

Hitachi Establishes the Third Corporate Venture Capital Fund for Innovation in the Digital Domain

Twice the Size of Previous Funds, the New Fund Aims to develop New Business Opportunities
Through Cutting-Edge Digital Technologies

Tokyo, April 20, 2023 – Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced the establishment of a third fund for Hitachi Ventures (HV), the global corporate venture capital ("CVC") arm of Hitachi^{*1}, for the purpose of accelerating innovation and initiating new business opportunities in the digital domain, a key business focus area for Hitachi. The fund will begin with a size of \$ 300 million, which is twice the size of the first and second funds established previously and will make strategic investments in startups driving the latest digital trends including Web3 and generative AI technologies.

Hitachi established HV and launched the first fund in June 2019 and the second fund in October 2021. Since being founded in June 2019, HV has built a strong investment team, and currently manages a strong portfolio with 21 startups contributing to digital transformation, carbon-free society, and wellbeing out of the two funds, providing new value for customers. Both funds have supported the growth of the startups through capital and collaboration with Hitachi businesses. Areas of investment include: high-speed distributed data processing solution that enables processing of vast amounts of data generated by IoT and AI, solutions for automatically collecting Scope 3 greenhouse gas emission data in the upstream supply chain, and solutions for carbon credit assessment, all of which has become a growing business issue.

The newly established third fund will expand investments in startups that take on the challenge of advanced business models and digital economy building on new trends such as Web3 technology, as well as startups with cutting-edge technology such as AI, blockchain, cloud computing, 5G/6G and VR and new services models. Through such investments, the fund will facilitate the creation of digital innovation and the social implementation of these technologies and will contribute to the enhancement of customers' business activities, improvement of daily life experiences, and sustainable growth.

Fostering open innovation and growth by strategic corporate venturing, Hitachi will explore digital business models for developing services that innovate customer experience and generating growth and will provide customers and society with new value that utilizes Hitachi's strengths in the three business sectors: Digital Systems & Services, Green Energy & Mobility, and Connective Industries.

Keiji Kojima, President & CEO, Hitachi, Ltd., said:

In recent years, technological change has been unprecedented in pace. Against this backdrop, Hitachi began its corporate venture activities in 2019 as a means of quickly identifying innovations in the digital domain globally and integrating them into our Social Innovation Business and Innovation Growth Strategy. The newly established third fund will realize collaborative creation with startups that have cutting-edge technologies such as Web3 and generative AI technologies. This way Hitachi will further advance its pioneering spirit in developing customer value and new market opportunities which has been our identity since our founding, and the strengths that Hitachi has built up in the Digital Systems & Services, Green Energy & Mobility, and Connective Industries business domains. Through this activity we will accelerate the global growth of our Social Innovation Business and provide new value to society.

Stefan Gabriel, CEO & Managing Director of Hitachi Ventures GmbH, said:

Since our foundation in 2019, HV has developed a highly regarded venture investment program investing into global startup leaders in partnership with many of the world's best VC and CVC funds. HV adds value to portfolio companies by supporting collaboration and strategic dialogue with Hitachi's businesses globally, through which we gained a strong reputation in the market and was recognized by a top ranking in GCV's "Powerlist 2022"^{*2}. With our third fund, HV will further boost Hitachi's Innovation Growth Strategy by investments and collaboration with innovative fast scaling digital businesses and technology solutions and will extend our global reach.

*1 CVC fund: The type of fund that a business company strategically invests in external startups and other companies.

*2 Global Corporate Venturing, a data provider for the CVC industry and a global association for 1000+ CVCs, selects and ranks CVCs worldwide annually

<https://globalventuring.com/corporate/gcv-powerlist-2022-19-stefan-gabriel/>

Outline of the Third Fund

Name	HV Fund III
Establishment date	April 20, 2023 (plan)
Advisory company	Hitachi Ventures GmbH
Investor	Hitachi, Ltd.
Fund size	\$ 300 million
Investment object	Innovative Startups utilizing cutting-edge digital technologies

About Hitachi Ventures GmbH

Establishment date	June 1, 2019
Locations	Germany: Munich (Headquarter) USA: Santa Clara, Boston
Representative	CEO & Managing Director: Stefan Gabriel

About Hitachi Ventures GmbH

Hitachi Ventures is the Strategic Corporate Venture Capital arm of Hitachi, Ltd. We invest in innovative startups with strategic relevance to Hitachi, Ltd. that address society's key technological challenges in target areas such as mobility, health care and smart life, industry, energy and IT. With offices in Germany and United States we cover Europe, Israel and North America. We look for leading startups with exciting technologies and business models which we support as investor as well as through strategic collaborations with Hitachi business units.

For more information on Hitachi Ventures, please visit the company's website at:

<https://www.hitachi-ventures.com/>

About Hitachi, Ltd.

Hitachi drives Social Innovation Business, creating a sustainable society with data and technology. We will solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products, under the business structure of Digital Systems & Services, Green Energy & Mobility, Connective Industries and Automotive Systems. Driven by green, digital, and innovation, we aim for growth through collaboration with our customers. The company's consolidated revenues for fiscal year 2021 (ended March 31, 2022) totaled 10,264.6 billions of yen (\$84,136 millions of USD.S. dollars), with 853 consolidated subsidiaries and approximately 370,000 employees worldwide.

For more information on Hitachi, please visit the company's website at:

<https://www.hitachi.com>.

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Inquiry form: <https://www8.hitachi.co.jp/inquiry/hqrd/corporateventuring/en/form.jsp>

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.
