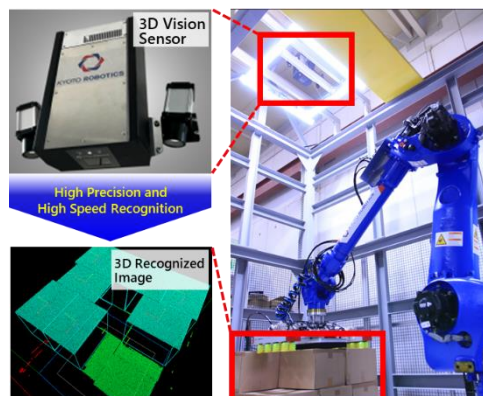


Two Hitachi Group Companies to Merge to Expand Robotic SI Business in Japan and ASEAN Countries

Aim to become a global leader by expanding its ability to comprehensively propose solutions, combining front engineering capabilities, intelligent robotic vision systems and digital solutions



Robotic SI of Hitachi Automation



Intelligent robotic vision system of Kyoto Robotics

Tokyo, January 30, 2023 – Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has been accelerating the global development of its line building business leveraging industrial robots ("the robotic SI¹ business") and will merge Hitachi Automation, Ltd. ("Hitachi Automation") and Kyoto Robotics Corporation ("Kyoto Robotics"), Hitachi Group companies in Hitachi's Industrial Digital Business Unit, on April 1, 2023 to strengthen the robotic SI business in Japan and ASEAN countries.

Hitachi Automation began operating within the Industrial Digital Business Unit in April 2022². Since then, it has been accelerating the fusion between digital solutions analyzing and optimizing data leveraging Lumada³ handled by Hitachi and robotic SI which involves a massive amount of data from shop floor. Kyoto Robotics was founded in 2000 and acquired by Hitachi in April 2021.⁴ Since its foundation, it has been developing and providing intelligent robotic vision systems that do not require teaching⁵ and master data⁶ that recognize objects with an accuracy of 99.99%⁷ using three-dimensional vision like humans and that think and carry objects using AI control systems, aiming for full automation in the fields of manufacturing and logistics. Due to its high-level technological development capabilities, it has partnerships with a range of robot manufacturers.

Following the merger, Hitachi will expand its ability to comprehensively propose solutions to customers to move forward with the automation and digital transformation of manufacturing and logistics through a combination of Hitachi Automation's front engineering capabilities in its robotic SI business in the fields of manufacturing and logistics, Kyoto Robotics' differentiating technologies in intelligent robotic vision systems, the Hitachi Industrial Digital Business Unit's digital solutions in the fields of OT⁸ and IT, and the development capabilities of Hitachi's Research & Development Group. At the same time, Hitachi will unite its domestic robotic SI business resources, including the companies' customer bases, expertise and human capital, to enhance sales and development functions and to increase the business efficiency. Hitachi will also strengthen the collaboration with JR Automation, which operates its robotic SI business mainly in North America and Europe, and Hitachi Automation to expand its ability to provide full turnkey solutions. Taking advantage of its solution proposal capabilities combining digital technologies, Hitachi will contribute to solving customers' issues. In this way, Hitachi aims to become a global leader in the robotic SI business.

*1 SI: Systems Integration

*2 News release issued by Hitachi and Hitachi Industrial Equipment Systems on January 27, 2022: "Hitachi to Establish Hitachi Automation to Reinforce Robotic SI Business in Japan and ASEAN Countries"
<https://www.hitachi.com/New/cnews/month/2022/01/220127.html>

*3 Lumada: A collective term for solutions, services and technologies based on Hitachi's advanced digital technologies for creating value from customers' data accelerating digital innovation
<https://www.hitachi.com/products/it/lumada/global/en/index.html>

*4 News release issued by Hitachi on April 8, 2021: "Hitachi Acquires Kyoto Robotics, a Start-up Developing Intelligent Robotic Systems"
<https://www.hitachi.com/New/cnews/month/2021/04/210408.html>

*5 Teaching: Programming the robot so that it can perform the desired movement

*6 Master data: Information such as the weight and size of the object to be registered in advance

*7 In case of single depalletizing. Capacity measured using boxes selected by Kyoto Robotics in an environment specified by Kyoto Robotics

*8 OT: Operational Technology

Background Behind the Merger and the Strategy of the Robotic SI Business in the Hitachi's Connective Industries Sector

In recent years, in industry, particularly in the manufacturing and logistics, there has been rapidly growing demand for the automation at shop floor using robots reflecting a labor shortage due to the declining birthrate, the aging of the population and the decrease in the working-age population, in addition to the COVID-19 pandemic. Meanwhile, the boundaries between operations, organizations and companies have become obvious. To solve these issues seamlessly and create new value, digital transformation using advanced technology is being accelerated.

