

FOR IMMEDIATE RELEASE

## Notification of Agreement for Shares of Subsidiary, and Recognition of Extraordinary Gain on Unconsolidated Basis and Other Income on Consolidated Basis

### <Key Messages>

- Hitachi entered into an agreement (the Non-Tender Agreement) with K.K. BCJ-52, which is supposed to be financed by Bain Capital Consortium, regarding Hitachi Metals shares.
- After the completion of a series of transactions, Hitachi Metals will no longer be a consolidated subsidiary of Hitachi, and it will reinforce its competitiveness and profitability under Bain Capital Consortium.
- Hitachi is accelerating the global expansion of its Social Innovation Business through Lumada, and will continue to utilize Hitachi Metals' high-performance materials in Hitachi's products.
- Hitachi plans to post an extraordinary gain of approximately 328.0 billion yen in gains on sale of affiliated companies' common shares in its unconsolidated statements of operations for the fiscal year ending March 31, 2022. In addition, Hitachi plans to record a gain on business reorganization and others in the amount of approximately 114.0 billion yen in its consolidated accounts as other income.

Please refer to the text below for details.

**Tokyo, April 28, 2021** --- Hitachi, Ltd. (TSE:6501, "Hitachi") today announced that it has entered into an agreement regarding the following four points (the "Non-Tender Agreement" and a series of transactions as the "Transaction") with K. K. BCJ-52 ("Tender Offeror"), a wholly owned company of G.K. BCJ-51 ("Parent Company of Tender Offeror"), the outstanding shares of which are indirectly owned by investment funds which Bain Capital Private Equity, LP and its group (including affiliate companies and the group, collectively "Bain Capital") provide with investment advice.

- ① Tender Offeror will launch a tender offer ("Tender Offer") for common stocks of Hitachi Metals (President and CEO: Mitsuaki Nishiyama; "Hitachi Metals", and the common stocks as "Hitachi Metals Shares"), a consolidated subsidiary of Hitachi, when conditions for the commencement of the Tender Offer are satisfied (or abandoned by Tender Offeror), and Hitachi will not apply for Tender Offer with regard to all of the
- ② Hitachi Metals Shares held by Hitachi (228,221,199 shares, "Shares to Be Sold by Hitachi").
- ③ In the event Tender Offer is enacted and Tender Offeror is unable to acquire all of the Hitachi Metals Shares (excluding treasury stock held by Hitachi Metals and Shares to

Be Sold by Hitachi) in Tender Offer, Tender Offeror and Hitachi will request convening of a general meeting of shareholders on the matter of items required for implementation of share consolidation (“Share Consolidation”) on Hitachi Metals and exercise approval right for the proposal.

- ④ As promptly as practically possible after Tender Offeror and Hitachi become holders of all shares of Hitachi Metals (excluding treasury stock held by Hitachi Metals) as a result of Share Consolidation, capital reduction and other measures (“Capital Reduction”) will be performed for Hitachi Metals in order to secure distributable amount required for acquisition of treasury stock by Hitachi Metals (“Share Repurchase”).
- ⑤ Immediately after Capital Reduction takes effect, Shares to Be Sold by Hitachi will be transferred to Hitachi Metals at the amount equal to the transaction price of Share Repurchase, 1,674 yen, multiplied by the number obtained by subtracting the number of shares to be purchased by Hitachi Metals as fractional shares as a result of Share Consolidation from Shares to Be Sold by Hitachi.

Parent Company of Tender Offeror plans to be invested before the settlement date of Tender Offer by funds Bain Capital provides with investment advice, funds Japan Industrial Partners, Inc. (“JIP”) manages, operates and provides with information and funds Japan Industrial Solutions Co., Ltd. (“JIS”, and the investments by those funds collectively as “Investments”) operates and after such Investments, the funds Bain Capital provides with investment advice, the funds JIP manages, operates and provides with information and funds JIS operates will indirectly own the entire outstanding shares of Tender Offeror (Bain Capital, JIP and JIS, collectively as “BC Consortium”).

