Hitachi Investor Day 2023

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Inspire the Next

CFO Session

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Key Messages

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1. Mid-term Management Plan 2024 targets and roadmap to maximizing profits as a source of cash

2. Measures to increase enterprise value

3. Next steps following Mid-term Management Plan 2024 - growth momentum

Financial Figures of Mid-term Management Plan 2024: Continuing Consolidated Business (Three Sectors*1)

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Revenues growth (FY21-24CAGR)	Adj. EBITA	ROIC	EPS growth (FY21-24CAGR)	Core FCF (3-year cumulative)
5%-7%	12%	10%	10%-14%	1.2 trillion yen Shareholder returns 0.8-0.9 trillion yen

*1 The total of “three sectors” is presented as the consolidated total less the total of Hitachi Astemo and listed subsidiaries.

Financial Figures by Sector

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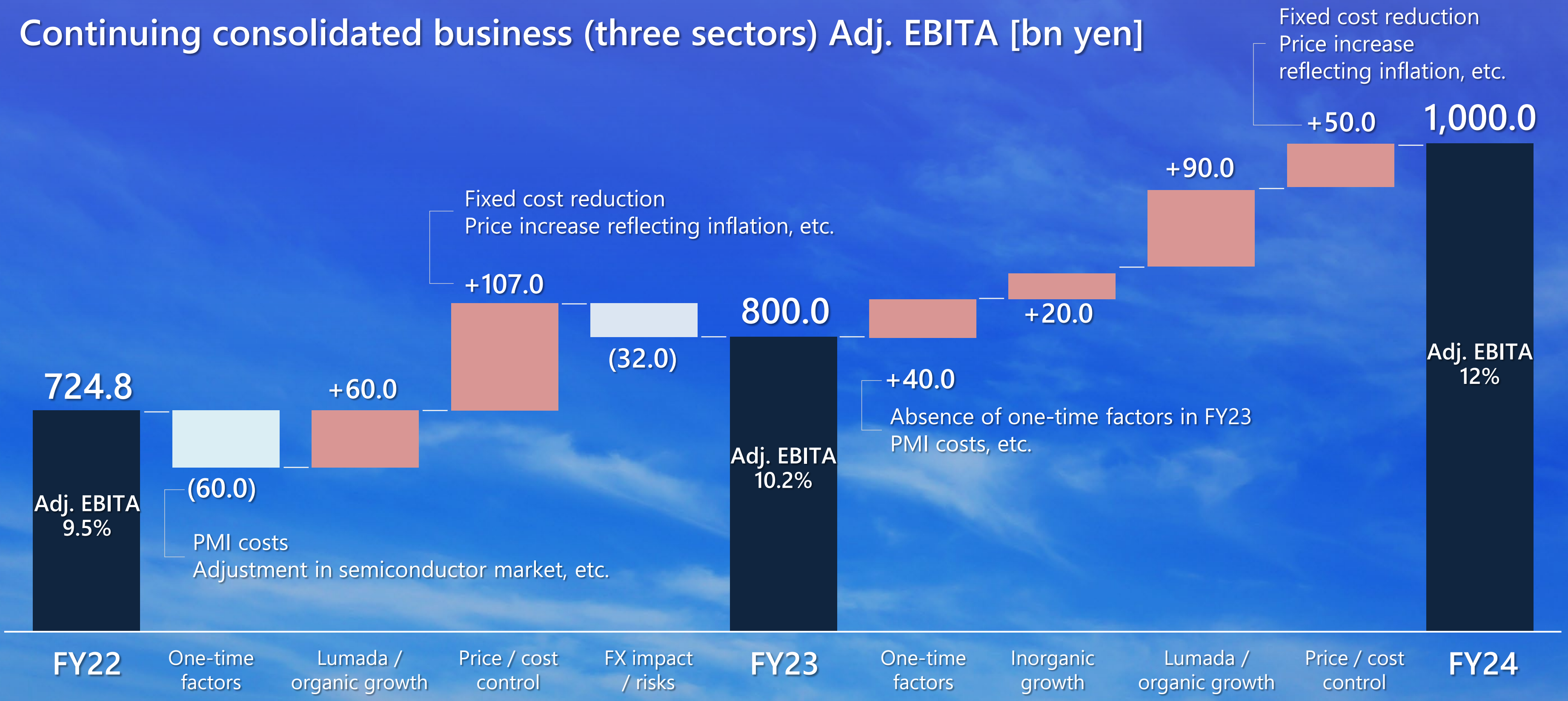
Billions of yen		FY2021 Actual	FY2022 Actual	FY2023 Forecast*1	FY2024 Target*2
Continuing consolidated business (three sectors)	Revenues	6,699.2	7,638.2	7,840.0	CAGR 5%-7% (7,800.0-8,200.0)
	Adj. EBITA margin	9.9%	9.5%	10.2%	12%
Digital Systems & Services	Revenues	2,153.6	2,389.0	2,450.0	CAGR 7% (2,600.0)
	Adj. EBITA margin	13.1%	12.3%	12.6%	14%
Green Energy & Mobility	Revenues	2,051.0	2,492.5	2,580.0	CAGR 13% (2,900.0)
	Adj. EBITA margin	4.5%	5.3%	6.7%	9%
Connective Industries	Revenues	2,752.8	2,975.2	3,000.0	CAGR 4% (3,100.0)
	Adj. EBITA margin	9.4%	10.5%	11.0%	12%

