

Value creation

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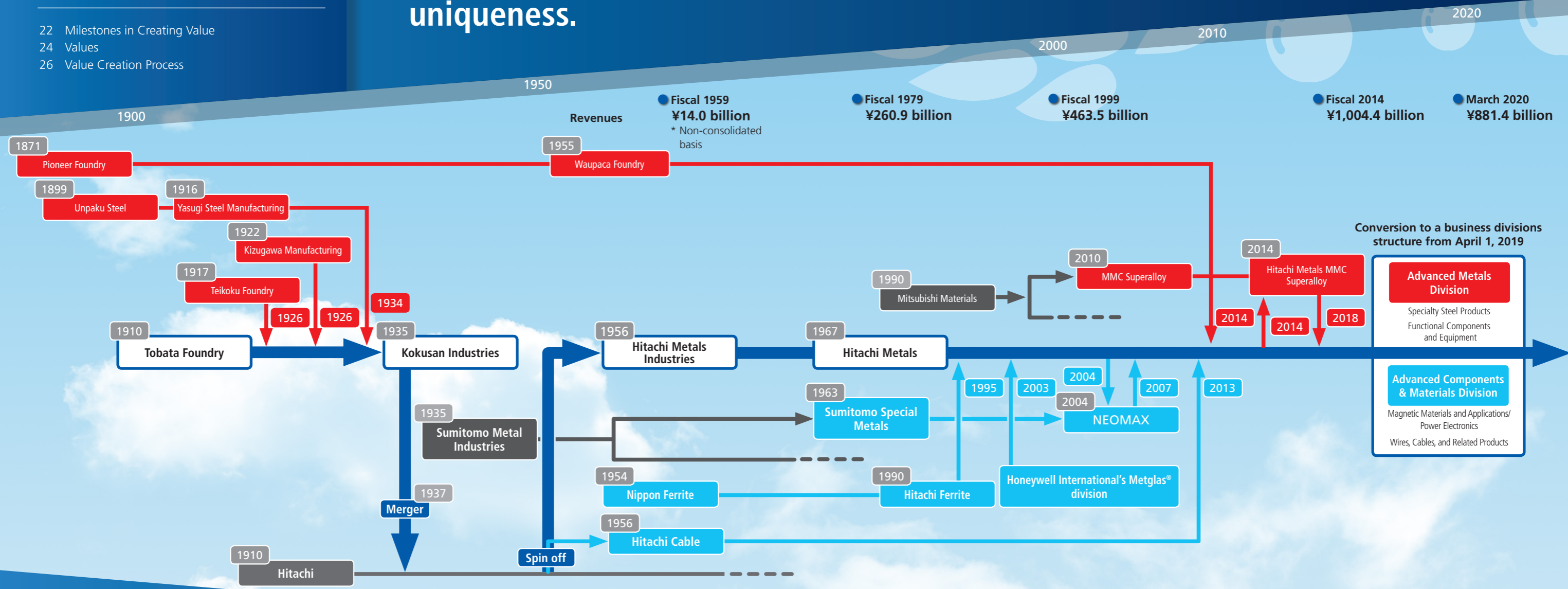
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Milestones in Creating Value

Diversity is the embodiment of Hitachi Metals' uniqueness.

Over our more than 100-year history, the Hitachi Metals Group has continued to grow through a succession of mergers and acquisitions. Through this process, we created the diverse technologies, products, and business portfolios that are the source of our competitiveness, and this diversity is the embodiment of "Hitachi Metals' uniqueness." Operating

in the field of materials, which is undergoing drastic technological change, we will build on and strengthen the diversity that we have cultivated throughout our history, to continue to be a company that is indispensable to customers and society.

**1910 Tobata Foundry**

At a time when a modernizing Japan relied on imports for almost all of its industrial goods, Yoshisuke Ayukawa acquired malleable cast iron manufacturing technology and established Tobata Foundry, the predecessor of Hitachi Metals. In 1911, the company began manufacturing Gourd brand-black heart malleable cast iron pipe joints. The company later began to produce products for other uses including shipbuilding, railways, and spinning machines, and orders grew steadily as the superior quality of these products was recognized. Business areas were diversified through mergers with Teikoku Foundry, which at the time was producing steel for steel rolling, Kizugawa Manufacturing, a producer of fittings, and steelmaker Yasugi Steel Manufacturing.

1935 Kokusan Industries

As the business expanded to cover heavy industries in general, Tobata Foundry changed its name to Kokusan Industries.

