

Notification of Conclusion of Absorption-type Company Split Agreement Relating to Healthcare Business

Tokyo, January 26, 2024 – Hitachi, Ltd. (TSE:6501, “Hitachi”) and Hitachi High-Tech Corporation (“Hitachi High-Tech”) announced in the news release issued on October 11, 2023 that they have decided to transfer Hitachi’s Healthcare Business Division^{*1} to Hitachi High-Tech, a wholly owned subsidiary of Hitachi, through a company split effective April 1, 2024, for the purpose of strengthening the healthcare business in the Hitachi Group (the “Company Split”). Having concluded the absorption-type company split agreement (the “Company Split Agreement”) today, Hitachi and Hitachi High-Tech announce changes of matters which had already been released and additional matters which had not yet been announced in the news release on October 11, 2023. The matters which have been changed and newly added since the previous news release are underlined.

*1 Excludes nuclear fusion and research accelerator-related development department

1. Outline of the Company Split

(1) Schedule of the Company Split

Signing of the Company Split Agreement	January 26, 2024
Effective date for the Company Split	April 1, 2024 (scheduled)

* Hitachi will perform the Company Split without holding general meetings of shareholder to obtain approval for the absorption-type split agreement since the Company Split falls under an “abbreviated split” as set forth in Paragraph 2, Article 784 of the Company Act with respect to Hitachi.

(2) Company Split method

The split is an absorption-type split under which Hitachi will be the splitting company and Hitachi High-Tech will be the succeeding company.

(3) Details of allotments related to the Company Split

When the Company Split is executed, Hitachi High-Tech will issue one share of common stock, and it shall be transferred to Hitachi.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights accompanying the Company Split

There will be no changes in the handling of stock acquisition rights issued by Hitachi due to the Company Split.

Hitachi has no bonds with stock acquisition rights.

(5) Capitalization changes accompanying Company Split

There will be no changes in Hitachi’s capitalization as a result of the Company split.

(6) Succession of rights and obligations

Hitachi High-Tech will assume all rights and obligations as stipulated in the Company Split Agreement, including Hitachi’s assets, intellectual property rights, debts and credits, positions in contracts, and labor contracts.

(7) Prospect on fulfillment of obligations

It has been determined that it will be possible to fulfill all of Hitachi High-Tech’s obligations for which the due date arrives on or after the effective date of the Company Split.

2. Profiles of the Parties of Corporate Split

	Splitting Company	Successor Company														
(1) Name	Hitachi, Ltd.	Hitachi High-Tech Corporation														
(2) Head office	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	1-17-1 Toranomon, Minato-ku, Tokyo														
(3) Representative	Keiji Kojima, President and CEO	Takashi Iizumi, President														
(4) Outline of Business	Development, production, sales, and provision of products related to Digital Systems & Services, Green Energy & Mobility, Connective Industries and Others	Manufacturing and sales of clinical analyzers, biotechnology products, semiconductor manufacturing equipment, analytical instruments, and analysis equipment. Providing high value-added solutions in the fields of social & industrial infrastructure and mobility, etc.														
(5) Capital	463,417 million yen (as of September 30, 2023)	7,938 million yen (as of March 31, 2023)														
(6) Established	February 1, 1920	April 12, 1947														
(7) Number of issued shares	938,241,277 shares (as of September 30, 2023)	137,521,147 shares (as of March 31, 2023)														
(8) Fiscal year-end	March 31	March 31														
(9) Main shareholders and shareholding ratios (As of September 30, 2023)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>17.84%</td> <td rowspan="6">Hitachi, Ltd.</td> <td rowspan="6">100.0%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>6.35%</td> </tr> <tr> <td>GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.)</td> <td>2.69%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)</td> <td>2.56%</td> </tr> <tr> <td>NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)</td> <td>2.18%</td> </tr> <tr> <td></td> <td></td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	17.84%	Hitachi, Ltd.	100.0%	Custody Bank of Japan, Ltd. (Trust Account)	6.35%	GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.)	2.69%	STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	2.56%	NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)	2.18%			
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(10) Financial conditions and business results for the most recent fiscal year (ended March 2023) (Consolidated/IFRS) (Millions of yen unless otherwise specified)																
Total Hitachi, Ltd. stockholders' equity	4,942,854	483,286														
Total assets	12,501,414	818,821														
Total Hitachi, Ltd. stockholders' equity per share (JPY)	5,271.97	3,514.27														
Revenues	10,881,150	674,247														
Income before income taxes	819,971	83,239														
Net income attributable to Hitachi, Ltd. stockholders	649,124	63,125														
Earnings per share attributable to Hitachi, Ltd. stockholders (Basic) (JPY)	684.55	459.02														

