HITACHI
Inspire the Next

Digital Systems & Services Sector

June 13, 2022

Jun Taniguchi

**Vice President and Executive Officer,
CEO of Hitachi Digital LLC**

Toshiaki Tokunaga

**Executive Vice President and Executive Officer,
General Manager of Digital Systems & Services Division
Hitachi, Ltd.**

Shashank Samant

CEO of GlobalLogic Inc.

Today's Key Messages

1

Going Forward to Growth Stage of the Lumada Business
− Focus on both revenue expansion and increase profitability under 2024 Mid-term Management Plan
− Achieve sustainable growth of Lumada business by continuously creating values for customers as a partner in solving their issues.

2

GlobalLogic : Continuous Business Growth and Enhance the Corporate Value
− Over achieved the initial performance target in FY2021 (Joined Hitachi in July 2021)
− More collaboration within Hitachi Group to expand synergies for the further growth and increase corporate value

3

Hitachi Digital : Accelerate Lumada Business overall Hitachi Group's
− Lead the development and implementation of the digital strategy across the Hitachi Group
− Maximize the synergies with other sectors and accelerate the Lumada business

4

Cash Generation and Investments for Growth
− Cash-focused management during 2024 Mid-term Management Plan and generate EBITDA over 1 trillion Yen
− Continuous investment for resources and capabilities to expand the Lumada business

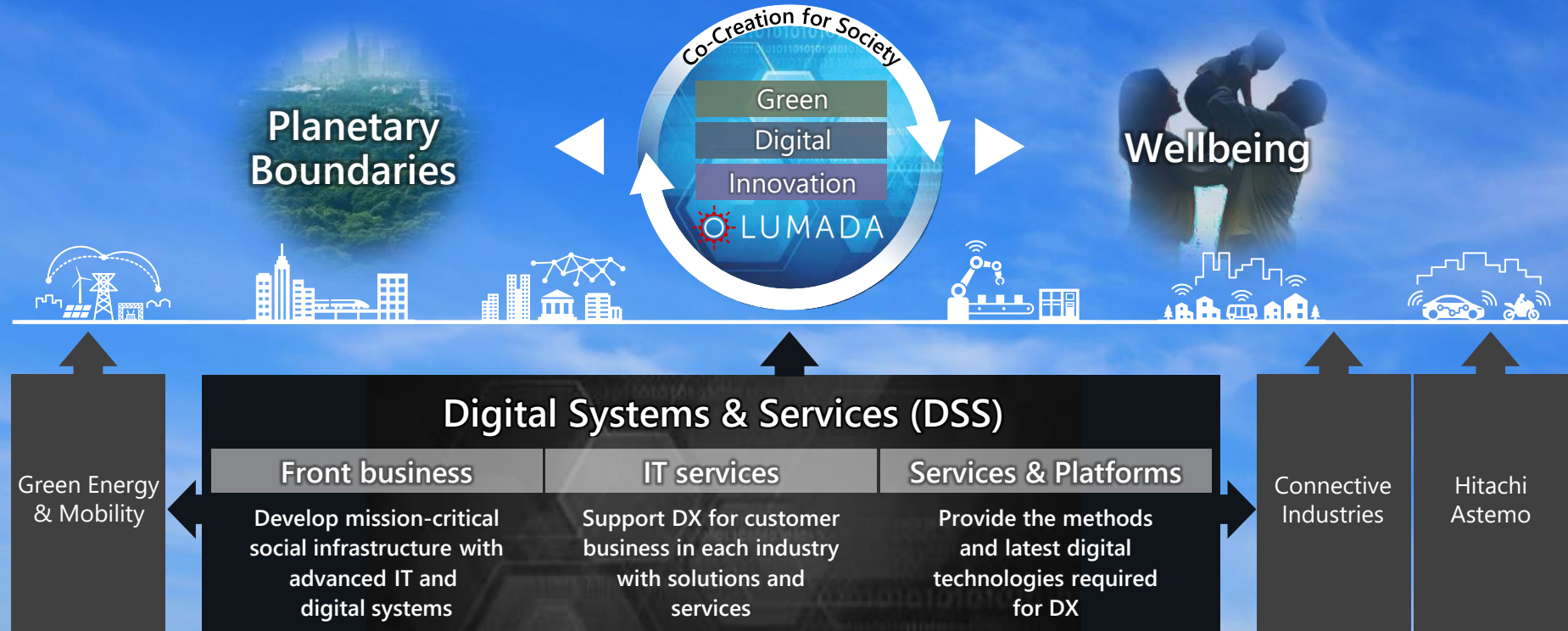# Digital Systems & Services Sector

Contents

Digital Systems & Services Sector

Contents

Promote digital transformation (DX) for the customer's business and social infrastructure to contribute to a sustainable society

Co-Creation for Society

Green
Digital
Innovation

LUMADA

Planetary Boundaries

Wellbeing

Digital Systems & Services (DSS)

Front business	IT services	Services & Platforms
Develop mission-critical social infrastructure with advanced IT and digital systems	Support DX for customer business in each industry with solutions and services	Provide the methods and latest digital technologies required for DX

Green Energy & Mobility

Connective Industries

Hitachi Astemo

4

Establish Hitachi Digital in North America and bolster the structure to develop and implement Hitachi Group's global digital strategy

Structure of the Digital Systems & Services Business

Approx. 100,000 employees / operating sites in 50 countries and regions [1]

Number of Employees

Overseas Gr. Companies 47%

Hitachi, Ltd. 16%

Consolidated Total appx. 100,000

Gr. Companies in Japan 37%
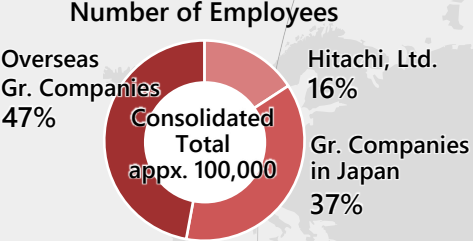
CMO Hoshino

Head of Digital Systems & Services Tokunaga

Hitachi Digital CEO Taniguchi

Front Business		IT Services		Services & Platforms		
Financial Institutions BU	Social Infrastructure Systems BU	Hitachi Systems	Hitachi Solutions	Services & Platforms BU	Hitachi Vantara	GlobalLogic
CEO Ueda	CEO Nagano	President Shibahara	President Yamamoto	CEO Abe	CEO Gajen	CEO Shashank

*1：Number of countries and regions (including Japan) of consolidated subsidiaries at Digital Systems & Services sector as of March 31, 2022

