

News Release

FOR IMMEDIATE RELEASE

Strengthening the Structure to Accelerate the Hitachi Group's Digital Business Globally

*Hitachi Launches Hitachi Digital and GlobalLogic Japan to Accelerate Lumada's
Global Growth*

Tokyo, April 1, 2022 – Hitachi, Ltd. ("Hitachi") announced today that it has reorganized the IT sector, which had been playing the core role of Lumada^{*1}, into the Digital Systems & Services sector in its upcoming Mid-term Management Plan in order to accelerate the digital business of the Hitachi Group on a global basis and further strengthen collaboration with other sectors including the Green Energy & Mobility sector and the Connective Industries sector. To accomplish this, Hitachi has strengthened its structure by launching two new organizations as of April 1.

The first, for the global market, Hitachi Digital,^{*2} is launched in North America, where the digital domain is growing rapidly. Hitachi Digital will also strengthen cooperation with Hitachi Energy, Hitachi Rail, and other companies to formulate and promote a global digital strategy across the Hitachi Group.

The second, for the Japanese market, where further digital domain growth is expected in the future, GlobalLogic Japan, Ltd. ("GlobalLogic Japan"^{*3}), is established in Japan. GlobalLogic Japan will accelerate the adoption of customers' Digital Transformation (DX) leveraging Hitachi's strong customer base, and GlobalLogic Inc.'s ("GlobalLogic"^{*4}) Design-led Digital Engineering capabilities.

Through these efforts, Hitachi will strengthen its global digital business, and accelerate Lumada expansion through the growth by DX, furthering its transformation into a global digital company.

^{*1}: Lumada is the name of Hitachi's advanced digital solutions and services for turning data into insights that drive digital transformation of social infrastructure.

^{*2}: Hitachi Digital LLC was renamed from Hitachi Global Digital Holdings LLC with expanding the role and functions of Hitachi Global Digital Holdings, a corporate organization that had previously overseen the digital business of the IT sector.

^{*3}: GlobalLogic Japan is established in Japan as a wholly owned subsidiary of GlobalLogic.

^{*4}: GlobalLogic is a business subsidiary of Hitachi Digital LLC and was acquired by Hitachi last July.

Hitachi News Release (July 14, 2021) https://www.hitachi.com/New/cnews/month/2021/07/f_210714.pdf

Advancing Hitachi's Global Digital Strategy

1. Strengthening the Global Digital Business with the Launch of Hitachi Digital

In the global market starting from North America, Hitachi Digital will fulfill the growing DX needs expected in social infrastructure fields such as energy, transportation, and industrial & manufacturing. Hitachi Digital will make rapid locally-led decisions and lead commercialization in the following mission.

- (1) Lead the Formulation and Execution of a Digital Growth Strategy by Strengthening Collaboration Across the Hitachi Group in OT x IT x Products

Hitachi Digital will strengthen collaboration with Hitachi's global bases in the energy, transportation, and industrial & manufacturing fields, formulate digital strategies related to Green Transformation (GX), and drive the commercialization of strategic themes across the Hitachi Group in the OT x IT x Products.

Specifically in the energy sector, the One Hitachi task force of Hitachi Energy, Hitachi Vantara, and GlobalLogic have been working to provide the Lumada Asset Management^{*5}

solution which enables efficient operation of infrastructure assets. They are also developing next-generation green digital infrastructure businesses, including the provision of maintenance and the development of digital products and services leveraging design & technology expertise by GlobalLogic. In the mobility field, GlobalLogic is making a significant contribution with its design and digital engineering capabilities for electric buses in Europe, and is providing services such as agile development of core applications, in order to promote zero-carbon solution business through the decarbonization program.

Including these ongoing projects, Hitachi Digital will coordinate the One Hitachi task force and continue to lead local initiatives to bring together projects across the Hitachi Group and drive them toward commercialization.

(2) Accelerate Global Digital Growth by Leveraging the Lumada's Platform and Ecosystem

Hitachi Digital will develop and leverage its business infrastructure to accelerate continuous global digital growth.

Specifically, the Lumada platform and ecosystem that has been successful in Japan such as the Lumada Alliance Program^{*6}, a co-creation program with customers and partners, the Lumada Innovation Hub^{*7}, a service and co-creation space for realizing innovation, and the Lumada Solution Hub^{*8}, which connects Hitachi and its partners' digital solutions and technologies, will be deployed globally to quickly provide value based on their know-how and achievements.

