

Connective Industries

Driving global industrial transformation through physical AI,
powered by strong products and deep domain knowledge

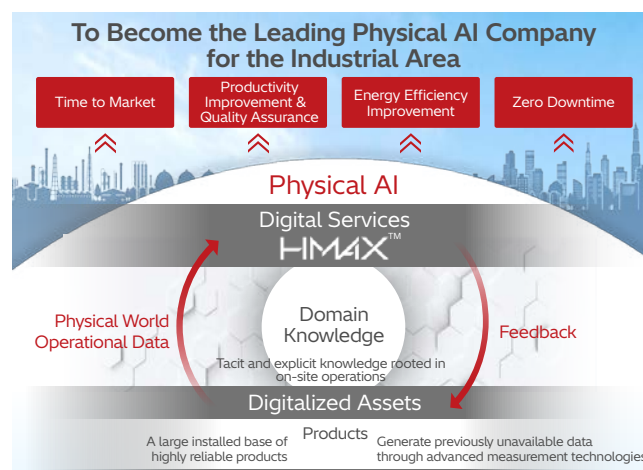
Noriharu Amiya

Senior Vice President and Executive Officer,
CEO of Connective Industries Sector

Business environment

In the industrial area, driven by changing customer challenges due to increasing technological complexity, customer needs are rapidly growing for shortening time to market, productivity improvement & quality assurance, energy efficiency improvement and zero downtime. For example, semiconductor verification time has seen a 1.5 times increase, and the types of genetic testing and diagnostics have surged by approximately 200 times. As technologies become increasingly complex and sophisticated, it is becoming difficult for customers to solve these challenges on their own, making collaboration with partners indispensable. Under these circumstances, the Connective Industries sector focuses on physical AI, which autonomously optimizes field operations through digital services HMAX. This is achieved by combining AI with high-precision data generated by strong products including measurement equipment, along with domain knowledge encompassing tacit and explicit knowledge rooted in on-site operations. With the clear aim to become the leading physical AI company for the industrial area, Hitachi's Connective Industries sector is accelerating growth by focusing management resources on areas with strong AI investment: facilities, semiconductors, medical diagnostics and pharmaceutical manufacturing.

Connective Industries sector vision



Progress on Inspire 2027

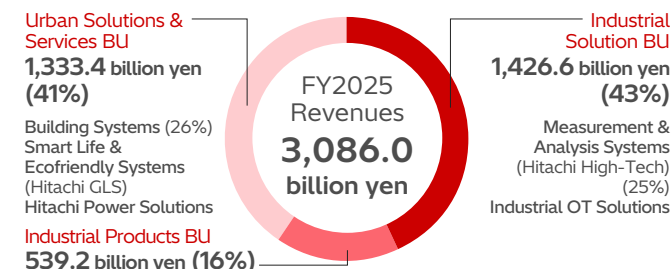
In fiscal 2025, driven by robust Lumada growth by capturing AI demand, the Lumada revenue ratio increased by 9 percentage points year over year to 43%, and the adjusted EBITA margin reached 11.0%. While increasing R&D investment by 8 percentage points year over year in anticipation of future growth opportunities, we improved ROIC by 0.5 percentage points over the previous fiscal year to 12.0%. Particularly strong growth was achieved in three businesses: facilities,*¹ semiconductors and life sciences.*² In the facilities business, expanding related services such as UPS,*³ leveraging data center demand, resulted in a 23% year-over-year increase in revenue. The semiconductor business achieved a 26% year-over-year increase in revenue, driven by diversifying its customer base and capturing AI demand. In the life sciences business, diagnostic equipment shipments reached a record high of approximately 16,000 units, and the biopharmaceuticals maintenance business expanded to approximately 2x its fiscal 2023 level. Thus, the businesses are on track to achieve the Inspire 2027 targets. Going forward, we will further accelerate four initiatives: a clear focus on physical AI business by leveraging our strong products portfolio, accelerating business portfolio transformation, scaling Customer Zero initiatives by leveraging our strengths as a manufacturer and global business expansion. Through these initiatives, we aim to achieve 6-8% revenue growth, an adjusted EBITA margin of 13%+, ROIC of 11-13%, and a Lumada revenue ratio of ca. 50% in fiscal 2027.

