

FOR IMMEDIATE RELEASE

Hitachi to Make Hitachi Energy a Wholly Owned Subsidiary

Tokyo, September 30, 2022 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that it has signed a share transfer agreement with ABB Ltd (SIX: ABBN, "ABB") to acquire 19.9% of the shares of Hitachi Energy Ltd. ("Hitachi Energy"), a consolidated subsidiary, from ABB to make the company a wholly owned subsidiary. On December 17, 2018, Hitachi and ABB signed the acquisition agreement for 80.1% of the shares of the company operating power grids business (now Hitachi Energy) that had been carved out from ABB*¹. On July 1, 2020, Hitachi acquired 80.1% of the shares of the company*². Hitachi has exercised its call option that was agreed in the original agreement. The total acquisition price for the remaining shares will be US\$1.679 billion (approximately JPY218 billion*³) based on the business valuation at the time of acquisition and the transfer will be completed by the end of December 2022, subject to regulatory approvals.

Since establishing the consolidated subsidiary, Hitachi and Hitachi Energy have combined the global industry-leading power grids business with Hitachi's digital technologies to provide Lumada solutions such as "Lumada Inspection Insights" for the inspection, monitoring, and optimization of critical assets, and "Lumada Asset Performance Management" which provides health and performance insights to prevent critical asset failures while optimizing asset lifecycle costs. Further synergies created by the two companies include the awards of large HVDC orders through enhanced collaboration.

By making Hitachi Energy a wholly owned subsidiary, Hitachi intends to further accelerate synergies and innovation through the fusion of the two companies as the global power market undergoes an unprecedented period of change in preparation for the energy transition. To achieve Hitachi's Mid-term Management Plan 2024, the acquisition will also accelerate the creation of synergies in the areas of rail solutions and digital systems and services, such as Hitachi Vantara and GlobalLogic, where collaboration is already underway, as well as in the field of connective industries.

This acquisition will have no impact on Hitachi's consolidated financial forecast for the fiscal year ending March 31, 2023. Hitachi and ABB will continue to pursue comprehensive collaboration after this acquisition.

"We are pleased with the progress of Hitachi Energy, and we look forward to supporting the Hitachi Energy 2030 Plan, as announced during Hitachi Investor Day 2022," said Yoshihiko Kawamura, Executive Vice President and Executive Officer, CFO of Hitachi, and the Chair of the Board of Hitachi Energy.

"Electricity will be the backbone of the entire energy system and the urgency of the energy transition requires us to collaborate and innovate across stakeholders and sectors, and the good news is that we can act now. Hitachi and Hitachi Energy have been generating synergies by combining digital and energy technologies that are contributing to the global energy transition. We will accelerate the drive for synergies, digitalization and service and will continue to offer deployment of both IT and operational technology (OT) at scale and with speed, as we are advancing a sustainable energy future for all," said Claudio Facchin, Senior Vice President and Executive Officer, CEO of Power Grids Business Unit of Hitachi, and CEO of Hitachi Energy.

*1 News Release dated December 17, 2018: "Hitachi to Strengthen Energy Solutions Business with the Acquisition of ABB's Power Grids Business"

https://www.hitachi.com/New/cnews/month/2018/12/f_181217.pdf

*2 News Release dated July 1, 2020: "Hitachi Completes Acquisition of ABB's Power Grids Business; Hitachi ABB Power Grids Begins Operation"

https://www.hitachi.com/New/cnews/month/2020/07/f_200701.pdf

*3 Calculations based on the assumed FX rate for the second to fourth quarter of the fiscal year ending March 31, 2023, announced on July 29, 2022, US\$1 = JPY130

Overview of Hitachi Energy

Name	Hitachi Energy Ltd.
Location	Swiss Confederation, Zurich
Title and name of representative	CEO Claudio Facchin
Description of business	Design, manufacturing and sale of power grid products and systems, software and service solutions
Number of manufacturing sites	(Consolidated) Approx. 100
Number of sales sites	(Consolidated) Approx. 200
Number of employees	(Consolidated) Approx. 40,000
Capital	CHF1.25 million
Establishment date	September 20, 2018 (Established as "ABB Management Holding AG") (Name changed to "Hitachi ABB Power Grids Ltd" and started operation on July 1, 2020. Name changed again to "Hitachi Energy Ltd." on July 1, 2021.)
Major shareholders and ratio of shareholding	Hitachi: 80.1%, ABB: 19.9%

About Hitachi, Ltd.

Hitachi drives Social Innovation Business, creating a sustainable society with data and technology. We will solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products, under the business structure of Digital Systems & Services, Green Energy & Mobility, Connective Industries and Automotive Systems. Driven by green, digital, and innovation, we aim for growth through collaboration with our customers. The company's consolidated revenues for fiscal year 2021 (ended March 31, 2022) totaled 10,264.6 billion yen (\$84,136 million USD), with 853 consolidated subsidiaries and approximately 370,000 employees worldwide. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

ABB (ABBN: SIX Swiss Ex) is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB's success is driven by about 105,000 talented employees in over 100 countries. www.abb.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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