After the completion of Transaction, Hitachi Metals will no longer be a consolidated subsidiary of Hitachi.

## **1. Purpose and Background of Transaction**

Hitachi Metals has contributed to the society by providing unique products in the fields of automobiles, industrial infrastructure, and electronics since the start of its business. Hitachi Metals has been working on expansion of “Only 1, No. 1” business and products with the basic principle of contributing to the society as “a high-performance materials manufacturer that can support a sustainable society” in its fiscal year 2021 medium-term management plan that started in April 2019. However, since the announcement of the medium-term management plan, profitability has deteriorated due to factors such as the fact that demand in the automotive sector, factory automation, robotics and other industrial sectors, as well as in the electronics sector, has become more severe than anticipated at the time of the announcement. Hitachi Metals has continued to consider various measures to fundamentally restore its business performance and to develop growth strategies. In addition, the business environment has changed significantly due

to the recent outbreak of COVID-19. In particular, in the automotive sector, a decline in global automobile sales volume has led to a decline in demand for many key products, while in the aircraft sector, a decline in demand for aircraft-related materials has resulted from a decline in demand for aircraft. Although Hitachi Metals stated that it would improve capital efficiency and concentrate resources on growth business in the medium-term management plan, it has not achieved results and its profitability has deteriorated due to a decrease in sales revenue. Based on the above situation and consideration, Hitachi Metals decided that it is necessary to improve speed of decision-making, obtain funds for investment, and introduce external knowledge in order to increase its enterprise value by reinforcing its competitiveness and profitability, and that the best way for that goal was to proceed with reforms after delisting without being restricted by our current capital structure.

In late July 2020, Hitachi Metals and Hitachi discussed Hitachi Metals' future direction and agreed on the policy that various options should be considered without being confined by the current capital structure to strengthen its competitiveness and enhance its corporate value. Hitachi Metals and Hitachi approached several candidate bidders and started the bidding process from early November 2020, selected BC Consortium as the final candidate in early April 2021, and today, reached the Non-Tender Agreement.

Hitachi aims to contribute to improving people's Quality of Life and increasing social, environmental and economic value for its customers. Hitachi is accelerating the global expansion of the Social Innovation Business through Lumada in mainly six focused fields – Mobility, Smart Life, Industry, Energy, IT and Automotive Systems, and will continue to utilize Hitachi Metals' high-performance materials in Hitachi products. Hitachi will use the proceeds from Transaction as a source of funds for strengthening its financial base, returning profits to shareholders, and investing in growth opportunities.

