Hitachi Construction Machinery Co., Ltd.

Securities Code: 6305

Notice of Convocation for the 62nd Annual Shareholder's Meeting

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Note: Unless otherwise noted, the figures contained in this notice for reference are rounded to the nearest unit of presentation.

Note: This document has been translated from part of 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.

Securities Code: 6305
Date of mailing: June 8, 2026
Electronic provision measures commencement date: June 5, 2026

To Our Shareholders

Masafumi Senzaki
Representative Executive Officer, President and Executive Officer
Hitachi Construction Machinery Co., Ltd.
16-1, Higashiueno 2-chome, Taito-ku, Tokyo

Notice of the convocation for the 62nd Annual Shareholder's Meeting

Your presence is cordially requested for the 62nd Annual Shareholder's Meeting of Hitachi Construction Machinery Co., Ltd. (the "Company") that will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as "Notice of the 62nd Annual Shareholder's Meeting" on the Company's website. Please access the Company's website by using the internet address shown below to review the information.

The Company's website:

https://www.hitachicm.com/global/en/ir/stock-and-bond/smeeting/

In addition to posting matters subject to measures for electronic provision on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address shown below, enter the issuer's name (company name) "Hitachi Construction Machinery" or securities code "6305," and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]."

TSE website (Listed Company Search):

https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

If you are unable to attend the Shareholder's Meeting in person, you could exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please exercise your voting rights in accordance with the guidance on the following pages.

This Shareholder's Meeting will be live-streamed in real time on the Internet. Please see the enclosed guide for details.

1. Date and Time: Monday, June 29, 2026, at 10:00 a.m. (Japan Standard Time (JST)) (Reception starts at 9:00 a.m.)

2. Venue: CYNTHIA, 1st basement floor, Tokyo Dome Hotel
3-61 Koraku 1-chome, Bunkyo-ku, Tokyo

3. Purpose of the Shareholder's Meeting

Matters to be reported:

The Business Report, the Consolidated Financial Statements, the results of audits of the Consolidated Financial Statements by the Financial Auditor, the results of audits of the Consolidated Financial Statements by the Audit Committee and Non-Consolidated Financial Statements, for the 62nd fiscal year (from April 1, 2025 to March 31, 2026)

Matters to be resolved:

Proposal No. 1: Amendments to the Articles of Incorporation

Proposal No. 2: Election of nine (9) Directors due to expiration of terms of office of all Directors

4. Guide to the Exercise of Voting Rights

(1) If there is no indication of approval or disapproval for the proposal after exercising your voting rights in writing (voting card), the Company shall assume you have indicated approval.

(2) If you exercise your voting rights via electromagnetic means (the Internet, etc.), even if the voting card is returned to us by postal mail, the Company shall treat the vote placed via electromagnetic means (the Internet, etc.) as valid.

(3) If you exercise your voting rights more than once via electromagnetic means (the Internet, etc.), the latest exercise shall be deemed to be valid.

(4) Please return the voting card so that it will be received by us **no later than 5:00 p.m. on Friday, June 26, 2026**.

(5) Please exercise your voting rights via electromagnetic means (the Internet, etc.) **no later than 5:00 p.m. on Friday, June 26, 2026**.

(6) As provided for in the Company's Articles of Incorporation, you may appoint another shareholder with voting rights in the Company to attend as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

(7) If you intend to diversely exercise your voting rights, you are requested to notify the Company in writing of your intention to do so and state the reason for this till Thursday, June 25, 2026.

Company's Decisions Regarding the Convocation of the Annual Shareholder's Meeting

- If there are any modifications to the matters subject to measures for electronic provision or paper-based documents stating the matters subject to measures for electronic provision, we will announce them on our website and on the TSE website (Listed Company Search).
- Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.
  - Business Report (Financing Activities [Major Borrowings], Principal Businesses, Principal Business Locations, Employees, Matters Concerning Outside Directors and Audit Committee Members, Matters Concerning the Company's Stock, Financial Auditor, Policy on Decisions for Dividends of Surplus, and System to Ensure the Appropriateness of Operations and the Operational Status of the Relevant System)

  These matters are included in the Business Report that has been audited by the Audit Committee in preparing its audit report.

  - Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
  - Notes to the Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

  These matters are included in the Consolidated Financial Statements and Non-Consolidated Financial Statements that have been audited by the financial auditors in preparing their accounting auditor's report.

The Company's website https://www.hitachicm.com/global/en/

Guidance for Exercising Voting Rights

You are able to exercise your voting rights for the Shareholder’s Meeting by either of the following methods.

If you intend to attend the Shareholder’s Meeting in person

Attending the Shareholder’s Meeting

Please submit the voting card at the reception desk. We also ask that you bring this notice for reference during the Shareholder’s Meeting.

Date and Time: Monday, June 29, 2026, at 10:00 a.m. (JST)

If you do not intend to attend the Shareholder’s Meeting in person

In the event of posting the voting card

Please indicate your vote for or against the proposal on the voting card and return it by post. Voting Deadline: **To be received by Friday, June 26, 2026 at 5:00 p.m. (JST)**

Via the Internet

Please access the “Website for Exercising Voting Rights” using a PC or a smartphone, etc., refer to the “Guidance for Exercising Voting Rights via the Internet, Etc.” on the next page and register “for” or “against” for each agenda item. Voting Deadline: **Friday, June 26, 2026 at 5:00 p.m. (JST)**

Guidance for Exercising Voting Rights via the Internet, Etc.

By scanning the QR code, "Smart Exercise"

You can log into the Website for Exercising Voting Rights without having to enter the Voting Rights Exercise Code and Password.

1. Scan the QR code in the lower right corner of the voting rights exercise form with your smartphone.
   * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Please then follow the instructions on the screen to enter "for" or "against."

Note that your voting rights can be exercised only once by using the "Smart Exercise" method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and log in by entering your "Voting Rights Exercise Code" and "Password" printed on the voting rights exercise form, and exercise your voting rights again.

* You can access the website for personal computer by scanning the QR Code again.

How to enter "Voting Rights Exercise Code" and "Password"

Website for Exercising Voting Rights
https://www.web54.net

1. Please access the Website for Exercising Voting Rights.
2. Please enter the "Voting Rights Exercise Code" shown on the voting rights exercise form.
3. Please enter the "Password" shown on the voting rights exercise form.
4. Please then follow the instructions on the screen to enter "for" or "against."

If you have a question on how to use a PC, smartphone or mobile phone for the exercise of voting rights via the Internet, please contact the organization on the right.	**Sumitomo Mitsui Trust Bank, Limited** Phone: **0120-652-031** (toll free) Business hours: 9:00 a.m. – 9:00 p.m. (JST)

For institutional investors	The electronic voting platform for institutional investors operated by ICJ Inc. may be used as a means of exercising voting rights for the Company's Shareholder's Meeting.

- Please note that communication expenses incurred when accessing the Website for Exercising Voting Rights should be borne by yourself.
- Please note that there may be cases where you are not able to exercise your voting rights depending on the device you use.

Reference Documents for the Shareholder's Meeting

For exercising your voting rights (reference)

Hitachi Construction Machinery will become LANDCROS -Related to Proposal No.1-

On April 1st, 2027, We, Hitachi Construction Machinery Co., Ltd. plan to change our corporate name to LANDCROS Corporation.

The Meaning Behind LANDCROS

"LAND" symbolizes our vision: "Ensure a prosperous land and society for the future" and "CROS" stands for Customer, Reliable, Open, Solutions. This shows our commitment to delivering innovative solutions to our customers.

To respond flexibly and quickly to our customers' business challenges, we collaborate with global partners, openly connecting products, technologies, people, and ideas, and bringing these strengths together. By evolving into a solution provider, we bring new value to our customers.

*Please refer to Proposal No.1 "Amendments to the Articles of Incorporation" for the detail of change of our corporate name.

LANDCROS

Prosperous Land

Customer
Reliable
Open
Solutions

Our Legacy of Identity

While our company name and corporate brand are changing, our group identity remains unchanged. We will continue to value our relationships with customers, partners, and society.

Relocation of Head Office to Otemachi Gate Building (Related to Proposal No. 1)

In May 2027, our head office will relocate from the current Ueno East Tower (Higashi-Ueno, Taito-ku, Tokyo) to the Otemachi Gate Building (Uchikanda, Chiyoda-ku, Tokyo).

Since launching independent development operations in the Americas in 2022 and changing its capital structure, Hitachi Construction Machinery has been working on a transformation initiative positioned as a "second founding." In April 2027, the company plans to change its name to "LANDCROS Corporation." and its corporate brand to "LANDCROS." Amid this period of transformation, with an eye toward future growth strategies, we have decided to relocate to a new head office that symbolizes the improvement of corporate value, global collaboration, and the embodiment of "LANDCROS."

The new head office will serve as a *hub* to strengthen collaboration with domestic and overseas offices, customers, and business partners. It will support the further growth of the Hitachi Construction Machinery Group.

Features of New Head Office

Enhanced Communication
The floor space will be expanded by approximately 20% compared to the current head office, ensuring a spacious office environment. Additionally, the installation of an internal staircase connecting the 23rd to 25th floors -which will serve as office floors- and the introduction of a group-based address system will promote daily interaction across departmental boundaries and job positions.

Enhancing Flexibility
In addition to expanding meeting rooms and communication spaces, we aim to create a workstyle that facilitates smoother connections with domestic and international offices than ever before by implementing the latest ICT infrastructure, such as large-screen monitors. By establishing an environment that supports a hybrid workstyle combining in-person and online interactions, we will promote a shift in mindset toward global collaboration and foster flexible, highly productive work practices.

Strengthening Hub Functions that Embody "LANDCROS"
The new head office will serve as a hub that embodies the LANDCROS spirit of "Customer," "Reliable," "Open," and "Solutions," and will serve as a hub that openly connects diverse stakeholders -including customers, business partners, and group companies- to accelerate the creation of new value. For example, the reception area will feature spaces showcasing Hitachi Construction Machinery Group products and solutions, as well as communication areas accessible to both internal and external stakeholders, creating an environment that openly promotes co-creation.

Change in the Record Date for the Annual Shareholder's Meeting (Related to Proposal No. 1)

Beginning with the next Annual Shareholder's Meeting, we plan to change the record date for exercise of voting rights at the meeting from the end of March to the end of April.

The primary purpose of this change is to enable us to file the Annual Securities Report approximately three weeks prior to the Annual Shareholder's Meeting, so that shareholders can use it as a basis for deciding how to exercise their voting rights.

The Securities Report contains a wealth of information useful for deciding whether to approve or reject proposals, including details on committee activities, governance information such as policy-held shares, and sustainability-related information.

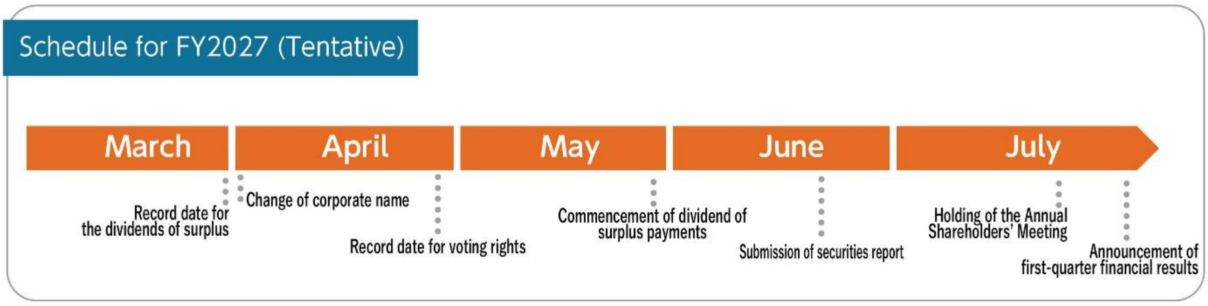
By submitting the Securities Report approximately three weeks prior to the Annual Shareholder's Meeting, we aim to ensure that shareholders have sufficient time to review this useful information.

