

FOR IMMEDIATE RELEASE

Hitachi Announces the Conclusion of Absorption-type Company Split Agreement Relating to Diagnostic Imaging-related Business

< Overview of the News Release >

Hitachi, Ltd. today announced that it has concluded an absorption-type company split agreement regarding the transfer of its diagnostic imaging-related business (CT, MRI, X-ray systems, Ultrasound and electronic health records) to FUJIFILM Corporation, and has decided to set the closing date of share transfer, which had not yet been decided, to March 31, 2021.

For more details, please refer to the following.

Tokyo, February 18, 2021 --- Hitachi, Ltd. (TSE: 6501, “Hitachi”) announced in the news release issued on December 18, 2019 that it has decided to execute an absorption-type split (the “Company Split”) involving the diagnostic imaging-related business (the “Business”), currently undertaken by Hitachi and its consolidated subsidiaries and affiliate companies, through which the Business will be transferred to a newly established company serving as a successor company (FUJIFILM Healthcare Corporation), and transfer all shares in FUJIFILM Healthcare Corporation to FUJIFILM Corporation (TSE: 4901, “Fujifilm”) (such share transfer, the “Share Transfer”) after the Company Split.

Having concluded the absorption-type company split agreement (the “Company Split Agreement”) today, Hitachi has announced matters as follows, some of which had not yet been decided in the news release on December 18, 2019 and May 28, 2020. The matters which have been decided and changes since the previous news release are underlined.

Hitachi, in its healthcare business, will accelerate global rollout of its particle therapy treatment systems, a highly reliable system with outstanding track record of treating over 65,000 patients, strengthen its in-vitro diagnostic systems business that enables early detection of diseases, and for the future, Hitachi will expand its cell manufacturing solutions deploying its expertise in regenerative medicine. Hitachi will also continue to offer high value-added services in the IT field, such as medical and nursing data linkage platform and new services utilizing AI and analytics. Furthermore, Hitachi will broaden its healthcare business into group-wide efforts by leveraging its strengths in digital technologies to create social, environmental, and economic values and contribute to the realization of a sustainable society.

1. Outline of the Company Split

(1) Schedule of the Company Split

Signing of the share purchase agreement	December 18, 2019
Signing of the company split agreement	<u>February 18, 2021</u>
Effective date for Company Split and closing date of Share Transfer	<u>March 31, 2021 (Tentative)</u>

(*) The transaction is subject to customary closing conditions and regulatory approvals. 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 FUJIFILM Healthcare Corporation is the succeeding company.

(3) Details of allotments related to Company Split

FUJIFILM Healthcare Corporation will issue 99 common stocks accompanying the Company Split. All of the stocks will be allocated 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) Succession of rights and obligations

FUJIFILM Healthcare Corporation will succeed to all rights and obligations of Hitachi including assets, intellectual property rights, claims and debts, the statuses under contracts and labor contracts, as specified in the Company Split Agreement.

(7) Prospect on fulfilment of obligations

It is judged that there should be no concern about fulfilling all of FUJIFILM Healthcare Corporation’s obligations whose due date comes on or after the effective date of the Company Split.