3. Outline of the business division to be split off

(1) Business of the division to be split

Design, manufacture, sales, and maintenance services for Laboratory automation systems and in-vitro diagnostic equipment; design, manufacture, sales, and maintenance services for particle therapy system and X-ray therapy system; regenerative medicine solutions (development, sales, etc. of automated cell culture systems) ; digital healthcare (clinical testing systems, genome diagnostic support services, etc.) ; hospital operation support solutions; design, manufacture, maintenance services, and imaging services for industrial X-ray CT systems; and research and development related to superconductivity technology.

(2) Business performance of the Business (Consolidated)

Revenues: 45 billion yen (fiscal year ended March 2023)

(3) Asset and Liability Items to be Transferred, and amounts (Forecast for April 1, 2024)

Category	Details	Amount (billions of yen)
Assets to be split	Accounts receivable, inventory assets, etc.	72.6
Liabilities to be split	Accounts payable, accrued expense, etc.	21.6
Deductions	—	51.0

4. Hitachi's profile after the Company Split

No changes in the company name, head office, representative, outline of business, capital, and fiscal year-end are expected after the Company Split.

5. Profile of the Succeeding Company after the Company Split

(1) Name	Hitachi High-Tech Corporation
(2) Head office	1-17-1 Toranomon, Minato-ku, Tokyo
(3) Representative	Takashi Iizumi, President
(4) Outline of Business	Manufacturing and sales of clinical analyzers, biotechnology products, radiotherapy system, semiconductor manufacturing equipment, analytical instruments, and analysis equipment. Providing high value-added solutions in the fields of digital healthcare, social & industrial infrastructure, and mobility, etc.
(5) Capital	7,938 million yen (as of March 31, 2023)
(6) Fiscal year-end	March 31

6. Outlook

This company split will have no impact on Hitachi's consolidated financial results.

(Reference)

Consolidated financial forecasts for the fiscal year ending March 31, 2024 (announced on October 27, 2023) and consolidated financial results for the previous fiscal year.

(millions of yen)

	Revenues	Adjusted operating income ^{*2}	Adj. EBITA ^{*3}	Income from Continuing operations before income taxes	Net income	Net income attributable to Hitachi, Ltd. stockholders
Consolidated Business Forecasts for Fiscal 2023 (Year Ending March 31, 2024)	9,150,000	720,000	865,000	735,000	557,000	520,000
Consolidated Operating Results for Fiscal 2022 (Year Ending March 31, 2023)	10,881,150	748,144	884,606	819,971	703,870	649,124

*2 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

*3 "Adj. EBITA" is defined as Adjusted Earnings before Interest, Taxes and Amortization. Adjusted EBITA represents profit (loss) calculated by deducting selling, general and administrative expenses from gross profit, adding back amortization of intangible assets, etc. recognized upon business combinations, and adding or deducting share of profits (losses) investments accounting for using the equity method.

- End -

About Hitachi, Ltd.

Hitachi drives Social Innovation Business, creating a sustainable society through the use of data and technology. We solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products. Hitachi operates under the business structure of "Digital Systems & Services" - supporting our customers' digital transformation; "Green Energy & Mobility" - contributing to a decarbonized society through energy and railway systems, and "Connective Industries" - connecting products through digital technology to provide solutions in various industries. Driven by Digital, Green, and Innovation, we aim for growth through co-creation with our customers. The company's consolidated revenues for fiscal year 2022 (ended March 31, 2023) totaled 10,881.1 billion yen, with 696 consolidated subsidiaries and approximately 320,000 employees worldwide. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s ability to respond to tightening of regulations to prevent climate change;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- exacerbation of social and economic impacts of the spread of COVID-19;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;

- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.