Q: Will the fiscal year-end change?

A: There will be no change to the fiscal year-end of March 31.

Q: Will there be any changes to the timing of the dividends of surplus?

A: There will be no changes (the record date for the dividends of surplus unchanged). We plan to make payments in May and December, as we have done in the past.



Corporate Governance Initiatives (Related to Proposal No. 2)

Basic policies

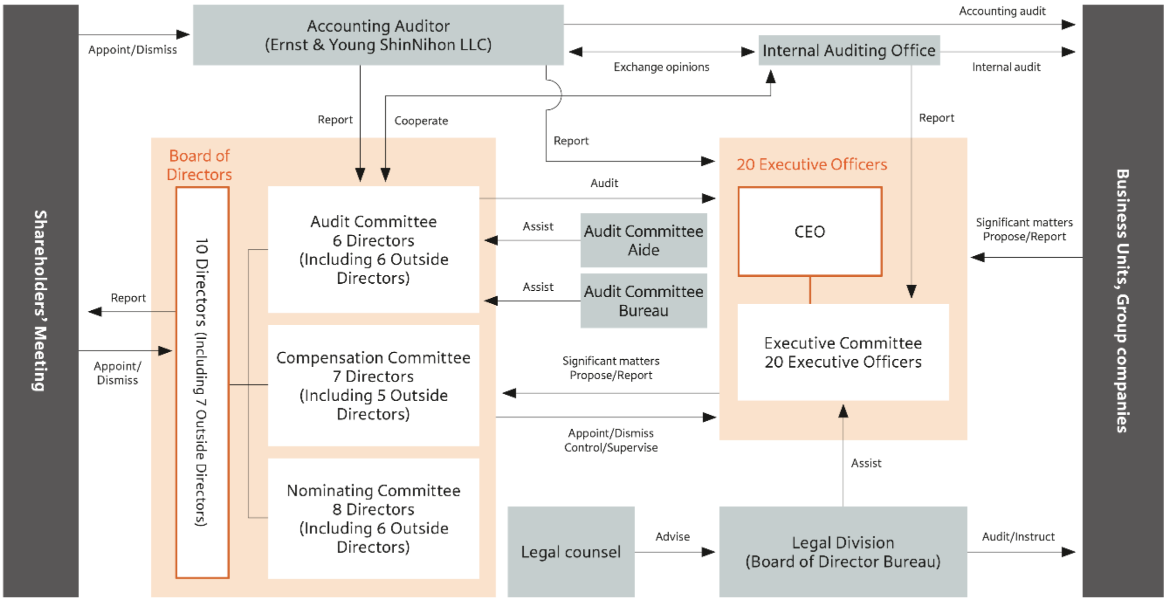
The Company aims to improve its corporate value over the medium to long term by putting the Hitachi Construction Machinery Group's management policy, group identity, etc., into practice.

In order to ensure highly fair and transparent management while building an operational system that facilitates the prompt and sound execution of such management strategies, the Company has adopted a corporate organizational system based on a structure for company with Nominating Committee, etc., with the aim of strengthening its system of corporate governance through this separation of management oversight from business execution.

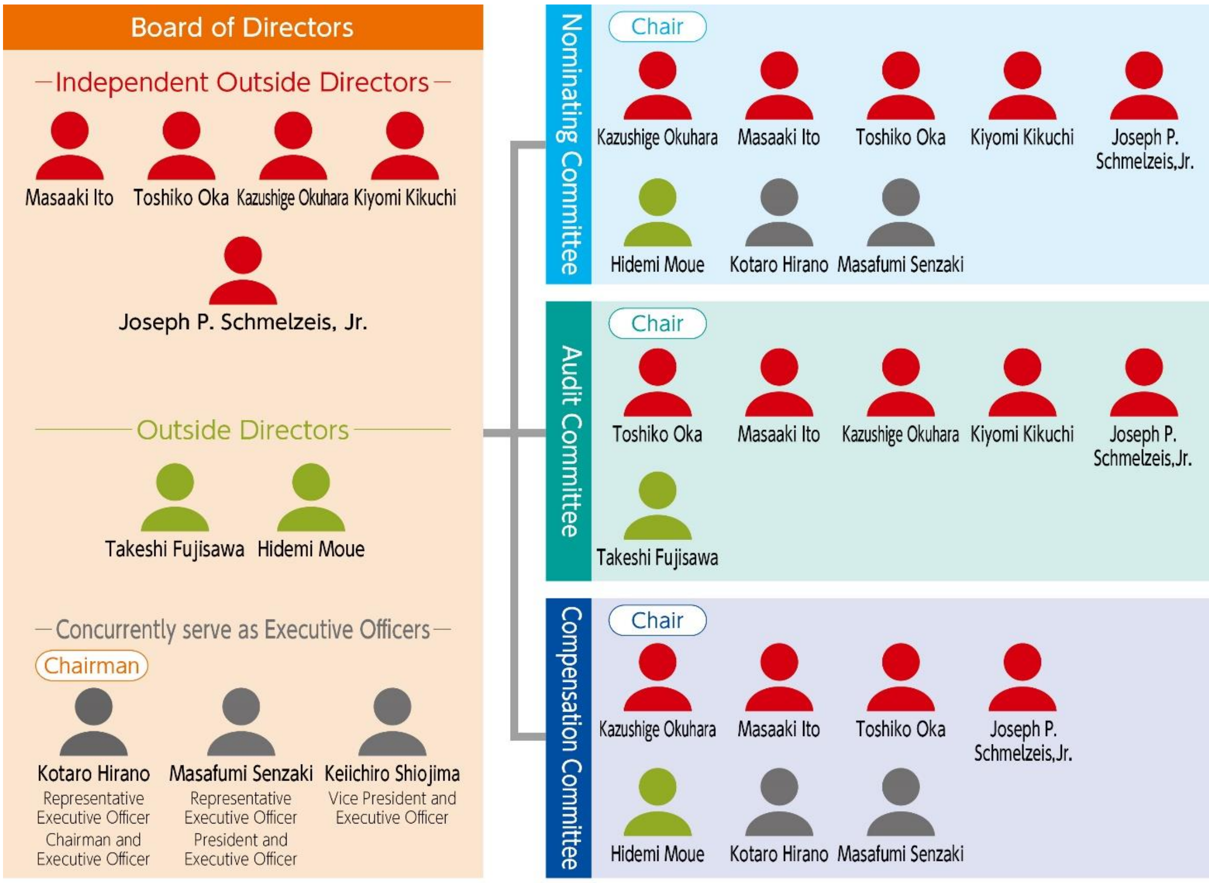
Hitachi Construction Machinery's Corporate Governance

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Corporate governance system (as of March 31, 2026)

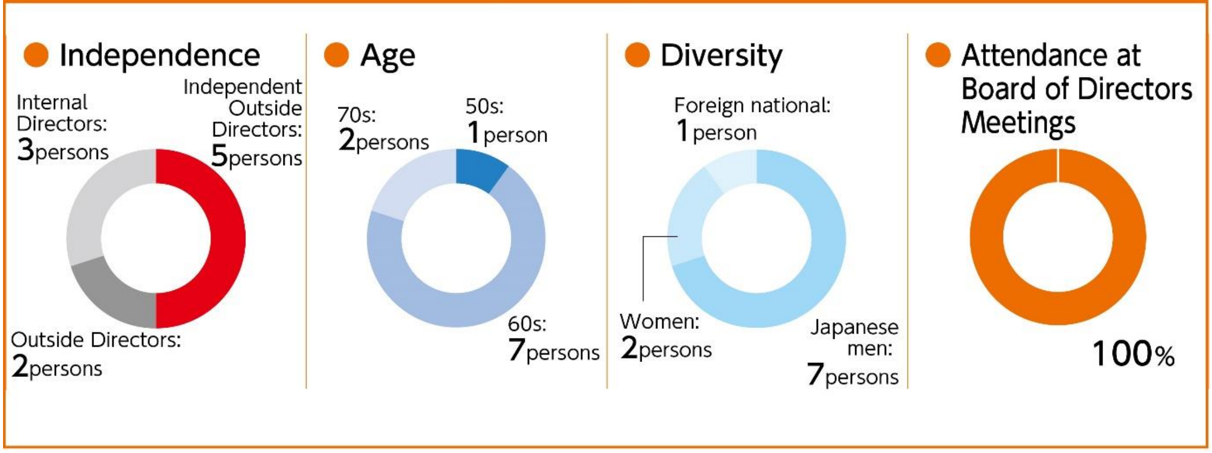


Composition of the Board of Directors and Committees (as of March 31, 2026)

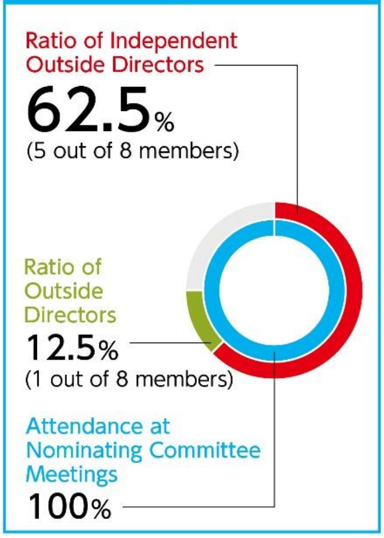


POINT 1 All committees are chaired by Independent Outside Directors.	The Company ensures the independence of discussions by appointing Independent Outside Directors who are independent of both the management and major shareholders as the chairs.
POINT 2 Majority of each committee consists of Independent Outside Directors	To further ensure management transparency and objectivity, a majority of each committee consists of Independent Outside Directors.
POINT 3 Well-balanced composition of the Board of Directors	The Company supervises the management to maximize the common interests of shareholder by appointing executive officers of major shareholders as Directors (= Outside Directors). At the same time, the Company appropriately protects the interests of minority shareholders by appointing multiple Independent Outside Directors to ensure that Outside Directors concurrently serving as executive officers of major shareholders do not take actions that damage the interests of minority shareholders.

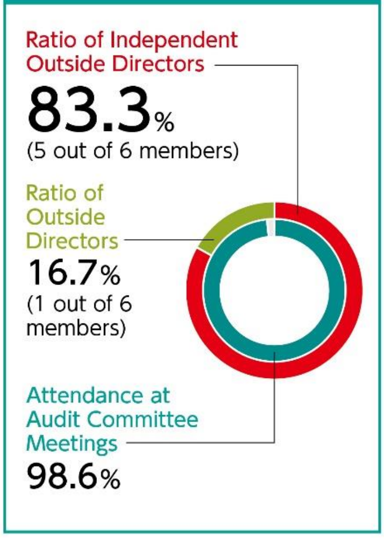
Board of Directors



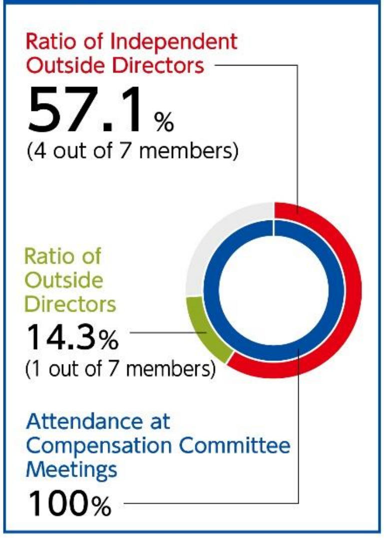
Nominating Committee



Audit Committee



Compensation Committee



Details of Deliberations and Activities of the Board of Directors and Committees (FY2025)

Board of Directors

Chairman: Kotaro Hirano (Representative Executive Officer, Chairman and Executive Officer, Director)

The Board of Directors makes decisions on basic management policies, sets the direction of corporate strategy from a medium- to long-term perspective, and provides highly effective supervision of business execution from an objective standpoint. In addition, the Board of Directors comprises a majority of Outside Directors who have specialist knowledge, abundant experience and an international outlook. They ask questions and provide advice from a variety of perspectives on the execution of the Executive Officers' duties and discuss in a free and open-minded manner.