## 2. Outline of Hitachi Metals

1. Name	Hitachi Metals, Ltd.																						
2. Head Office	2-70, Konan 1-chome, Minato-ku, Tokyo																						
3. Representative	Mitsuaki Nishiyama Chairperson, President and CEO Representative Executive Officer																						
4. Outline of Business	Manufacture and marketing of advanced metals products, and advanced components and materials																						
5. Capital (as of March 31, 2021)	26,284 million yen																						
6. Established	March 2, 1946																						
7. Major Shareholders and Shareholding Ratios (as of March 31, 2021)	<table border="0"> <tr> <td>Hitachi, Ltd.</td> <td>53.38%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>3.75%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>2.04%</td> </tr> <tr> <td>JPMBL RE CITIGROUP GLOBAL MARKETS LIMITED COLL EQUITY</td> <td>1.78%</td> </tr> <tr> <td>Japan Securities Finance Co., Ltd.</td> <td>1.50%</td> </tr> <tr> <td>J.P.Morgan Chase Bank 385632</td> <td>1.14%</td> </tr> <tr> <td>State Street Bank and Trust Company 505103</td> <td>1.10%</td> </tr> <tr> <td>J.P.Morgan Securities PLC</td> <td>1.03%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account 7)</td> <td>1.02%</td> </tr> <tr> <td>J.P.Morgan Chase Bank 380072</td> <td>0.83%</td> </tr> </table>			Hitachi, Ltd.	53.38%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.75%	Custody Bank of Japan, Ltd. (Trust Account)	2.04%	JPMBL RE CITIGROUP GLOBAL MARKETS LIMITED COLL EQUITY	1.78%	Japan Securities Finance Co., Ltd.	1.50%	J.P.Morgan Chase Bank 385632	1.14%	State Street Bank and Trust Company 505103	1.10%	J.P.Morgan Securities PLC	1.03%	Custody Bank of Japan, Ltd. (Trust Account 7)	1.02%	J.P.Morgan Chase Bank 380072	0.83%
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8. Relationship between Hitachi and Hitachi Metals	Capital relationship	Hitachi owns 53.38% of the total number of shares (excluding treasury stock) issued by Hitachi Metals.																					
	Personnel relationship	One executive officer of Hitachi has been appointed as Director at Hitachi Metals.																					
	Transaction relationship	Hitachi Metals sells Specialty Steel, Functional Components, Magnetic Materials / Power Electronics Materials and Wires, Cables, and Related Products to Hitachi.																					
	Status as related party	Hitachi Metals is a consolidated subsidiary of Hitachi, and is considered a related party.																					
9. Consolidated financial conditions and business results for the past three years (IFRS)																							
Fiscal year	FY2018	FY2019	FY2020																				
Total equity attributable to owners of the parent (million yen)	587,979	520,313	489,671																				
Total assets (million yen)	1,099,252	977,766	972,249																				
Total equity attributable to owners of the parent per share (yen)	1,375.16	1,216.92	1,145.26																				
Revenues (million yen)	1,023,421	881,402	761,615																				
Operating income (million yen)	42,442	(39,126)	(49,213)																				
Net income attributable to owners of the parent (million yen)	31,370	(37,648)	(42,285)																				
Net income per share (yen)	73.37	(88.05)	(98.90)																				
Dividend per share (yen)	34.00	26.00	0.00																				

### 3. Outline of Tender Offeror

1. Name	K.K. BCJ-52	
2. Head Office	5F, Palace Building 1-1-1 Marunouchi, Chiyoda-ku, Tokyo	
3. Representative	Yuji Sugimoto, Representative Director	
4. Outline of Business	Acquire and own shares of Hitachi Metals, and control and manage Hitachi Metals' business activities	
5. Capital (as of April 28, 2021)	25,000 yen	
6. Established	April 23, 2021	
7. Main Shareholders and Shareholding Ratios (as of March 31, 2021)	G.K. BCJ-51 (100.00%)	
8. Relationship between Hitachi and Tender Offeror	Capital relationship	N/A
	Personnel relationship	N/A
	Transaction relationship	N/A
	Status as related party	N/A

### 4. Number of Shares to be transferred through Transaction, Transaction Price, and Number of Shares Owned Before and After Transaction

1. Number of Shares Before Transaction	228,221,199 shares (Number of voting rights: 2,282,211) (Ratio of voting rights owned: 53.45%)
2. Number of Shares to be transferred through Transaction	228,221,199 shares <sup>(1)</sup> (Number of voting rights: 2,282,211) (Ratio of voting rights owned: 53.45%)
3. Transaction Price	approx. 382.0 billion yen <sup>(2)</sup> (1,674 yen per share)
4. Number of Shares Owned After Transaction	0 (Number of voting rights: 0) (Ratio of voting rights owned: 0.00%)

- (1) The number of shares transferred in Share Repurchase is the number obtained by subtracting the number of shares to be purchased by Hitachi Metals as fractional shares as a result of Share Consolidation from Shares to Be Sold by Hitachi.
- (2) The total amount transferred in Share Repurchase will be the transaction price of Share Repurchase per share multiplied by the number obtained by subtracting the number of shares to be purchased by Hitachi Metals as fractional shares as a result of Share Consolidation from Shares to Be Sold by Hitachi. Please note that the amount stated in the table above is a reference value calculated by multiplying the transaction price per share by the number of Shares to Be Sold by Hitachi.

### 5. Schedule

Tender Offeror plans to immediately launch Tender Offer when conditions for the commencement of the Tender Offer stipulated in the Non-Tender Agreement are satisfied (or abandoned by Tender Offeror) and aims to launch Tender Offer around late November 2021.