*1 Assumed FX rate：130 yen / US $, 140 yen / €
Impact of FX rate fluctuation by one-yen depreciation from assumed rate is as follows. US$: Revenues +13.5bn yen / Adj. EBITA +1.5bn yen €: +7.0bn yen / Adj. EBITA +0.5bn yen
*2 In parentheses, revenues are calculated from CAGR.

MMP*1 2024 Roadmap for Profit Growth (Toward Target for FY2024)



*1 MMP: Mid-term Management Plan

Statement of Profit or Loss to Be Achieved in MMP2024

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	FY2022[*1]	MMP2024 Targets[*3]
Revenues	7.6 trillion yen	8 trillion yen
Adj. EBITA	0.7 trillion yen	1 trillion yen
Adj. EBITA margin	9.5%	12%
Net Income (attributable to Hitachi, Ltd. stockholders)	0.6 trillion yen [0.3 trillion yen][*2]	0.6 trillion yen

- Minimize loss costs by risk management and improve conversion rate (net income / Adj. EBITA): 50-60%
- EPS：≥600 yen

*1 Results of continuing consolidated business (three sectors) *2 Excluding one-time gains on selling listed subsidiaries
*3 Revenues are the median of the FY2021-FY2024 revenues growth target

Financial Position and Cash Flows Oriented Management in MMP2024

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Current financial position[*1]

Total Assets
12.5 trillion yen

Liabilities
7.1 trillion yen

Interest-bearing debt
2.2 trillion yen

Net Assets
5.3 trillion yen

MMP2024 financial position

- D/E ratio: 0.5x level
- Net Debt/EBITDA: 1-2x
- Flexible use of leverage with maintaining financial discipline

Toward core FCF target for MMP2024 of 1.2 trillion yen (3-year cumulative)

- Business growth and cost reduction to increase profitability
- Loss cost reduction through risk management
- Working capital (Cash Conversion Cycle) reduction (trade receivables, inventories, trade accounts payable, advances received)
- Strict selection of capital investment and cost reduction

Enhancing operations above focusing on cash generation

▼

- Strengthen cash generation capability and improve conversion rate (core FCF / net income) : 70-80%
- CFPS[*2] : ≥500 yen

*1 FY2022 results including Astemo's total assets of approx. 2 trillion yen

*2 CFPS : Core FCF per share

For Increasing Enterprise Value

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Topline growth	• Organic growth through Lumada business growth and capturing GX demand • Steadily capture tailwind demand in SDGs and ESG markets • Bolt-on type acquisitions in DX and GX focus regions including North America and Europe, etc.
Profitability increase	• Increase profit margins through expansion of Lumada business • Further improve profitability of large assets gained from acquisitions • Continue to review portfolio of low-profit assets, etc. • Increase labor productivity through standardization and streamlining
Bottom-line stability	• Thorough risk management through stringent investment decisions, etc. • Minimize loss costs and improve bottom line conversion rate (net income / Adj. EBITA)
Strengthening cash generation capability	• Generate cash through business growth, portfolio enhancement, cost optimization, working capital reduction, and selective capital expenditures
Shareholder returns	• Well-balanced allocation of generated cash to growth investments and shareholder returns • Consider both 50% of core FCF and 50% of net income for total shareholder returns
Creating non-financial value	• Increase enterprise value by creating environmental value through CO_2 emission reductions and by leveraging human capital through DEI (Diversity, Equity & Inclusion)