<Details of deliberations and activities in FY2025>

● Management policy

● Execution system

● M&A projects

● Reports on the status of business execution for each quarter

● Reports on the status of execution of duties by each committee

● Items for resolution based on statutes and the Company's rules, etc.

Nominating Committee

Chair: Kazushige Okuhara (Independent Outside Director)

The Nominating Committee has the authority to determine proposals submitted to the shareholder's meetings for the election and dismissal of Directors, and to make recommendations, etc. to the Board of Directors on the election of Representative Executive Officers.

The committee reviews the composition of the Board of Directors (diversity and expertise, etc.), examines and confirms Director candidates based on the skills matrix established by the Company, reviews and reports on the status of enrollment (development) of Executive Officers and Executive Officer candidates by area of supervision and responsibility, and deliberates on the roles of the Nominating Committee and its involvement in succession planning of CEO and COO.

< Details of deliberations and activities in FY2025>

● Execution system

● Candidates for Executive Officers

● Definition of requirements for appointment of Directors (reasons for selecting skills, skills matrix)

● Regarding candidates for Directors, etc.

Audit Committee

Chair: Toshiko Oka (Independent Outside Director)

The Audit Committee audits whether the execution of duties by Directors and Executive Officers complies with laws and regulations, the Company's Articles of Incorporation and basic management policies, and is carried out efficiently.

In cooperation with the Financial Auditor and the Internal Auditing Department, the committee monitors the status of the development and operation of the financial, accounting and internal control systems, etc.

*The Companies Act requires companies with a nominating committee, etc., to have a majority of outside directors on each committee. The Company's Corporate Governance Guidelines stipulate that a majority of the Audit Committee members should consist of Independent Outside Directors as a minimum line to further strengthen supervisory function.

<Details of deliberations and activities in FY2025>

- Exchange of opinions with Representative Executive Officers (Chairman and President) and interviews on the execution of duties by Executive Officers, etc.
- Hearings on the status of business execution at domestic and overseas Group companies
- Hearings on the results of internal audits and the status of internal control development and operation
- Hearings on environmental and quality compliance audits
- Hearings on the accounting auditor's audits
- Attendance at important meetings by Assistants to the Audit Committee and review of approval documents and other documents, etc.

Compensation Committee

Chair: Kazushige Okuhara (Independent Outside Director)

The Compensation Committee has the authority to determine compensation for the respective Directors and Executive Officers, and relative matters.

The committee identifies issues and items for consideration in compensation for Executive Officers, revises the policy for determining the content of compensation, etc., for Directors and Executive Officers, and deliberates on the incentive plan, for Executive Officers, etc.

< Details of deliberations and activities in FY2025>

- Basic policy on compensation, etc., for Directors and Executive Officers
- Composition and level of compensation, etc., for Executive Officers
- Evaluation items for the performance-linked bonus for Executive Officers
- Evaluation results of performance-linked bonus for Executive Officers, etc.

Skills Required of Directors and Details

The Company has identified the skills required for the management policy, medium-term management plan, etc. of the Hitachi Construction Machinery Group, and appoints candidates for Directors who have a diverse background covering advanced expertise and experience that can contribute to strengthening and enhancing the Board of Directors' strategic decision-making and governance functions.

Details of each skill selected by the Company and the reasons for selecting the skills are as follows.

Skill	Details of the skill	Why we selected the skill
Corporate Management	Experience in managing a business company or global business company	To conduct highly effective supervision based on extensive corporate management experience, ensuring that the implementation of management strategies, appropriate risk-taking, and the human resources strategies and development initiatives which contribute to the strengthening of our workforce and corporate capabilities are being properly promoted, taking into account the Company's group identity and management environment.
Finance	Specialized knowledge and experience in financial and accounting analysis, finance, capital strategy, and capital efficiency	To supervise the formulation of growth investments and shareholder returns based on management strategy, as well as the development of capital policies and the establishment of the necessary system.
Legal and risk	Specialized knowledge and experience in legal affairs, compliance, labor relations, and corporate risks	To promote and supervise the establishment of governance, compliance, and risk management systems. These systems serve as the foundation for sustainable growth and the improvement of corporate value over the medium to long term, in accordance with the Company's fundamental values of "Basics and Ethics," and support sound management through compliance with laws and regulations and adherence to corporate ethics.
Research and development	Specialized knowledge and experience in technical research and product development	To supervise the strategic planning and establishment of a system to continuously provide innovative products, services, and solutions that can respond to swiftly to changes in the business environment and address our customers' expectations and challenges.
Quality control, production and procurement	Specialized knowledge and experience in the fields of quality control, production, and procurement	To supervise the strategic planning and establishment of a system to continuously strive for productivity improvement and provide high-quality products, services, and solutions.
Sales and service	Specialized knowledge and experience in product sales, marketing, and service provision	To supervise the strategic planning and establishment of a system to continuously be "**a reliable solutions partner with/for our customers**" who is always close to our customers and accurately understands their needs.
IT and digital	Specialized knowledge and experience in the use and application of digital technologies	To supervise the strategic planning and establishment of a system to achieve the expansion of the value chain business through the use of digital technology, as well as to promote digital transformation (DX) within the Company.
Global	Specialized knowledge and experience in global business and economic conditions, as well as geopolitical risks, etc.	To supervise the strategic planning and establishment of a system to collaborate with partner companies around the world—including those in different industries—as globalization progresses and our value chain business expands.
Sustainability	Specialized knowledge and experience in enhancing environmental and social value and ensuring sound corporate governance to drive sustainable growth	To supervise the strategic planning and establishment of a system that contributes to the sustainable development of society and enhances corporate value by addressing materiality (important issues) in accordance with the Company's Basic Policy on Sustainability.
M&A and Investment	Specialized knowledge and experience in the formation and transformation of business portfolios through M&A and investment	To supervise the strategic planning and establishment of a system to maintain and strengthen the Company's competitiveness through M&A and growth investments based on our business strategy.

Skills Matrix of Candidates for Directors

The skills matrix of each Director if the relevant proposal is approved as proposed is as follows.

No.	Name	Current position and responsibilities in the Group	Candidate's attributes	Number of years in office
1	Masaaki Ito	Independent Outside Director/Nominating Committee Member/ Audit Committee Member/ Compensation Committee Member	Candidate for Outside Director Candidate for Independent Director	2
2	Toshiko Oka	Independent Outside Director/ Nominating Committee Member/Audit Committee (Chair)/Compensation Committee Member	Candidate for Outside Director Candidate for Independent Director	5
3	Kazushige Okuhara	Independent Outside Director/ Nominating Committee (Chair)/Audit Committee Member/Compensation Committee (Chair)	Candidate for Outside Director Candidate for Independent Director	10
4	Kiyomi Kikuchi	Independent Outside Director/ Nominating Committee Member/Audit Committee Member	Candidate for Outside Director Candidate for Independent Director	1
5	Joseph P. Schmelzeis, Jr.	Independent Outside Director/Nominating Committee Member/Audit Committee Member/Compensation Committee Member	Candidate for Outside Director Candidate for Independent Director	3
6	Hiroyuki Tsubai	–	Candidate for Outside Director	–
7	Keiichiro Shiojima	Vice President and Executive Officer, Director /CFO/President of Financial Strategy Group		5
8	Masafumi Senzaki	Representative Executive Officer/President and Executive Officer, Director/COO/Nominating Committee Member/Compensation Committee Member		3
9	Kotaro Hirano	Representative Executive Officer/Chairman and Executive Officer, Director/CEO/Nominating Committee Member/Compensation Committee Member		9

*The number of years in office is as of the conclusion of the 62nd Annual Shareholder's Meeting to be held on June 29, 2026.

	Main areas of professional experience/Areas where each candidate is expected to contribute									
	Corporate Management	Finance	Legal and risk	Research and development	Quality control, production and procurement	Sales and service	IT and digital	Global	Sustainability	M&A and investment
	●			●	●			●	●	●
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Proposal No. 1: Amendments to the Articles of Incorporation

1. Reason for the Change

(1) Change of Corporate Name

The construction and mining industries are currently facing complex and serious social issues, including labor shortages, environmental regulations, rising operating costs, and the need to address aging infrastructure. The Company has long been a leader in the industry, introducing the first mechanical excavator in 1950 and developing Japan's first hydraulic excavator based on purely domestic technology in 1965. However, to adapt to the rapidly changing market environment, it is essential that we move beyond our traditional hardware-centric business structure and evolve into a "solution provider" that not only develops next-generation construction machinery by integrating AI, robotics, sensing, and communication technologies, but also contributes to solving our customers' challenges through comprehensive support that includes services and digital solutions throughout the entire lifecycle of the machinery.

This corporate name change reflects our determination to enter a new phase as we accelerate this evolution, and it is part of our ongoing commitment to creating and providing new value together with our customers as we look toward the future.

This amendment shall take effect on April 1, 2027; a supplementary provision to that effect shall be established in conjunction with this, and said supplementary provision shall be deleted after the effective date has passed.

(2) Change of Registered Address

With a forward-looking growth strategy, the Company will relocate its head office to the Otemachi Gate Building (Chiyoda-ku, Tokyo) to symbolize enhanced corporate value, global collaboration, and the embodiment of "LANDCROS." Accordingly, the registered address will be changed.

This change shall take effect on April 1, 2027; a supplementary provision to that effect shall be established, and said supplementary provision shall be deleted after the effective date has passed.

(3) Change of Provisions Regarding the Record Date and Timing of the Ordinary General Meeting of Shareholders

The record date for the Ordinary General Meeting of Shareholders will be changed from "the last day of the business year" to "the last day of April following the business year," and the timing of the meeting will be changed from "June of each year" to "within three months of the record date." This amendment to the provisions regarding the record date and timing of the Ordinary General Meeting of Shareholders is intended to allow for greater flexibility in setting the date of the Ordinary General Meeting of Shareholders and to provide shareholders with sufficient information and time to consider matters before exercising their voting rights.

2. Details of the Amendments

The details of the amendments are as follows.

(Underlined text indicates the amended portions.)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Corporate Name) This Company shall be called Hitachi Kenki Kabushiki Kaisha, and its name in English translation shall be Hitachi Construction Machinery Co., Ltd.	Article 1. (Corporate Name) This Company shall be called Landcros Kabushiki Kaisha, and its name in English translation shall be LANDCROS Corporation.
Article 4. (Location of Head Office) The Company shall have its head office in Taito-ku, Tokyo.	Article 4. (Location of Head Office) The Company shall have its head office in Chiyoda-ku, Tokyo.
Article 11. (Convocation) (1) The Ordinary General Meeting of Shareholders of the Company shall be convened in June of each year, and an Extraordinary General Meeting of Shareholders may be convened from time to time, whenever necessary.((2) (Omitted)	Article 11. (Convocation) (1) The Ordinary General Meeting of Shareholders of the Company shall be convened within three months of the record date specified in Article 12, and an Extraordinary General Meeting of Shareholders may be convened from time to time, whenever necessary. (2) (Same as at present)
Article 12. (Base Date of an Ordinary General Meeting of Shareholders) Shareholders of the Company who are eligible to execute their rights at an Ordinary General Meeting of Shareholders for the business year shall be those who are shareholders as of the last day of the business year.	Article 12. (Record Date of an Ordinary General Meeting of Shareholders) Shareholders of the Company who are eligible to execute their rights at an Ordinary General Meeting of Shareholders for the business year shall be those who are shareholders as of the last day of April following the business year.
(Newly established)	Supplementary Provisions Article 1. (Change of Corporate Name) (1) The amendment to Article 1 of the Articles of Incorporation shall take effect on April 1, 2027. (2) This Article shall be deleted after the effective date of the amendment to Article 1 of the Articles of Incorporation. Article 2. (Change of Head Office Location) (1) The amendment to Article 4 of the Articles of Incorporation shall take effect on April 1, 2027. (2) This Article shall be deleted after the effective date of the amendment to Article 4 of the Articles of Incorporation.