1956 Hitachi Metals Industries

Hitachi transferred its metals business with five originally Tobata Foundry plants (Tobata, Fukagawa, Kuwana, Wakamatsu, and Yasugi) to establish Hitachi Metals Industries.

1967 Hitachi Metals

Hitachi Metals Industries changed its name to Hitachi Metals. Through creative *monozukuri* and proactive mergers and acquisitions, the Company went through a succession of changes and grew to become one of the world's leading materials manufacturers. Today, the Company provides technologies and services that are contributing to the shift in automobiles to electric vehicles, and advances in industry, infrastructure, and electronics around the world.

1995 Hitachi Ferrite

Merged with Hitachi Ferrite in 1995 to strengthen the soft magnetic materials business in response to increased demand for noise reduction in automobiles and electronics.

2003 Honeywell International Inc.'s Metglas® division

Acquired the Metglas® (amorphous metal materials) division of Honeywell International of the United States. Strengthened the soft magnetic materials division as demand in the electronics segment grew for size and weight reductions, energy conservation, and electromagnetic noise reduction.

2007 NEOMAX

Established through the merger of the magnetic materials and applications operations of Hitachi Metals and Sumitomo Special Metals to manufacture high-performance neodymium magnets and ferrite magnets widely used in motors for automotive equipment and home appliances. With demand for automotive-use motors expected to grow, the merger was carried out in 2007 to integrate the magnetic materials businesses and increase synergies.

2013 Hitachi Cable

Merged with Hitachi Cable, the Hitachi Group's electric wires and cable business, in 2013. As the pace of movement toward a low-carbon society accelerated, the merger was intended to create synergies in terms of technologies and sales in the automotive, electronics, and industrial infrastructure segments.

2014 Waupaca Foundry

Made Waupaca Foundry, the world's largest manufacturer of automotive-use castings with an overwhelming share of the U.S. market, a subsidiary in 2014. Expanded our business to become the world's largest supplier of iron castings.

2014 Hitachi Metals MMC Superalloy

Made MMC Superalloy, with extensive experience and technological capabilities in aircraft parts, a subsidiary with a view toward global growth in core industries including aircraft and energy. Hitachi Metals' Okegawa Works established in April 2018.

Value that only we can create

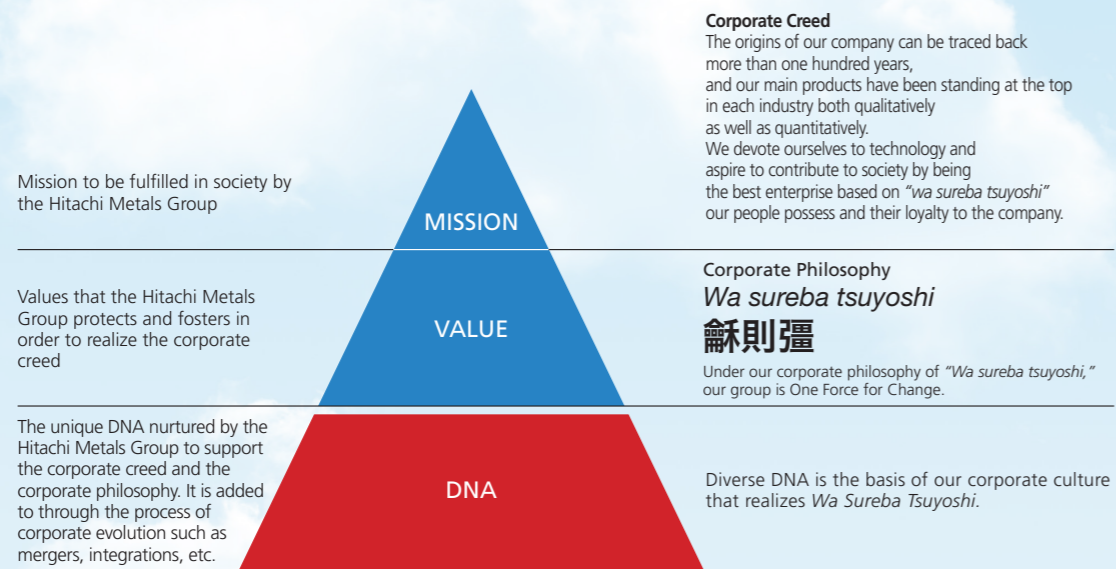
Our DNA has been cultivated over our more than 100-year history. The Hitachi Metals Group's DNA consists of the distinctive technologies and products of all of the companies in the Hitachi Metals Group and the unique human resources that create them.

