

Four Core Business Strategies

Digital Systems & Services

Transform Social Infrastructure with AI
to Realize a Harmonized Society

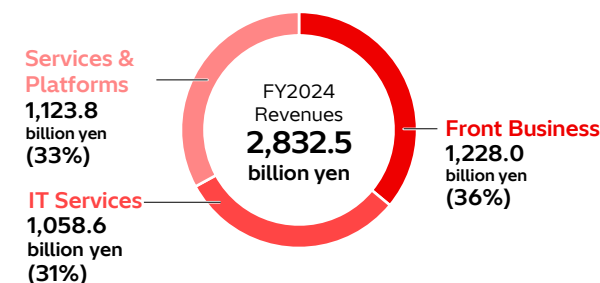


Investor Day (Digital Systems
and Services Business Strategy)

Jun Abe

Representative Executive Officer,
Executive Vice President and
Executive Officer,
Head of Digital Systems &
Services Business

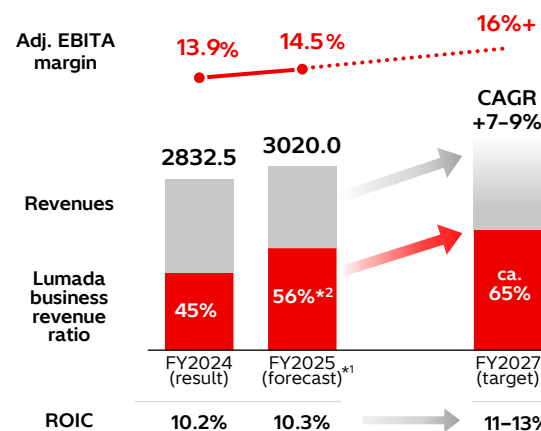
Business Structure



Front Business	Building and operation of mission-critical IT and digital systems <ul style="list-style-type: none"> Financial Institutions BU Social Infrastructure Systems BU
IT Services	Developing and operating IT, digital solutions and services <ul style="list-style-type: none"> Hitachi Systems, Ltd. Hitachi Solutions, Ltd.
Services & Platforms	Providing the methods and latest digital technologies required for DX <ul style="list-style-type: none"> Digital Engineering & AI Solutions BU AI & Software Services BU

Business Performance / Inspire 2027 Targets

(billion yen)



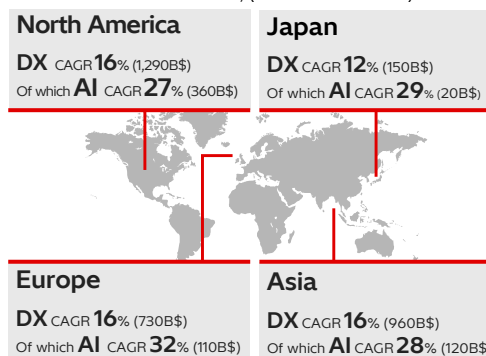
*1 Announced on April 28, 2025 *2 Announced on July 31, 2025

Market Environment

The digital transformation (DX) market is expected to continue experiencing high growth globally despite the ongoing uncertainty in the global economic environment due to factors such as rising geopolitical risk and tariff impacts. The AI market is expected to grow by an average of 30% annually, driven by its rapid expansion across various fields such as system development and social infrastructure as technologies advance including generative AI. Meanwhile, many clients face challenges in utilizing AI including a shortage of human resources, risks of data leakage and increasing operational costs. To resolve such issues, a business environment is gradually being established where the strengths of Hitachi and the DSS sector—such as high reliability and technological expertise—can be further demonstrated.

DX Market Outlook by Region

CAGR 2024–2027, (Market size in 2027)



Market CAGR and size source: Hitachi

Our Ambition for Inspire 2027

By leveraging AI, the DSS sector continues to deliver revenue growth and enhanced profitability while leading the group-wide Lumada business

Strategy 1	Strategy 2	Strategy 3
Strengthening systems integration (SI) execution capabilities	Expanding services and recurring business	Driving Lumada business with One Hitachi

The DSS sector positions AI as the growth driver to achieve continuous revenue growth and increased profitability. Specifically, we aim to strengthen the SI business and services/recurring business, while accelerating the development of the Lumada business with One Hitachi. With these three strategies as the growth pillars, the DSS sector aims to build highly growing and profitable businesses with revenues CAGR of 7–9% (fiscal 2024–2027) and adjusted EBITA margin of over 16% by focusing on high-margin SI and services businesses while further enhancing productivity and optimizing pricing. Additionally, by contributing to the expansion of the Lumada business in other sectors through the provision of DSS sector's digital and AI technologies, we will drive increased profitability for the Hitachi Group's growth as a whole.