Proposal No. 2: Election of Nine (9) Directors Due to Expiration of Terms of Office of All Directors

In accordance with Article 332 of the Companies Act, the terms of office of all ten (10) Directors will expire at the conclusion of the Shareholder's Meeting. Accordingly, the Company proposes the election of nine (9) Directors based on the decision to propose their election by the Nominating Committee. It should be noted that under the provisions of the Company's Articles of Incorporation the election of Directors is not conducted by cumulative voting.

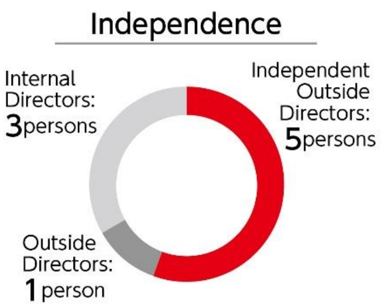
If the proposal is approved as originally proposed, six (6) of the nine (9) Directors will be Outside Directors (including five (5) Independent Outside Directors), meaning that Independent Outside Directors will constitute a majority. We believe that this will enable us to continue to fulfill our supervisory function with a higher degree of independence and fairness.

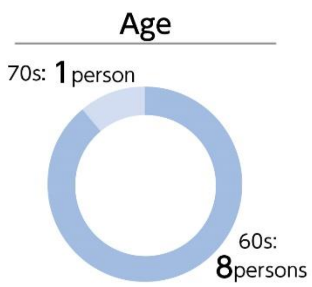
The backgrounds, etc. of the candidates for Director are as follows. All of the candidates for Director have accepted in advance to be a Director, if they are elected at the Shareholder's Meeting.

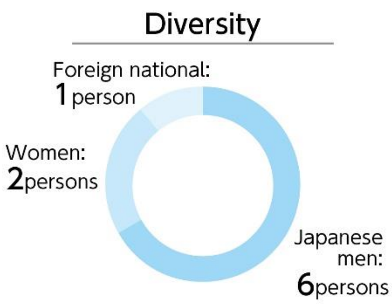
Candidate No. / Name			**Current position and responsibilities at the Company and Committee to which the Director belongs**	
1	Masaaki Ito	Reappointment Candidate for Outside Director Candidate for Independent Director	Independent Outside Director	Nominating Committee Audit Committee Compensation Committee
2	Toshiko Oka	Reappointment Candidate for Outside Director Candidate for Independent Director	Independent Outside Director	Nominating Committee Audit Committee (Chair) Compensation Committee
3	Kazushige Okuhara	Reappointment Candidate for Outside Director Candidate for Independent Director	Independent Outside Director	Nominating Committee (Chair) Audit Committee Compensation Committee (Chair)
4	Kiyomi Kikuchi	Reappointment Candidate for Outside Director Candidate for Independent Director	Independent Outside Director	Nominating Committee Audit Committee
5	Joseph P. Schmelzeis, Jr.	Reappointment Candidate for Outside Director Candidate for Independent Director	Independent Outside Director	Nominating Committee Audit Committee Compensation Committee

Candidate No. / Name			Current position and responsibilities at the Company and Committee to which the Director belongs	
6	Hiroyuki Tsubai	New appointment Candidate for Outside Director	–	–
7	Keiichiro Shiojima	Reappointment	Director and Executive Officer	–
8	Masafumi Senzaki	Reappointment	Director and Executive Officer	Nominating Committee Compensation Committee
9	Kotaro Hirano	Reappointment	Director and Executive Officer	Nominating Committee Compensation Committee

Organizational structure after the Annual Shareholder's Meeting on June 29, 2026 (planned)







<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">1</td><td rowspan="3">Masaaki Ito
(June 23, 1957)

[Candidate for Independent Director]

[Candidate for Outside Director]

[Reappointment]

Share Ownership
473 shares

Term of office as Director
2 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Independent Outside Director, Nominating Committee Member, Audit Committee Member, Compensation Committee Member

Attendance at Board of Directors Meetings in FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: 13/13 (100%)
Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)

Expertise possessed by the candidate
Corporate management
Research and development
Quality, production and procurement
Global
Suitability
M&A and Investment
Career summary and other principal positions held
4/1980 Joined Kuraray Co., Ltd.
4/2010 General Manager, Methacrylate Division, Chemicals Company
6/2012 Executive Officer
4/2013 Vice President, Functional Materials Company
6/2013 Managing Executive Officer
4/2014 Officer Responsible for Corporate Management Planning Division and CSR Division
6/2014 Director
1/2015 Representative Director and President
1/2021 Chairman and Director (to present)
6/2024 Outside Director, the Company (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
As the top executive of a global manufacturing company, he has experience in production and research and development, as well as deep insight in the fields of corporate planning and CSR, and experience in M&A and investment, including the acquisition of overseas companies, giving him a deep understanding of all aspects of corporate management. The Company again nominates him as a candidate for Outside Director so that he can provide advice on the Company’s overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing this wealth of experience. It should be noted that he has served as an Outside Director of the Company since June 2024, and his term of office will be two (2) years at the close of the 62nd Annual Shareholder’s Meeting.</td></tr>
<tr><td>Message from the candidate
In various decision-making processes in the course of the Company’s business operations, I will do my part as an oversight function not only from the perspective of compliance and governance but also from the perspective of corporate social responsibility and contributions. At the same time, I will strive to provide appropriate advice to meet the expectations of all our stakeholders, including our shareholders. I will also work to make recommendations from the perspective of ensuring the rights of shareholders and the substantive equality in exercising those rights as my important role.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">2</td><td rowspan="3">Toshiko Oka
(March 7, 1964)

[Candidate for Independent Director]

[Candidate for Outside Director]

[Reappointment]

Share Ownership
789 shares

Term of office as Director
5 years (*as of the conclusion of this Annual Shareholder's Meeting)</td><td>Position and responsibilities at the Company
Independent Outside Director, Nominating Committee Member, Audit Committee (Chair), Compensation Committee Member

Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)

Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)

Attendance at Audit Committee Meetings in FY2025: 13/13 (100%)

Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)

Expertise possessed by the candidate
Corporate management
Finance
Legal and risk
Global
Sustainability
M&A and Investment
Career summary and other principal positions held
4/1986 Joined Tohmatsu Touche Ross Consulting Limited
7/2000 Joined Asahi Arthur Anderson Limited
4/2005 President and Representative Director, ABeam M&A Consulting Ltd.
4/2016 Partner, PwC Advisory LLC
6/2016 Outside Director, Hitachi Metals, Ltd. (currently Proterial, Ltd.)
6/2018 Outside Director, Sony Group Corporation
6/2019 Outside Director, Happinet CORPORATION (to present)
6/2020 Outside Director, ENEOS Holdings, Inc. (to present)
4/2021 Professor, Graduate School of Global Business, Meiji University (to present)
6/2021 Outside Director, the Company (to present)
3/2024 Outside Director, Earth Corporation (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
She has experience as the top executive of a consulting firms, as well as knowledge and deep insight in finance, accounting, governance, M&A and human resource development. The Company again nominates her as a candidate for Outside Director so that she can provide advice on the Company's overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing her extensive experience in business and management. It should be noted that she has served as an Outside Director of the Company since June 2021, and her term of office will be five (5) years at the close of the 62nd Annual Shareholder's Meeting.</td></tr>
<tr><td>Message from the candidate
Since 2022, the Company's capital structure has undergone significant changes. The business environment is also changing and diversifying at an unprecedented pace. Combined with geopolitical risks growing further, issues we must address are becoming even more diverse and sophisticated. In this business environment, I am committed to contribution from my fields of expertise, namely, M&A and personnel development, to realize growth strategies conducive to sustainable improvement of the Company's corporate value.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">3</td><td rowspan="3">Kazushige Okuhara
(January 27, 1948)

[Candidate for Independent Director]

[Candidate for Outside Director]

[Reappointment]

Share Ownership
10,071 shares

Term of office as Director
10 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Independent Outside Director, Nominating Committee (Chair), Audit Committee Member, Compensation Committee (Chair)
Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: 13/13 (100%)
Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)
Expertise possessed by the candidate
Corporate management
Legal and risk
Quality, production and procurement
Sales and service
Global
Sustainability
Career summary and other principal positions held
4/1970 Joined Fuji Heavy Industries Ltd.
10/1999 Senior Managing Director, TOKYO SUBARU Inc.
6/2001 Corporate Vice President, Senior General Manager of Japan Region, Subaru Sales & Marketing Division, Chief General Manager of Subaru Parts & Accessories Division and General Manager of Customer Service Center, Fuji Heavy Industries Ltd.
6/2003 Corporate Senior Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division and Chief General Manager of Subaru Marketing Division
4/2005 Corporate Senior Vice President, General Manager of Human Resources Department
6/2006 Director, Corporate Executive Vice President, General Manager of Human Resources Department
6/2006 President, Chairman of the Business Reforms Promotion Committee, Subaru System Service Co., Ltd.
6/2010 Representative Director of the Board and Deputy President, Fuji Heavy Industries Ltd.
6/2011 Representative Director of the Board and President, Subaru Kosan Co., Ltd.
6/2016 Outside Director, the Company (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
He has experience as the top executive of a global company, as well as extensive knowledge and deep insight ranging from sales and services to personnel and labor policy. The Company again nominates him as a candidate for Outside Director so that he can provide advice on the Company’s overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing his extensive experience in business and management. It should be noted that he has served as an Outside Director of the Company since June 2016, and his term of office will be ten (10) years at the close of the 62nd Annual Shareholder’s Meeting.</td></tr>
<tr><td>Message from the candidate
We live in an incredibly uncertain time. This makes the Group’s vision of contributing to ensuring a prosperous land and society for the future all the more meaningful. The new medium-term management plan represents, so to speak, a step toward the transformative challenge of the “second founding.” Drawing on the origin of my business career and placing emphasis on both offensive and defensive perspectives, I will strive to contribute to the development of our corporate governance.</td></tr>
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<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">4</td><td rowspan="3">Kiyomi Kikuchi
(February 2, 1963)

[Candidate for Independent Director]

[Candidate for Outside Director]

[Reappointment]