Business Units and Major Group Companies

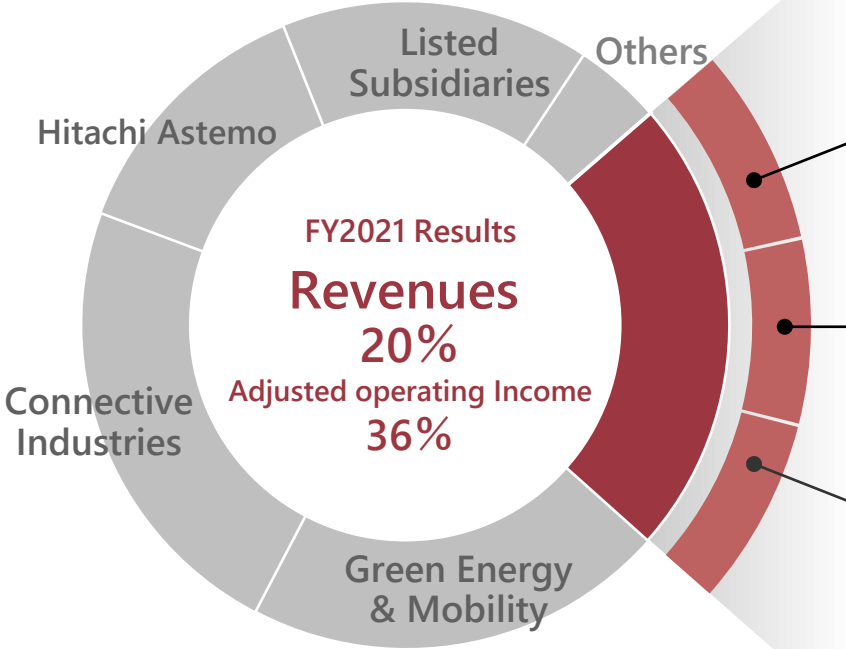|	
Front Business	**Develop mission-critical social infrastructure with advanced IT and digital systems**
Financial Institutions BU	Build and operate mission-critical core systems for financial institutions, insurance and securities, develop and provide new solutions
Social Infrastructure Systems BU	Combine the operational expertise of the public services, electricity and mobility with the latest technologies to develop and provide safe and secure systems and services
IT Services	**Support customers' DX by providing solutions and services for each industry**
Hitachi Systems	Provide one-stop services that cover all IT life cycles based on approx. 300 bases nationwide, with the advantage of system operation, monitoring and maintenance
Hitachi Solutions	Offer solutions to increase operational efficiency and productivity by combining packages developed in-house and global standard packages
Services & Platforms	**Provide the methods and latest digital technologies required for DX**
Services & Platforms BU	Provide the common infrastructure which enhance Lumada to achieve continuous value creation with strong focus on co-creation and data
Hitachi Vantara	Along with the core storage solution business which can provides the optimized data environment, building DX solution and with delivery capabilities can lead the Lumada business to global expansion
GlobalLogic	Provide DX services based on the strengths in experience design and digital engineering
Hitachi Digital	**Lead the development and implementation of the digital strategy across the Hitachi Group**

DSS Position and Sales Composition within Hitachi Group

Digital Systems & Services
FY2021 Results

Revenues
2,153.6 billion yen

Adjusted operating income
268.1 billion yen

Consolidated Revenues of the Hitachi Group

Listed Subsidiaries

Others

Hitachi Astemo

FY2021 Results
Revenues
20%
Adjusted operating Income
36%

Connective Industries

Green Energy & Mobility

	Revenues	Adjusted operating income
Front Business		
• Financial Institutions BU • Social Infrastructure Systems BU	**37%**	**36%**
IT Services		
• Hitachi Systems • Hitachi Solutions	**33%**	**37%**
Services & Platforms		

• Services & Platforms BU
  Hitachi Vantara
  GlobalLogic
	30%	**27%**

Digital Systems & Services Sector

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Business Environment

- To deal with more complexity of business challenges, customers are further leveraging digital technologies and services for their business continuity and competitive advantage. Investments to environmental issues and SDGs related are also expanding.
- The global DX market is expected to undergo high growth in all regions.

Serious Social Issues and Increasingly Complex Management Issues

Data Driven

Changes to society and customers

Service/ Subscription

Sustainable Management (ESG, SDGs)

Growth in the Global DX Market

Billings of dollars

CAGR **+17%**

2,817 (Composition)
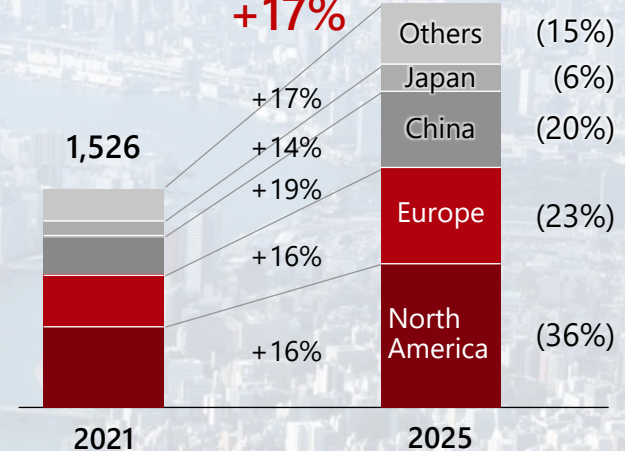
Others	(15%)
Japan	(6%)
China	(20%)
Europe	(23%)
North America	(36%)

1,526

+17%
+14%
+19%
+16%
+16%

2021   2025

Source: IDC Worldwide Digital Transformation Spending Guide (April 2022)

2024 Mid-term Management Plan

Focus on both revenue expansion and increase profitability, we will achieve sustainable growth in Lumada business by becoming a customer-focused problem-solving partner, creating customer value continuously (Recurring).