By further integrating our diverse DNA with the common value represented by our Corporate Philosophy of "*Wa sureba tsuyoshi*," we are paving a unique path for growth that other companies cannot match.

To achieve this growth, our mission is to implement our Corporate Creed to become the "best enterprise."

Hitachi Metals WAY

The Hitachi Metals WAY is based on the Hitachi Metals' Good Practice Guidance and standards for decision-making, systematically incorporating the Corporate Creed (Mission), Corporate Philosophy (Value), and our diverse DNA that are the embodiment of Hitachi Metals' uniqueness.



Corporate Creed

The Hitachi Metals Group aims to be the "best enterprise" by "mass-producing high-quality materials"*¹ with our major products leading the industry in terms of both quality and quantity, with attention to technology as a "genuinely development-driven company"*² where all employees come together to create synergies. Using a large tree as an example, the Hitachi Metals Group's DNA (a tree's roots—diverse human resources, technologies, and products) passes through our Corporate Philosophy (tree trunk—common sense of values) to reach fruition as our Corporate Creed (flowers and fruit—technologies, products, and services). By growing as a "tree" that provides the flowers and fruits that meet the needs of society and individuals, we will achieve our Corporate Creed of being the "best enterprise."

*¹ Advanced *monozukuri* that provides both "quality" and "quantity" in products and services that resolve issues for customers and society.

*² A company that carries out research and development guided by business strategies that embody the needs of customers around the world and paves the way to the future.

Corporate Philosophy

Our Corporate Philosophy is our diverse DNA brought together as a common sense of values, or, to use the example of the Hitachi Metals Group as a large tree, our Corporate Philosophy plays the role of the trunk. Creative and diverse human resources, technologies, and products (with a "strong individuality") form a platform that is essential for the Hitachi Metals Group's growth, and, without this, cohesiveness innovation will not occur. Based on our Corporate Philosophy of "*Wa sureba tsuyoshi*," we bring together diverse "strong individuality" to create successive innovation that other companies cannot match, and use those achievements to provide products and services that resolve issues for individuals and society.

DNA

Our DNA consists of the distinctive technologies and products of all companies in the Hitachi Metals Group, and the unique, talented human resources who create them. Using the example of the Hitachi Metals Group as a large tree, our DNA would be the roots.

With many roots over a wide area, we will be able to obtain more nourishment as the roots grow stronger, and overcome changes in the operating environment and continue to grow. The diversity incorporated in our DNA is the growth driver that is our strength.

