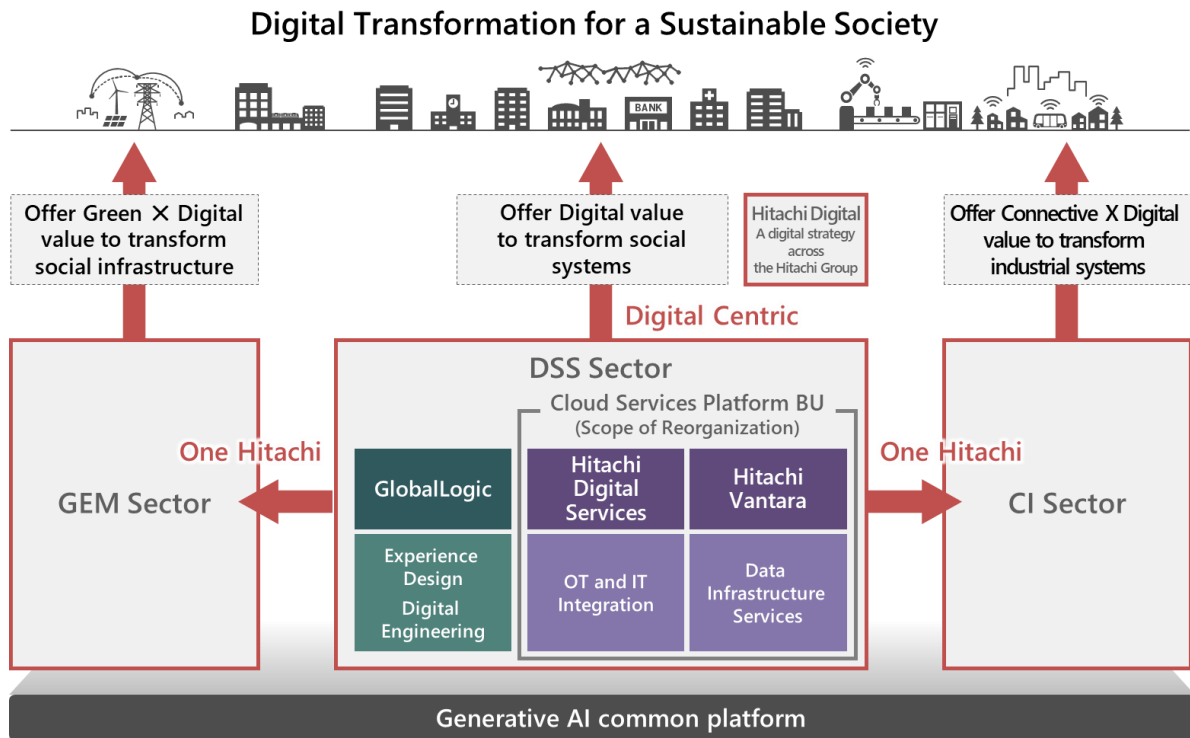


## Global reorganization to strengthen synergies leveraging OT and IT

Accelerate Growth and Business Expansion through the Power of Generative AI  
by Hitachi Vantara Reorganization, and Company Split of the IT products business



Hitachi's Digital value chain solution after reorganization

Tokyo, October 27, 2023 – Hitachi, Ltd. (TSE: 6501, "Hitachi") is reorganizing its global organizations to further accelerate the creation of synergies with OT (Operational Technology) fields such as energy, transportation, and industry, while strengthening digital capabilities and value chains in the Lumada co-creation cycle<sup>\*1</sup>. With the new organizations, Hitachi will promote company-wide digital transformation through the utilization of rapidly evolving generative AI and contribute to the realization of a sustainable society.

Effective November 1, 2023, Hitachi Vantara LLC's digital solutions business will be spun off into a new company, Hitachi Digital Services led by CEO Roger Lvin. Hitachi Digital Services will offer services in cloud, data, IoT technologies and OT and IT integration services. Hitachi Digital Services will provide digital value to each industry and drive Hitachi's unique synergy creation under Hitachi Digital<sup>\*2</sup> led by Jun Taniguchi, CEO of Hitachi Digital and Gajen Kandiah, President of Hitachi Digital, and Executive Chairman of Hitachi Digital Services.

In addition, to meet the growing demand for data infrastructure, Hitachi Vantara LLC led by CEO Sheila Rohra, will reorganize to further strengthen its industry-leading storage and hybrid cloud-centric data Infrastructure services portfolio.

Furthermore, as of April 1, 2024, Hitachi's IT Platform Products Management Division, which has been responsible for business development, research/development, and production of data infrastructure in Japan, will be succeeded by the newly established Hitachi Vantara, Ltd. (President: Akinobu Shimada) through an absorption-type split. (Certain disclosures and details have been omitted as this transaction is a company split transferring businesses from Hitachi to its wholly owned subsidiary.)

