News Release

HITACHI
Inspire the Next

Hitachi Invests in Preferred Networks
Begins collaborative creation
aimed at using deep learning and other AI technologies

Tokyo, December 11, 2017 --- Hitachi, Ltd. (TSE: 6501, Hitachi) and Preferred Networks, Inc. (President & CEO: Toru Nishikawa, PFN) announced today that Hitachi made an investment in PFN, aimed at collaborative creation using "deep learning" and other forms of artificial intelligence (AI) technologies. The investment amount is approximately 500 million yen, and Hitachi received shares issued as a capital increase through a third-party allocation on November 30.

In recent years, the world has been changing dramatically due to rapid advances in digitalization; for example, as IoT (the Internet of Things) and digital technologies come to be used in a wide range of fields. In this context, in an effort to resolve social issues, Hitachi is focusing on the Social Innovation Business, which combines the OT (Operational Technology) and IT that it has accumulated up to now. Hitachi is also actively promoting the use of cutting-edge technologies such as AI and robotics in the Social Innovation Business.

PFN, meanwhile, is carrying out R&D on machine learning and deep learning since its foundation, and is also developing distributed computing and networking technologies aimed at achieving "edge-heavy computing," in which data is processed through distributed coordination of the cloud, network devices, and edge devices. It has also developed and provided "Chainer®," an open source deep learning framework, driving innovations, and collaborating with various leading companies to promote the use of cutting-edge technologies in the real world.

Through this capital investment, Hitachi and PFN combine the strengths that each company has cultivated, and begin studies of collaborative creation aimed at achieving further innovations. Hitachi and PFN will strive to leverage AI technologies as part of efforts to achieve "Society 5.0," for example by applying AI technologies in edge computing, incorporating intelligence into existing systems, and developing next-generation control systems.

Outline of Preferred Networks

Founded in March 2014 with the aim of promoting business utilization of deep learning technology focused on IoT, PFN advocates Edge Heavy Computing as a way to handle the enormous amounts of data generated by devices in a distributed and collaborative manner at the edge of the network, driving innovation in various fields, with a focus on three business areas: transportation, manufacturing, and bio/healthcare. PFN develops and provides Chainer®, an open source deep learning framework. PFN promotes advanced initiatives by collaborating with world leading organizations, such as Toyota Motor Corporation, FANUC CORPORATION, and the National Cancer Center. (https://www.preferred-networks.jp/en/)

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 9,162.2 billion yen ($81.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 304,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. For more information on Hitachi, please visit the company's website at http://www.hitachi.com.

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