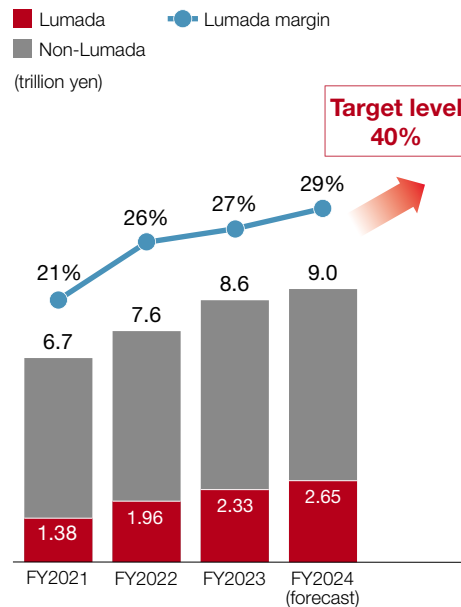


## Digital Strategy / Lumada

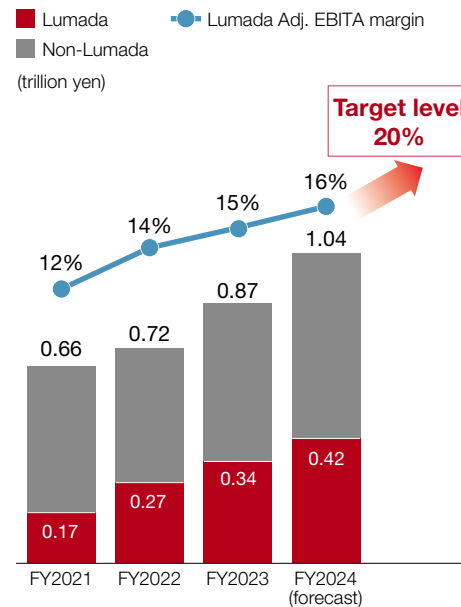
### ▶ Lumada as a Growth Driver

Hitachi is pushing forward with its Social Innovation Business, which solves social challenges together with customers by leveraging IT, OT and products. Lumada is the mechanism that brings together digital technology, knowledge, and business models that form the foundation of our Social Innovation Business. Hitachi is creating new value by rapidly achieving DX through customer co-creation with Lumada. Hitachi is working to achieve the target of 2.65 trillion yen in revenues for the Lumada business in the Mid-term Management Plan 2024 by improving productivity through generative AI and capturing new business opportunities through growth investments.

#### Revenues



#### Adj. EBITA

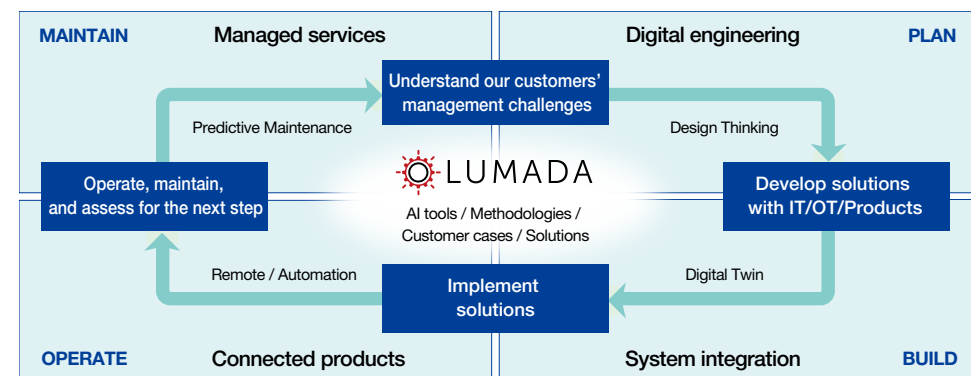


### ▶ Lumada Business Model (Customer Co-creation Framework)

Lumada's customer co-creation framework is a method for realizing circular businesses that increase the value delivered to customers while continuously executing a four-part cycle that starts with understanding our customer management challenges (PLAN: upper right quadrant), developing and implementing solutions with IT, OT and products (BUILD: lower right quadrant), operating (OPERATE: lower left quadrant), and maintaining (MAINTAIN: upper left quadrant) by using data and technology.

The end-to-end value co-creation cycle can be initiated in any quadrant, and new value can be created quickly by leveraging the wealth of accumulated assets such as AI tools, methodologies, use cases, and solutions according to customer challenges.