2024 Mid-term Management Plan

Toward a new growth stage of the Lumada business

Achieve significant growth of the Lumada business in the global DX market

2021 Mid-term Management Plan

Laid the groundwork for growth
- Acquisition of GlobalLogic
- New formation of Hitachi Vantara
- Launch of the Lumada Alliance Program

FY2021 Adjusted operating income Ratio: 12.4%
FY2019-FY2021 Cumulative EBITDA: over 1 trillion yen

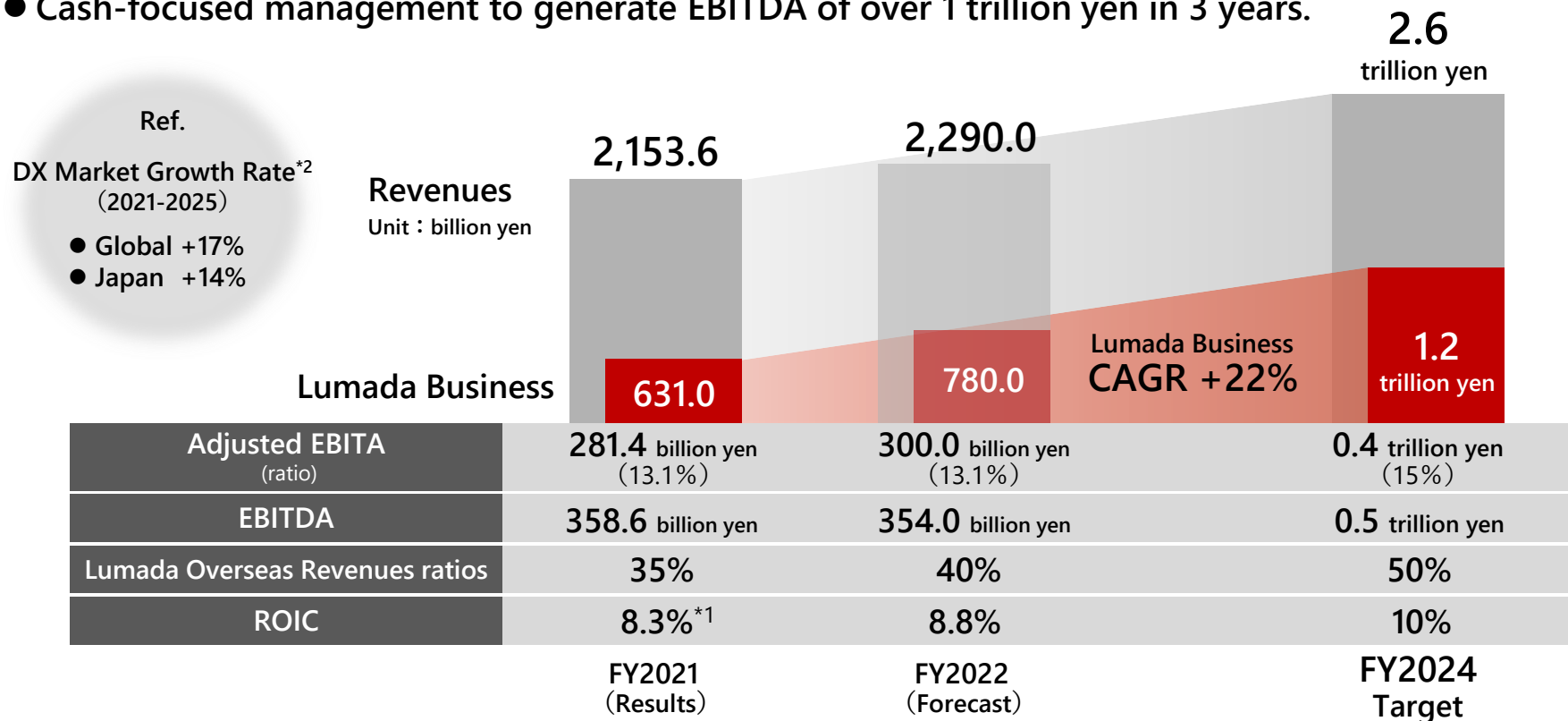**2018 Mid-term Management Plan**

Strengthened profitability
- Business portfolio reform
- Reduced loss costs / thoroughly implemented measures to boost productivity
- Global launch of Lumada

FY2018 Adjusted operating income Ratio: 10.9%
(Increased by 4.2% from FY2015)

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Performance Target

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- Expand revenues by growing Lumada business in Japan and overseas exceeding the market growth.
- Cash-focused management to generate EBITDA of over 1 trillion yen in 3 years.

Ref.

DX Market Growth Rate[*2]
（2021-2025）
- Global +17%
- Japan +14%

Revenues
Unit：billion yen

2,153.6　　2,290.0　　2.6 trillion yen

Lumada Business

631.0　　780.0

Lumada Business CAGR +22%

1.2 trillion yen

	FY2021 （Results）	FY2022 （Forecast）	FY2024 Target
Adjusted EBITA (ratio)	281.4 billion yen （13.1%）	300.0 billion yen （13.1%）	0.4 trillion yen （15%）
EBITDA	358.6 billion yen	354.0 billion yen	0.5 trillion yen
Lumada Overseas Revenues ratios	35%	40%	50%
ROIC	8.3%[*1]	8.8%	10%

*1：Restated base of impact of GlobalLogic acquisition　*2：Source：IDC Worldwide Digital Transformation Spending Guide（April 2022）

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Digital Systems & Services Sector

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2024 Mid-term Management Plan - Growth Strategies

2024 Mid-term Management Plan

Toward a new growth stage of the Lumada business

- Achieve dramatic growth for the Lumada business in the global DX market
- Make continuous investments in growth

  Growth investments (Plan) in the period of the 2024 Mid-term Management Plan

  Investments in business expansion (such as M&A) : Total size of 500billion yen scale, Lumada Investments : 200billion yen scale

4 Strategies of the Growth

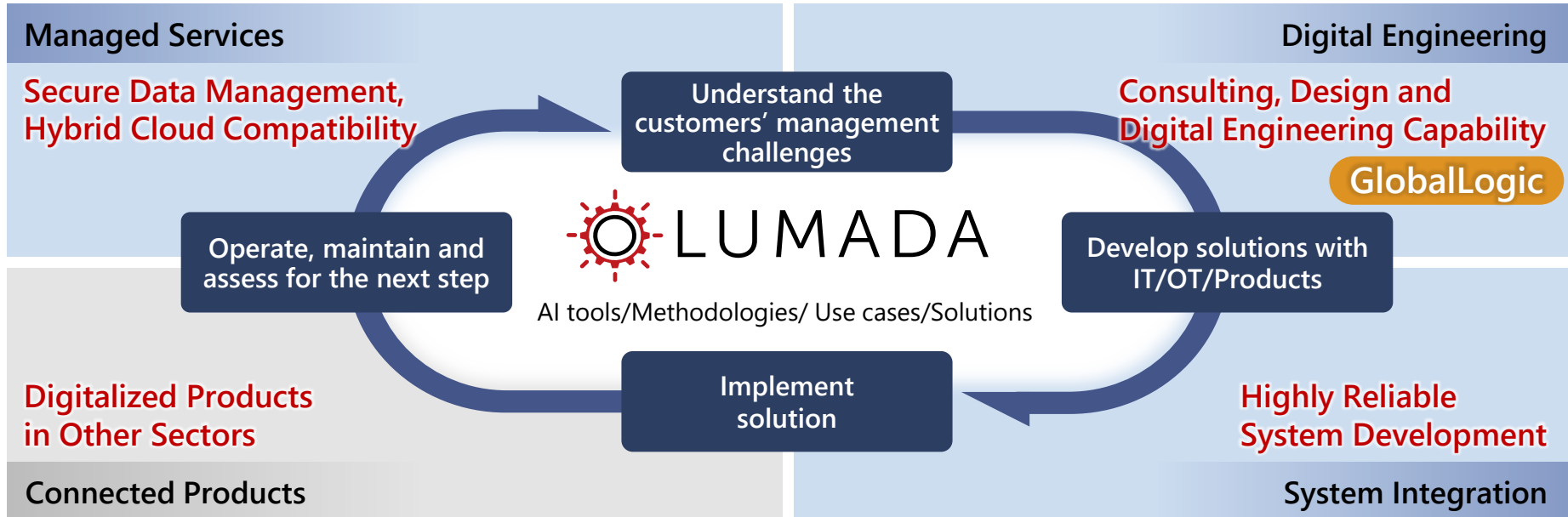| 1 | Evolution of Lumada business |
2	Various Market Approaches - Scaling up the Lumada business
3	Hitachi Digital - Driving of the global Lumada business
4	Digital Talent - Strengthening and enhancing digital capable resources