The Competitive Advantages of the DSS Sector

Development and operation of mission-critical systems

- SI business revenue growth CAGR 9% (FY2021-2024)
- SI/DX execution capabilities that can execute complex and large-scale projects

GlobalLogic's extensive human resources and advanced AI technology

- Over 30,000 digital engineers (India, Eastern Europe, etc.)
- Rated as a Leader in ISG Provider Lens's Generative AI Services Report 2024 [🔗](#)

Ability to integrate social infrastructure and digital domains

- Value creation by combining digital technologies and AI with the installed base of equipment, machinery, etc. through One Hitachi (HMAX, etc.)
- Ability to transform social infrastructure based on vast amounts of accumulated data and abundant domain knowledge

Expanding capabilities through partnering

- Strengthen collaboration with global tech companies, including becoming the first Japan-headquartered company to join NVIDIA's Global System Integrator (GSI) program

Strengthening SI Execution Capabilities

As projects become larger and more exclusive due to growing demand for IT modernization and DX, Hitachi is strengthening the SI business by leveraging our strengths such as the ability to build and operate highly reliable systems with high added value which we have cultivated in mission-critical areas including the financial industry. The DSS sector is fully leveraging generative AI in the SI business to drive dramatic increases in productivity and create new value through the integration of domain knowledge. In fiscal 2024, we increased productivity in manufacturing and unit testing processes by around 30% and generated application results of about 5 billion yen by applying generative AI. We plan to expand the scope of application to SI as a whole and generate application results of 100 billion yen across all companies by fiscal 2027.

Furthermore, we will also strengthen the SI business's execution capabilities by utilizing the extensive global engineering resources of GlobalLogic and Hitachi Digital Services. This initiative addresses the shortage of skilled personnel while promoting software development efficiency and effective use of intellectual property (IP) assets through the establishment of a shared AI development environment.

Expanding Services and Recurring Business

Along with providing AI infrastructure and services such as Hitachi iQ and HARC*1 for AI that make rapid and highly

reliable data applications possible, we are enhancing solutions with high added value like agentic AI, and we will further expand services and recurring businesses that provide a one-stop solution, from consulting-based business transformation to AI utilization environments and related services.

We are also focusing on software asset-based services that integrate GlobalLogic's advanced design with engineering capabilities and advanced AI technology. Through [VelocityAI](#) [🔗](#), a comprehensive suite of AI-powered service offerings, we help enterprises accelerate product development, improve operations and enhance customer experiences by integrating AI, digital and human expertise.

Driving Lumada Business with One Hitachi

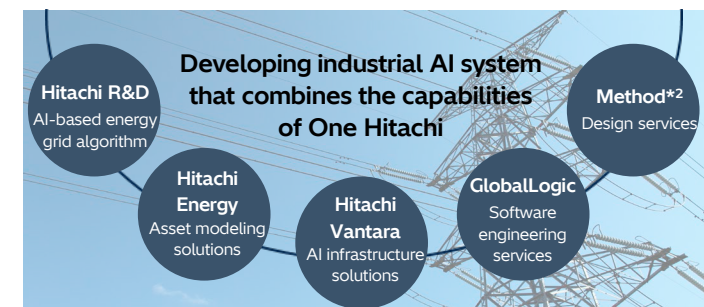
Hitachi is deploying HMAX in high-growth markets by integrating digital technologies such as AI utilization from the DSS sector into its steadily expanding installed base of equipment and machinery. To further accelerate the growth of Lumada businesses including HMAX, Hitachi has established the One Hitachi Advisory Board, a cross-sector executive forum that enables faster decision-making on strategic priorities and investment allocation. In response to rising data center demand, we will expand relevant solutions and enhance initiatives like secure data management, AI utilization, power optimization and operations automation to realize green data centers as One Hitachi.

Co-creating Value through One Hitachi

Southwest Power Pool—Advancing Power Grid Management [🔗](#) Addressing Energy Supply and Demand Gaps with Industrial AI System

Southwest Power Pool, a Regional Transmission Organization (RTO) responsible for ensuring stable power supply and maintaining transmission infrastructure across 14 states in Central U.S., is advancing power grid management with AI. Amid a sharp rise in energy demand driven by expansion of data centers and manufacturing, the gap between electricity supply and demand is becoming critical in the United States. To address this challenge, Hitachi Energy and other divisions across Hitachi Group are collaborating to develop an industrial AI system that harnesses advanced analytics and simulation technologies. Hitachi will continue to leverage the strength of One Hitachi to advance the development of AI-driven solutions and transform social infrastructure on a global scale.

