

## CEO Remarks

June 13, 2022

**Keiji Kojima**  
President & CEO  
Hitachi, Ltd.

I am Keiji Kojima, President and CEO of Hitachi, Ltd.

## CEO Remarks

1. Positioning of the Mid-term Management Plan 2024
2. Developing Process
3. Feedback from Capital Markets
4. Today's Agenda

On today's Investor Day, I would like to share with all of you the meaning of the Mid-term Management Plan 2024, the process for developing the plan, and the feedback that we have received from the market since the announcement of our plan.

After that, I will give a simple explanation of today's agenda, and then we will move on to each of the presentations.

- Social Innovation Business
- Transformation Journey of Hitachi
- Mode Change for Growth

In response to the management crisis that followed the Global Financial Crisis, Hitachi decided to turn the direction of its business towards Social Innovation, working with customers to resolve the issues faced by society through the use of data and technologies.

The journey of structural reforms for building business portfolios and governance to achieve this goal embodies Hitachi's "Transformation journey"; one that has continued through the era of three previous CEOs – Kawamura-san, Nakanishi-san, and Higashihara-san – with each passing the torch on to the next leader.

It is truly symbolic that all 22 listed subsidiaries existed in 2006 are no longer existing. And I feel that we have come to a significant milestone in our transformation.

I have also taken up this torch, having an unwavering belief to continue the evolution of the Social Innovation Business along with our customers, with no hesitation in undertaking the transformations required.

I believe that my role is to make full use of the foundations laid through past transformations, finally bringing about a change in the mode of management to global growth.

- Internal Project Team
- Discussions at Board Meetings
- Inputs from Investors

In the process of developing the Mid-term Management Plan, we had intensive discussions with parties both inside and outside of the company, and laid out the ideal form of Hitachi's future.

The in-house project team conducted in-depth discussions on the types of changes that would be required to achieve global growth by means of Green, Digital, and Innovations. It held extensive discussions on topics including clarifications of competitors to be benchmarked and ways of outperforming the market. Based on those discussions, it established sectors and set management goals.

At meetings of the Board of Directors, the draft of the Mid-term Management Plan created by the in-house project team was discussed and revised repeatedly from an early stage.

Although the concepts and management goals projected in the Plan received strong support, it was strictly pointed out that thoughts behind accountability of the methods to achieve these goals were too weak compared to western companies.

In response to these challenge, we have been working to clarify accountability, for example by completely linking the performance evaluations of Executive Officers to the achievement of main KPIs defined in the Mid-term Management Plan, such as cash flow and CO2 reductions.

From April 1, we have put new organizations and responsibility structures in place to mitigate global risks that could potentially prevent us from achieving the goals of the Mid-term Management Plan.

These initiatives also reflect discussions at meetings of the Board of Directors.

Through dialogues with investors, we tried to clarify the ideal form that Hitachi is aiming for in the Mid-term Management Plan 2024, which enables investors to easily understand, analyze, and monitor with transparency.

Also, we gained important inputs on the types of KPIs and capital allocation policy to be expected, in order to enhance shareholder value through these dialogues.

- Framework for the Mid-term Management Plan 2024
- Target Levels
- Ongoing Engagements

About six weeks have passed since we announced the Mid-term Management Plan 2024, and during this time, we have had many opportunities to discuss these new management policies with stakeholders.

I was very appreciative, and found it very rewarding, to receive many comments from investors about how past discussions were clearly reflected in the framework of the Plan.

Regarding the goals set in the Plan, some investors said that we should be setting even more ambitious goals, while others said that our goals seemed overly aggressive, given the difficult macroeconomic environment.

One common theme running through all these comments was that “The Mid-term Management Plan describes how the company will obtain profitability (adjusted EBITA) as a source of EPS growth, and tie this into core free cash flow, ensuring a good balance between growth and shareholder returns,” and that this is exactly what Hitachi should be doing.

We also received many requests to communicate clearly and continuously with the market, for example, by explaining how Hitachi will achieve its ambitious goals in terms of the roadmap, detailed strategies and disclosure of the progress of the Plan in each phase.

### 1 CEO Remarks

Achieving  
Mid-term Management  
Plan 2024

**Keiji Kojima**  
President & CEO

### 2 Green / Innovation Strategy

Leading Society through  
Green and Innovation

**Lorena Dellagiovanna**  
VP, Chief Sustainability Officer  
**Norihiro Suzuki**  
VP, CTO

### 3 3 Sectors' Strategies

Realizing Transformation  
and Growth

**Toshiaki Tokunaga**, EVP  
**Keiji Kojima**, President & CEO  
**Masakazu Aoki**, EVP

### 4 Independent Directors Session

Views from  
Independent Directors

**Harufumi Mochizuki**  
Independent Director  
**Helmuth Ludwig**  
Independent Director  
**Yoshihiko Kawamura**  
EVP, CFO

During today's Investor Day, as part of these communications, we have arranged four sessions to help you understand how Hitachi will undertake a modal change toward growth.

First, we will introduce corporate strategies targeting growth through "Green" and "Innovations."

We will explain the initiatives laid out in the Mid-term Management Plan 2024, starting out with an eye on 2050, and back-casting to identify the measures to be implemented now, based on major technology trends.

Next, we will explain growth strategies in three sectors: Digital Systems & Services, Green Energy & Mobility, and Connective Industries.

Explanations of the status of two major acquisitions in particular – GlobalLogic and the Power Grids Business – will be provided directly by the CEOs in charge of those businesses.

In the last session of the day, we have decided to have two Independent Directors speak on the theme of "Hitachi from the perspective of an Independent Directors."

They will also communicate to all of you the process of discussing the Mid-term Management Plan at meetings of the Board of Directors, which I touched on earlier, as well as how we maintain a balance between the Executive Officers and Directors, and how Hitachi continues its transformation.

As CEO, I will press forward in achieving the goals laid out in the Mid-term Management Plan 2024, so that investors will be even more confident than ever before in Hitachi's transformation and growth capabilities. I look forward to your continued guidance and support.

Thank you.



Hitachi Social Innovation is  
**POWERING GOOD**