*1 Business areas targeting social infrastructure and facilities that require high reliability, such as data center equipment, elevators and escalators, industrial HVAC, and industrial equipment (compressors, etc.)

*2 Healthcare business (diagnostics and treatment) + Pharmaceutical manufacturing business *3 UPS: Uninterruptible Power Supply

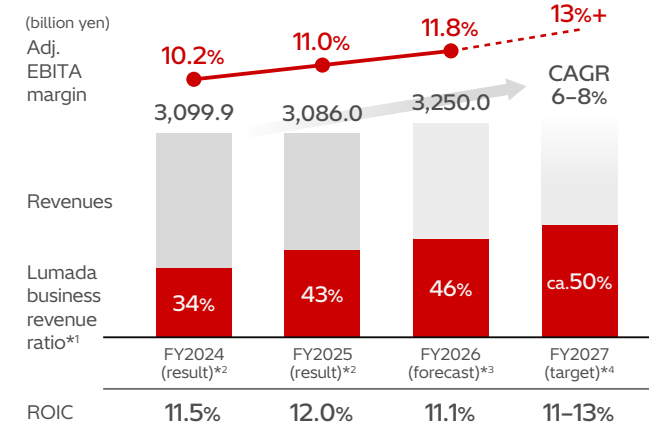
Investor Day (Connective Industries Business Strategy)

Business structure



- Industrial Solution BU**
 - Strengthening solutions business through measurement and digital integration
 - Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.), measurement and analysis (semiconductor manufacturing & metrology/inspection equipment, electron microscopes, etc.)
 - Industry and distribution solutions, robotic SI, Industrial process, utility, water supply and sewerage solutions
- Industrial Products BU**
 - Expanding product business to enhance digitalized assets
 - Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.)
 - Custom-made industrial equipment (process compressors, drive systems, UPS, etc.)
- Urban Solutions & Services BU**
 - Accelerating services business in the facilities area
 - Elevators, escalators and building services
 - Home appliances and air-conditioning systems
 - Field service, carbon neutral solution

Business performance/Inspire 2027 targets



*1 Calculated based on revenue from FY2026 reportable segment structure, excluding certain restructuring operations

*2 Based on the FY2026 reportable segment structure

*3 Announced on July 29, 2026 *4 Announced on June 10, 2026

Expansion of the physical AI business in four key focus areas

The Connective Industries sector has identified four focus areas—facilities, semiconductor manufacturing, diagnostics and pharmaceutical manufacturing—to drive growth through physical AI, building on the strength of a large installed base of highly reliable products. Leveraging high-precision data generated by these globally top-class digitalized assets—including 650,000 connected elevators and escalators, CD-SEMs* with a global market share of approximately 76%, and global No. 1 clinical chemistry and immunoassay analyzers and genetic testing instruments—we will provide the HMAX Industry suite of AI solutions through co-creation with customers and partners. Through these efforts, we will deliver customer value such as improving operational efficiency and shortening Time to Market, aiming to expand the physical AI business.