*1 Hitachi Application Reliability Centers *2 GlobalLogic's strategic design department



Four Core Business Strategies

Energy

Supporting Stable Power Supply
through Digital Technologies and Energy Solutions

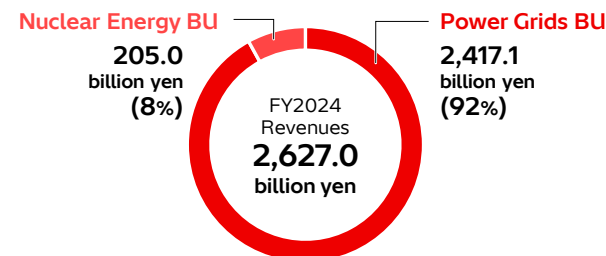


Investor Day
(Energy Business Strategy)

Andreas Schierenbeck

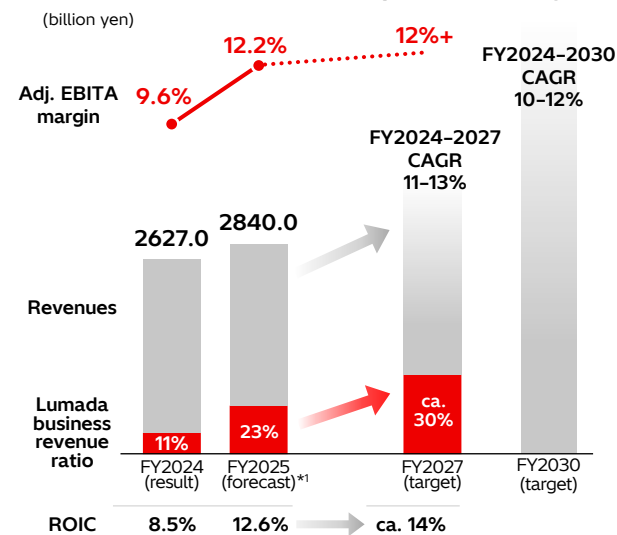
Senior Vice President and
Executive Officer,
Head of Energy Business

Business Structure



Power Grids BU	<ul style="list-style-type: none"> Automation systems and protection Enterprise and asset management software HVDC (High-voltage direct current) GIS (Gas insulated switchgears) Transformers Grid & power quality solutions Service
Nuclear Energy BU	<ul style="list-style-type: none"> Nuclear power plant Decommissioning Nuclear fuel cycle

Business Performance / Inspire 2027 Targets



*1 Announced on July 31, 2025

Market Environment

In 2024, global power generation capacity increased by over 585 GW, with approximately 85% attributed to renewable energy sources such as solar and wind. Renewable energy is expected to continue expanding as the fastest and most cost-effective means of increasing capacity. Its share is projected to double by 2035 across most regions—including Europe, India and China. The grid-related market is forecast to grow from 233 billion dollars in 2024 to 450 billion dollars in 2035. In addition, the importance of nuclear energy is gradually increasing, supported by the growing need to ensure energy security and to meet rising electricity demand from data centers, electrification and other high-load applications. In this context, the SMR*1 market in North America and Europe is expected to reach 100 GW in magnitude by 2050.

Our Ambition for Inspire 2027

In the power grids business, we are investing in capacity expansion and maintaining a strong focus on operational excellence. Leveraging digital technologies, we aim to become the number one service provider in the industry. In the nuclear energy business, we will contribute to restart and new build of BWRs*2 in Japan as well as the revitalization of Fukushima, while also promoting SMRs and digital solutions empowered by expertise and experiences. By harnessing digitalization and technological innovation, we will sustain growth that outpaces the market. With a long-term target of 10-12% CAGR*3 in revenues through fiscal 2030, the Energy Sector is committed to achieving 11-13% CAGR*4 in revenues and adjusted EBITA margin exceeding 12% by fiscal 2027.


