

CEO Remarks

June 13, 2023
Keiji Kojima
President & CEO
Hitachi, Ltd.

To Achieve Hitachi's Sustainable Growth

1. Evolving Governance
2. Continuously Strengthening the Business Portfolio
3. Innovating Technologies and Business Models
4. Increasing Corporate Value

Evolving Governance for the Growth of the Social Innovation Business

- Global top-tier board
- Diversity, Equity and Inclusion (DEI) leveraging human capital acquired through M&As
- Compensation structures that support the cultivation of growth mindset

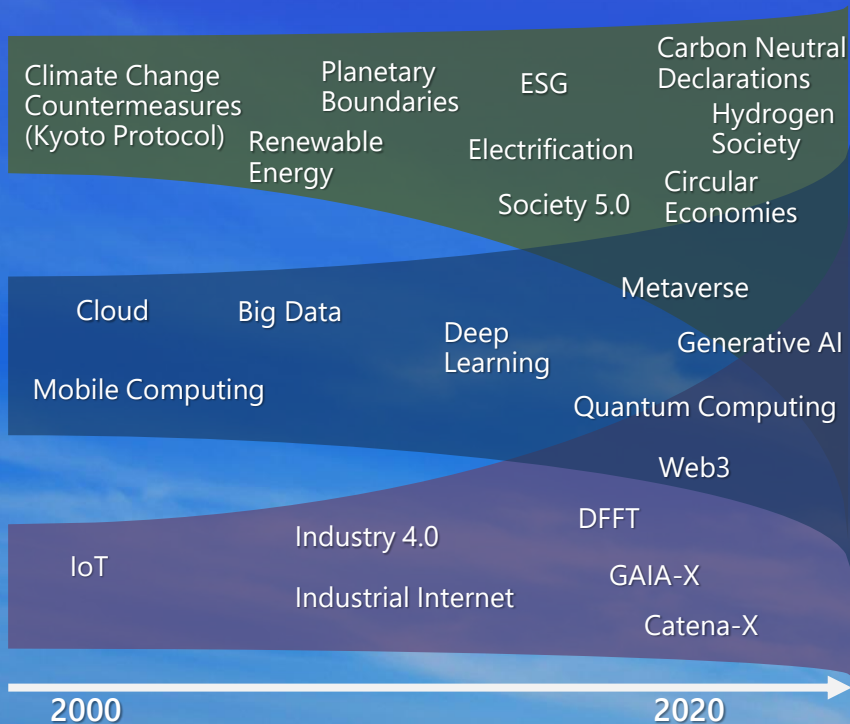
Continuously Strengthening the Business Portfolio, to Be a Global Leader in the Social Innovation Business

- A strong business segment configuration matching technology trends that drive market growth
- Further integration and strengthening of global assets acquired through M&As
- Restructuring of low-profit assets

2.1 Continuously Strengthening the Business Portfolio (1)

Strong Business Segments to Match Three Technology Trends that Drive Market Growth

Technology trends



Green

- Biden administration's climate change countermeasures
Investment: \$555bn
- European Green Deal
Investment: €1trn ≥

Digital

Market scale*¹ : \$2.58trn (2024)
CAGR (2022-24)*¹ : 17%

Connective

Market scale*² : \$1.15trn (2025)
CAGR (2021-25)*² : 11%

Hitachi's business sectors

Energy & Mobility **GEM**

- Assets that realize green electrification
- Strengthening Assets: Hitachi Energy
Former Ansaldo STS/Breda, Thales GTS

Systems & Services **DSS**

- Assets that promote DX
- Strengthening Assets : GlobalLogic

Industries **CI**

- Assets that create value through connections
- Strengthening Assets :
Hitachi Global Air Power,
JR Automation, Hitachi High-Tech