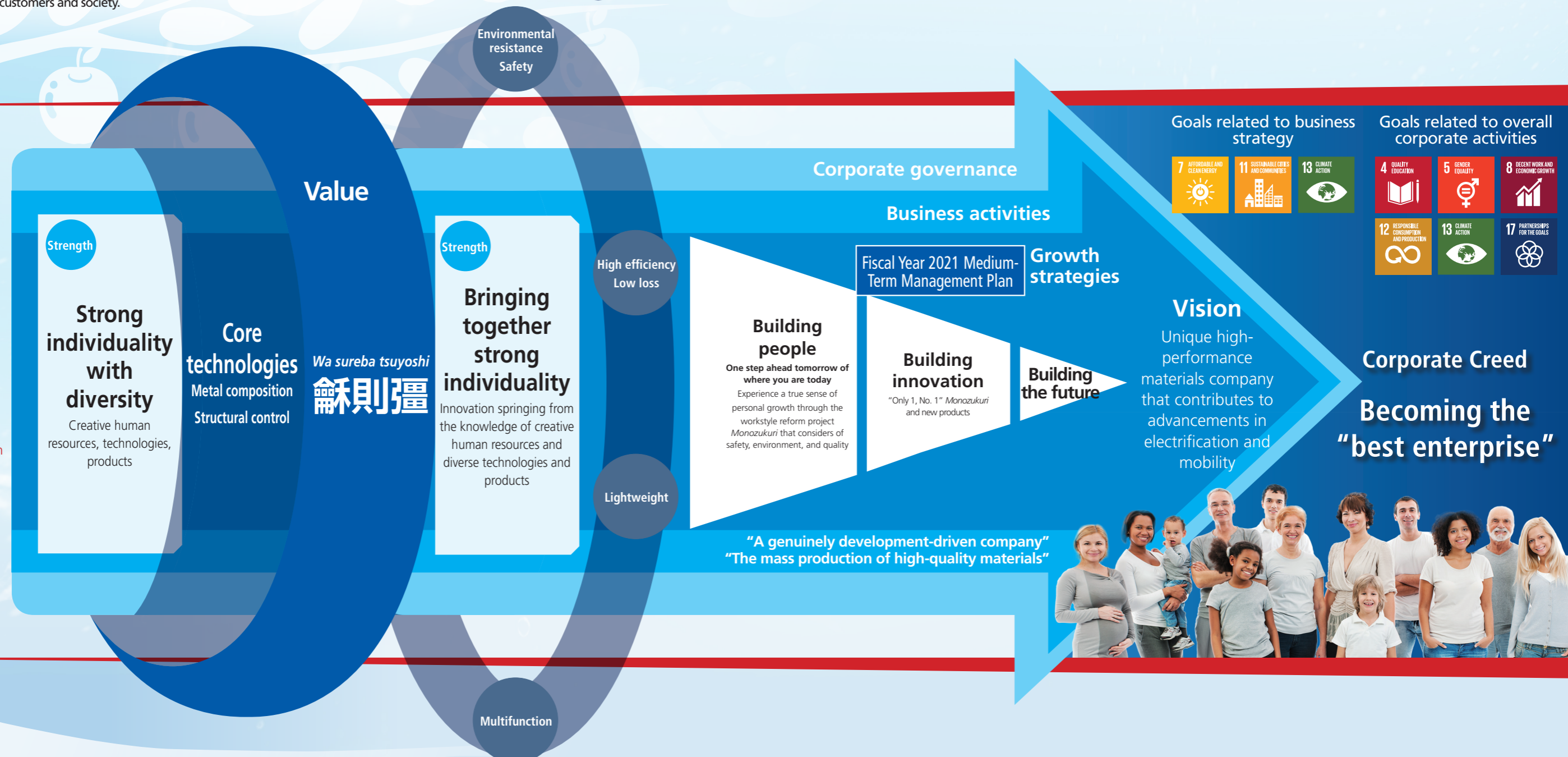
Value Creation Process

Our strength lies in the “strong individuality” of our creative, diverse human resources, technologies, and products, and we create innovation that brings together the “strong individuality” embodied in our Corporate Philosophy of “*Wa sureba tsuyoshi*.” Using this strength, we are addressing the materials-related needs of customers based on global megatrends and market needs, to become a high-performance materials company supporting sustainable societies. By pursuing a growth strategy supported by corporate governance based on the principle of “obey the law and walk the path of virtue” and business activities as “a genuinely development-driven company” engaged in the “mass production of high-quality materials,” we will work to become the “best enterprise” that contributes to society’s sustainable development by continuing to be a company that is indispensable to customers and society.

| | | | | | |
|--------------------------|---------------------------------------|--|--------------|-----------------------------|--|
| Global megatrends | Climate change | Lack of energy and resources | Urbanization | Demographic changes | Technological advances including in information technology |
| | Measures for environmental regulation | Increased need for energy conservation | | Increased need for mobility | |

| | | | |
|---------------------|--------------------------------|---|---|
| Market needs | Automotive (electric vehicles) | Electronics (Internet of Things, and semiconductors and displays) | Infrastructure-related (aircraft, railways) |
|---------------------|--------------------------------|---|---|

Needs for materials



DNA

DNA cultivated over more than 100-year history
(addition and maturation through process of evolution including mergers and acquisitions)

Strength
Strong individuality with diversity
Creative human resources, technologies, products

Core technologies
Metal composition
Structural control

Wa sureba tsuyoshi
韋則彊

Strength
Bringing together strong individuality
Innovation springing from the knowledge of creative human resources and diverse technologies and products

High efficiency
Low loss

Lightweight

Multifunction

Addressing business risks

| | | | | | |
|--|---|--|--|--|--|
| Changes in the external environment | Lower profits from high resource prices | Intensified competition from rise of Chinese and emerging-market manufacturers | Lower competitiveness from strengthening yen | Increased costs from higher expectations for quality | Loss of standing for existing products from technological innovation |
|--|---|--|--|--|--|

Goals related to business strategy

- 7 AFFORDABLE AND CLEAN ENERGY
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 13 CLIMATE ACTION

Goals related to overall corporate activities

- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

“A genuinely development-driven company”
“The mass production of high-quality materials”