Focus areas to **UNLOCK** Potential

Backlog Largest OBL*5 in the industry with \$43 bn in FY2024	Manufacturing Expanding existing, building new capacity	Operational efficiency Targeting >98% contractual on-time delivery rate	People Expanding workforce by 15,000 by 2027
Service 500,000 power grid installed assets, ~\$230 bn, only <1% with service agreements	New business models Standardization & frame agreements	Nuclear energy Hitachi's unique expertise making SMRs possible	Pioneering spirit Continuing with R&D investments to maintain technology leadership

*1 Small Modular Reactor *2 Boiling Water Reactors *3 Fiscal 2024 to 2030 *4 Fiscal 2024 to 2027 *5 Order backlog

Scaling to Meet Demand —Investments and People

Power Grids

Hitachi Energy's order backlog reached an industry-leading 43 billion dollars at the end of fiscal 2024, underscoring the urgent need for capacity expansion. To meet this demand, we have announced over 6 billion dollars in investments between fiscal 2024 and 2027*⁶, targeting manufacturing, engineering and digital capabilities across key regions including the United States, Europe and India.  In parallel, we are executing a strategic workforce expansion plan, aiming to hire 15,000 new employees by 2027. This initiative is progressing steadily and is essential to support our accelerated growth trajectory.

What Makes the Energy Sector Unique

Power Grids

- World's largest T&D*⁷ installed base
- World-leading OEM expertise
- Dedicated global Service BU
- Global service footprint in >55 countries
- IT x OT x Products strengths
- World-leading upgrades & retrofit technology

Nuclear Energy

- Supporting construction of 2/3 of BWR units in Japan, involved in all ABWR*⁸ constructions
- New solutions integrating accumulated technology, expertise, experience and digital

De-risked Business Model

Power Grids

Hitachi Energy adopts a de-risked business model through framework agreements, capacity reservation agreements, enhanced terms and conditions and EP/EP+*⁹ schemes. These measures contribute to better risk profile and improved gross margins in the order backlog. It is also striving to enhance productivity, delivery performance and quality through digital transformation. The company is promoting a dual approach of rigorous risk management and proactive capturing of opportunities to achieve sustainable growth.

Expanding the Service Business with Digital Capabilities

Power Grids

In April 2025, Hitachi Energy established a dedicated Service BU. Centered on this unit, the company is leveraging its industry-leading installed base of 500,000 assets valued at 230 billion dollars, along with advanced digital capabilities—including Lumada, the core of the Hitachi Group's digital strategy—and the HMAX framework to drive scalable growth. Hitachi Energy is strongly committed to becoming the world's most trusted number one service provider with a plan to expand the service business by a factor of four to five*¹⁰ by fiscal 2030.

Inorganic Growth to Sustain No. 1 Position

Power Grids

To drive further growth, Hitachi Energy is pursuing inorganic growth and strategic partnerships to strengthen its capabilities. The company is focusing on three key areas: core competencies such as manufacturing capacity and technology, digital grids and services and edge domains including power electronics, charging infrastructure and power distribution.

Contributing to Reliable and Stable Energy Supply

Nuclear Energy

Hitachi supports the restart of all BWR plants and construction projects in Japan. Going forward, the company will actively promote Lumada and digital solutions, contributing to enhancement of plant safety and operational efficiency. In the growing SMR market, the joint venture between Hitachi and GE Vernova has received an order for Canada's first commercial SMR unit. The SMR "BWRX-300" to be installed has significant potential, with the aim of active rollouts in global market especially in North America and Europe at early stage.

Co-creating Value through One Hitachi

Predictive Capabilities on Electrical Substations for Rail Service

As a collaboration example, Hitachi Energy and the Railway Systems Business Unit have jointly introduced a predictive maintenance solution for railway substations. Based on the HMAX concept, this solution visualizes asset health through advanced digital modeling and forecasting, while optimizing portfolio resources and performance by balancing cost and risk. By leveraging predictive capabilities, it delivers high-value solutions that support optimal asset management for customers.

*⁶ Doubled from 3 billion dollars invested between fiscal 2020 and 2023

*⁷ Transmission and distribution *⁸ Advanced Boiling Water Reactors

*⁹ Engineering & Procurement/Engineering & Procurement Plus (i.e. not EPC, excluding Construction)

*¹⁰ Compared to fiscal 2021



Asset monitoring



Electrical substation for traction

Four Core Business Strategies

Mobility

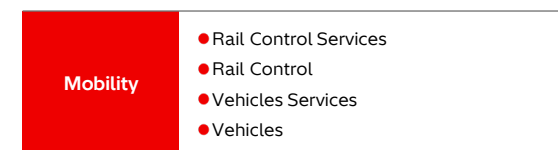
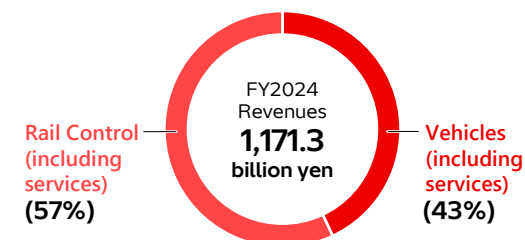
Becoming a Sustainable Global Mobility Player
with the Power of Digital and One Hitachi