2. Profile of the Parties of the Company Split

	Splitting Company	Succeeding Company												
(1) Name	Hitachi, Ltd.	FUJIFILM Healthcare Corporation												
(2) Head office	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo	2-1 Shintoyofuta, Kashiwa, Chiba												
(3) Representative	President & CEO Toshiaki Higashihara	President <u>Akio Yamamoto</u>												
(4) Outline of business	Development, manufacture and sales of products and provision of service across <u>eight segments</u> : IT, Energy, Industry, Mobility, Smart Life, Hitachi Construction Machinery, Hitachi Metals, and Others	Research and development, manufacturing, sales and maintenance service of diagnostics imaging systems (CT, MRI, X-ray systems, Ultrasound) and electronic health records												
(5) Capital	<u>460,790 million yen</u> (As of December 31, 2020)	45 million yen												
(6) Established	February 1, 1920	<u>January 6, 2020</u>												
(7) Number of issued shares	<u>967,885,277 shares</u> (As of December 31, 2020)	<u>1 share</u>												
(8) Fiscal year-end	March 31	March 31												
(9) Main shareholders and shareholding ratios (As of <u>September 30, 2020</u>)	<table border="0"> <tr> <td><u>The Master Trust Bank of Japan, Ltd. (Trust Account)</u></td> <td><u>9.33%</u></td> <td rowspan="5">Hitachi, Ltd.</td> <td rowspan="5">100.0%</td> </tr> <tr> <td><u>Custody Bank of Japan, Ltd. (Trust Account)</u></td> <td><u>5.95%</u></td> </tr> <tr> <td><u>Hitachi Employees' Shareholding Association</u></td> <td><u>2.20%</u></td> </tr> <tr> <td><u>Custody Bank of Japan, Ltd. (Trust Account 5)</u></td> <td><u>2.07%</u></td> </tr> <tr> <td><u>State Street Bank and Trust Company 505223</u></td> <td><u>2.07%</u></td> </tr> </table>	<u>The Master Trust Bank of Japan, Ltd. (Trust Account)</u>	<u>9.33%</u>	Hitachi, Ltd.	100.0%	<u>Custody Bank of Japan, Ltd. (Trust Account)</u>	<u>5.95%</u>	<u>Hitachi Employees' Shareholding Association</u>	<u>2.20%</u>	<u>Custody Bank of Japan, Ltd. (Trust Account 5)</u>	<u>2.07%</u>	<u>State Street Bank and Trust Company 505223</u>	<u>2.07%</u>	
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(10) Financial conditions and business results for the most recent fiscal year (<u>ended March 2020</u>) (consolidated/IFRS) (millions of yen unless otherwise specified)														
Total Hitachi, Ltd. stockholders' equity	<u>3,159,986</u>	—												
Total assets	<u>9,930,081</u>	—												
Total Hitachi, Ltd. stockholders' equity per share (yen)	<u>3,270.43</u>	—												
Revenues	<u>8,767,263</u>	—												
Income from continuing operations, before income taxes	<u>180,268</u>	—												
Net income attributable to Hitachi, Ltd. stockholders	<u>87,596</u>	—												
Earnings per share attributable to Hitachi, Ltd. stockholders (basic) (yen)	<u>90.71</u>	—												

3. Overview of the Business to Be Split

(1) Description of business to be split

Research and development, manufacturing, sales and maintenance service of diagnostics imaging systems (CT, MRI, X-ray systems, Ultrasound) and electronic health records

(2) Business performance of the Business

Consolidated revenues: 138.0 billion yen (fiscal year ended March 31, 2020)

(3) Assets and liabilities to be split (As of December 31, 2020)

Category	Details	Amount (millions of yen)
Assets to be split	Real estate, movable assets, intellectual properties, accounts receivable, etc.	89,828
Liabilities to be split	Accounts payable-trade, accounts payable-other, etc.	22,287
Net amount	—	67,541

4. Profile of the Succeeding Company after the Company Split

(1) Name	FUJIFILM Healthcare Corporation
(2) Head Office	2-1 Shintoyofuta, Kashiwa, Chiba
(3) Representative	<u>President Akio Yamamoto</u>
(4) Outline of Business	Research and development, manufacturing, sales and maintenance service of diagnostics imaging systems (CT, MRI, X-ray systems, Ultrasound) and electronic health records
(5) Capital	<u>50</u> million yen
(6) Fiscal Year-end	March 31
(7) Principal affiliated companies	<u>Hitachi Healthcare Systems, Inc</u> <u>Hitachi Healthcare Manufacturing Ltd.</u> <u>Hitachi Healthcare Americas Corporation</u> <u>Hitachi Medical Systems Europe Holding AG</u>

5. Outlook

As a result of the Company Split and Share Transfer, Hitachi plans to post an extraordinary gain of approximately 107.0 billion yen in gains on sale of affiliated companies' common shares in its unconsolidated statements of operations for the fiscal year ending March 31, 2021. In addition, Hitachi plans to record a gain on business reorganization and others in the amount of approximately 111.0 billion yen in its consolidated accounts as other income for the same fiscal year. The forecast for the fiscal year ending March 31, 2021 in the "Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2020" announced on February 3, 2021 includes approximately 111.0 billion yen of gain on business reorganization and others.

(Reference)

Consolidated financial forecasts for the fiscal year ending March 31, 2021 (announced on February 3, 2021) 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 2020 (Year ending March 31, 2021)	8,300,000	420,000	671,000	370,000	370,000
Consolidated Operating Results for Fiscal 2019 (Year ended March 31, 2020)	8,767,263	661,883	180,268	127,246	87,596

* "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.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focused on its Social Innovation Business that combines information technology (IT), operational technology (OT) and products. The company's consolidated revenues for fiscal year 2019 (ended March 31, 2020) totaled 8,767.2 billion yen (\$80.4 billion), and it employed approximately 301,000 people worldwide. Hitachi drives digital innovation across five sectors – Mobility, Smart Life, Industry, Energy and IT – through Lumada, Hitachi's advanced digital solutions, services, and technologies for turning data into insights to drive digital innovation. Its purpose is to deliver solutions that increase social, environmental and economic value for its customers. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

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