

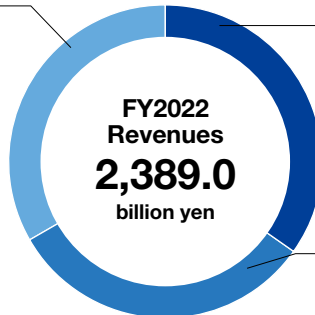
Sector Strategies

Digital Systems & Services

Business Structure

Services & Platforms
950.0 billion yen 34%

Services & Platforms
Provision of digital engineering and cloud-related services that drives Lumada
Development of digital technologies such as AI and analytics
<ul style="list-style-type: none"> ● Digital Engineering BU: Experience design, digital engineering ● Cloud Services Platform BU: Cloud services, security, IT products (storage, servers)



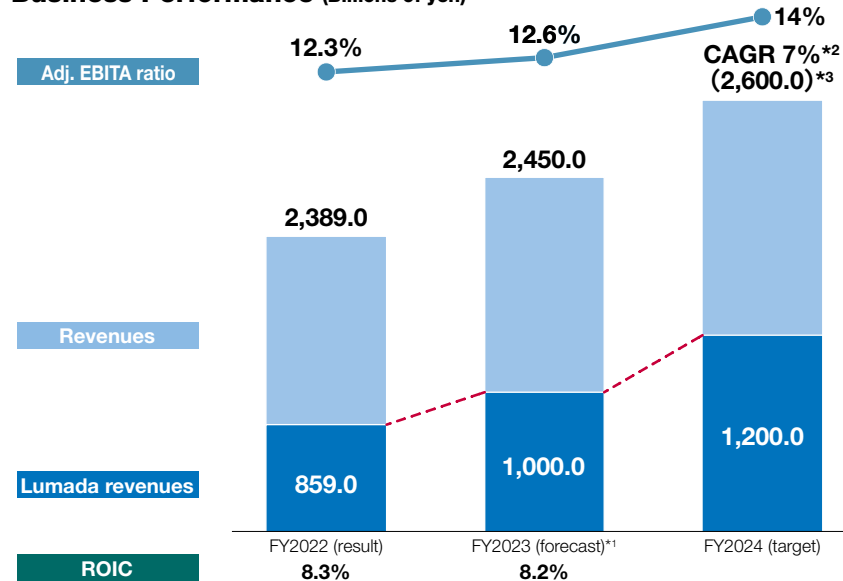
Front Business
982.5 billion yen
35%

IT Services
886.5 billion yen
31%

IT Services
Development and operation of IT and digital solutions
<ul style="list-style-type: none"> ● Hitachi Systems, Ltd.: System operation, monitoring, and maintenance and one-stop services covering the entire IT life cycle ● Hitachi Solutions, Ltd.: Solutions for productivity improvement and new business creation through combination of packages and services

Front Business
Building and operation of mission-critical IT and digital systems
<ul style="list-style-type: none"> ● Financial Institutions BU: Development and operation of mission-critical systems and financial solutions for banks, insurance companies, and securities companies ● Social Infrastructure Systems BU: Government agencies, defense, local governments, electric power, transportation sector, etc. Systems for social infrastructure, building and operation of control systems, digital solutions

Business Performance (Billions of yen)



*1 Announced on July 28, 2023 *2 FY2021-FY2024 CAGR *3 In parentheses, revenues are calculated from CAGR.

Market Environment

Aiming to solve increasingly complex management issues and create new business, demand for DX is expected to continue to increase in the future. The global DX market from 2022 to 2024 is projected to expand at an average annual growth rate of 17%.

Moreover, DX initiatives aimed at business growth in Japan will also expand across various fields, with the utilization and spread of cloud and digital technologies expected to accelerate further.

Strengths

Over many years, the DSS sector has cultivated development and operating capabilities for highly reliable mission-critical systems in the areas of finance, government, electric power and transportation. The solutions, services and technologies that make DX possible, along with the numerous IT and digital talent in Japan and overseas, also serve as strengths of DSS.

To accelerate the expansion of the Lumada business, we have developed a global service delivery system that provides innovative digital solutions created with the design and digital engineering capabilities of GlobalLogic in a highly reliable and efficient cloud environment. We will further strengthen the digital resources and capabilities supporting the growth of the Lumada business while striving to further enhance the profitability of our traditional core businesses, including our business foundations in the development and operation of mission-critical systems, as well as the products business.

Growth Strategies

Based on Lumada's customer co-creation framework , we will position digital engineering as our starting point in an effort to provide end-to-end services from system integration to managed services, and solve the issues faced by customers and society. In addition to business streamlining and cost savings, we will deliver new value that achieves business growth for customers, including enhancement of the customer experience (CX) and transformations of business models.

Aiming for further growth, we will continually reinforce our business foundations including enhanced talent through GlobalLogic's excellent hiring and training schemes globally and bolt-on M&A, expansion of the alliances with hyperscalers, virtualization and automated operation of storage in which Hitachi excels and the provision of highly reliable and efficient hybrid cloud solutions made possible by advanced data governance. In our core business, we will address the needs to innovate and modernize mission-critical systems by leveraging our solid customer base and technological capabilities that enable us to handle large-scale and highly complex projects. We will also strongly promote the shift to a service-oriented (recurring) business model and achieve improved development efficiency through the use of low-code/no-code technologies and generative AI , in an effort to further increase profitability.