Share Ownership
–

Term of office as Director
1 year (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Independent Outside Director, Nominating Committee, Audit Committee Member
Attendance at Board of Directors Meetings on FY2025: 10/10 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: 9/9 (100%)
Attendance at Compensation Committee Meetings in FY2025: –
Expertise possessed by the candidate
Legal and risk
Global
M&A and investment
Career summary and other principal positions held
4/1986 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) (until 12/1990)
4/1999 Registered as a lawyer, joined Asahi Law Offices
5/2003 Admitted to the bar of the State of New York
9/2004 Joined Taiyo Law Office (currently Paul Hastings LLP/Gaikokuho Kyodo Jigyo)
9/2006 Joined JPMorgan Securities Japan Co., Ltd.
4/2008 Joined TMI Associates (to present)
3/2016 External Auditor of Nissay Asset Management Corporation (to present)
6/2019 Outside Director of Mitsubishi Chemical Holdings Corporation (scheduled to retire in 6/2026)
6/2025 Outside Director of SMBC Nikko Securities Inc. (to present)
6/2025 Outside Director, the Company (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
She has experience in the field of law, as well as knowledge and deep insight in legal affairs, compliance, M&A, and global business. The Company continues to nominate her as a candidate for Outside Director so that she can provide advice on the Company’s overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing her extensive experience and insight. Although she does not have the experience of being involved in the management of a company other than in a position of an External Auditor or Outside Director, the Company judged that she would be able to properly fulfill her duties as an Outside Director of the Company due to the above reasons. It should be noted that she has served as an Outside Director of the Company since June 2025, and her term of office will be one (1) year at the close of the 62nd Annual Shareholder’s Meeting.</td></tr>
<tr><td>Message from the candidate
Over the past year, the world has seen increasing conflict in various regions, growing political instability, and deepening division and uncertainty of the international community. Steering the Company globally under such circumstances is becoming more difficult than ever. I will take into account the external environment that is changing at an accelerating pace and perspectives of various stakeholders, and make every effort to strengthen the Company’s governance and enhance its corporate value by utilizing my experiences gained through serving as a legal professional and an outside officer, while bearing in mind objectivity, independence and fairness.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">5</td><td rowspan="3">Joseph P. Schmelzeis, Jr.
(November 2, 1962)

[Candidate for Independent Director]

[Candidate for Outside Director]

[Reappointment]

Share Ownership
774 shares

Term of office as Director
3 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Independent Outside Director, Nominating Committee Member, Audit Committee Member, Compensation Committee Member
Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: 12/13 (92%)
Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)
Expertise possessed by the candidate
Corporate management
Finance
Sales and service
IT and digital
Global
Sustainability
Career summary and other principal positions held
7/1984 Joined Bain & Company
7/1988 Vice President, American Express International
4/1998 Chief Operating Officer, Fontworks International
12/1999 Interim CEO, Crimson Ventures
11/2001 Representative Director, JPS International, Inc. (to present)
6/2011 Corporate Director, Division Manager, SEGA CORPORATION
6/2015 Senior Advisor, SEGA SAMMY HOLDINGS INC.
2/2018 Senior Advisor to the Ambassador, U.S. Embassy in Tokyo
3/2021 Executive Manager, Cedarfield Godo Kaisha (now Chitose Distillery Godo Kaisha (to present)
6/2022 Outside Director, DENSO CORPORATION (to present)
6/2023 Outside Director, Central Japan Railway Company (to present)
6/2023 Outside Director, the Company (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
In addition to the management experience in a global company, he has extensive experience in including launching venture business, as a strategic consultant, and striving to promote friendly relations between the United States and Japan as Senior Advisor to the Ambassador at the U.S. Embassy in Japan. The Company again nominates him as a candidate for Outside Director so that he can provide advice on the Company’s overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing his extensive business experience and knowledge of geopolitics. It should be noted that he has served as an Outside Director of the Company since June 2023, and his term of office will be three (3) years at the close of the 62nd Annual Shareholder’s Meeting.</td></tr>
<tr><td>Message from the candidate
While Hitachi Construction Machinery has long been respected worldwide as a manufacturer of reliable products, it seeks now to offer new and expanded value to its customers by providing comprehensive solutions in the construction and mining businesses. I seek to apply my experience and perspective providing solutions in a variety of industries and geographies to help Hitachi Construction Machinery become the champion in my home country of the United States and beyond. As the changing geopolitical landscape continues to present opportunities and challenges, I hope earnestly my experience in government and diplomacy will be of value as we “Kenkijin” pursue our mission together.</td></tr>
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<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">6</td><td rowspan="3">Hiroyuki Tsubai
(March 28, 1960)

[Candidate for Outside Director]

[New appointment]

Share Ownership
–

Term of office as Director
–</td><td>Position and responsibilities at the Company
–
Attendance at Board of Directors Meetings on FY2025: –
Attendance at Nominating Committee Meetings in FY2025: –
Attendance at Audit Committee Meetings in FY2025: –
Attendance at Compensation Committee Meetings in FY2025: –
Expertise possessed by the candidate
Corporate management
Finance
Legal and risk
Sales and service
Global
Sustainability
M&A and investment
Career summary and other principal positions held
4/1982 Joined ITOCHU Corporation
4/2014 Executive Officer
4/2016 Managing Executive Officer
4/2019 President, Machinery Company (to present)
4/2022 Senior Managing Executive Officer
6/2022 Member of the Board and Senior Managing Executive Officer
4/2023 Member of the Board and Executive Vice President (to present)
4/2025 President and Deputy COO, Machinery Company (to present)</td></tr>
<tr><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
He has comprehensive management experience across all aspects of business at a general trading company, as well as knowledge and deep insight in overseas business operations and investments. The Company believes that by leveraging this extensive experience to provide advice on all aspects of our business, he will contribute to further strengthening the management structure and improving corporate value over the medium and long term; therefore, the Company nominates him as an Outside Director.</td></tr>
<tr><td>Message from the candidate
The Company is enhancing its strengths—Japan-born technological expertise, global sales and service capabilities, and an open spirit of co-creation—to pursue new growth under its new medium-term management plan, “LANDCROS 2028.” As the Company enters a period of major transformation involving the response to diverse management challenges in global markets, the creation of new value, and the transition to the “LANDCROS” brand, I will strive, as a Director, to contribute to the enhancement of the Company’s medium- and long-term corporate value.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td>7</td><td>Keiichiro Shiojima
(November 24, 1965)

[Reappointment]

Share Ownership
8,860 shares

Term of office as Director
5 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Vice President and Executive Officer, Director, CFO, General Manager of Finance Division
Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: –
Attendance at Audit Committee Meetings in FY2025: –
Attendance at Compensation Committee Meetings in FY2025: –
Expertise possessed by the candidate
Corporate management
Finance
Global
M&A and investment
Career summary and other principal positions held
4/1988 Joined the Company
4/2011 General Manager, Credit Management Department, Finance Division
4/2014 Director, Hitachi Construction Machinery Asia and Pacific Pte. Ltd.
4/2016 General Manager, Finance Department, Finance Division, Corporate Management Group, the Company
4/2019 Deputy General Manager, Finance Division, Corporate Management Group
4/2020 Executive Officer, General Manager of Finance Division
6/2021 Director (to present)
4/2022 Vice President and Executive Officer, President of Financial Strategy Group (to present)</td></tr>
<tr><td></td><td></td><td>Reason for the election of candidate for Outside Director, overview of expected roles, etc.
He has extensive experience and deep insight gained through his involvement in accounting, finance, business operations, and overall management at the Company and Hitachi Construction Machinery Group Companies. The Company again nominates him as a candidate for Director, as he possesses not only knowledge of financial and capital strategies that support global business expansion but also specialized knowledge regarding growth investments and business portfolio transformation aimed at strengthening the management foundation.</td></tr>
<tr><td></td><td></td><td>Message from the candidate
In a rapidly changing competitive environment, I will advance our medium-term management plan with top priority placed on expanding business scale. I will focus on sustaining growth in our key businesses, particularly by expanding value-chain profits centered on recurring businesses, while emphasizing absolute increases in sales, profits, and cash flow. At the same time, I will continue to foster greater awareness of the cost of capital throughout the Company in order to strengthen balance sheet management, improve ROE, and enhance shareholder returns.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">8</td><td rowspan="3">Masafumi Senzaki
(July 16, 1965)

[Reappointment]

Share Ownership
15,534 shares

Term of office as Director
3 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Representative Executive Officer, President and Executive Officer, Director, COO, in charge of Safety / Health & Compliance Group, Corporate Quality Assurance Group, Corporate Brand & Communications Group, and Internal Auditing Office, Nominating Committee Member, Compensation Committee Member
Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: –
Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)
Expertise possessed by the candidate
Corporate management / Sales and service
Finance / IT and digital
Legal and risk / Global
Research and development / Sustainability
Quality, production and procurement / M&A and investment
Career summary and other principal positions held
4/1991 Joined the Company
4/2017 General Manager, Russia and CIS Business Division
Director and President of LLC Hitachi Construction Machinery Eurasia Manufacturing
4/2018 Executive Officer,
General Manager of Marketing Group
4/2021 Vice President and Executive Officer,
General Manager of Corporate Strategy Group, and General Manager of Operations Management Group
4/2022 Senior Vice President and Executive Officer, General Manager of Corporate Strategy Group
4/2023 Representative Executive Officer, President and Executive Officer (to present)
6/2023 Director (to present)</td></tr>
<tr><td>Reason for the election of candidate for Director
He possesses extensive experience and deep insight in all aspects of business operations, including “MONOZUKURI” (manufacturing) domestically and internationally, as well as the formulation and execution of management strategies at the Company and within the Hitachi Construction Machinery Group. The Company again nominates him as a candidate for Director as he possesses outstanding knowledge and excellent management execution capabilities, making him well-suited to shoulder the significant responsibilities of leading the entire Group toward sustainable growth and increased corporate value.</td></tr>
<tr><td>Message from the candidate
We have unveiled a new medium-term management plan and have stepped into the next stage of growth. Even as the business environment becomes increasingly uncertain, the Company is pursuing a proactive growth strategy. We will further solidify our global growth through the growth areas in North, Central, and South America that set us apart from our competitors, the steady expansion of our venture capital business, and the creation of new value through LANDCROS.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Position and responsibilities at the Company,
Career summary and other principal positions held</th></tr>
<tr><td rowspan="3">9</td><td rowspan="3">Kotaro Hirano
(June 4, 1958)

[Reappointment]

Share Ownership
30,430 shares

Term of office as Director
9 years (*as of the conclusion of this Annual Shareholder’s Meeting)</td><td>Position and responsibilities at the Company
Representative Executive Officer, Chairman and Executive Officer, Director, CEO, Nominating Committee Member, Compensation Committee Member
Attendance at Board of Directors Meetings on FY2025: 12/12 (100%)
Attendance at Nominating Committee Meetings in FY2025: 5/5 (100%)
Attendance at Audit Committee Meetings in FY2025: –
Attendance at Compensation Committee Meetings in FY2025: 6/6 (100%)
Expertise possessed by the candidate
Corporate management
Finance
Legal and risk
Quality, production and procurement
Sales and service
Global
Sustainability
M&A and Investment
Career summary and other principal positions held
4/1981 Joined the Company
4/2013 Deputy General Manager, Production & Procurement Division
4/2014 Executive Officer
4/2016 Vice President and Executive Officer
4/2017 Representative Executive Officer, President and Executive Officer
6/2017 Director (to present)
4/2023 Representative Executive Officer, Chairman and Executive Officer (to present)</td></tr>
<tr><td>Reason for the election of candidate for Director
Having gained operational experience in various fields, including management strategy, production, and procurement, he has been engaged in the management of the Company and Hitachi Construction Machinery Group Companies, and has extensive knowledge and outstanding management and executive capabilities. The Company again nominates him as a candidate for Director as he possesses broad operational experience in the construction and mining sectors at the Company, as well as outstanding knowledge of general management and global business operations.</td></tr>
<tr><td>Message from the candidate
The global situation and economic trends surrounding us are changing dramatically, and the outlook is difficult to foresee. Even in such a situation, looking one step ahead into the future, we must steadily work to sophisticate machines and services and respond to environmental issues in order to resolve issues faced by customers, while steadfastly advancing our current businesses. I will also ensure that the Board of Directors clarifies issues over the short, medium and long term, and engages in active discussions so as to live up to expectations of our stakeholders.</td></tr>
</table>

Notes on the candidates

1. Mr. Hiroyuki Tsubai serves concurrently as Member of the Board and Executive Vice President of ITOCHU Corporation. The Company and ITOCHU Corporation have a business relationship regarding the sale of the Company's products, and they have entered into an agreement regarding restrictions on the transfer of shares. There are no relationships of special interest between the other respective candidates and the Company.
2. As stated in the "career summary and other principal positions held" above, Mr. Hiroyuki Tsubai is an executive officer of ITOCHU Corporation, an entity that has a special relationship with the Company (a major business partner), and has also served as an executive officer of that company in the past.
3. Matters pertaining to candidates for Outside Director

   The six (6) candidates Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, Mr. Joseph P. Schmelzeis, Jr., and Mr. Hiroyuki Tsubai meet the requirements as candidates for Outside Director stipulated in the Regulations for Enforcement of the Companies Act. The five (5) candidates Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, and Mr. Joseph P. Schmelzeis, Jr. are also candidates for Independent Director based on the provisions of Tokyo Stock Exchange, Inc.
4. "Share ownership" is as of March 31, 2026. It also shows the real share ownership (rounded down to the nearest whole number), which includes holdings in the Hitachi Construction Machinery Officers' Shareholding Association.