Investor Day
(Mobility Business Strategy)

Giuseppe Marino

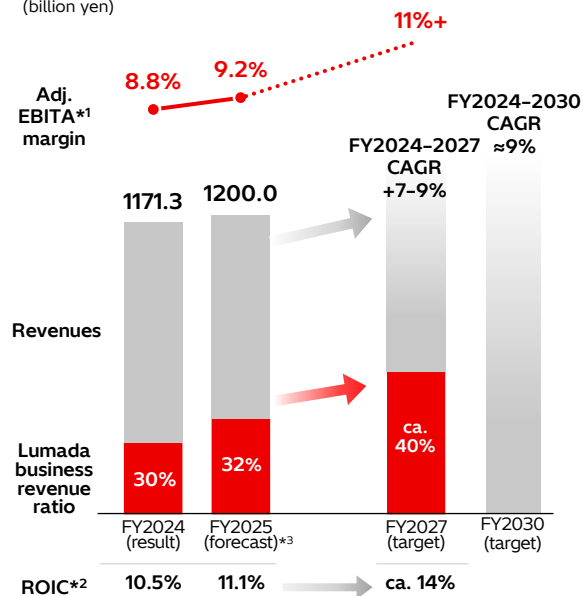
Senior Vice President and
Executive Officer,
Head of Mobility Business

Business Structure



Business Performance / Inspire 2027 Targets

(billion yen)

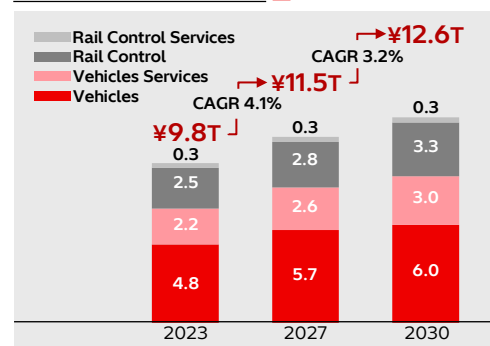


*1 Adj. operating income plus acquisition-related amortization excluding integration cost and intra company adjustment
*2 Without PPA and integration cost. FY2024 ROIC restated for GTS opening (ROIC before restatement with PPA and integration cost: 9.0%)
*3 Announced on July 31, 2025

Market Environment

The mobility market is in a structural transformation and expected to continue growing in the future. In the long-term, global passengers-km are projected to double by 2050 compared to 2015, which is accelerating demand for solutions that enhance efficiency of both urban and long-distance travel. Rail is a sustainable means of transportation in its own right, and digital technologies are driving innovation in mobility such as seamless multi modal journeys. In the short to mid-term, the rail market is expected to grow by an average of around 4% per annum, and we expect to see stable growth in all business areas, namely rolling stock, signaling and control and services.

Rail Market Evolution†



† Hitachi accessible market

Source: UNIFE

Our Ambition for Inspire 2027

Becoming a sustainable global mobility player

Strategy 1

Delivering sustainability

Strategy 2

Innovating for the mobility
of the future

Strategy 3

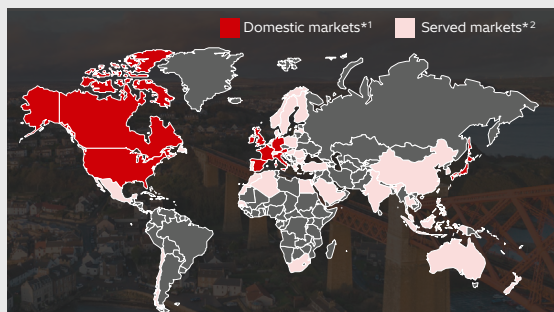
Shifting towards recurring and
software-based solutions

The three drivers to realizing our vision are sustainability, innovation and recurring revenues. On sustainability, we believe that rail is the way to move people more efficiently with shorter travel time whilst solving congestion issues and reducing carbon footprint. As for innovation, we will continue to innovate for the mobility of the future as we stand at the crossroad of transformational changes driven by digital innovation. Our business is gradually shifting its model towards more recurring and software-based solutions through mix shift and business model evolution. Our target is to generate 74% of revenue to come from these areas in fiscal 2027.