## 6. Outlook

If all of Shares to Be Sold by Hitachi are transferred in the fiscal year ending March 2022 (April 1, 2021 to March 31, 2022) in the Transaction, Hitachi plans to post an extraordinary gain of approximately 328.0 billion yen in gains on sale of affiliated companies' common shares in its unconsolidated statements of operations for the fiscal year ending March 31, 2022. In addition, Hitachi plans to record a gain on business reorganization and others in the amount of approximately 114.0 billion yen in its consolidated accounts as other income.

(Reference) Consolidated Financial Forecast for FY2021 (as of April 28, 2021) and Consolidated Financial Results for FY2020 (Millions of yen)

	Revenues	Adjusted operating income <sup>(3)</sup>	Continuing Business EBIT	Net income	Net income attributable to Hitachi, Ltd. stockholders
Consolidated Financial Forecast (FY2021)	9,500,000	740,000	800,000	620,000	550,000
Consolidated Financial Results (FY2020)	8,729,196	495,180	844,443	518,510	501,613

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

### About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focused on its Social Innovation Business that combines information technology (IT), operational technology (OT) and products. The company's consolidated revenues for fiscal year 2019 (ended March 31, 2020) totaled 8,767.2 billion yen (\$80.4 billion), and it employed approximately 301,000 people worldwide. Hitachi drives digital innovation across five sectors – Mobility, Smart Life, Industry, Energy and IT – through Lumada, Hitachi's advanced digital solutions, services, and technologies for turning data into insights to drive digital innovation. Its purpose is to deliver solutions that increase social, environmental and economic value for its customers. 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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- 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;
- 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;
- 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;
- 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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;
- 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 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 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.

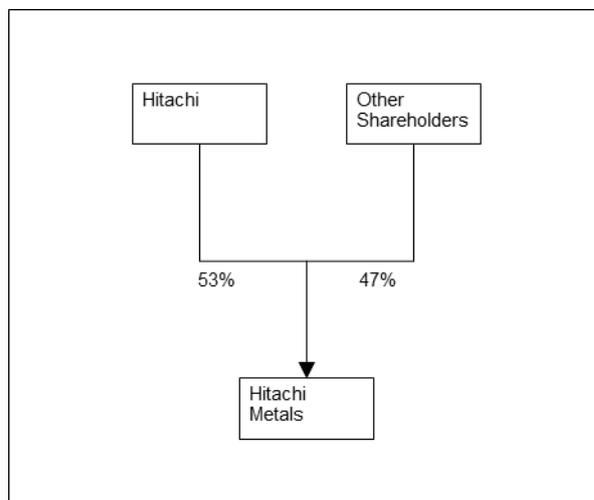
The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

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**Appendix** [Structure Diagram of the Transaction]

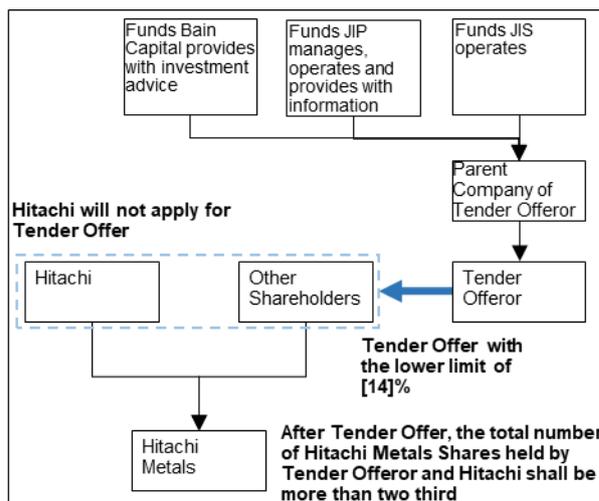
**Current Status**

- As of April 28, 2021, 53% of Hitachi Metals Shares are owned by Hitachi and the remaining 47% are owned by other shareholders (Synonymous with "minority shareholder" in Article 441-2 of the Tokyo Stock Exchange Ownership Securities Listing Regulations and its Regulations for Enforcement Article 436-3).