Summary of details of agreements to limit liability

The Company has concluded agreements with Directors (excludes executive Directors etc.) under the provisions of paragraph 1, Article 427 of the Companies Act and Article 23 of the Company's Articles of Incorporation to limit liability for damages under paragraph 1, Article 423 of the Act. In the event that the reappointment of the five (5) candidates Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, and Mr. Joseph P. Schmelzeis, Jr. is approved, the Company intends to continue these agreements with them. In the event that the appointment of Mr. Hiroyuki Tsubai is approved, the Company intends to conclude the agreement with her. A summary of the agreements is as below.

1. In the event of liability for damages to the Company caused by failure to perform duties as a Director (excludes executive Directors etc.), the total shall be limited to the amount in each item of paragraph 1, Article 425 of the Companies Act.
2. The aforementioned limitation of liability is admitted only when the Director (excluding those who are Executive Directors, etc.) acts in good faith and there is no gross negligence with regard to the execution of duties that caused the liability.

Summary of details of directors and officers liability insurance policy

To ensure that Directors and Executive Officers are fully able to execute their expected duties and to attract highly qualified individuals, the Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in paragraph 1, Article 430-3 of the Companies Act that includes all Directors and Executive Officers as insureds, and the candidates for reappointment in this proposal are included in the insureds of the said insurance policy. Furthermore, if this proposal is approved as proposed and the candidates assume office as Directors, all candidates, including new candidates, will become insureds under the insurance policy. This insurance policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion, such as performance of an illegal act with full knowledge of its illegality, where the losses will not be covered. The Company plans to renew the insurance policy during the term of office as Director of each of the candidates in this proposal.

Business Report (From April 1, 2025 to March 31, 2026)

I Matters Pertaining to the Current State of the Group

*The Company has been preparing consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") from the fiscal year ended March 2015.

1. Business activities and results

Under the three-year medium-term management plan "BUILDING THE FUTURE 2025," which concludes in the fiscal year ending March 31, 2026, the Group has committed to the sustainable growth and enhancement of corporate value through four management strategies: (1) Delivering innovative solutions for customer needs; (2) Enhancing the value chain business; (3) Expanding business in the Americas; and (4) Strengthening human capital and corporate capabilities.

During the fiscal year under review (April 1, 2025 to March 31, 2026), a decline in sales in the Americas OEM business and in Oceania weighed on revenue. On the other hand, sales in Europe and in our independent development businesses in the Americas remained strong, with revenue in these regions exceeding the previous fiscal year's levels. As a result, consolidated revenue for the fiscal year ended March 31, 2026, was ¥1,405,493 million (an increase of 2.5% year on year), marking an increase compared to the previous fiscal year.

As for consolidated income items, while an increase in sales prices contributed to higher profits, the impact of U.S. tariffs, rising costs associated with growth investments, and a deterioration in regional and product mix acted as downward factors. As a result, adjusted operating income (a performance indicator, calculated by subtracting the sum of cost of sales and selling, general and administrative expenses from revenue) decreased to ¥132,951 million (a decrease of 8.3% year on year). Net income attributable to owners of the parent decreased to ¥73,193 million (a decrease of 10.1% year on year) due to a decline in adjusted operating income. On the other hand, operating cash flow and free cash flow increased year on year due to efforts such as inventory reduction.

As a note, from the 4Q of the fiscal year ended March 31, 2024, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations in line with IFRS accounting standards. Accordingly, in calculating the year-on-year changes, the previous fiscal year's figures used for revenue, adjusted operating income, operating income, and income before income taxes are the amounts for continuing operations excluding discontinued operations, while those used for net income and net income attributable to owners of the parent are the sum of continuing operations and discontinued operations.

(Millions of yen)

Classification	Consolidated (% of the previous year)	Classification	Non-consolidated (% of the previous year)
Revenue	1,405,500 (2.5%)	Revenue	689,400 (−4.7%)
Adjusted operating income	133,000 (−8.3%)	Operating income	4,000 (83.9%)
Income before income taxes	124,200 (−7.4%)	Ordinary income	72,700 (6.4%)
Net income attributable to owners of the parent	73,200 (−10.1%)	Net income for this term	27,900 (−69.4%)

(Note) "Adjusted operating income" is used as an indicator of consolidated results instead of "operating income."

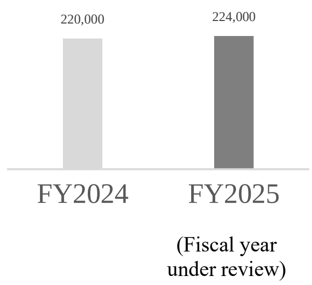
(1) Summary of revenue by region

Japan

Revenue composition ratio 15.9%

Revenue 224,000 Up 1.8% year-on-year

(Millions of yen)

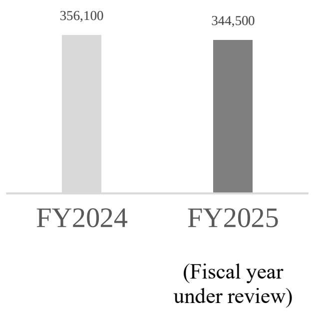


The Americas

Revenue composition ratio 24.5%

Revenue 344,500 Down 3.3% year-on-year

(Millions of yen)

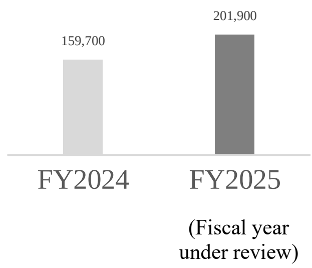


Europe

Revenue composition ratio 14.4%

Revenue 201,900 Up 26.4% year-on-year

(Millions of yen)

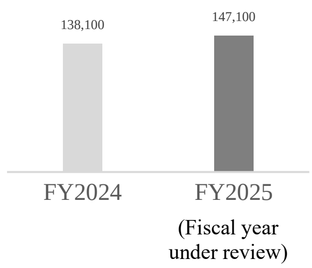


Russia-CIS, Africa, and Middle East

Revenue composition ratio 10.5%

Revenue 147,100 Up 6.5% year-on-year

(Millions of yen)

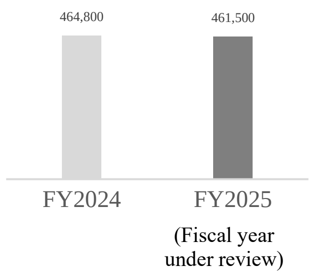


Asia and Oceania

Revenue composition ratio 32.8%

Revenue 461,500 Down 0.7% year-on-year

(Millions of yen)

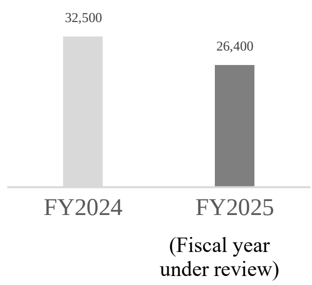


China

Revenue composition ratio 1.9%

Revenue 26,400 Down 18.7% year-on-year

(Millions of yen)



(2) Summary of revenue by business

1 Construction Machinery Business

During the fiscal year under review (April 1, 2025 to March 31, 2026), revenue was ¥1,268,594 million (an increase of 2.0% year on year) and adjusted operating income was ¥121,481 million (a decrease of 6.4% year on year), respectively.

Sales remained steady in Europe and in our independent development businesses in the Americas, and an increase in sales prices supported revenue and adjusted operating income. On the other hand, higher costs—including U.S. tariffs—and a deterioration in regional and product mix weighed on profits.

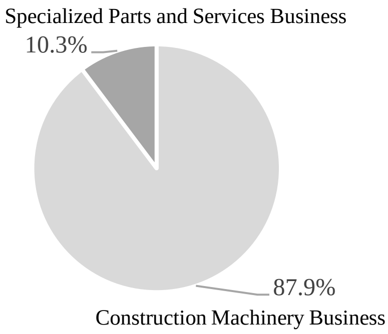
2 Specialized Parts and Service Business

This segment consists primarily of Bradken Pty Limited and its subsidiaries, which are engaged in the parts service business for after-sales of mining equipment and machinery, and H-E Parts International LLC and its subsidiaries, which provide service solutions.

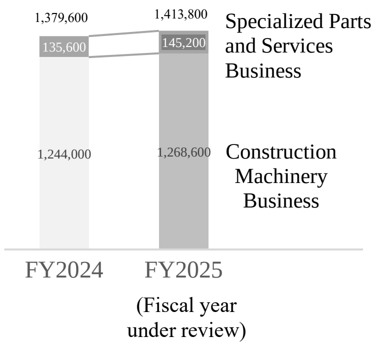
During the fiscal year under review, revenue was ¥145,226 million (an increase of 7.1% year on year), and adjusted operating income was ¥11,470 million (a decrease of 24.2% year on year), resulting in increased revenue but decreased income.

While revenue increased due to the acquisition of Brake Supply Co., Inc. in the United States in December 2024, adjusted operating income declined due to the impact of U.S. tariffs, as well as reduced investment by some major customers and intensifying competition.

Revenue composition ratio



Revenue trends (Millions of yen)



* The above revenues by business are figures before intersegment adjustments.

2. Capital investments

The Group carefully reviewed investment options for improved capital efficiency, and made capital investment of ¥107,674 million in total for the fiscal year under review. Major investments made are as below.

(1) Capital investments by the Company

- Investment to relocate and install wheel loader production facilities from the Banshu Works to the Ryugasaki Works
- Investment to replace and streamline hydraulic excavators manufacturing facilities at Tsuchiura Works, as well as investment in testing facilities

(2) Capital investments by the subsidiaries

- Investment to expand the recycling plant at Hitachi Construction Machinery Zambia Co., Ltd.
- Investment to enhance facilities at branch offices of Hitachi Construction Machinery Australia Pty., Ltd.

3. Financing Activities

Financing Activities of the Group

The Group procured funds through long-term borrowings of ¥18,907 million, in order to allocate funds for working capital and capital expenditure as well as funds for investments and loans during the fiscal year under review, and repaid short-term borrowings of ¥52,023 million and long-term borrowings of ¥39,804 million.

4. Issues to be Addressed

We have been promoting a medium-term management plan (BUILDING THE FUTURE 2025) starting in FY2023 to realize our vision of "To ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society."