Strategy 1 : Evolution of Lumada business

- Leverage GlobalLogic's co-creation and digital engineering to combine Hitachi's system development with strength in mission-critical, products, and services to support customer's problem-solving cycle in all domains.
- Achieve sustainable growth in the Lumada business by acting as close partners for customers and continuously creating customer value (recurring).

Managed Services

Secure Data Management, Hybrid Cloud Compatibility

Digital Engineering

Consulting, Design and Digital Engineering Capability

GlobalLogic

Understand the customers' management challenges

Operate, maintain and assess for the next step

☼ LUMADA

AI tools/Methodologies/ Use cases/Solutions

Develop solutions with IT/OT/Products

Implement solution

Digitalized Products in Other Sectors

Highly Reliable System Development

Connected Products

System Integration

Red parts indicate Hitachi's core competence

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Strategy 2 : Scale the Lumada Business by Various Market Approaches

In addition to solving issues through co-creation with customers, the strengths of each business group will be leveraged to scale the Lumada business, such as the rollout of high value-added solutions to multiple customers, and the creation of new markets through ecosystems.

Customers	Customers	Customers and Co-creation Partners
Continuous provision of values	**Rollout of solutions to multiple customers**	**Leading ecosystem development**
Customer DX	**Domain DX**	**Social Infrastructure DX/GX** [1]
Front Business	Services & Platforms	IT Services	Services & Platforms	Front Business	IT Services	Services & Platforms

Customer DX	Domain DX	Social Infrastructure DX/GX [1]
Obtain repeat orders by enhancing engagement with individual customers	**Develop customers by rollout packaged solutions, and build new cycles**	**Create new markets through social infrastructure DX/GX with diverse stakeholders**

*1：DX/GX: Digital Transformation / Green Transformation

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Strengthen the Engagement with Customers to Create the Continuous Value

Financial Institutions BU

Sustainable Management Support for Sompo Japan

- Utilization of quasi-quantum computer "CMOS annealing" in insurance underwriting operations to expand the number of contracts tenfold to be analyzed and evaluated for risk and reduce operational risk (1st practical use in Japan)
- Expand co-creation of service development to solve social issues, such as AI-based infectious disease forecasting and corporate SX[*1] support through HR tech

Hitachi Vantara, GlobalLogic

Continuous Support for Innovation

- Chose Hitachi Vantara as the strategic partner in cloud storage and data management. Supporting data driven analyses
- GlobalLogic partnership provides design and digital engineering for all software development, enhancement and maintenance of middleware for connected cars

*1. SX: Sustainability Transformation

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Expanding track record solutions to customers from various industries, which leads acquiring new co-creation

Hitachi Systems

Improve services for residents and streamline administrative affairs

- Support for local government DX that improves convenience for residents and the work environment for employees with a municipal solution "ADWORLD" adopted by more than 700 municipalities

- In a complete renewal of Shibuya Ward's ICT infrastructure for workstyle reform, 100% electronic approval was applied to improve the efficiency of decision-making procedures and reduced paper use by 40%. Expanded the activities for system standardization in compliance with the Ministry of Internal Affairs and Communications' Municipal DX Promotion Plan, and support for the Government Cloud

Hitachi Solutions

Visualization of customer insight and increased engagement

- Digital Marketing Solution "PointInfinity" supports the customer's entire marketing process, from launching a point system in a short period of time to formulating AI-based recommendation effects

- Introduced to companies and organizations including FamilyMart (FamiPay), with the total number of over 300 million users in the world

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Forming an ecosystem based on Lumada to create and expand a new markets
Using the Lumada Alliance Program, which accelerates cross-industrial open innovation

Social Infrastructure Systems BU

Maintain the social infrastructure that support local societies

- Support with advanced maintenance technologies through remote inspections and image diagnostics using drones for the rapid aging social infrastructure facilities and the decrease in the number of experienced maintenance workers
- Enhanced the AI platform for facility inspections by incorporating superior technologies through open innovation from infrastructure operators, companies, universities, and other organizations, as well as increasing the efficiency and cost optimization of infrastructure management throughout the region

Financial Institutions BU

Corporate ESG Management and Capital Market Transparency

- Organized "Sustainable Finance Platform" to accelerate the collection and use of the ESG data by utilizing the digital technologies such as IoT, Blockchain, AI
- Ecosystem that connects financial institutions and operating companies through transparent monitoring and data analysis to identify market opportunities

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Example of Lumada Business (4): Social Infrastructure DX/GX type

Creating Digital x Green values by working on decarbonization with companies, local communities, and society

Hitachi Vantara

Climate change measures by encouraging the use of EVs

- The Hitachi Group, including Hitachi Vantara, and UK Power Networks are leading Optimise Prime, a consortium that helps encourage the use of EVs in the United Kingdom
- Held a large-scale demonstration for monitoring behaviors of approx. 3,000 commercial EVs, such as Royal Mail and Uber to solve issues including optimal deployment of charging facilities and peak demand

Hitachi Vantara

Reduce environmental impact by optimizing facility monitoring

- Providing Lumada Inspection Insights: analyzing a wide range of visual data including satellite images, LiDAR and temperature distribution through solutions pioneered by Hitachi Energy and Hitachi Vantara
- Monitoring of electric lines and vegetation to mitigate large-scale forest fires and optimize planning and deployment of workers, with unique AI image analysis

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Strategy 3: Hitachi Digital - Driving of the Global Lumada Business

Hitachi Digital will lead the development and implementation of the digital strategies across the Hitachi Group

Provide customers of all Hitachi companies with innovative values based on OT x IT x Products

