Looking Back on Past Mid-term Management Plans

**Mid-term Management Plan 2012 (FY2010-2012)**

**Recovery**

**Achievements**

1. Created a product-based company system clarifying responsibilities and authority
   - Clarified responsibility and authority through introduction of an in-house company system
   - Consolidated business into six Groups, focused on growth fields under an integrated system of operations, and accelerated management

2. Rebuilt/Withdrew from low-profit businesses
   - Automotive systems business: Optimized and consolidated manufacturing sites for cost structure reform
   - Flat-panel TV business: Rebuilt through structural reform
   - HDD business: Divestiture

3. Strengthened cost competitiveness
   - Started “Hitachi Smart Transformation Project” for cost structure reform
   - Expanded centralized purchasing and global procurement
   - Optimized and consolidated manufacturing sites


**Building a Foundation for Growth**

**The Swapping Out of Businesses**

**Challenges**

- Clarifying responsibilities and authority through introduction of a business unit system

**Achievements**

1. Promoted the Social Innovation Business on a global basis by strengthening frontline functions
   - Expanded service businesses through use of digitalization
   - Strengthened digital capabilities through the acquisition of Pentaho

2. Reviewed non-core businesses
   - Thermal power business: Established joint-venture firm with Mitsubishi Heavy Industries
   - Air-conditioning business: Established joint-venture firm with Johnson Controls
   - Batteries business: Relisted Hitachi Maxell, drew down its stake in the company

3. Promoted globalization
   - Relocated the railway systems business headquarters to the United Kingdom
   - Introduced Global Performance Management aimed at enhancing the use of global human capital

**Mid-term Management Plan 2018 (FY2016-2018)**

**Strengthened the Social Innovation Business Leveraging Digital Technologies**

**Challenges**

- Speeding up management to rapidly respond to changes in market environments
- Launching a platform for digital growth
- Addressing low-profit businesses to improve profitability

**Achievements**

1. Transitioned away from a product-based company system to a three-level structure comprising frontline, platform, and product tiers
   - Accelerated decision-making with the introduction of a business unit system

2. Strengthened the global frontline
   - Bolstered global frontline operations through acquisitions (Ansaldo STS, Sullair)

3. Expanded the digital solutions business with Lumada
   - Launched Lumada
   - Established Hitachi Vantara to deliver digital solutions
   - Lumada business revenue grew to 1 trillion yen

**Mid-term Management Plan 2021 (FY2019-2021)**

**Built a Platform for Global Growth**

**Challenges**

- Addressing low-profit businesses to improve profitability

**Achievements**

1. Launched the digital business platform and achieved growth
   - Launched the Lumada Solution Hub and Lumada Alliance Program
   - Expanded Lumada business revenue from 1.1 trillion yen to 1.6 trillion yen

2. Enhanced efforts toward digital and environmental growth
   - 2019: Acquired JR Automation
   - 2020: Made Hitachi High-Tech a wholly owned subsidiary of Hitachi ABB Power Grids (now Hitachi Energy)
   - 2021: Established Hitachi Astemo acquired GlobalLogic

3. Reinforced and improved the business foundation by resolving management issues
   - Made progress in reviewing the capital policies of listed subsidiaries
   - Divestiture of Hitachi Koki and Clarion
   - Acquired Hitachi High-Tech
   - Responded to management issues
   - Settled with Mitsubishi Heavy Industries on South Africa projects
   - Expanded contributions to the United Nations Commission on the Status of Women
   - Promoted diversity and increased digital talent, and enhanced risk management

**Realized Social Innovations with Digitalization, Built a Platform for Global Growth**

<table>
<thead>
<tr>
<th>(billion yen)</th>
<th>Mid-term Management Plan 2021 targets (as announced in April 2021)</th>
<th>Fiscal 2021 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>9,500.0</td>
<td>10,264.6</td>
</tr>
<tr>
<td>Adjusted operating income/equity</td>
<td>740.0 / 7.8%</td>
<td>738.2 / 7.2%</td>
</tr>
<tr>
<td>Net income attributable to Hitachi, Ltd. shareholders</td>
<td>550.0</td>
<td>583.4</td>
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<tr>
<td>Operating cash flows (FY2019-2021 cumulative total)</td>
<td>Over 2,100</td>
<td>Approx. 2,100</td>
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<tr>
<td>ROIC</td>
<td>8.3%</td>
<td>7.7%</td>
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*Scheduled for completion during fiscal 2022*