

News Release

FOR IMMEDIATE RELEASE

Notice Regarding the Grant of Restricted Stock Compensation and Restricted Stock Units, and the Introduction of Restricted Stock Units Plan for Directors

Tokyo, March 29, 2024 - Hitachi, Ltd. (TSE:6501, "Hitachi") resolved at a meeting of the Compensation Committee held today to continue a restricted stock compensation plan amended in fiscal 2023 (the "Plan"), and to grant shares of restricted stock to Hitachi's Japanese Executive Officers and Corporate Officers (the executive positions next to Executive Officers) and to Japanese Executives of some Group companies. It also decided to continue the restricted stock unit (RSU) plan introduced in fiscal 2020, and to grant RSUs to Hitachi's non-Japanese Executive Officers and Corporate Officers. It further decided to newly introduce an RSU plan for Hitachi's Directors*, to further promote awareness of increasing corporate value in the context of management supervision and advice.

The issuance of shares of restricted stock based on this decision and the issuance of shares based on the RSU plan are subject to decisions by the President regarding the subscription requirement, and regarding the allotment of shares of restricted stock to each Executive Officer and Corporate Officer and Executive of some Group companies and Director, and the allotment of shares based on the RSU plan, pursuant to authority delegated by the Board of Directors.

It is expected that the number of shares of restricted stock to be allocated as compensation for fiscal 2024 and the number of shares allocated through the RSU plan in fiscal 2024 will be less than 0.1% of the total number of issued shares for Hitachi's common stock as of today.

*Since Hitachi does not pay compensation as a Director to a Director concurrently serving as an Executive Officer, a Director concurrently serving as an Executive Officer is not included in the scope of the introduction of the RSU plan.

1. Purpose of Restricted Stock Compensation and RSU plans

In order to promote management based on a medium- to long-term perspective by further enhancing the sharing of value with shareholders by the senior management through shareholdings from the time they are appointed, and to provide an incentive for the sustainable enhancement of corporate value, Hitachi has introduced the Plan for Japanese Executive Officers and Corporate Officers and for Japanese Executives of some Group companies. Moreover, in fiscal 2023, Hitachi revised the Plan to further promote management based on a medium- to long-term perspective and to further strengthen "Pay-for- Performance", the linkage between compensation and corporate value enhancement, in the backdrop of increasingly intense global competition. This revision involved an increase in the ratio of conditional stock compensation, the establishment of new global competitor comparisons for stock price conditions, and the introduction of incentives when the goals of the Mid-Term Management Plan 2024 ("MMP2024") are achieved.

From fiscal 2024, an RSU plan will be newly introduced as compensation for Directors, to ensure that Directors can offer management supervision and advice with an awareness of medium- and long-term improvements in corporate value.

2. Outline of the Plan

The Plan comprises two types of restricted stock - shares of restricted stock with an incumbency condition and shares of restricted stock with a stock price condition in addition to the incumbency condition. The percentage of shares to be granted is set at an amount equivalent to 30% of the base amount for medium- to long-term incentive compensation (the "Basic Amount") in the case of restricted stock with an incumbency condition, and an amount equivalent to 70% of the Basic Amount in the case of restricted stock with a stock price condition in addition to the incumbency condition respectively. Regarding the stock price condition, growth rates for Total Shareholder Return (TSR) on Hitachi's shares are evaluated

based on TOPIX comparisons and comparisons with global competitors. Furthermore, when the goals of the MMP are met, additional shares shall be granted in amounts equivalent to up to 20% of the Basic Amount, thereby further strengthening the commitment to achieving the goals of the MMP and increasing corporate value. Specifically, when return on invested capital (ROIC) and sustainability goals are achieved at the end of the final fiscal year of the MMP2024, additional shares shall be granted in amounts equivalent to 10% of the Basic Amount in each case.

*Director and Executive Officer Compensation is shown on P43-44 of the Hitachi Integrated Report 2023.
<https://www.hitachi.com/IR-e/library/integrated/index.html>

3. Outline of the RSU Plan

(1) RSUs granted to non-Japanese Executive Officers and Corporate Officers

The eligible persons will be granted RSUs corresponding to the number of shares of Hitachi's common stock (the "Shares to be Delivered") set in advance for each eligible person and, over three fiscal years after granting, one-third of the RSUs will become vested after the end of each fiscal year and the Shares to be Delivered or cash for the vested RSUs will be delivered.

(2) RSUs granted to Directors

RSUs equivalent to the Shares to be Delivered shall be granted to the eligible persons. RSUs will become vested at the end of three fiscal years after granting, and the Shares to be Delivered or cash for the vested RSUs will be delivered.

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About Hitachi, Ltd.

Hitachi drives Social Innovation Business, creating a sustainable society through the use of data and technology. We solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products. Hitachi operates under the business structure of "Digital Systems & Services" - supporting our customers' digital transformation; "Green Energy & Mobility" - contributing to a decarbonized society through energy and railway systems, and "Connective Industries" - connecting products through digital technology to provide solutions in various industries. Driven by Digital, Green, and Innovation, we aim for growth through co-creation with our customers. The company's consolidated revenues for fiscal year 2022 (ended March 31, 2023) totaled 10,881.1 billion yen, with 696 consolidated subsidiaries and approximately 320,000 employees worldwide. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