- Green Energy & Mobility
- Connective Industries   Digital Systems & Services
- Hitachi Astemo

Hitachi Digital

Develop and implement the digital strategies across the Hitachi Group

Organize Group-wide projects with locally-led decisions to accelerate the speed of value creation and provision

Investments in growth for the global expansion of the Lumada business

Continuously invest in the resources and capabilities necessary for business expansion at each quadrant of the customer's problem-solving cycle

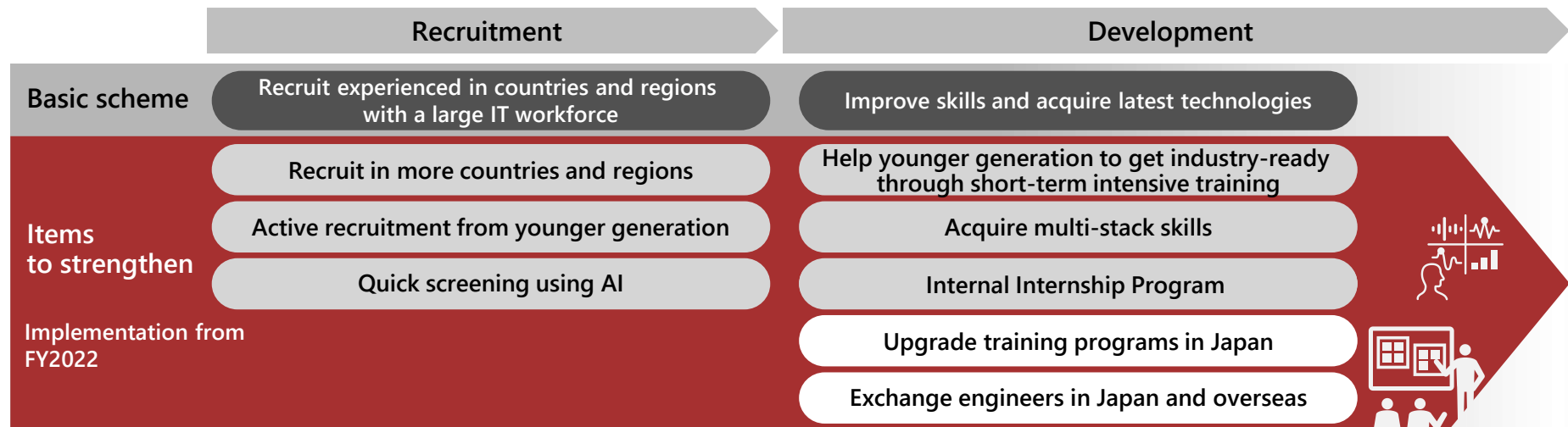| Co-creation, Digital Engineering	Global Delivery	Cloud, Managed Services

Strengthen digital talent to support growth to achieve a world-leading position in the DX market

Enhance the recruitment and development schemes of GlobalLogic and accelerate the development of human resources in Japan with GlobalLogic's scheme

Enhancement Plan for DSS digital talent
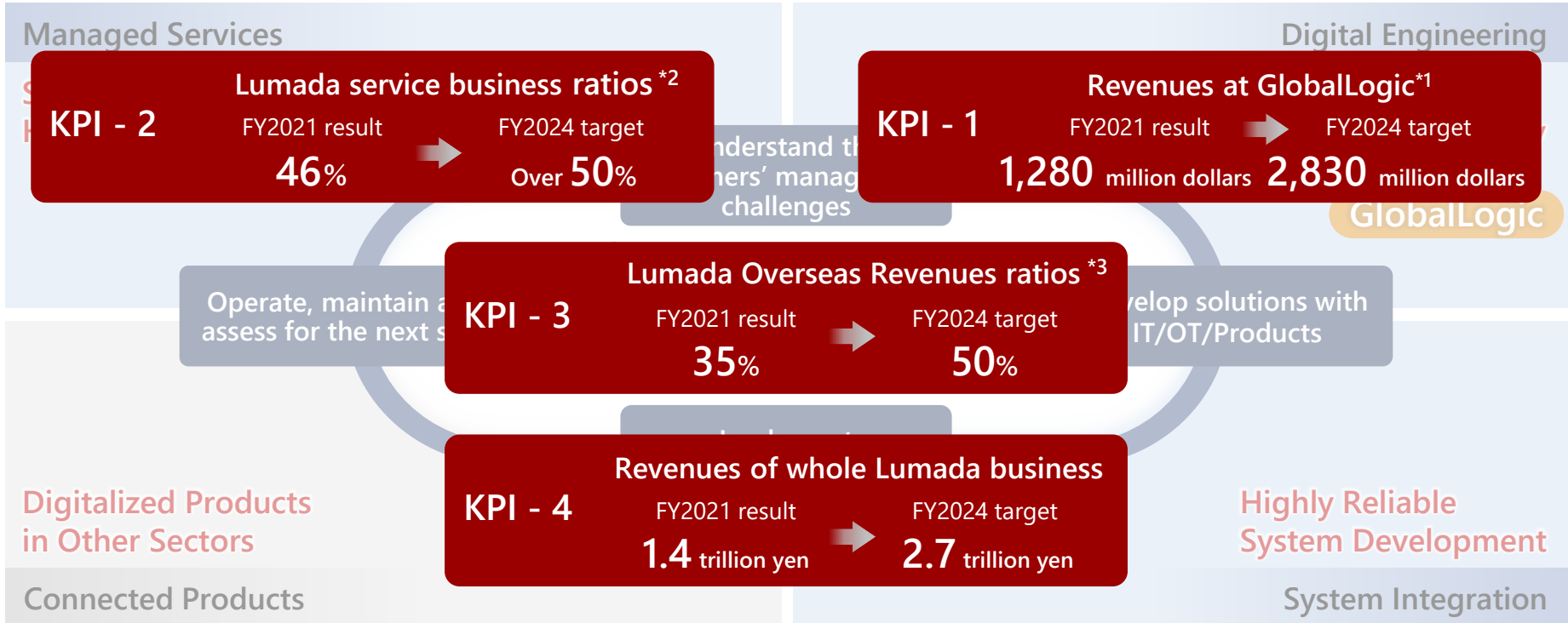(Unit: Thousand people; Number at the end of each fiscal year)

FY2020*1	18	28		46
FY2021	23	37		60
FY2024	Japan 31	Overseas 58		89

Target number of digital talent resources
of all companies: 98 (FY2024)

Recruitment		Development	
Basic scheme	Recruit experienced in countries and regions with a large IT workforce	Improve skills and acquire latest technologies	
Items to strengthen	Recruit in more countries and regions	Help younger generation to get industry-ready through short-term intensive training	
	Active recruitment from younger generation	Acquire multi-stack skills	
	Quick screening using AI	Internal Internship Program	
Implementation from FY2022		Upgrade training programs in Japan	
		Exchange engineers in Japan and overseas	

*1: The figure for FY2020 includes the number of human resources at GlobalLogic as of July 2021.