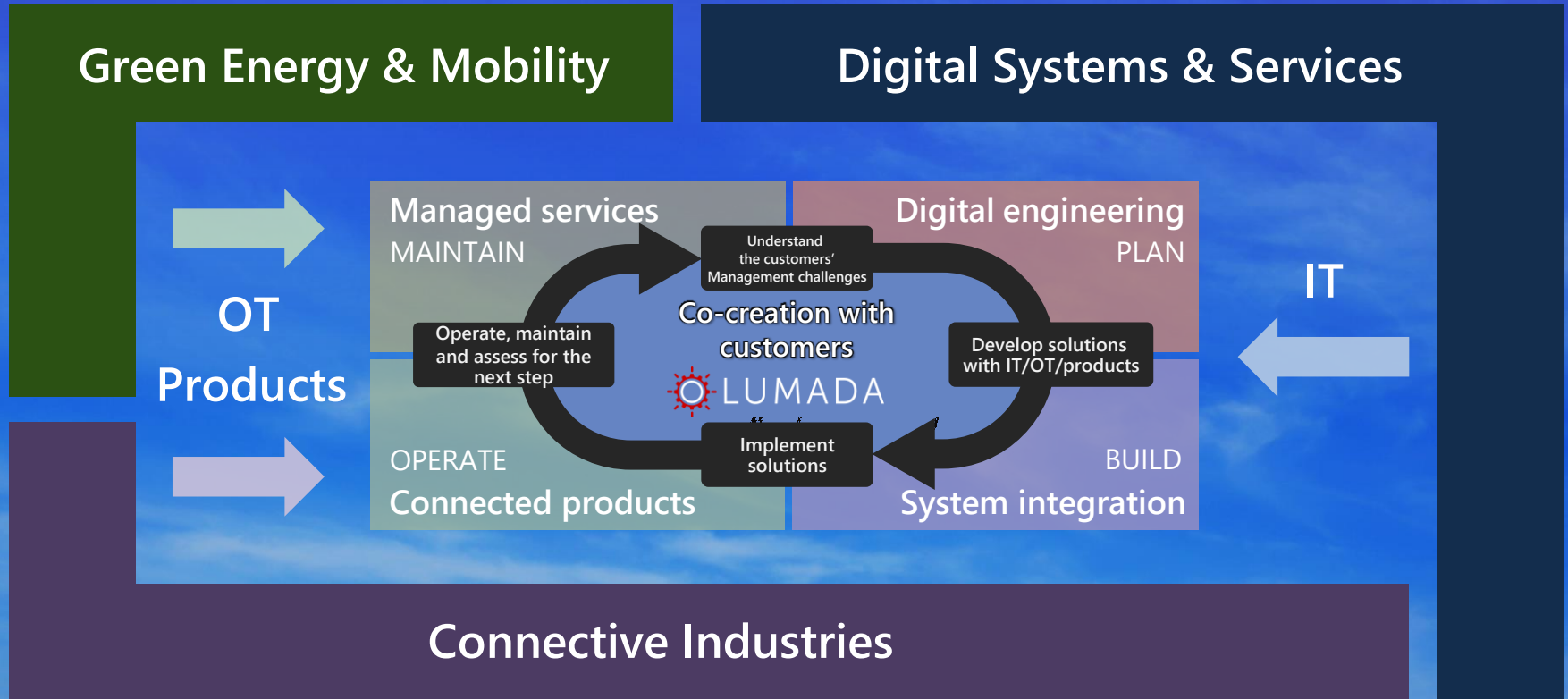
*1 Source: IDC Worldwide Digital Transformation Spending Guide *2 Hitachi estimate

Leveraging Unique Strengths in the Social Innovation Business through Technology and Business Model Innovations

- Co-creation with customers utilizing Lumada and strategic cross-sector functions
- Back-cast corporate R&D that develops the next Lumada solutions
- Startup investments through corporate venture capital to stimulate growth mindset

3.1 Innovating Technologies and Business Models (1)

Lumada's Customer Co-creation Framework, which Leverages the "IT x OT x Products" Portfolio



Strategic Cross-sector Functions Offer Strong Support that Demonstrates Customer Co-creation Capabilities through "One Hitachi"

Strategic cross-sector functions

Global M&S*



- Co-creation Account management

Hitachi Digital



- Building shared Lumada solutions

Green Corporate



- Support for internal and customers' decarbonization

Corporate R&D



- Developing enabling technologies

Business sector

Green Energy & Mobility



Digital Systems & Services



Connective Industries



Markets

Americas



finance, public services, electric power, transportation, communications, etc.