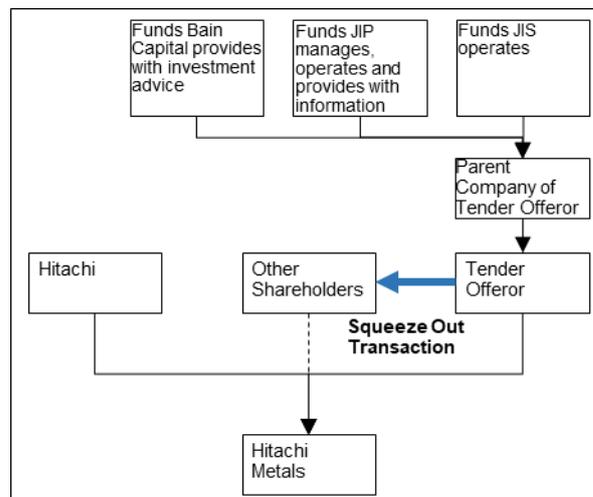
**Tender Offer and Financing for its Settlement by Tender Offeror**

- Tender Offeror will launch Tender Offer targeting at all of Hitachi Metals Shares excluding treasury stocks held by Hitachi Metals and Shares to Be Sold by Hitachi.
- Tender Offeror plans to raise necessary funds for settlement of Tender Offer through equity investment from Parent Company of Tender Offeror ("Investment from Parent Company of Tender Offeror") and borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., Shinsei Bank, Ltd. and Aozora Bank, Ltd. ("Borrowings for Tender Offer Settlement"), and plans to receive Investment from Parent Company of Tender Offeror and Borrowings for Tender Offer Settlement by one business day before the settlement date of Tender Offer, conditional upon the completion of Tender Offer. In addition, Parent Company of Tender Offeror plans to raise necessary funds for Investment from Parent Company of Tender Offeror through Investments by funds operated by BC Consortium, and plans to receive Investments by one business day before the settlement date of Tender Offer, conditional upon the completion of Tender Offer.
- After Investment from Parent Company of Tender Offeror, the investment fund that Bain Capital provides with investment plans to own more than two-thirds of the stake in Parent Company of Tender Offeror. The specific investment ratios among the investment fund that Bain Capital provides investment advice, the fund that JIP manages, operates and provides with information, and the investment fund that JIS operates are currently under discussion in the BC Consortium, and it is planned to be agreed before the Tender Offer has started. It is expected that the investment ratio of the investment fund that Bain Capital provides investment advice will exceed two-thirds.



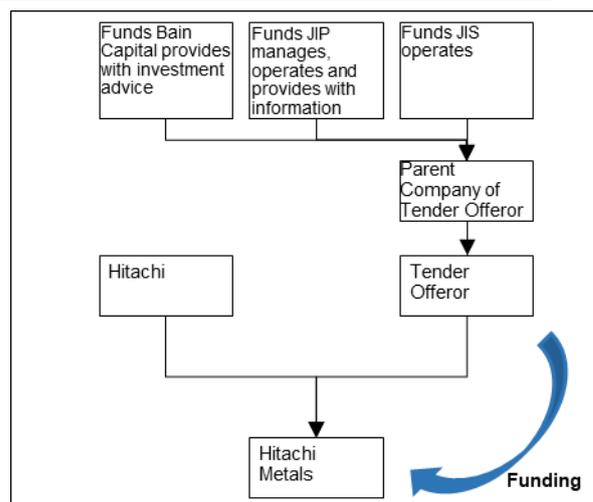
**Squeeze Out by Tender Offeror through Share Consolidation**

- In the event Tender Offeror is unable to acquire all of Hitachi Metals Shares (excluding treasury stocks held by Hitachi Metals and Shares to Be Sold by Hitachi) after the completion of Tender Offer, Tender Offeror will request to conduct Share Consolidation to make Tender Offeror and Hitachi the only shareholders of Hitachi Metals.
- The Share Consolidation is expected to take effect after the approval by the extraordinary shareholders meeting to be held after the completion of the Tender Offer.