4 KPIs as the Key Indicators to achieve the 2024 Mid-term Management Plan

Managed Services

Digital Engineering

KPI - 2

Lumada service business ratios [2]

FY2021 result → FY2024 target

46% **Over 50**%

KPI - 1

Revenues at GlobalLogic[1]

FY2021 result → FY2024 target

1,280 million dollars **2,830** million dollars

GlobalLogic

Understand the ... ners' manag... challenges

Operate, maintain a... assess for the next s...

KPI - 3

Lumada Overseas Revenues ratios [3]

FY2021 result → FY2024 target

35% **50**%

...velop solutions with ...IT/OT/Products

Digitalized Products
in Other Sectors

KPI - 4

Revenues of whole Lumada business

FY2021 result → FY2024 target

1.4 trillion yen **2.7** trillion yen

Highly Reliable
System Development

Connected Products

System Integration

*1: Including synergy/M&A   *2: Percentage of services business in DSS's Lumada business
*3: Percentage of overseas business in DSS's Lumada Revenues
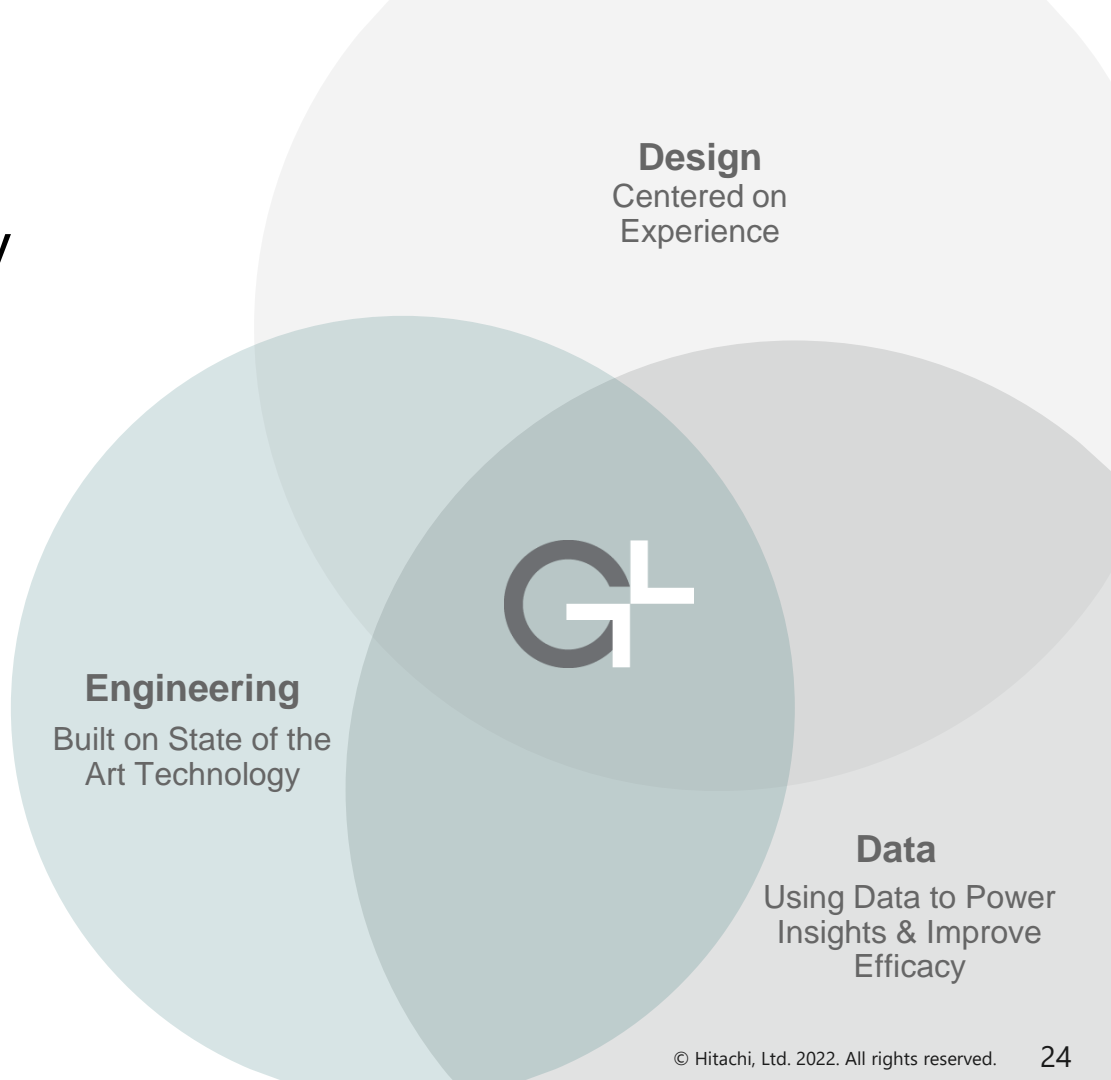
Digital Systems & Services Sector

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![GlobalLogic - A Hitachi Group Company]

We are GlobalLogic, a Hitachi Group Company

GlobalLogic is a leader in digital product engineering.

We help brands across the globe design and build innovative products, platforms, and digital experiences for the modern world. By integrating experience design, complex engineering, and data expertise – we help our clients imagine what's possible, and accelerate their transition into tomorrow's digital businesses.

Design
Centered on Experience

Engineering
Built on State of the Art Technology

Data
Using Data to Power Insights & Improve Efficacy

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GlobalLogic At-a-Glance

Trusted Partner for Digital Transformation

500+ clients

$1.28B
FY2021 Revenues
(March Ending 2022)

~60%
Revenues from
Fortune 1000*

124%
Net dollar retention
(FY2021)

Embedded Model Drives Strong Performance

23%
FY2021 EBITDA
(March Ending 2022)

38%
YoY Growth
(FY21 vs FY20)

25,000 | 38 | 9
Employees
Product Engineering Centers
Design Studios

2,000+
Product Releases
Annually

* Defined as businesses that are within the Fortune 500 or with annual revenues of at least $5.0 billion

GlobalLogic
A Hitachi Group Company

GlobalLogic Combines Design, Engineering, and Data Science to Build our Clients' Digital Futures

Design Expertise
(Art of the possible)

Complex Engineering
(Feasibility)

Content Engineering
(Viability)

