

Sector Strategies

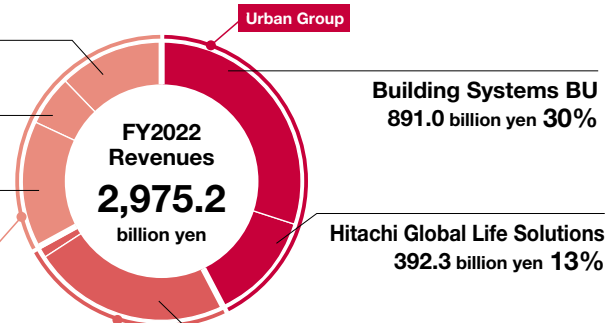
Connective Industries

Business Structure

Industrial Digital BU
361.5 billion yen 12%

Water & Environment BU
186.5 billion yen 6%

Industrial Products Business
451.1 billion yen 15%



Industry Group

- Industry and distribution solutions, robotic SI
- Water supply and sewerage, utility solutions
- Custom-made industrial equipment (process compressors, automated guided robots, drive systems, etc.)
- Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.)

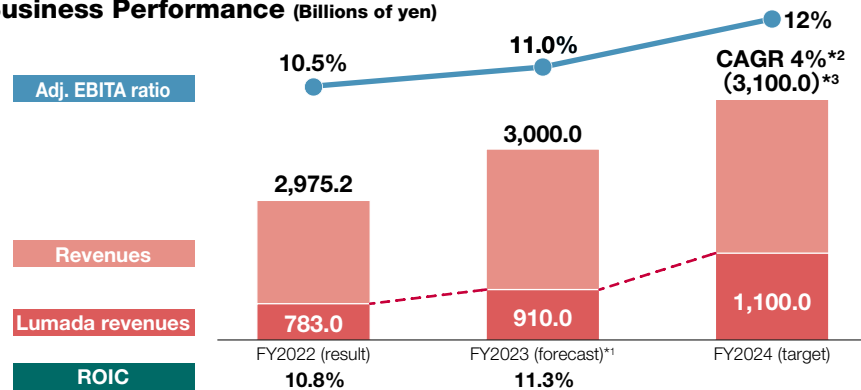
Advanced Technology Group

- Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.)
- Measurement and analysis (semiconductor metrology/inspection equipment, electron microscopes, etc.)

Urban Group

- Elevators, escalators and building services
- Home appliances and air-conditioning systems

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

We develop businesses globally based on industry-leading competitive products and expand them by capturing each growing market. As social issues become more and more complex and complicated and are being shared by different fields, investment in industrial digital transformation and automation is accelerating in the area of industry. Meanwhile, the semiconductor market is expected to grow in the medium to long term. In the healthcare field, markets for diagnosis and therapy equipment in cutting-edge fields are growing steadily. In the urban field, the elevator and escalator market remains steady, while the smart building market is expected to expand significantly in the medium to long term.

Strengths

Hitachi brings together its unrivaled, industry-leading products, including elevators, escalators, home appliances, air-conditioning equipment, measurement and analysis equipment, medical equipment and industrial equipment, and provides the Total Seamless Solution in which it digitally connects its products and solves boundary issues that arise between workplaces and management, the supply chain and different fields. In a society that is rapidly becoming more complex, it is more important than ever to solve issues with "domain SI" gained through collaborative creation with customers, which connects workplaces to management and takes advantage of Hitachi's proprietary technologies and extensive empirical knowledge, in all layers. Hitachi connects things and makes a difference, thereby providing differentiated value.

Growth Strategies

(1) Evolution and expansion of the Total Seamless Solution using the Lumada framework for collaborative creation with customers

We aim to evolve and expand the Total Seamless Solution using the Lumada framework for collaborative creation with customers, taking advantage of the strength that comes from having products, OT and IT. Expanding the scope of applications of the Total Seamless Solution from industry to the urban and healthcare fields and to the green field, the sector plans to expand Lumada revenues at a CAGR of 28%*2 in fiscal 2024.

* Examples of the Total Seamless Solution: Reform and evolution of distribution and delivery operations Initiatives in the healthcare field Making the retailing supply chain carbon-neutral Initiatives to build a hydrogen and ammonia supply chain

(2) Strengthening recurring business

We aim to strengthen recurring business through horizontal deployment and sharing recurring business expertise between businesses. We will evolve our recurring business model from providing product services based on 0.9 million units of connected products to deepening solutions, where we will continue to develop and deepen solutions according to customers' new needs, to achieve recurring business revenues of 880 billion yen and a CAGR of 8%*2 in fiscal 2024.

* Examples of recurring business: Smart building solutions Medical solution service platform

(3) Accelerating global growth

We plan to increase our overseas revenue ratio from 47% in fiscal 2021 to 52% in fiscal 2024. We aim to achieve a CAGR of 15%*2 in North America by strengthening key businesses, including investment.

To expand the global business, in the North American industry field, we have accelerated the development of the Total Seamless Solution by using the air compressors of Hitachi Global Air Power (formerly Sullair), advancing the fusion of robotic SI and digital solutions at JR Automation, which have built the foundations of their business through M&A, and leveraging the marking systems of Telesis Technologies and MES/SCADA*4, where Flexware Innovation, which was acquired in 2022, is strong. In the semiconductor field, we will deepen collaborative creation with customers by utilizing bases near global customers and will strengthen the fusion of semiconductor manufacturing equipment and measurement equipment with digital. In the healthcare field, we will strengthen the molecular diagnosis business and particle therapy systems, particularly in North America.

*4 MES: Manufacturing Execution System; SCADA: Supervisory Control And Data Acquisition