Key Competitive Advantages of the Mobility Sector

Global presence with footprint in 50+ countries Strengthened through One Hitachi approach

- Our global footprint covers business in over 50 countries serving more than 300 customers worldwide.
- Leveraging a strong product installed base, we are combining operational technologies (OT) and information technologies (IT) through the One Hitachi approach, driven by growth in digital technologies.



*1 Markets where Hitachi Rail has either a manufacturing facility and/or a main office *2 Countries mainly served with project offices

Priority Area: Key Action Pillars for Inspire 2027

We have set 6 key action pillars to focus. To begin with, the business growth. We are accelerating in key geographies and growth markets. Another key pillar is backlog execution. Our 6.2 trillion yen backlog consists of 36% Rail control, 21% Vehicles and 43% services. Equally important, cost containment. We are working on this leveraging our focus on productivity and AI. In addition, M&A. We are looking at potential opportunities which could support innovation realizing synergies with the rest of Hitachi. A further consideration is managing geopolitical impact. We are for instance managing potential changes through our diversified global footprint. Lastly, but for sure very important, our people. With our very large pool of diversified competences, we have the strengths to lead the technological challenges of the future.

Accelerating HMAX

HMAX is our digital platform. It collects information and data from a very wide range of sensors. From trains, from on board and wayside signaling, from rail infrastructure and even from substations for power supply. The collected data will then flow through layers of data integration, common data lake, where each application through algorithms and AI can have access and elaborate. There are a number of applications up and running already delivering value to our customers and even more will be introduced. HMAX for example can make our journeys more reliable (potential to reducing up to 20% in service delays) and also increase cost efficiency (potentially reducing up to 15% in maintenance costs and energy consumption). It is differentiated through a number of factors. Our proprietary sensor technologies, architecture and software developed by Hitachi Digital and GlobalLogic enhanced by AI evolution, capabilities of our partner NVIDIA and very solid reference (more than 2,000 trains in the field).

HMAX Go-to-Market Business Model

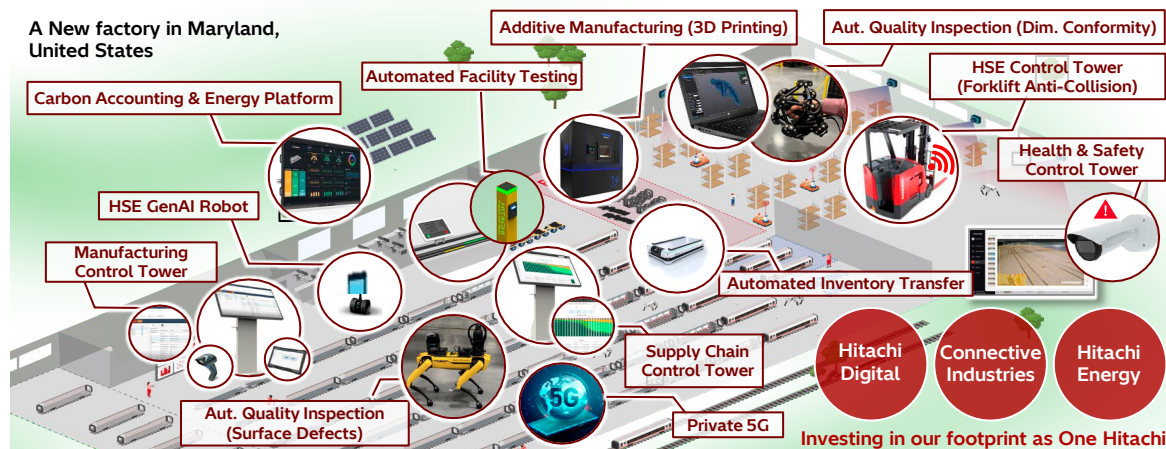


*Source: McKinsey & Company "The journey toward AI-enabled railway companies, 2024"

Co-creating Value through One Hitachi

A New Factory in the United State Using Best Digital Technologies


The new factory we opened in Maryland, United States is a great example of what One Hitachi can achieve, bringing together deep expertise from all areas of Hitachi's operations. This includes Hitachi Digital's capabilities for robotic inspections, automatic guided vehicles from Connective Industries and Hitachi Energy for the power supply. In addition to these advanced manufacturing capabilities, the venue also incorporates a customer experience center where solutions across Hitachi businesses are showcased with digitalized contents.