Envision intuitive, engaging digital experiences

Develop next-generation solutions to bring those experiences to life

Transform data into meaningful insights

9 Design Studios

38 Engineering Centers

Automated solutions and real-time moderation teams

We are uniquely differentiated by the integration of our design, engineering, and data science expertise
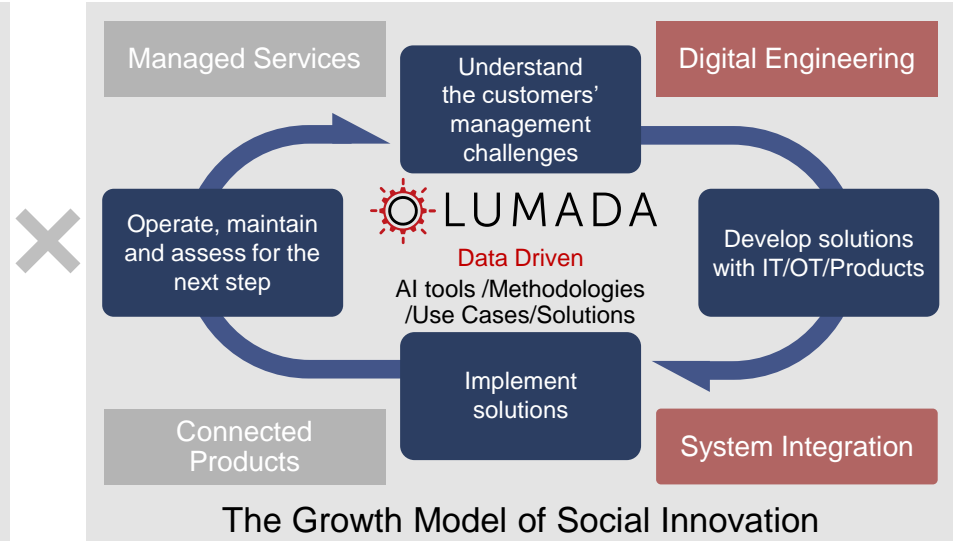
Key for future growth: Digital PLUS Lumada Business

Where to play	Focus on the digital growth market

- ✓ Approach for opportunities based on Digital Engineering market size and potential growth
- ✓ Dual focus: GlobalLogic's core segments w/high DE demand (1), and expansion to asset-heavy industries with Hitachi BUs (2)
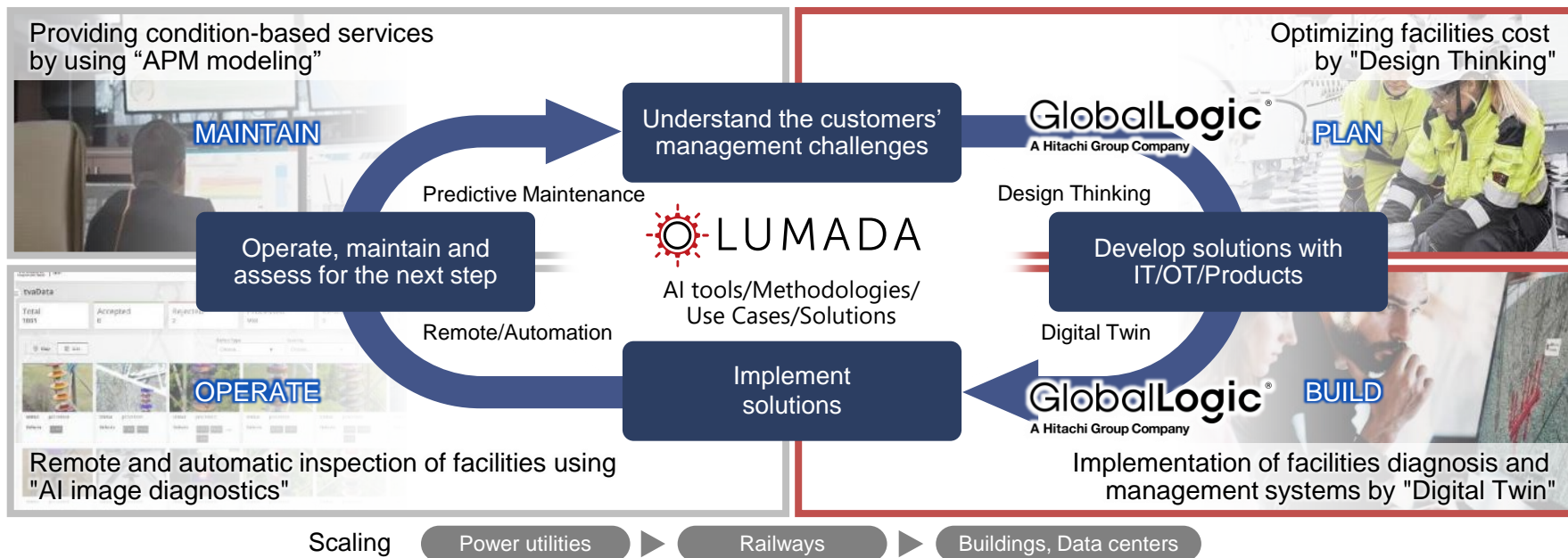
Digital (DE*) Market FCST CY2025

Target Segment 1

$50B

Technology

Telecom Media

BFSI   Retail

$30B

Healthcare

Automotive

Energy Utility

Mobility   Industrial

Target Segment 2

CAGR 12%   CAGR 16%   CAGR 20%+

Bubble Size: Size of PE Investment

Data Source:McKinsey analysis report (2021/Sept)   CAGR = 2021 to 2025
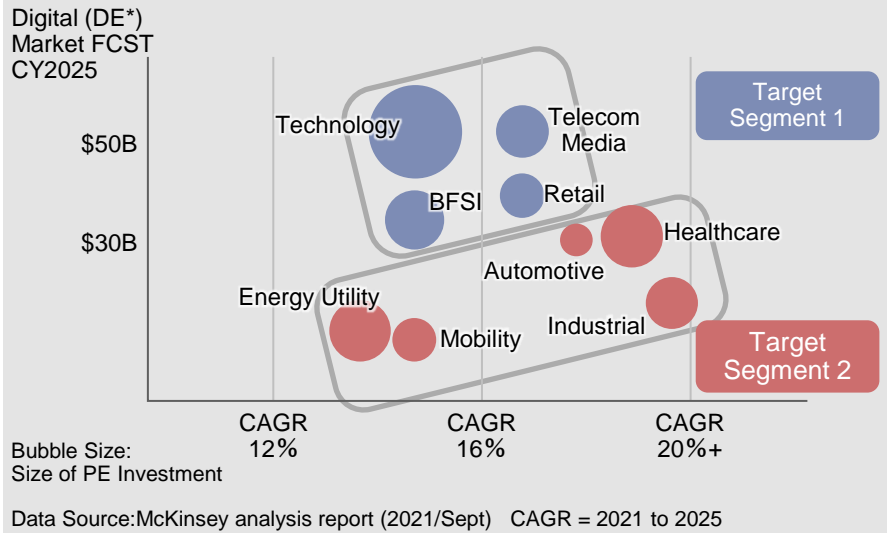
How to win	Driving Lumada business