Next Steps Following MMP2024

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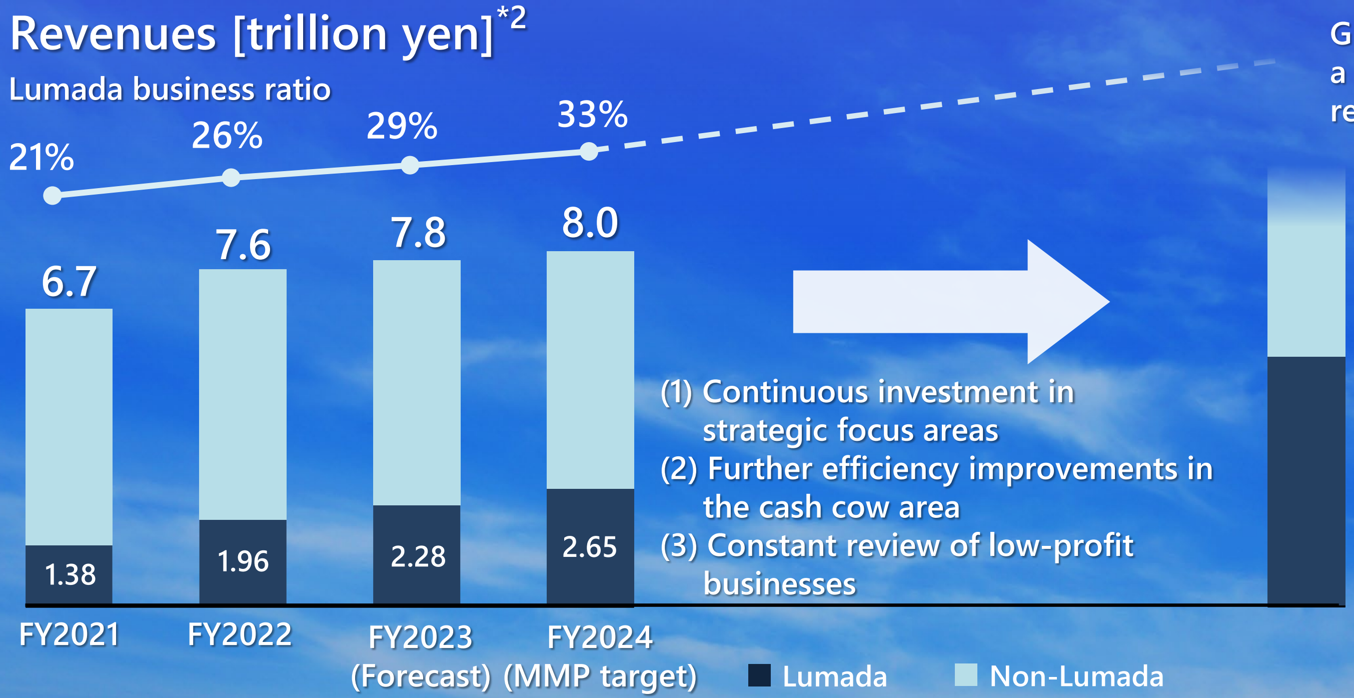
Continue 15-20% revenues growth in Lumada business
(Global DX market growth: CAGR+17%*1)



Grow Lumada business into a majority of consolidated revenues

(1) Continuous investment in strategic focus areas
(2) Further efficiency improvements in the cash cow area
(3) Constant review of low-profit businesses

Then, Lumada business will become the center of Hitachi's profit-generator

*1 Researched by Hitachi, 2022-2024CAGR *2 Revenues for continuing consolidated business (three sectors)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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 response 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.