

## Conclusion of Absorption-Type Split Agreement for Reorganization of IT Products Business

Tokyo, January 26, 2024 – Hitachi, Ltd. (TSE: 6501, "Hitachi") announced on October 27, 2023 that, for the purpose of global reorganization, 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. through an absorption-type split ("Company Split"), effective April 1, 2024.\*<sup>1</sup>

Today, IT Platform Products Management Division entered into an absorption-type split agreement ("the Agreement") for the company split and hereby announces the matters that were undecided in the press release dated 27 October 2023 and other matters as follows. The undecided matters are underlined and the partially changed matters are underlined.

Hitachi Vantara, Ltd. will promote the design and development of storage and other data infrastructure products, data management software, hybrid cloud infrastructure and related services and sales, operation, monitoring and maintenance services in Japan. Akinobu Shimada, General Manager of IT Platform Products Management Division, will assume the role of President of Hitachi Vantara, Ltd.

In addition, 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 operating structure to support Hitachi's technology strategy by providing hybrid cloud storage and common platform for Generative AI under a strong unified brand.

\*1 News release: October 27, 2023 "Global reorganization to strengthen synergies leveraging OT and IT"  
(<https://www.hitachi.com/New/cnews/month/2023/10/231027c.html>)

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

#### 1. Outline of Company Split

##### (1) Schedule of Company Split

Date of Contract	<u>January 26, 2024</u>
Scheduled implementation 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 will be in the succeeding company.

## (3) Allocation of Shares in Connection with the Company Split

Hitachi Vantara will issue 199,000 ordinary shares upon the Company Split, all of which will be delivered to Hitachi.

## (4) 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.

## (5) Capitalization Changes Accompanying Company Split

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

## (6) Rights and obligations to be assumed by the succeeding company as a result of the Company Split

Hitachi Vantara will succeed to Hitachi's assets, intellectual property rights, etc., claims and obligations, contractual status, employment contracts and all other rights and obligations of Hitachi as set forth in the Agreement.

## (7) Prospects of meeting obligations

It is determined that is expected to be able to meet Hitachi Vantara's obligations that become due on or after the effective date of the Company Split.

## 2. Profile of the Parties of Company Split

	Splitting Company	Succeeding Company
(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 and 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 September 30, 2023)	50 million yen															
(6) Established	February 1, 1920	<u>November 1, 2023</u>															
(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 September 30, 2023)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>17.84%</td> <td></td> </tr> <tr> <td>Custody Bank of Japan (Trust Account)</td> <td>6.35%</td> <td></td> </tr> <tr> <td>GOVERNMENT OF NORWAY (Standing Proxy: Citibank, NA)</td> <td>2.69%</td> <td>Hitachi, Ltd. 100%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)</td> <td>2.56%</td> <td></td> </tr> <tr> <td>NATSCUMCO (Standing proxy: Mizuho Bank, Ltd.)</td> <td>2.18%</td> <td></td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	17.84%		Custody Bank of Japan (Trust Account)	6.35%		GOVERNMENT OF NORWAY (Standing Proxy: Citibank, NA)	2.69%	Hitachi, Ltd. 100%	STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	2.56%		NATSCUMCO (Standing proxy: Mizuho Bank, Ltd.)	2.18%		
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(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	-
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### 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) Operating results of the businesses to be split (non-consolidated)

Revenues 142,195 million yen (Actual results for the fiscal year ended March 31, 2023)

#### (3) Items and amounts of assets and liabilities to be split (expected April 1, 2024)

Classification	Contents	Amount (Billion yen)
Assets to be split	Accounts receivable, inventories, tangible and intangible assets, etc.	93.5
Liabilities to be split	Accounts payable, accrued expenses, etc.	49.6
ebb and flow	-	43.9

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

There will be no change in Hitachi's corporate name, address, name and title of representative, business activities, capital stock, or fiscal year end as a result of this company split.

The outline of the succeeding company after the Company Split is as follows.

(1) Name	Hitachi Vantara, Ltd.
(2) Location	292 Yoshida-cho, Totsuka-ku, Yokohama City, Kanagawa Prefecture
(3) Title and name of	President, Akinobu Shimada
(4) 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) Capital	10 billion yen
(6) Fiscal year end	March 31

### 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

(Million yen)

	Revenue	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

\*1 Adjusted Operating Income is an index calculated by subtracting the amount of Cost of Sales and Selling, General and Administrative Expenses from Revenue.

\*2 Adjusted EBITA, which stands for Adjusted Earnings before interest, taxes and amortization, is a measure calculated by adding back the amortization of intangible assets and other items recognized in a business combination to adjusted operating income, and then adding equity in earnings of affiliates.

#### ■ 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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