EMEA



power grids, nuclear power, railways, etc.



China



factories, tech, buildings, homes, etc.






APAC



Japan



Back-cast Corporate R&D that Develop the Next Lumada Solutions

The next society	Co-creation customers	Markets	Solution themes	Main partner organizations
 <p>Environmentally neutral society</p>	<p>Energy companies</p> <p>Manufacturers</p>	<p>Hydrogen value chain</p> <p>Carbon neutrality</p>	<p>Integrated distribution of electricity, gas, and hydrogen</p> <p>Conversion of CO₂ into valuable resources</p>	<p>Yokohama National University</p> <p>University of Tokyo</p> <p>Imperial College London</p> <p>AIST</p>
 <p>Society with 100-year active life</p>	<p>Healthcare companies</p>	<p>Treatment of intractable diseases</p> <p>Regenerative medicine</p> <p>Anti-aging</p>	<p>Particle therapy and nuclide drug production</p> <p>Cell design, manufacturing, and testing</p>	<p>Osaka University</p> <p>Gunma University</p> <p>Kyoto University</p> <p>Rebirthel</p> <p>Kobe Biomedical Innovation Cluster</p>
 <p>Digital technologies, people and society evolve together</p>	<p>Financial/public institutions</p> <p>Material companies</p> <p>General companies/organizations</p>	<p>Risk management</p> <p>New functional material development</p> <p>Improving labor productivity</p>	<p>Digital observatories</p> <p>Quantum computing applications</p> <p>AI-based job skill training</p>	<p>University of Tokyo Institute for Digital Observatory</p> <p>Keio University</p> <p>Kobe University</p> <p>Tokyo Institute of Technology</p> <p>RIKEN</p>

Startup Investments through Hitachi Ventures that Stimulate Growth Mindset

Fund 1

\$150M; established in Dec. 2019

2,300 companies searched

Collaborations with 46 companies

Digital



IoT



Manufacturing



Healthcare



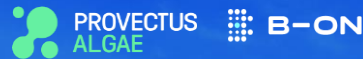
Fund 2

\$150M; established in Oct. 2021

1,100 companies searched

Collaborations with 25 companies

Environment



Digital



Healthcare



Fund 3 established on April 20

- Fund 3 : \$300M
- Investments to target strategic returns in digital tech (e.g., Web3, Generative AI)
- Companies to be searched: More than 5,000
- Talented young employees to be assigned to cultivate speed and growth mindset

Creating Economic Value, Environmental Value, and Social Value through the Social Innovation Business Increases Corporate Value

- Expand the Lumada business ratio,
and achieve EPS and CFPS growth
- Reduce CO₂ emissions by 100 million tons/yr.,
mainly in GEM sector
- Create social value with “Powering Good”
as the slogan for corporate activities

4.1 Increasing Corporate Value (1)

Utilize trends in GX/DX to expand the Lumada business ratio, and tie this into growth in EPS and CFPS*1



*1 CFPS : Core FCF per share *2 Excluded impact of one-time factors



Hitachi Investor Day 2023 One Hitachi: For Sustainable Growth

1. CEO Remarks Keiji Kojima, President & CEO
2. Digital Toshiaki Tokunaga, Executive Vice President
3. Green Alistair Dormer, Executive Vice President
4. Connective Masakazu Aoki, Executive Vice President
5. CFO Session Yoshihiko Kawamura, Executive Vice President, CFO
6. Q&A Session

A woman with her back to the camera, wearing a bright yellow jacket, stands on a green hillside. In the background, there are several white wind turbines on the left and a dense city skyline with tall skyscrapers on the right. The entire scene is overlaid with a blue network of glowing nodes and connecting lines, symbolizing technology and innovation. The sky is a clear, vibrant blue.

Hitachi Social Innovation is
POWERING GOOD

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.