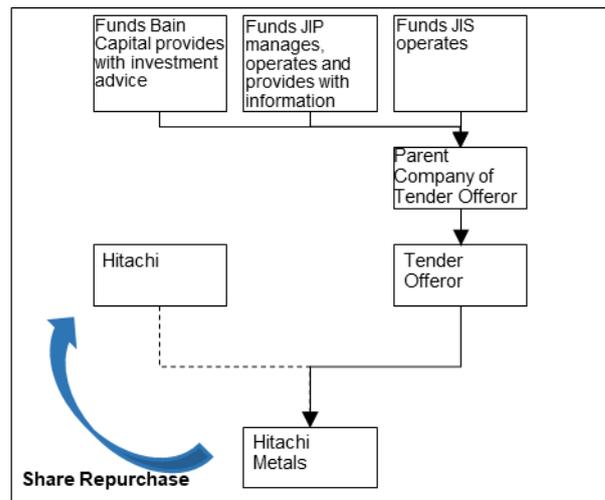


**Funding from Tender Offeror to Hitachi Metals, Share Repurchase by Hitachi Metals from Hitachi and Capital Reduction to Secure Distributable Amount for Share Repurchase**

- Hitachi Metals plans to immediately conduct Capital Reduction (reduction of capital, capital reserve and retained earnings reserve) in order to secure necessary distributable amount for Share Repurchase by Hitachi Metals from Hitachi. Tender Offeror as the funding provider plans to lend money or underwrite corporate bonds as funds for Share Repurchase, considering the cash required for Share Repurchase, cash and equivalents held by Hitachi Metals, and the amount of cash and equivalents necessary for its business operation, and Hitachi Metals plans to allot the funds to the payment to Hitachi.
- The extraordinary shareholders meeting where Capital Reduction will be brought as a matter to be resolved will be held after Share Consolidation comes to be effective and Tender Offeror and Hitachi become the only shareholders of Hitachi Metals.

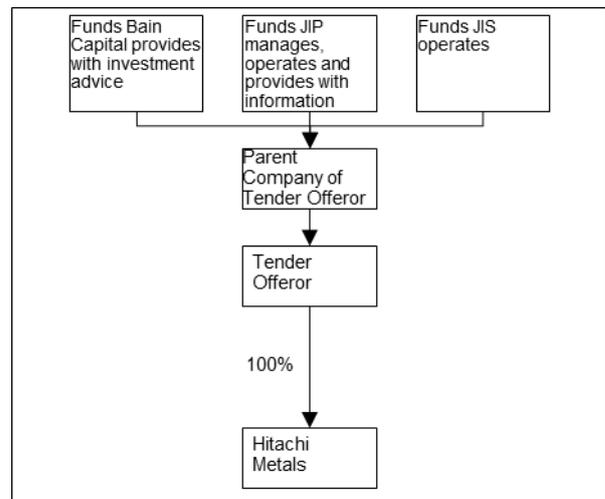


- After completion of Tender Offer, Share Consolidation, and Capital Reduction, Hitachi Metals will purchase all of Shares to Be Sold by Hitachi through Share Repurchase.
- Share Repurchase is possible to be launched before approval of exemption from submission of the Securities Report is given after Share Consolidation. However, the launch will be after delisting Hitachi Metals Shares and the targeted shares after delisting will not be considered “Listed Share Certificates, etc.” (Financial Instruments and Exchange Act, Article 24-6, paragraph 1, and its Order for Enforcement Article 4-3 (including Government Ordinance No. 321 of 1965 and subsequent amendments to the law)), therefore Hitachi Metals will not conduct a tender offer for share repurchase.



**After Transaction**

- After Transaction, Tender Offeror will own all of the issued shares of Hitachi Metals (excluding treasury stocks held by Hitachi Metals).



The structure wherein Hitachi Metals will purchase all of the Hitachi Metals Shares held by Hitachi is economically rational for Hitachi shareholders.

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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.

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