*CD-SEM: Critical Dimension - Scanning Electron Microscope

Physical AI business in focus areas

Focus area	Digitalized assets	Physical AI value
Facilities	- Connected elevators & escalators - HVAC - UPS for data centers	HMAX for Buildings Optimizing building operations and facility management
Semiconductor manufacturing	CD-SEM	HMAX for Semiconductors Integrated production optimization across deposition, lithography and etching processes
Diagnostics	- Clinical chemistry and immunoassay analyzers - Genetic testing instruments	HMAX for Healthcare Enabling optimal treatment selection and healthcare optimization through high-precision, multi-modal diagnostics
Pharmaceutical manufacturing	- Spectrophotometers - Bioreactors - Line build	HMAX for Biopharma Providing seamless support from lab to fab, starting with process development and scale-up

Furthermore, Hitachi's proprietary edge AI semiconductors will be key to accelerating the growth of the physical AI business. These edge AI semiconductors are over 10 times more power-efficient than cutting-edge GPUs, enabling intelligent operation of products without the need for dedicated servers. By integrating AI semiconductors to further strengthen our No. 1 products, deepening co-creation through AI semiconductor integration in partner products, and accelerating the verification and creation of solutions through the Customer Zero model, we will further accelerate the expansion of the physical AI business.

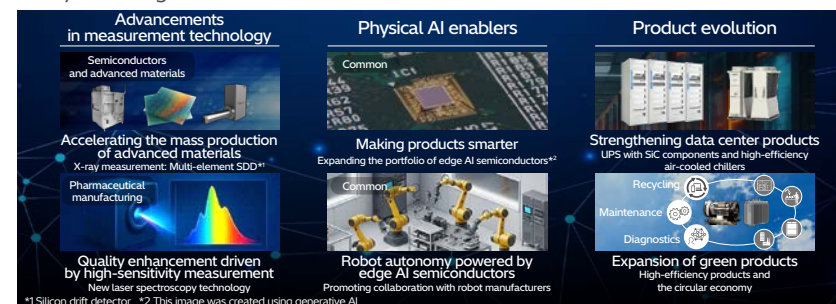
One Hitachi: Co-creation with the DSS sector

Realizing HMAX for Buildings in collaborations with GlobalLogic

Leveraging Hitachi's domain knowledge cultivated over many years in the facilities area, together with GlobalLogic's extensive experience and expertise in agile development, we have evolved BuilMirai, a digital service within the HMAX for Buildings portfolio, into an as-a-service offering. By connecting building equipment, front-line engineers responsible for maintenance, and building occupants, and by utilizing data generated from equipment and human activities, this service improves building operational and maintenance efficiency, energy efficiency, and the well-being of building occupants. Going forward, we will further expand this value creation platform under One Hitachi by connecting this service to the equipment and facilities of our co-creation partners, and deploying it not only in commercial buildings but also in mission-critical buildings such as data centers.

Research and development investments to expand the physical AI business

We will increase R&D investment to expand the physical AI business by expanding and intelligently optimizing our products. Centered on the three pillars of Advancements in Measurement Technology, Physical AI Enablers, and Product Evolution, we will make a three-year cumulative R&D investment of 370.0 billion yen through fiscal 2027.



Transforming the business portfolio centered on physical AI

We will accelerate building a business portfolio centered on physical AI and generating next global top products. To expand the physical AI business in our focus areas, we will make focused investments in key areas including expansion of the measurement portfolio and strengthening OT. Furthermore, we will achieve further expansion of physical AI business through the generation of our next global top products in our next growth areas: Data Centers, Robotics, Advanced Materials and the Circular Economy. Additionally, beginning with the reorganization of the home appliance business announced in April 2026, we will optimize our business portfolio by leveraging the strengths of each division while further accelerating our focus on physical AI.

Competitive advantages of the Connective Industries sector

Strong products and deep OT knowledge

- Deep domain knowledge built through decades of manufacturing excellence
- Extensive installed base of highly reliable products
- Advanced measurement technologies that generate previously unavailable data
- Integration capabilities across multiple products and data

Physical AI implementation capabilities

- Comprehensive capabilities for end-to-end optimization from data integration and analytics to feedback in the field
- Advanced data utilization driven by deeper customer and partner co-creation
- Accelerating the verification and creation of solutions through the Customer Zero model
- Intelligent operation of products enabled by proprietary edge AI semiconductors