Hitachi is a unique company that possesses capabilities in IT, OT and products under one roof and develops businesses across a wide range of industries. By leveraging the global product installed base in energy, railway, and industrial fields, experts in OT and products and GlobalLogic engineers with design-led digital engineering capabilities can work together as One Hitachi. This enables us to continuously support our customers' business growth as a comprehensive DX partner, by not only improving their operations and reducing costs but also enhancing the customer experience (CX) and transforming their business model.



## ▶ Expanding the Lumada Business with One Hitachi

Hitachi Digital, established in Silicon Valley, United States, in 2022, leads the formulation and execution of digital strategies as a control tower for the global expansion of the Lumada business. Hitachi Digital has laid the framework for expanding the Lumada business as One Hitachi. This has been done through the establishment of the Decision & Advisory Board, made up of CEOs and other top management from Hitachi Energy, Hitachi Rail, GlobalLogic, Hitachi Vantara, and Hitachi Digital Services, as well as through mutual collaboration with the Chief Lumada Business Officers (CLBO) in each business sector. From fiscal 2024, the management teams of digital business companies such as Hitachi Digital, GlobalLogic, Hitachi Digital Services, and Hitachi Vantara, as well as OT sector companies such as Hitachi Energy and Hitachi Rail, have begun to participate in each other's Board of Directors. In addition, we are accelerating the exchange of business practitioner talent between the OT sector and Hitachi Digital with the aim of establishing a cross-sector digital strategy formulation and execution system.



Leaders from the digital and OT sectors came together to discuss the latest technology and efforts

## ▶ Evolution of Lumada with Generative AI

Generative AI accelerates the resolution of a variety of social challenges and innovation. It is a revolutionary technology that is taking Lumada to a new phase of growth. Hitachi is utilizing generative AI to pursue initiatives to improve business productivity exponentially and capture new growth opportunities across the entire Hitachi Group, which is expected to enhance the growth and profitability of the Lumada business and our ability to generate cash.

In Japan, we set up the "Generative AI Center" to promote the safe and effective use of generative AI in May 2023, and through this we have accumulated plentiful knowledge and application technologies. We are expanding our internal and external initiatives globally by making use of GlobalLogic's advanced knowledge of generative AI, and we have created a collaborative framework with Hitachi Vantara, Hitachi Digital Services, R&D divisions, and

frontline divisions including the OT sectors, centered on Hitachi Digital. Through this framework, we are accelerating the application of generative AI by sharing use cases, knowledge, architecture, and responses based on local policy.

In the field of system development, we are combining our knowledge of mission-critical system development with generative AI, working to improve the productivity of system development while ensuring high quality. We have initiatives to improve frontline worker productivity by combining generative AI with the immense OT and product knowledge and data of the Hitachi Group as initiatives unique to Hitachi, a company with strength in the OT fields. This includes the sophistication of maintenance for railways, energy infrastructure, and industrial equipment, as well as improvements in on-site work efficiency for large-scale construction projects. We comprehensively support the use of generative AI among our customers, from consultations on AI applications to implementation and operation, and through this we are achieving new opportunities for growth.

Furthermore, it is essential to build an ecosystem with global partners to accelerate innovation through generative AI. Through strategic alliances with companies such as NVIDIA, AWS, Google Cloud, and Microsoft, we are developing AI solutions and training AI engineers. Hitachi is also moving forward with generative AI-related investments of 300 billion yen across the entire Hitachi Group for further growth. We are promoting initiatives, including the development of a common platform for generative AI that incorporates our unique domain knowledge, the development of services to offer generative AI as a service, and the strengthening of services and engineering that utilize GlobalLogic's human resources (the expansion of insourcing), as well as the training of 50,000 generative AI specialists through training programs, the acquisition of digital talent through M&A, and collaboration with startups.

## ▶ Addressing the Rapidly Expanding Demand for Data Centers with One Hitachi

Demand for data centers is rapidly expanding due to the advancement of generative AI. In addition to equipment for high voltage power transmission, transformers, and cooling equipment, the operation and maintenance of IT infrastructure is essential in building and operating data centers. This is a field where Hitachi's strengths in IT, OT and products can be fully demonstrated. Hitachi will provide comprehensive solutions as One Hitachi for data centers and connect the rapidly growing demand for these data centers to Lumada's growth by utilizing the strengths of Hitachi Energy, a company that already owns a large pipeline of products and solutions for data centers.