*5: Hitachi News Release (February 23, 2021) <https://www.hitachi.com/New/cnews/month/2021/02/210224a.html>

*6: Hitachi News Release (November 4, 2020) <https://www.hitachi.com/New/cnews/month/2020/11/201104.html>

*7: Hitachi News Release (March 22, 2021) <https://www.hitachi.com/New/cnews/month/2021/03/210322a.html>

*8: Hitachi News Release (March 18, 2019) <https://www.hitachi.com/New/cnews/month/2019/03/190318.html>

2. DX Promotion in the Japanese Market with the Launch of GlobalLogic Japan

GlobalLogic Japan has been established to address the growing DX needs of the Japanese market by deploying GlobalLogic's Design-led Digital Engineering capabilities to support DX for Japanese customers.

GlobalLogic has approximately 25,000 professionals working in design studios and engineering centers around the world, and has a wealth of DX experience and capabilities developed through work with more than 400 customers worldwide. Hitachi has large community of existing customers in the Japanese market and a track record of building highly reliable mission-critical systems. By combining these strengths into a powerful approach, GlobalLogic Japan will provide Design-led Digital Engineering services to Japanese customers to help them transform their businesses to improve user experiences and generate new revenue streams.

Specifically, GlobalLogic and Hitachi's sales forces, who are well versed in the Japanese market, will work together to offer optimal services for Japanese customers. The team will seamlessly promote collaboration from the upstream process through to execution with GlobalLogic's professionals who are promoting collaborative creation activities with customers around the world, and Hitachi's digital talents who have extensive experience in dealing with Japanese customers. By leveraging Lumada Innovation Hub Tokyo, GlobalLogic Japan will be able to provide GlobalLogic's DX services in a form that meets the needs and characteristics of Japanese customers in a short time.

In the area of digital talent development, GlobalLogic has a unique DX professional development program which enables the rapid enablement and deployment of capable digital engineering workforce, from recruitment to project assignment. In the future, Hitachi and GlobalLogic will rotate team members between the two companies in order to strengthen

human talent development. This system will allow the timely deployment of high-quality talent in response to customers' needs.

Through these efforts, GlobalLogic Japan aims to become a leading digital engineering company in Japan by helping customers realize DX.

Background

Investment in DX is growing at an accelerating pace around the world, and according to research firm IDC, the DX market is expected to grow to \$2.8 trillion by 2025, more than double its 2020 level. *9 On the other hand, there are differences in the progress of DX in different regions, and according to the global digital competitiveness ranking of the Swiss business school IMD, the U.S. ranks first*10 and Japan ranks 28th*11 out of 64 countries. Further growth in the Japanese DX market is expected, with a growth rate of 15.3%*12 from 2021 to 2025.

*9: Source: New IDC Spending Guide Shows Continued Growth for Digital Transformation as Organizations Focus on Strategic Priorities
 Global spending on the digital transformation (DX) of business practices, products, and organizations is forecast to reach \$2.8 trillion in 2025, more than double the amount allocated in 2020.
<https://www.idc.com/getdoc.jsp?containerId=prUS48372321>

*10: Source: IMD World Digital Competitiveness Ranking 2021 p172
<https://www.imd.org/centers/world-competitiveness-center/rankings/world-digital-competitiveness/>

*11: Source: IMD World Digital Competitiveness Ranking 2021 p104
<https://www.imd.org/centers/world-competitiveness-center/rankings/world-digital-competitiveness/>

*12: Source: Worldwide Digital Transformation (DX) Trends p20
 Worldwide Digital Transformation Opportunity = \$1.53T in 2021, Reaching \$2.81T by 2025
<https://www.idc.com/getdoc.jsp?containerId=US48384721>

About Hitachi Digital LLC

Company name	Hitachi Digital LLC
Inauguration Date	April 1, 2022
Head office	Santa Clara, California, U.S.A.
CEO	Jun Taniguchi
Investment rate	Hitachi America Limited: 100%

About GlobalLogic Japan, Ltd.

Company name	GlobalLogic Japan, Ltd.
Establishment Date	April 1, 2022
Head office	Hitachi Omori 2nd Bldg, 6-27-18 Minami-Oi, Shinagawa-ku, Tokyo
CEO	Shashank Samant
Investment rate	GlobalLogic: 100% (through subsidiaries)
Business description	Design and Product/ Digital Engineering Services

- End -

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, contributes to a sustainable society with a higher quality of life by driving innovation through data and technology as the Social Innovation Business. Hitachi is focused on strengthening its contribution to the Environment, the Resilience of business and social infrastructure as well as comprehensive programs to enhance Security & Safety. Hitachi resolves the issues faced by customers and society across six domains: IT, Energy, Mobility, Industry, Smart Life and Automotive Systems through its proprietary Lumada solutions. The company's consolidated revenues for fiscal year 2020 (ended March 31, 2021) totaled 8,729.1 billion yen (\$78.6 billion), with 871 consolidated subsidiaries and approximately 350,000 employees worldwide. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