Four Core Business Strategies

Connective Industries


Realize a Harmonized Society by
Driving Innovation for Frontline Workers

Investor Day (Connective
Industries Business Strategy) 


Brice Koch

Representative Executive Officer,
Executive Vice President and
Executive Officer,
Head of Connective Industries
Business

Market Environment

Structural change is underway in the industry market. Decline of skilled workers accelerates AI utilization across the industry to ensure efficiency, skill and safety. In discrete industries*¹, automation and optimization are being more seamlessly integrated across design and manufacturing. In process industries*², the evolution of AI is shortening development cycles and improving manufacturing efficiency. Among these, in hybrid industries*³, which combine characteristics of both industries, the need to improve asset efficiency and labor productivity is becoming increasingly critical, particularly in growing markets such as battery and biopharmaceutical manufacturing. 


Structural Changes in the Industry Market

Industry / Structural Change	Value Required
Discrete Automation optimization seamlessly between design and manufacturing	 Improvement of Asset Efficiency
Process With advancements in AI, development time is shortened, and manufacturing efficiency improves	
Common As skilled workers in mission-critical domains decline, AI ensures efficiency, skill and safety	

Our Ambition for Inspire 2027

Aiming for profitable growth by focusing on **Integrated Industry Automation** 

Strategy 1	Strategy 2	Strategy 3
Expand mission-critical product businesses	Scale HMAX for Industry	Transform the business portfolio and expand globally

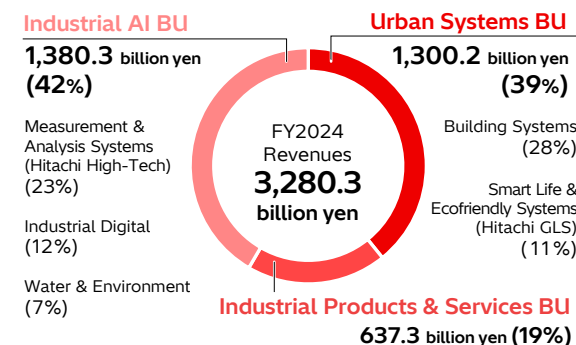
Under Inspire 2027, we aim to evolve vertical integration of mission-critical products, abundant OT domain knowledge and advanced IT leveraging AI. At the same time, we will horizontally integrate our capabilities in both process and discrete industries to address customer challenges in hybrid industries. Through these integrations, we will focus on Integrated Industry Automation to achieve profitable growth through three priority strategies.  First, as a foundation business, we will further expand the installed base of mission-critical products. Second, we will scale HMAX for Industry, which combines product data with domain knowledge and advanced AI, with a focus on hybrid industries. Third, we aim to drive global growth by accelerating business portfolio transformation, including strategic inorganic investments, and R&D, as well as advancing One Hitachi initiatives.

*1 Discrete industries: Industries that assemble parts and components to manufacture products

*2 Process industries: Industries that use heat, pressure, or other methods to induce chemical or physical changes to manufacture products

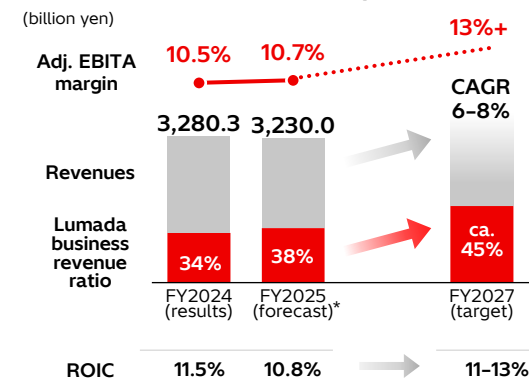
*3 Hybrid industries: Industries that require both discrete and process manufacturing processes

Business Structure



Urban Systems BU	<ul style="list-style-type: none"> Elevators, escalators and building services Home appliances and air-conditioning systems
Industrial Products & Services BU	<ul style="list-style-type: none"> Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.) Custom-made industrial equipment (process compressors, drive systems, UPS, etc.) Field service, roll press equipment, carbon neutral solution
Industrial AI BU	<ul style="list-style-type: none"> Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.), measurement and analysis (semiconductor metrology/inspection equipment, electron microscopes, etc.) Industry and distribution solutions, robotic SI Industrial process, utility, water supply and sewerage solutions

Business Performance / Inspire 2027 Targets



*Announced on April 28, 2025

Expand Mission-critical Product Businesses

The CI sector's globally delivered mission-critical products generate frontline operational data and form a core foundation for Lumada. We offer a broad portfolio of products. For diverse industries, we offer, for example, measurement and analysis equipment, compressors and air conditioning systems. We also provide industry-specific products, such as bioreactors for biopharmaceutical manufacturing and roll presses for battery manufacturing. We aim to further expand this extensive installed base.

