

Hitachi Announces Consolidation of Healthcare Business into Hitachi High-Tech through Company Split

Creating Healthcare Innovation by “Diagnosis x Treatment x Digital”

Tokyo, October 11, 2023 – Hitachi, Ltd. (TSE:6501, “Hitachi”) and Hitachi High-Tech Corporation (“Hitachi High-Tech”) today announced that they have decided to transfer Hitachi’s Healthcare Business Division* 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”).

Through the Company Split, Hitachi High-Tech will promote the healthcare business based on “Diagnosis x Treatment x Digital” and create healthcare innovation.

Since the Company Split is an absorption-type company split in which the business will be succeeded by a wholly owned subsidiary of Hitachi, disclosure regarding the Company Split in this announcement is simplified.

* Excludes nuclear fusion and research accelerator-related development department

1. Purpose of the Company Split

In the healthcare field, Hitachi is developing businesses related to diagnosis, treatment, and digital healthcare in Japan and overseas. In the diagnostic area, we supply Laboratory automation systems to university hospitals and large-scale laboratories. In the area of treatment, Hitachi provides radiotherapy system such as particle therapy system and X-ray therapy system for cancer treatment, as well as automated cell culture systems for culturing large numbers of cells for use in regenerative medicine. We are also engaged in digital healthcare-related businesses that utilize healthcare data such as diagnosis and treatment.

Hitachi High-Tech promotes its business in four areas: Analytical & Medical Solutions, Nano-Technology Solutions, Value Chain Solutions, and Core Technology Solutions. Analytical & Medical Solutions provide new value in the healthcare field by integrating cutting-edge “analysis and automation technologies” with digital technology. To date, we have contributed to improve quality and efficiency of testing with a product lineup that includes in-vitro diagnostic equipment that analyzes blood and other specimens to support the diagnosis of diseases, and DNA sequencers that contribute to genomic medicine. In the future, by entering the molecular diagnostics business, we aim to contribute to the improvement of people’s QoL (Quality of Life) through “personalized medicine” and “sophisticated diagnosis of intractable diseases”.

The Hitachi group aims to improve people’s well-being, and the healthcare field is central to this goal.

Hitachi and Hitachi High-Tech share the healthcare purpose “Innovating Healthcare, Embracing the Future” and are promoting the healthcare business together. Both companies have many things in common, such as strong sales channels in the in-vitro diagnostics field, cutting-edge analysis and automation technologies, and business creation through collaboration with customers and partners. In addition, the two companies share mutual strengths, such as R&D and manufacturing capabilities accumulated at Hitachi High-Tech, relationships with global KOL (Key Opinion Leaders) cultivated through Hitachi’s radiotherapy system business, and digital solutions that link diagnosis and treatment. This led to the decision to integrate the businesses of the two companies as the best way to accelerate the growth of the healthcare business.

Going forward, we will effectively implement our “Diagnosis x Treatment x Digital” strategy to create healthcare innovations such as high-quality, highly functional diagnosis, minimally invasive treatment, optimization of diagnosis and treatment, and realization of personalized medicine, aiming to improve people’s QoL and create “a society without fear of cancer and other diseases”.

2. Outline of the Company Split

(1) Schedule of the Company Split

| | |
|--|---------------------------|
| Singing of the Company Split Agreement | February 2024 (scheduled) |
| 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) 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.

(4) Capitalization changes accompanying Company Split

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

(5) Others

Other details related to the Company Split will be disclosed once determined.

3. 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 servicing of products across five segments: Digital Systems & Services, Green Energy & Mobility, Connective Industries, Automotive Systems, 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 June 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 June 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 March 31, 2023) | <table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>18.20%</td> <td rowspan="5">Hitachi, Ltd.</td> <td rowspan="5">100.0%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (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, N.A.)</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% | Hitachi, Ltd. | 100.0% | Custody Bank of Japan, Ltd. (Trust Account) | 6.67% | STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.) | 2.64% | GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.) | 2.62% | Nippon Life Insurance Company | 2.13% | |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 18.20% | Hitachi, Ltd. | 100.0% | | | | | | | | | | | |
| Custody Bank of Japan, Ltd. (Trust Account) | 6.67% | | | | | | | | | | | | | |
| STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.) | 2.64% | | | | | | | | | | | | | |
| GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A.) | 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. 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 | | | | | | | | | | | | |

4. 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) Others

Other details of business to be split will be disclosed once determined.

5. 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.

6. 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 |

7. Outlook

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

(Reference) Consolidated earnings forecast for the current fiscal year (announced on July 28, 2023) and consolidated 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 Fiscal 2023 (Year Ending March 31, 2024) | 8,800,000 | 675,000 | 835,000 | 705,000 | 542,000 | 500,000 |
| Consolidated Operating Results for Fiscal 2022 (Year Ending March 31, 2023) | 10,881,150 | 748,144 | 884,606 | 819,971 | 703,870 | 649,124 |

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

- 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.

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.
