News Release
For Immediate Release

HITACHI

Notice regarding the revision of the executive equity compensation program

Tokyo, March 31, 2026 Hitachi, Ltd. (TSE: 6501, "Hitachi") resolved at a meeting of the Compensation Committee held today to revise the equity compensation program for Hitachi's Executive Officers and Corporate Officers (the executive positions next to Executive Officers) and for Executives of some Hitachi Group companies.
This revision is intended to strengthen the linkage between executive compensation and the enhancement of corporate and shareholder value by changing equity compensation program for executives to a framework consisting of a Restricted Stock Unit ("RSU") program and a Performance Share Unit ("PSU") program. It also aims to more clearly demonstrate executives' commitment, as business leaders, to creating long-term corporate value. In addition, through this revision and the initiatives announced on March 23, 2026 regarding the introduction of employee equity compensation programs*[1], Hitachi will align the equity compensation program centered on RSUs from executives to employees, thereby globally and consistently advancing the approach of enhancing long-term corporate value through value sharing with shareholders.
*1 Press Release dated March 23, 2026: "Hitachi to introduce RSU program for employees and launch global ESPP to enhance long-term corporate value"

Overview of the revised executive equity compensation program
Under this revision, the executive equity compensation program will be restructured by discontinuing the existing Restricted Stock ("RS") program and replacing it with the RSU program, and by applying both the RSU program and the PSU program to all executives.
As a result, the executive equity compensation program will be standardized globally into a framework comprising RSU and PSU program, under which executive compensation will be more closely aligned with the long-term enhancement of corporate and shareholder value.

(1) Restricted Stock Units (RSU)
Under the RSU program, 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 for the vested RSUs will be delivered. Hitachi positions RSU program as the foundational equity compensation platform through which executives and employees engage in corporate value creation from a long-term perspective.

(2) Performance Share Units (PSU)
Under the PSU program, shares of Hitachi's common stock are granted, depending on the degree of achievement of key performance indicators (KPIs) during a certain evaluation period. KPIs are primarily based on share-price-related conditions and the targets set forth in the management plan "Inspire 2027". Share-price-related KPIs evaluate the growth rate of Total Shareholder Return (TSR) through comparisons with market indices such as TOPIX and with global peers. Management plan KPIs assesses the achievement of return on invested capital

(ROIC) and sustainability targets under Inspire 2027. While the fundamental structure and evaluation methodology of the PSU program remain unchanged from the previously implemented performance-linked restricted stock unit framework, under the revised PSU program, shares delivered after the completion of the performance evaluation period will be free of transfer restrictions, in order to more clearly reflect performance outcomes in compensation.
Through this revision, Hitachi will maintain the existing framework of performance-linked compensation program while expanding its application to all executives on a global basis, thereby more clearly reflecting executives' responsibilities and performance in relation to corporate value enhancement in compensation.

The grant ratio for RSUs and PSUs is set at 30% of the medium- to long-term incentive compensation base amount for RSUs, and 70% for PSUs subject to stock price conditions. Furthermore, if ROIC and sustainability targets are achieved, additional shares based on PSUs equivalent to 10% of the base amount will be granted for each target. With respect to the RS program that has been decided to be discontinued through this revision, equity awards granted prior to the revision will continue to be administered in accordance with the previous program and their respective terms and conditions. In addition, the RSU program introduced for Hitachi's Directors in fiscal year 2024 will continue.

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:

- 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;
- credit conditions of Hitachi's customers and suppliers;
- 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;
- uncertainty as to Hitachi's ability to response to tightening of regulations to prevent climate change;
- 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 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;
- 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;
- 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;
- 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;
- uncertainty as to the success of cost structure overhaul;
- 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;
- the potential for significant losses on Hitachi's investments in equity-method associates and joint ventures;
- 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 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.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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