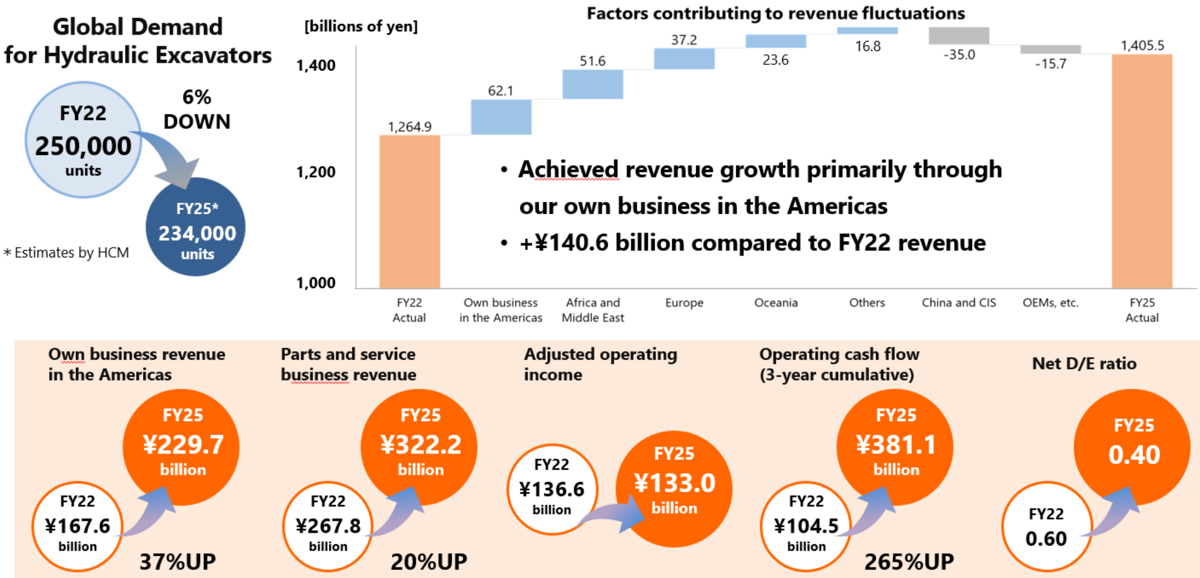
In April 2027, we plan to change our corporate name to LANDCROS Corporation. The new Mid-term Plan "LANDCROS 2028" positions the next three years as a critical period to ensure a successful new beginning and uses the brand transition as a starting point for future-oriented transformation.

(1) Reviewing the prior mid-term plan, "BUILDING THE FUTURE 2025"

During the period of prior mid-term plan (from FY2023 to FY2025), global demand for hydraulic excavators declined by 6%, from 250,000 units in FY2022 to 234,000 units in FY2025, reflecting a challenging market environment.

Despite this, we achieved revenue growth primarily through our own business in the Americas and steadily delivered solid results in our parts and service business.

Furthermore, we succeeded in strengthening our financial position, notably through a substantial improvement in operating cash flow.



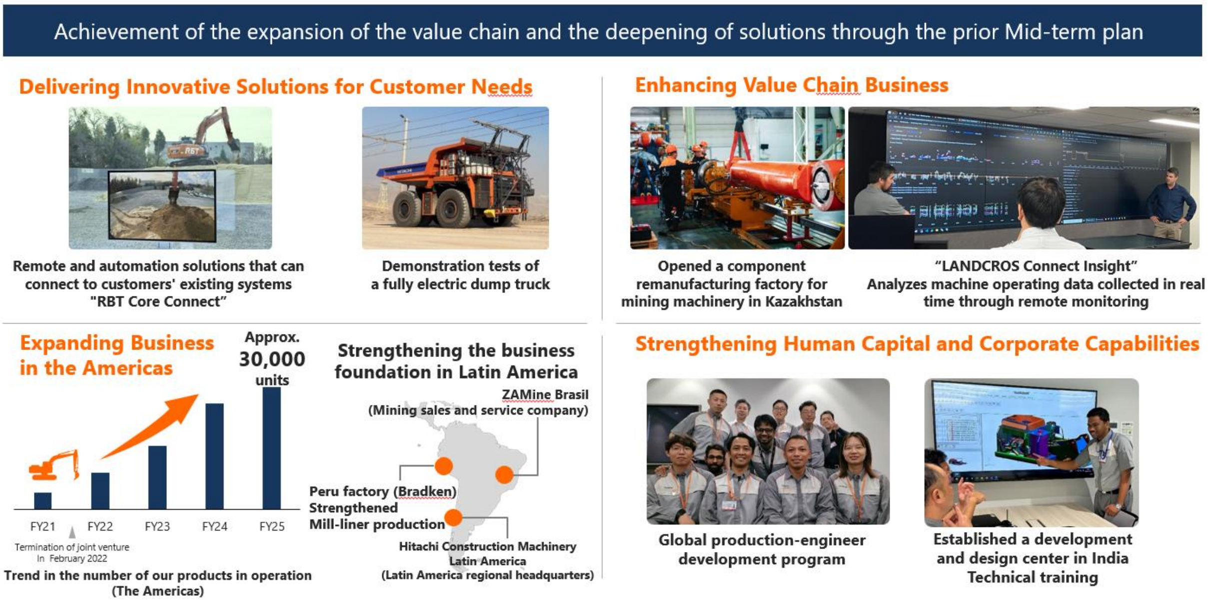
These results reflect the steady execution of the four initiatives under the prior Mid-term Plan, led in particular by the expansion of the value chain and the deepening of solutions.

Even amid a challenging market environment, under the initiative "Delivering Innovative Solutions for Customer Needs," we successfully completed demonstration tests of a fully electric dump truck, paving the way for commercialization in FY2027.

For "Enhancing Value Chain Businesses," we advanced initiatives such as operating data analysis via LANDCROS Connect Insight, while achieving steady revenue growth through the deepening of ConSite.

For "Expanding Business in the Americas," we strengthened our business foundation and steadily increased the number of our products in operation.

For "Strengthening Human Capital and Corporate Capabilities," we promoted the global development of manufacturing talent and established a development and design center in India, thereby advancing the foundation for the next phase of growth.



(2) The new Mid-term Plan "LANDCROS 2028"

2.1 Vision for LANDCROS and our Growth Story

At the outset, while we are changing our corporate name and brand, the values and aspirations we hold as a company remain unchanged.

Building on our proud 75-year history, we will continue to create a sustainable society through the collaboration of people and technology, and to meet our customers' expectations for the next 100 years and beyond.

The corporate brand "LANDCROS" combines our vision of a prosperous land, "LAND," with the values we cherish "Customer," "Reliable," "Open," and "Solutions," and expresses our mission to "co-create innovative products, services, solutions and together, we continue to create new value."

Together with LANDCROS, we will inherit our mission and spirit while further evolving the strengths we have cultivated to date. These include our Japan-originated manufacturing capability, our global sales and service capability, and our open co-creation capability. By evolving these strengths, we will enhance our corporate value.

We outline six elements of the growth story driven by "LANDCROS."

The key theme is a new departure through "Inheritance and Evolution." We will continue to strengthen value chain businesses to drive the expansion of recurring revenue.

We will add the "mining business," in both name and substance, to our prior core strategies and further strengthen the business.

In addition, we will implement bold growth investments and structural reforms to make our businesses "larger and stronger." We aim to achieve "business expansion, enhanced corporate value, and increased shareholder value" together with an open strategy.

Through these efforts, we will become one of the top three in the industry by 2030 and elevate the "LANDCROS" brand.

- **A New Departure through "Inheritance and Evolution"**
- **Continuing to strengthen value chain businesses to drive the expansion of recurring revenue**
- **Adding mining business strengthening to the prior core strategies**
- **Implementing bold growth investments and structural reforms to make our businesses "larger and stronger"**
- **Achieving business expansion, enhanced corporate value, and increased shareholder value, together with an open strategy**
- **Becoming one of the top three in the industry by 2030 and elevating the "LANDCROS" brand**

As concrete targets, we have defined four growth drivers and their respective goals, as shown here.

Amid an increasingly challenging competitive environment, expanding our business scale is essential in order to achieve autonomous and sustainable growth and to continue delivering innovative solutions.

We will achieve the targets for our Priority Businesses shown here by focusing on absolute revenue and profit and implementing bold growth investments and our business portfolio strategy.

As a milestone on our path to becoming one of the top three in the industry by 2030, we will drive forward the new Mid-term Plan, "LANDCROS 2028."

2.2 Initiatives under New Mid-term Plan "LANDCROS 2028"

Under the new Mid-term Plan, we will expand four Priority Businesses mentioned before.

The driving forces behind this effort are "open strategy co-created with dealers and partners," "strengthening of human capital and corporate capabilities," and "growth investments and the business portfolio strategy."

Priority Businesses

The four Priority Businesses under “LANDCROS 2028” are “North American Business,” “Latin American Business,” “Mining Business” and “Parts and Service Business.”

In the “North American Business,” as the second phase of growth under our own business, we will further expand our product lineup by adding products to our core hydraulic excavators and wheel loaders, and increase our sales share.

In the “Latin American Business,” we will expand and build a solid growth foundation.

With a focus on mining, we will continue to enhance our capabilities in finance, supply chain management, and service operations, and strengthen our parts and service businesses and the specialized parts and service business.

In the “Mining Business,” we position North, Central, and South America and Africa as priority regions and further strengthen our core products, with a strong focus on meeting customer needs. At the same time, we will further expand our business domains, including specialized parts and service business.

In the “Parts and Service Business,” we aim to expand revenue and profit by implementing initiatives to increase parts market share in response to the growing number of machines in operation driven by the expansion of the North, Central, and South American businesses and the mining business.

Open Strategy Co-Created with Dealers and Partners

We combine our strengths with an open strategy and drives the expansion of our priority businesses with an asset-light approach.

Our strengths include 75 years of research and development in construction machinery, which underpin our "manufacturing capability." In addition, we have developed a "sales and service capability" through collaboration with our dealers.

This provides a robust foundation consisting of customer touchpoints supported by approximately 300 dealers and around 9,000 mechanics worldwide, as well as accumulated expertise and data.

In addition, we have a Co-creation Capability that expands value through collaboration with partner companies, and by openly connecting these capabilities, we will continue to provide innovative solutions that are unique to our company.

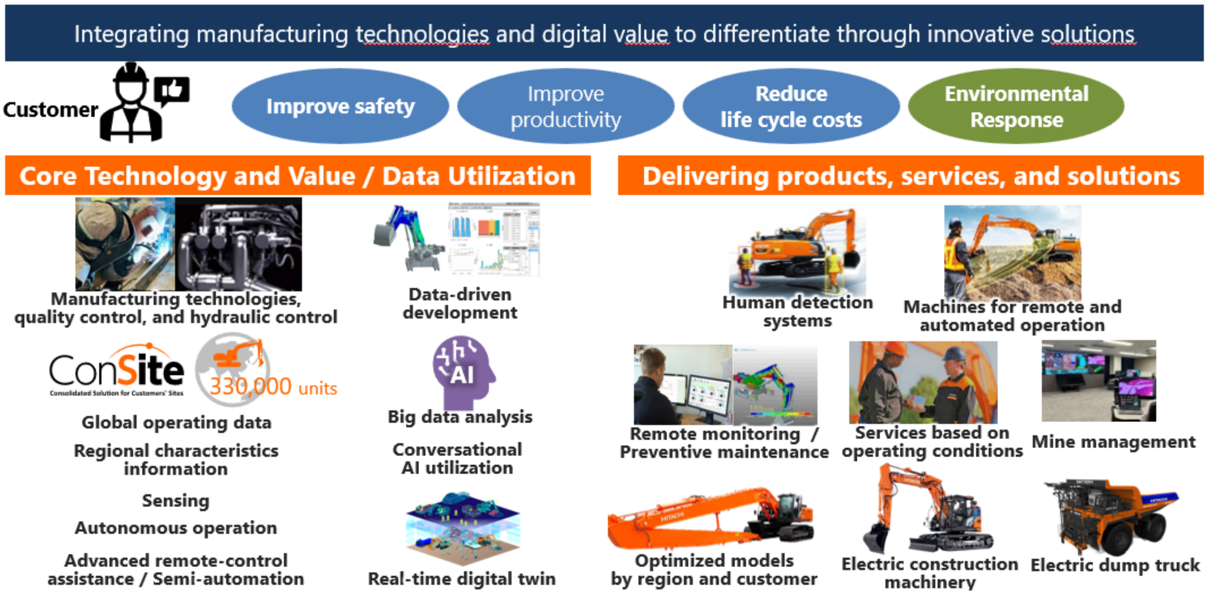
Strengthening of Human Capital and Corporate Capabilities

First, we will create value and strengthen competitiveness through enhanced R&D.