Hitachi Vantara, Ltd. and Hitachi Vantara LLC will strengthen mutual management as the re-aligned Hitachi Vantara and further integrate global storage manufacturing and sales, service structure to accelerate investments and development to address the rapid rise in infrastructure opportunities. The companies will support Hitachi's technology strategy by providing hybrid cloud storage and common platform for Generative AI under a strong unified brand.

**■Comment from Keiji Kojima, President and CEO of Hitachi, Ltd.**

"We see the emergence of generative AI as a breakthrough with enormous impact. Hitachi is continuously strengthening its business structure, including human resource development and policy development, with the aim of effectively utilizing generative AI to unleash the potential of the company. Through this reorganization, Hitachi will actively invest in the data infrastructure necessary for AI training and in OT and IT Integration, which Hitachi has domain knowledge, to achieve company-wide digital transformation through the use of generative AI. Going forward, Hitachi, together with GlobalLogic, Hitachi Digital Services and re-aligned Hitachi Vantara, will contribute to solving various issues faced by our customers and society by accumulating domain knowledge and data from a wide range of business fields, including energy and transportation, which are our strengths, in an enhanced and secure environment, while integrating digital assets such as generative AI."

**■About the features of each company to be established through the reorganization**

1. About Hitachi Digital Services

Hitachi Vantara's digital solutions business excels in optimizing business environments with cloud operating systems and round-the-clock global managed services addressing diverse digital modernization and multi-cloud needs. Leveraging these digital strengths, Hitachi Digital Services has been building a track record in OT and IT synergies through joint development and implementation with Hitachi Energy, Hitachi Rail and other Hitachi companies.

To meet rising AI and cloud demand, Hitachi Digital Services is being established to offer a

unified operating model for cloud, data, IoT and managed services, and to integrate digital capability into domain knowledge within OT fields such as energy, transportation, and industry under Hitachi Digital's strategy.

Collaborating with Hitachi group businesses, including GlobalLogic, Hitachi Digital Services will support enterprise transformation through automation of business processes and generative AI.

## 2. About the re-aligned Hitachi Vantara

Hitachi IT Platform Products Management Division and Hitachi Vantara have honed their world-class technologies such as virtualization and data protection as they deploy high-performance, high-reliability mission-critical storage solutions that store and utilize large volumes of data for businesses.

To meet the current and rapidly growing demand for data infrastructure, with leveraging the strengths of these unique technologies, Hitachi Vantara is pioneering the development of a hybrid cloud storage that seamlessly combines on-premises and cloud computing to achieve safety, high performance and reliability, and cost advantage in processing mission-critical large-scale data for complex business requirements. To quickly address these needs, the re-aligned Hitachi Vantara will accelerate innovation, increase agility, and reduce time to market by combining world-class engineering, development, and manufacturing through an integrated Japan-U.S. operation.

Furthermore, the company will build a partner ecosystem and promote the development of common platform for generative AI through strategic alliances that will enhance Hitachi's technology value and further strengthen its data Infrastructure services including data management.

\*1 About the Lumada co-creation approach

<https://www.hitachi.com/products/it/lumada/global/en/about/index.html>

\*2 About Hitachi Digital which was established in North America in April 2022:

<https://www.hitachi.com/New/cnews/month/2022/04/220401a.html>

## ■ Overview of each companies

### 1. Overview of Hitachi Digital Services

(1) Name	Hitachi Digital Services LLC
(2) Head Office	Santa Clara, California, USA
(3) Representative	CEO Roger Lvin
(4) Outline of Business	Provide businesses related to generative AI, cloud integration, modernization, and IoT services, as well as system integration and digital services in areas such as RunOps & Managed Services, Cloud & SI Services, and Data & Analytics Services
(5) Fiscal Year-end	31, March

### 2. Overview of re-aligned Hitachi Vantara

On April 1, 2024, Hitachi's IT Platform Products Management Division will be spun off and will start operation as Hitachi Vantara, Ltd., establishing an integrated manufacturing and sales system with Hitachi Vantara LLC.

Both companies will strengthen mutual management and move to globally integrated operations.

#### Overview of Hitachi Vantara LLC

(1) Name	Hitachi Vantara LLC
(2) Head Office	Santa Clara, California, USA
(3) Representative	CEO Sheila Rohra
(4) Outline of Business	Development, construction, sales, operation, monitoring and maintenance of data infrastructure products centered on storage for overseas markets, data management software, hybrid cloud infrastructure and related services
(5) Fiscal Year-end	31, March

#### Overview of Hitachi Vantara, Ltd. (Tentative)

\* Details of the company split are described below "Overview of the Company Split of IT products Business".