Scale HMAX for Industry

We will scale HMAX, our differentiated solution that vertically integrates products, OT and IT, leveraging AI, into the industry market. HMAX for Industry is a business model that leverages data from CI's abundant installed

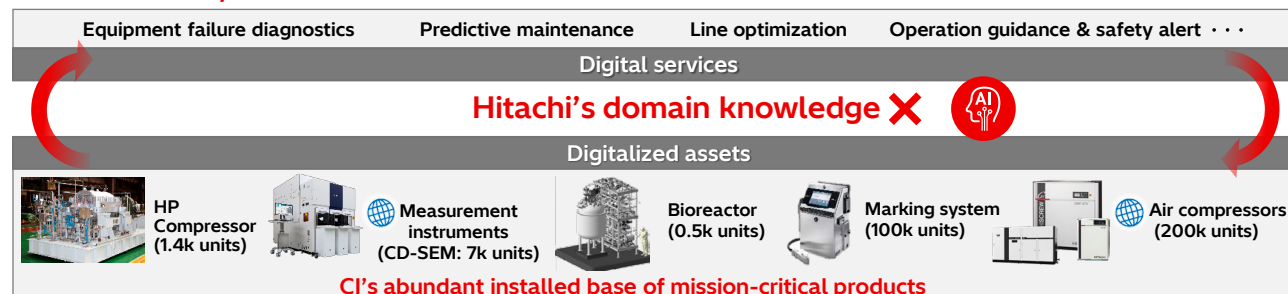
base of mission-critical products (digitalized assets) and integrates it with our domain knowledge and advanced AI. It aims to deliver advanced digital services, including equipment failure diagnostics, predictive maintenance and line optimization. Furthermore, it establishes a cycle that enhances the intrinsic value of the products and drives sustainable innovation of production sites. We are already advancing co-creation with partners such as [NVIDIA](#) and Daikin Industries.

Moving forward, we will globally expand the application of HMAX, focusing on high-growth hybrid industries, such as biopharmaceutical manufacturing, battery manufacturing and advanced materials manufacturing, where improvement of asset efficiency and labor productivity is critical. We will grow our highly profitable recurring businesses through HMAX.

Transform the Business Portfolio and Expand Globally

Under Inspire 2027, we position Integrated Industry Automation as the core of our growth strategies. We will accelerate the business portfolio transformation and global expansion to strengthen our core businesses that contribute to this initiative. Specifically, we will optimize management resources by focusing on hybrid industries, driving strategic inorganic investments, enhancing R&D and reviewing our business structure to accelerate transformation. In addition, we will expand the CI sector's products and solutions to other sectors, such as Mobility and Energy, creating One Hitachi synergies. Through these initiatives, we aim to drive global business expansion and further strengthen our earnings base.

HMAX for Industry



Global share 1st to 3rd place (Hitachi source)

The Competitive Advantages of the CI Sector

Extensive Installed Base of Mission-critical Products

- Global top-share products (air compressors and measurement equipment, etc.)
- Approx. 2,500k units of installed connected products (FY2024)

Vertical Integration of Products, OT and IT

- Capabilities and domain knowledge across all layers (products, OT, and IT)
- Advanced integration capabilities that leverage AI to address complex, site-specific challenges
- Our experience and track record in recurring businesses that continuously enhance customer value

Co-creating Value through One Hitachi

Use Case of HMAX for Industry

As part of our co-creation with Daikin Industries, Ltd., we have started a trial operation of an Agentic AI supporting equipment failure diagnostics at a Daikin Industries' factory. This initiative integrates the on-site OT knowledge cultivated by both Daikin Industries and the CI sector with the digital capabilities of the Hitachi Group. By combining OT data, such as maintenance records, operating instructions and equipment drawings, with OT skills, including maintenance technicians' analysis processes, Agentic AI analyzes the root causes of equipment failures and proposes solutions. The system has achieved response times within 10 seconds and an accuracy rate exceeding 90%, contributing to improved operational efficiency, quality assurance and skills transfer. Moving forward, we plan to expand this solution to other sites globally, as well as to other industries.

Agentic AI for Equipment Failure Diagnostics