- ✓ Lumada model integrates and builds on full cycle of Digital Transformation
- ✓ GlobalLogic will drive the Digital Engineering and System Integration in the loop

×

Managed Services

Understand the customers' management challenges

Digital Engineering

Operate, maintain and assess for the next step

LUMADA
Data Driven
AI tools /Methodologies /Use Cases/Solutions

Develop solutions with IT/OT/Products

Implement solutions

Connected Products

System Integration

The Growth Model of Social Innovation

*DE: Digital Engineering

Example of Lumada Business and GlobalLogic contributions
(asset management innovation)

Accelerate transformation into an End to End business starting from the management challenges of customers
Grow the business by expanding the target from power utilities to large-scale facilities in other industries

Providing condition-based services
by using "APM modeling"

MAINTAIN

Optimizing facilities cost
by "Design Thinking"

PLAN

Understand the customers'
management challenges

Predictive Maintenance

GlobalLogic®
A Hitachi Group Company

Operate, maintain and
assess for the next step

Design Thinking

LUMADA

Develop solutions with
IT/OT/Products

AI tools/Methodologies/
Use Cases/Solutions

Remote/Automation

Digital Twin

OPERATE

Implement
solutions

GlobalLogic®
A Hitachi Group Company

BUILD

Remote and automatic inspection of facilities using
"AI image diagnostics"

Implementation of facilities diagnosis and
management systems by "Digital Twin"

Scaling　　Power utilities　▶　Railways　▶　Buildings, Data centers

APM：Asset Performance Management　　　AI: Artificial Intelligence

![GlobalLogic - A Hitachi Group Company]

Global Roll Out Plan

Expand sales and engineering centers in the three core Geos
to support rapid growth and capture synergies

Europe

- Expand digital engineering locations to strengthen talent sources and engineering capacities to accelerate synergies with Hitachi BUs, like Hitachi Energy and Hitachi Rail.

Americas

- Strengthen near-shore delivery team in South America, foster closer relations with major clients and support deliveries to clients in North America. Expand region and workforce in alignment with growth strategy.

APAC

- GlobalLogic Japan, established in April, partners with Hitachi Japan to accelerate and expand DX engagements with Hitachi customers in the country.

- Increase engineering presence in India to sustain regional goals and support programs transferred for all other regions, keeping offering competitive and affordable, and continue seeking other engineering locations in other APAC countries in the future.

Digital Systems & Services Sector

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Dramatically expand the Lumada business, aiming to be a world-leading company in the DX market by FY2024

Growth

Global Leader in Social Infrastructure DX

Growth   +10% over
Adj. EBITA ratios 20% over

FY2024 Target
World-leading Company in the DX Market

Digital Systems & Services Sector (FY2024)
Revenues   2.6 trillion yen
Growth   +7%
Adj. EBITA ratios   15%
EBITDA   0.5 trillion yen

Digital Systems & Services Sector (FY2021)
Revenues 2,153.6 billion yen
Growth   +1.7%
Adj. EBITA ratios   13.1%
EBITDA   358.6 billion yen

Profitability

*Growth potential: CAGR for the 2017-2021 and 2021-2024 periods

Hitachi Social Innovation is POWERING GOOD

Digital Systems & Services Sector

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Appendix

Appendix. Business Performance Trends

	FY2021	FY2022 Forecast	FY2024 Target
Orders	2,187.3 billion yen	2,290.0 billion yen	2.6 trillion yen
Revenues	2,153.6 billion yen	2,290.0 billion yen	2.6 trillion yen CAGR7% (from FY2021)
Overseas Revenues ratios	29%	33%	38%
Revenues of Lumada business	631.0 billion yen	780.0 billion yen	1.2 trillion yen CAGR22% (from FY2021)
Adjusted operating income	268.1 billion yen	282.0 billion yen	–
Adjusted operating income ratios	12.4%	12.3%	–
Adjusted EBITA	281.4 billion yen	300.0 billion yen	0.4 trillion yen
Adjusted EBITA ratios	13.1%	13.1%	15%
EBITDA	358.6 billion yen	354.0 billion yen	0.5 trillion yen
EBITDA ratios	16.7%	15.5%	18%
ROIC	8.3%[*1]	8.8%	10%

*1：Restated base of impact of GlobalLogic acquisition

Appendix. Business Performance Trends by Sub Segment (1/2)

	FY2021	FY2022 Forecast	FY2024 Target
Revenues	2,153.6 billion yen	2,290.0 billion yen	2.6 trillion yen
Front Business	948.0 billion yen	985.0 billion yen	−
IT Services	842.7 billion yen	860.0 billion yen	−
Services & Platforms	776.4 billion yen	840.0 billion yen	−
Overseas Revenues ratios	29%	33%	38%
Front Business	10%	10%	−
IT Services	7%	7%	−
Services & Platforms	63%	65%	−
Revenues of Lumada business	631.0 billion yen	780.0 billion yen	1.2 trillion yen
Front Business	200.3 billion yen	220.0 billion yen	−
IT Services	162.7 billion yen	180.0 billion yen	−
Services & Platforms	268.0 billion yen	340.0 billion yen	−

Appendix. Business Performance Trends by Sub Segment (2/2)

	FY2021	FY2022 Forecast	FY2024 Target
Adjusted operating income (ratios)	268.1 billion yen(12.4%)	282.0 billion yen (12.3%)	–
Front Business	96.3 billion yen(10.2%)	104.4 billion yen (10.6%)	–
IT Services	99.9 billion yen (11.9%)	102.5 billion yen (11.9%)	–
Services & Platforms	71.4 billion yen (9.2%)	78.6 billion yen (9.4%)	–
Adjusted EBITA (ratios)	281.4 billion yen(13.1%)	300.0 billion yen (13.1%)	0.4 trillion yen(15%)
Front Business	97.4 billion yen (10.3%)	105.0 billion yen (10.7%)	–
IT Services	100.4 billion yen (11.9%)	103.0 billion yen (12.0%)	–
Services & Platforms	73.4 billion yen (9.5%)	80.0 billion yen (9.5%)	–

Cautionary Statement

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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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- 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;
- 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;
- 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;
- 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;
- credit conditions of Hitachi's customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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;
- 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 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 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.