Hitachi's Connective Industries Sector is focusing on the global development of TOTAL SEAMLESS SOLUTION^{*9} that solves issues existing in boundaries between operations and organizations by leveraging Lumada and Hitachi's combination of products, OT and IT. Against this backdrop, the need for automation through the use of robots at shop floor is increasing, and the field of robotic SI, which involves a huge amount of data, is playing an important role in connecting management to shop floor to achieve comprehensive optimization. In this environment, Hitachi has been strengthening its global business structure in this field for the last few years. Specifically, Hitachi acquired JR Automation in 2019^{*10} and Kyoto Robotics in 2021. Hitachi Industrial Equipment Systems Co., Ltd. ("Hitachi Industrial Equipment Systems ") acquired KEC Corporation ("KEC") in 2019.^{*11} Subsequently, KEC and the robotic SI business of Hitachi Industrial Equipment Systems were reorganized and integrated, becoming Hitachi Automation in April 2022. Now, Hitachi has decided to merge Hitachi Automation with Kyoto Robotics to increase the competitiveness of the robotic SI business in Japan and ASEAN countries.

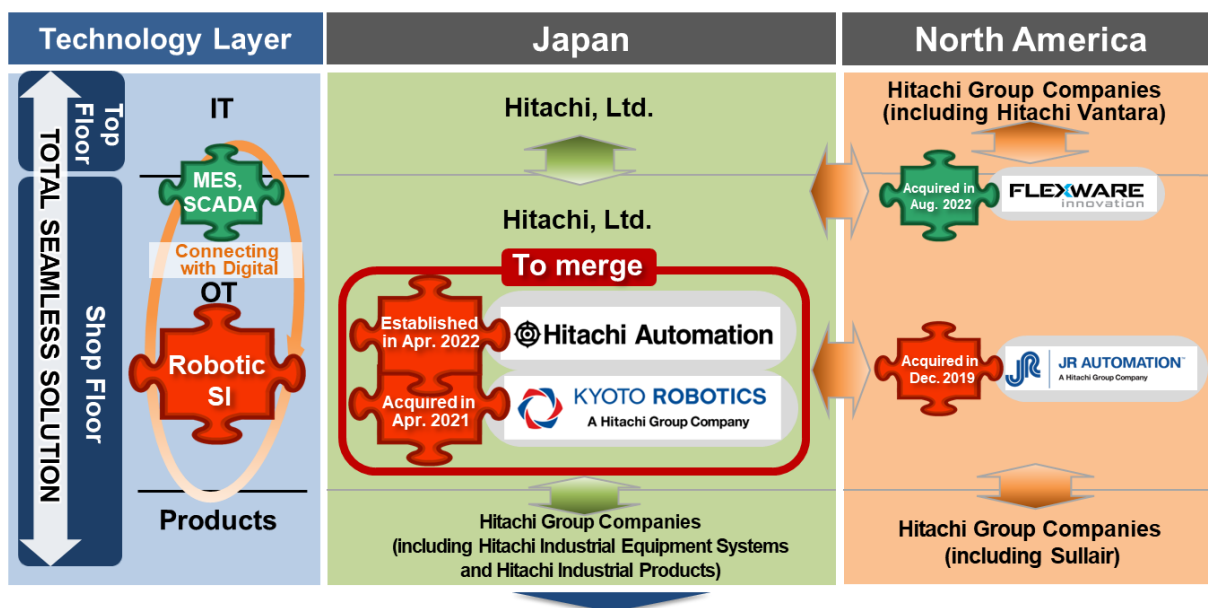
Previously, Hitachi acquired U.S.-based Flexware Innovation, Inc.,^{*12} which is engaged in a system integration business in the fields of OT and IT in August 2022 to promote the provision of TOTAL SEAMLESS SOLUTION through the integration of robotic SI and digital technology in North America.

*9 TOTAL SEAMLESS SOLUTION is a registered trademark of Hitachi, Ltd. in Japan and U.S.

*10 News release issued by Hitachi on April 24, 2019: "Hitachi Agrees to Acquire JR Automation, a Robotic System Integrator in the U.S."
<https://www.hitachi.com/New/cnews/month/2019/04/190424.pdf>

*11 News release issued by Hitachi Industrial Equipment Systems on March 22, 2019: "Hitachi Industrial Equipment Systems Entered into Agreement to Acquire KEC, Robotic System Integrator"
<https://www.hitachi.com/New/cnews/month/2019/03/190322.html>

*12 News release issued by Hitachi on September 6, 2022: "Hitachi Acquires Key Industry 4.0 Systems Integrator—Flexware Innovation"
<https://www.hitachi.com/New/cnews/month/2022/09/220906b.html>



Expand Hitachi Automation's ability to comprehensively propose solutions and strengthen collaboration with JR Automation to become a global leader in the robotic SI business

Strengthening the structure of the robotic SI business

■ Profile after the merger (planned for April 1, 2023)

Company name	Hitachi Automation, Ltd.
Head office location	5-1, Soto-Kanda 1-Chome, Chiyoda-ku Tokyo, Japan
Representative	President: Hideo Satake
Capital	300 million yen
Number of employees	Approx. 250
Outline of business	Robotic SI business for manufacturing and logistics, development and sale of intelligent robotic vision systems

- End -

■ 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 billion yen (\$84,136 million USD), 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>.

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.