(1) Name	Hitachi Vantara, Ltd.
(2) Head Office	292 Yoshida-cho, Totsuka-ku, Yokohama City, Kanagawa Prefecture
(3) Representative	President Akinobu Shimada
(4) Outline of Business	Design and development of data infrastructure products centered on storage, data management software, hybrid cloud infrastructure and related services and sales, operation, monitoring and maintenance in Japan
(5) Fiscal Year-end	31, March

## ■ Overview of the Company Split of IT products Business

### 1. Outline of Company Split

#### (1) Schedule of Company Split

Execution of the Agreement	January 2024 (Tentative)
Schedule Company Split Date (Effective Date)	April 1, 2024(Tentative)

※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 an “abbreviated split” as set forth in Paragraph2, Article 784 of the Companies 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 Vantara, Ltd. will be in the succeeding company.

#### (3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying 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.

#### (4) Capitalization Changes Accompanying Company Split

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

#### (5) Other

Notification of other details of the Company Split will be provided as they are decided.

### 2. Profile of the Parties of Company Split

	Splitting Company	Succeeding Company (at the time of establishment (tentative))
(1) Name	Hitachi, Ltd.	Hitachi Vantara, Ltd.
(2) Head Office	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo	292 Yoshida-cho, Totsuka-ku, Yokohama City, Kanagawa Prefecture
(3) Representative	President & CEO Keiji Kojima	President Akinobu Shimada

(4) Outline of Business	Development, production, sales, and provision of products related to Digital Systems & Services, Green Energy & Mobility, Connective Industries, etc.	Design and development of data infrastructure products centered on storage, data management software, hybrid cloud infrastructure and related services and sales, operation, monitoring and maintenance in Japan										
(5) Capital	463,417 million yen (As of June 30, 2023)	50 million yen										
(6) Established	February 1, 1920	November 1, 2023(tentative)										
(7) Number of issued Shares	938,241,277 shares (As of September 30, 2023)	1,000 shares										
(8) Fiscal Year-end	March 31	March 31										
(9) Main shareholders and Shareholding (as of the March 31, 2023)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>18.20%</td> </tr> <tr> <td>Custody Bank of Japan (Trust Account)</td> <td>6.67%</td> </tr> <tr> <td>State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank, Ltd.)</td> <td>2.64%</td> </tr> <tr> <td>GOVERNMENT OF NORWAY (Standing Proxy: Citibank, NA)</td> <td>2.62%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.13%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	18.20%	Custody Bank of Japan (Trust Account)	6.67%	State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank, Ltd.)	2.64%	GOVERNMENT OF NORWAY (Standing Proxy: Citibank, NA)	2.62%	Nippon Life Insurance Company	2.13%	Hitachi, Ltd. 100%
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GOVERNMENT OF NORWAY (Standing Proxy: Citibank, NA)	2.62%											
Nippon Life Insurance Company	2.13%											
(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.'s equity	4,942,854	—										
Total assets	12,501,414	—										
Total Hitachi, Ltd. stockholders' equity per share (yen)	5,271.97	—										
Revenues	10,881,150	—										
Income before income taxes	819,971	—										
Net income attributable to Hitachi, Ltd. stockholders	649,124	—										
Earnings per share attributable to Hitachi, Ltd. stockholders (Basic)(yen)	684.55	—										

### 3. Overview of the Business to Be Split

#### (1) Business to Be Split

Design and development of IT infrastructure products and services centered on storage and sales, operation, monitoring and maintenance in Japan.

#### (2) Other

Other details concerning the Business to Be Split will be announced as they are decided.

### 4. Status of the Parties after the Company Split

There will be no change in Hitachi's company name, head office location, representative's position or name, business activities, capital or fiscal year due to the Company Split.

The status of the succeeding company after the Company Split is described in "Overview of Hitachi Vantara, Ltd." in "2. Overview of re-aligned Hitachi Vantara".

### 5. Outlook

This Company Split will not have a significant effect on Hitachi's consolidated business performance.

(Reference) Consolidated Business Forecast for the Year Ending March 31, 2023(announced on October 27, 2023) and Consolidated Operating Results for the Previous Fiscal Year  
(Millions of yen)

	Revenues	Adjusted Operating Income	Adj. EBITA	Income before income taxes	Net Income	Net Income attributable to Hitachi, Ltd. stockholders
Consolidated Business Forecasts for the Fiscal year 2023	9,150,000	720,000	865,000	735,000	557,000	520,000
Consolidated Operating Results for Fiscal year 2022	10,881,150	748,144	884,606	819,971	703,870	649,124

## ■ 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.

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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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