

News Release

FOR IMMEDIATE RELEASE

Company Split of the Analysis Contract Service Business and the Transfer of Stock of the New Company

Tokyo, October 21, 2019 - Hitachi Power Solutions Co., Ltd. (“Hitachi Power Solutions”), a wholly owned subsidiary of Hitachi, Ltd. (TSE: 6501), today announced that it has agreed with Endeavour United Co., Ltd. (“Endeavour United”), a Japanese independent investment fund management company, on the transfer of the analysis contract service business of Hitachi Power Solutions, and had concluded a stock transfer agreement. Specifically, Hitachi Power Solutions will establish a new company on January, 2020, absorb and split the service business to the new company on March 1, and then transfer the shares of the new company to a special purpose company under Endeavour United.

Started in 1971, the analysis contract service of Hitachi Power Solutions has expanded its business centered on analysis contract and research technology consulting, including the analysis, material evaluation, corrosion testing, and strength analysis in environmental and food fields. Now, the miniaturization of materials and products is advancing, and evaluation of structures and composition at the atomic level is regarded as important. The analysis contract service that uses scanning transmission electron microscopes equipped with a spherical aberration corrector, has the ability to measure the structure, composition, and chemical bonding condition of materials and devices to a high level of precision, which makes it applicable in a broad range of fields, such as chemical analysis, physical properties evaluation, structural analysis, mechanical testing, corrosion testing, and nondestructive measurement. The service is expected to grow in the future.

As a core company that takes responsibility for the solution business in the energy sector in the Hitachi Group, Hitachi Power Solutions is accelerating the restructuring of its business portfolio through selection and concentration. In the market environment where open innovation is accelerating, in order for the analysis contract service business to continue developing, growing, and meeting expectations from customers for mid-to-long term, Hitachi Power Solutions reached the following conclusion. It should involve Endeavour United, an investment fund management company that has top-level Japanese investment achievements in supporting formulation and implementation of growth strategies for medium-sized enterprises and supporting the structure building associated with the split of business departments. Then it should make use of their expertise to operate a business beyond conventional schemes as a dedicated service company, aiming at mid-to-long term growth.

As a dedicated analysis contract service company, the new company will take advantage of a broad customer base accumulated through strong technological power and reliability, and will maintain and strengthen its superiority through management resource inputs and continued technological innovation, aiming at business expansion.

With this business transfer, Hitachi Power Solutions will increase its focus on the Social Innovation Business combining Operational Technology (OT), Information Technology (IT), and products, pertaining to the equipment and maintenance of social infrastructure that requires high reliability and security.

The impact of this transfer of shares on the business results of Hitachi Ltd. for this fiscal year is minor.

■ Outline of the new company

Name	Not yet determined
Representative	Not yet determined
Capital	Not yet determined
Head Office	832-2, Horiguchi, Hitachinaka City, Ibaraki
Established	Mid-January 2020 (scheduled)
Outline of Business	Instrumental analysis, structure analysis, material research and test evaluation, measurement engineering, chemical analysis, soil analysis, gas analysis, plant water quality analysis, radioactivity measurement, new analysis evaluation method development, and more
Number of employees	Approx. 145
Shareholders	Mid-January 2020 (at the time of foundation) :Hitachi Power Solutions Co., Ltd. 100% March 1, 2020 (date of transfer of shares) :Special Purpose Company under Endeavour United No.2 Investment Limited Partnership 100%

■ Schedule of company split and transfer of shares

Execution of the share purchase agreement	October 18, 2019
Execution of absorption-type company split agreement	Mid-January 2020 (scheduled)
Effective date of absorption-type company split and transfer of shares	March 1, 2020 (scheduled)

■About Hitachi Power Solutions Co., Ltd.

Since its establishment in 1960 as a member of the Hitachi Group, Hitachi Power Solutions Co., Ltd. has been providing various technologies, products, systems, and services to meet customer requests and the demands of society in such social infrastructure fields as energy, industry, and information systems. Fiscal 2018 revenues totaled 139.9 billion yen. For more information on Hitachi Power Solutions Co., Ltd., please visit the company's website at <http://www.hitachi-power-solutions.com/en/index.html>

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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.
