabetical order.

Accelerate Structural Reform Centered on IT Products Businesses

KPI >>> Adj. EBITA Margin for IT Products Business **+3.2pts** (FY2025-2026)

Storage Business



Focus resources on market-leading block storage

- Build pipeline with new high-end products and strengthen sales via partnerships
- Ranked first in the enterprise external block storage systems market in Japan based on vendor revenue*1

ATM Business



Stable market supply and sustainable business growth

- Agreement on business integration with OKI (Scheduled to start in October 2026)

*1 Source: IDC Worldwide Quarterly Enterprise Storage Systems Tracker Q4 2025 (CY2025, Product Category: External RAID, Data Organization: Block)

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Capture AI Growth Opportunities to Further Improve profitability

	FY2024*1	FY2025*1	FY2026*1	FY2027*1
Revenue Growth	YoY +9%	YoY +3%	YoY +4%	7-9% (7-9%)*2 FY2024-FY2027 CAGR
Adj. EBITA Margin	14.2%	15.5%	15.7%	16-18% (16%+)*2
ROIC	10.3%	11.5%	10.5%	11-13% (11-13%)*2
Lumada Revenue Ratio	46%	62%	70%	75-80% (ca.65%)*2

【Potential Risks】 ● Slowdown in IT investment ● Sharp rise in component prices

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*2 () : Previous target announced at Hitachi Investor Day 2025 (as of June 11, 2025)

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Cautionary Statement

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

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

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s ability to respond to tightening of regulations to prevent climate change
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- exacerbation of social and economic impacts of the spread of COVID-19;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

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

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