

FOR IMMEDIATE RELEASE

Notification of Conclusion of Absorption-type Company Split Agreement Relating to the Radiation Measurement Device Business, and Change of Disclosure Matters

Tokyo, Japan, March 24, 2022 --- Hitachi, Ltd. (TSE:6501, “Hitachi”) announced in the news release issued on October 13, 2021 that it has decided to execute the succession of the radiation measurement device business and the industrial X-ray CT device business to a newly established successor company through an absorption-type split, and all shares in the successor company will be transferred to X Holdings Co., Ltd., which is wholly owned by NMC No.4 Investment Business Limited Liability Partnership, with Nippon Mirai Capital Co., Ltd. (“Nippon Mirai Capital”) acting as the investment support service provider.

Following this announcement, as a result of further discussion by both companies regarding the optimum business structure for the closing, today, Hitachi concluded an amendment to the share purchase agreement and an absorption-type Company Split Agreement (the “Company Split Agreement”), stipulating that only the radiation measurement device business (the “Business”) will be transferred to X Holdings Co., Ltd. through an absorption-type split (the “Company Split”). Below, Hitachi announces changes of matters which had already been released and additional matters which had not yet been announced in the news release on October 13, 2021 and February 28, 2022. The matters which have been changed and newly added since the previous news release are underlined.

1. Outline of the Company Split and the Share Transfer

(1) Schedule of the Company Split and the Share Transfer

Signing of the share purchase agreement	October 13, 2021
<u>Signing of the amendment to the share purchase agreement</u>	<u>March 24, 2022</u>
Signing of Company Split Agreement	<u>March 24, 2022</u>
Effective date for Companies Split and closing date of share transfer	<u>June 1, 2022 (Tentative)</u>

*The transaction is subject to customary closing conditions and regulatory approvals. Hitachi will perform the Company Split without holding general meetings of shareholders to obtain approval for the absorption-type split agreement since the Company Split falls under “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 Nippon RayTech Co.,Ltd. (“Nippon RayTech ”) will be the successor company.

(3) Details of allotments related to the Company Split

When the Company Split is executed, Nippon RayTech will issue 99 shares of common stock, and all of those shares 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 the Company Split

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

(6) Succession of rights and obligations

Nippon RayTech 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 Nippon RayTech’s obligations for which the due date arrives on or after the effective date of the Company Split.

2. Profiles of the Parties to the Company Split

	Splitting Company	New Company
(1) Name	Hitachi, Ltd.	<u>Nippon RayTech Co., Ltd.</u>
(2) Head Office	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo	<u>1-20-8 Nakacho, Musashino City, Tokyo</u>
(3) Representative	President & COO Keiji Kojima	President: Satoru Ikushima
(4) Outline of business	Development, manufacture, and sales of products, and provision of services, across nine segments: IT, Energy, Industry, Mobility, Smart Life, Automotive Systems, Hitachi Construction Machinery, Hitachi Metals, and Other	<u>Design, manufacture, sales, and maintenance for radiation measurement devices</u>
(5) Capital	461,731 million yen (as of Dec 31, 2021)	<u>25 million yen</u>
(6) Established	February 1, 1920	<u>November 18, 2021</u>
(7) Number of issued shares	968,234,877 shares (as of Dec 31, 2021)	1 share
(8) Fiscal year-end	March 31	<u>March 31</u>
(9) Main shareholders and shareholding ratios	<p><u>The Master Trust Bank of Japan, Ltd. (Trust account)</u> 15.15%</p> <p><u>Custody Bank of Japan, Ltd. (Trust account)</u> 5.92%</p> <p><u>State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)</u> 2.40%</p> <p><u>Nippon Life Insurance Company NATS CUMCO (Standing proxy: Mizuho Bank, Ltd.)</u> 2.07%</p> <p><u>2.04%</u></p> <p>(As of Sept. 31, 2021)</p>	Hitachi, Ltd. 100.0%
(10) Financial conditions and business results for the most recent fiscal year (ended March 2021) (Consolidated/IFRS) (Millions of yen unless otherwise specified)		
Total Hitachi, Ltd. stockholders' equity	3,525,502	—
Total assets	11,852,853	—
Total Hitachi, Ltd. stockholders' equity per share (JPY)	3,646.46	—
Revenues	8,729,196	—
Income from continuing operations, before income taxes	844,443	—
Net income attributable to Hitachi, Ltd. stockholders	501,613	—
Earnings per share attributable to Hitachi, Ltd. stockholders (Basic) (JPY)	519.29	—

3. Overview of the Business to Be Split

(1) Description of business to be split

Design, manufacture, sales, and maintenance services for radiation measurement devices (e.g., environmental radiation monitoring systems, comprehensive radiation management systems).

(2) Business performance of the Business

Revenues:7.3 billion yen (fiscal year ended March 2021)

(3) Asset and Liability Items to be Transferred, and amounts (Forecast for June 1, 2022)

Category	Details	Amount (millions of yen)
Assets to be split	Accounts receivable, inventory assets, etc.	4,450
Liabilities to be split	Accounts payable, accrued expense , etc.	1,255
Deductions	—	3,195

4. Profile of the Succeeding Company after the Company Split

(1) Name	Nippon RayTech Co.,Ltd.
(2) Head Office	1-20-8 Nakacho, Musashino City, Tokyo
(3) Representative	President: Satoru Ikushima
(4) Outline of Business	Design, manufacture, sales, and maintenance for radiation measurement devices
(5) Capital	100 million yen
(6) Fiscal Year-end	March 31

5. Outlook

This Share Transfer will not have a significant effect on Hitachi's consolidated business performance.

(Reference)

Consolidated financial forecasts for the fiscal year ending March 31, 2022 (announced on February 2, 2022) and consolidated financial results for the previous fiscal year

(millions of yen)

	Revenues	Adjusted operating income*	Income from continuing operations, before income taxes	Net income	Net income attributable to Hitachi, Ltd. stockholders
Consolidated Business Forecasts for Fiscal 2021 (Year Ending March 31, 2022)	10,000,000	723,000	765,000	625,000	550,000
Consolidated Operating Results for Fiscal 2020 (Year Ending March 31, 2021)	8,729,196	495,180	844,443	518,510	501,613

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

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.

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.