By integrating manufacturing technologies and digital value to differentiate through innovative solutions, we will pursue our customers' universal values of "Improve safety and productivity, Reduce life cycle costs, and Environmental Response."

We will further refine our core technologies and value, such as quality control and hydraulic control, and accelerate technological innovation by integrating them with operating data from our machinery deployed globally, as well as advanced technologies including AI and digital solutions.

Furthermore, by combining human detection systems, remote and automated operation capabilities, and services based on operating conditions, we will deliver high value-added products, services, and solutions, and comprehensively address the challenges at our customers' worksites.

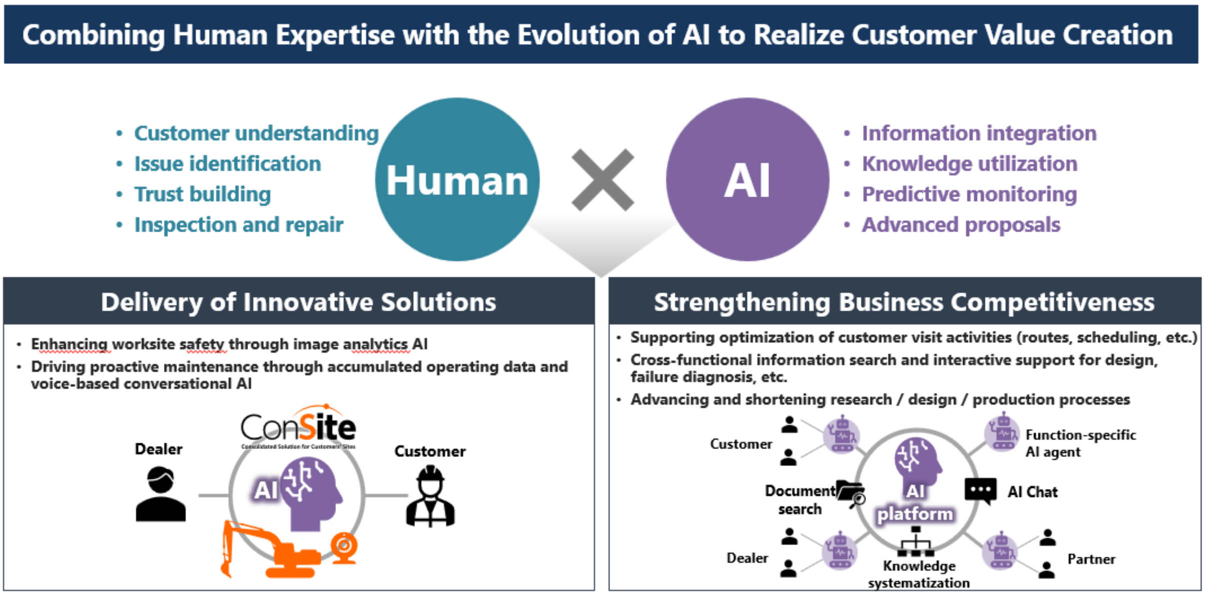


Second, we will enhance the value delivered through collaboration between human expertise and AI.

In our approach to AI utilization, our basic principle is to combine human expertise with the evolution of AI in order to realize customer value creation.

We will promote the cross-functional use of AI across customer-related domains, including enhancing safety at worksites, improving time utilization rates, and optimizing customer visit activities.

At the same time, by leveraging AI to support domains that require physical human involvement, we will steadily advance the delivery of innovative solutions and strengthen our business competitiveness.



Third, we will enhance environmental and social value.

Under the new mid-term plan, we will advance efforts to achieve carbon neutrality by 2050 based on 1.5°C scenario from the prior mid-term plan.

In addition, across our entire business, we will pursue circular-economy (CE) and nature-positive (NP) initiatives.

Toward Achieving Carbon Neutrality by 2050 through Initiatives Aligned with the 1.5°C Scenario

Target of CO_2 Emission Reduction (FY28)
(SBT certification FY18 baseline)

- Production (Scope1+2): **-42%**
- Products and Purchased Goods (Scope3): **-21%**

Key Directions of Our Initiatives

- Improving productivity and introducing energy-efficient equipment
- Utilization of renewable energy
- Expansion of decarbonized products (such as electric products)
- Energy-conservation and CO_2-reduction activities with procurement partners

Initiatives for the Circular-Economy and Nature-Positive

Circular-economy (CE)

- Expanding 4R initiatives across the entire value chain (4R:Reuse, Reduce, Recycle, Renewable)
  - ･Improving the Recyclability of Products
  - ･Improving the Waste Recycling Rate

CE and NP Business Scale (FY25 Forecast)
62%
(approx. ¥870 billion)

Nature-positive (NP)

- Expansion of products and services that directly contribute to NP
- Promotion of Ecosystem-Conservation Activities

Forth, we will realize human capital management for sustainable growth.

As we reach a major milestone with our corporate name and brand change, we will work to enhance “Engagement,” a metric that reflects the strength and depth of the relationship between employees and the company, and “Inclusion & Diversity,” which represents diversity and a sense of unity.

We will make the creation of an environment where each employee becomes an agent of change and where diverse talent can thrive as a key management priority.

Enhancing Engagement and Inclusion & Diversity as We Reach a Major Milestone with Corporate Name and Brand Change

LANDCROS

Engagement
FY28 Improvement Target
+3 points
(70.5P → 73.5P)

High employee engagement is crucial for corporate name and brand change

Inclusion & Diversity
FY28 Improvement Target
+3 points
(63.1P → 66.1P)

An environment where diverse talent can thrive is essential to advancing the open strategy

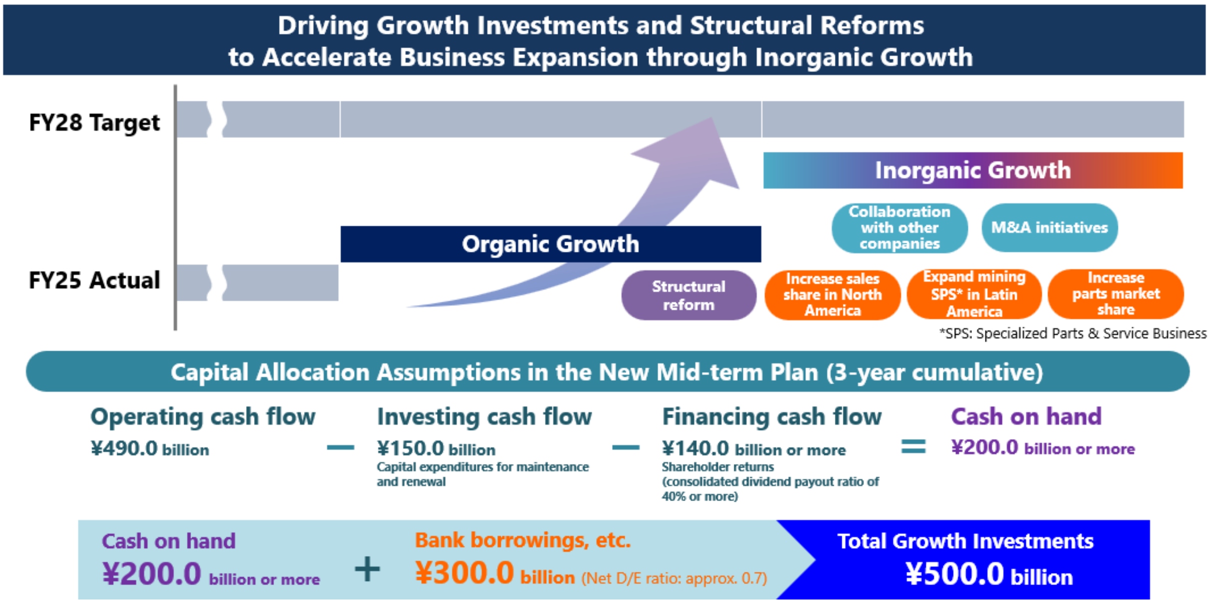
*Figures in parentheses indicate the global employee survey results (FY25 actual and FY28 target)

Growth investments and business portfolio strategy

Through the various initiatives mentioned above, we will steadily advance organic growth and expand our priority businesses.

Furthermore, to ensure becoming one of the top three in the industry by 2030, we will pursue strategic growth investments and a business portfolio strategy, accelerating business expansion through inorganic growth.

Over the three-year period of the new mid-term plan, we will secure approximately ¥500 billion in funding for growth investments by generating stable operating cash flow and strategically utilizing financial leverage, and executing an aggressive growth strategy.



(3) Quantitative targets under the new Mid-Term Plan

In terms of growth, we will expand our business by focusing on the four growth drivers and achieve a business scale that enables us to aim to be among the top three in the industry by 2030.

For profitability and efficiency, we are targeting figures at the levels shown here, and together with growth, we aim to expand the amounts of revenue, profit, and operating cash flow.

[billions of yen]

		Prior Mid-term Plan FY25 Actual	New Mid-term Plan FY28 Target*2	Reference FY30 Target
Growth	Business scale	Revenue 1,405.5	The scale we can achieve to become one of the top three by 2030 (CAGR 9%)	One of the top three in the industry
	Own business revenue in the Americas	229.7	380.0	600.0
	Latin America business revenue	38.4	80.0	150.0
	Mining business revenue	424.0	550.0	700.0
	Parts and service business revenue	322.2	370.0	500.0
	R&D investment*1 (3-year cumulative)	103.9	130.0	
Profitability	Adjusted operating income	133.0	200.0	
	Net income attributable to owners of the parent	73.2	120.0	
	Operating cash flow (3-year cumulative)	381.1	490.0	
Efficiency	ROE	8.6%	11.5%	
	ROIC	6.7%	9%	
Shareholder return	Consolidated dividend payout ratio	50.9%	40%	

*1 R&D expenses and start-up related investments *2: Targets are set at the stated figures or more

Hitachi Construction Machinery's Approach towards Sustainability

To provide a higher quality of life for all people and future generations, the Hitachi Construction Machinery Group, together with our stakeholders, is committed to working towards a more sustainable society.

Materiality of Hitachi Construction Machinery (Crucial issues to be tackled with priority)

Materiality	Key initiatives
Product and technology development contributing to climate change mitigation and adaptation	Accelerate development of decarbonization technologies
	Proactively introduce renewable energy Systematically invest in high-efficiency facilities
Shift to a recycling-oriented business	Develop parts reuse and recycling business on the back of a circular economy
	Reduce wastes
	Use water resources effectively
	Develop certified brand-name used equipment
	Utilize data to raise operation rates of rental machines
Create innovative solutions for challenges faced by customers supporting social infrastructure	Contribute to cooperative construction machinery, driver assistance systems, and site safety
	Accelerate development of automated and remote-controlled construction machinery
	Stable machine operation and reduction of life cycle cost
	Accelerate development of products and solutions
Strengthen global governance	Respect human rights in the value chain
	Promote global human resource management
	Diversity, equity and inclusion (DE&I)
	Global occupational safety and health management
	Fair and responsible procurement
	Increase transparency in the process of management decision-making and results
	Corporate ethics and compliance

External evaluations

(1) Selected as a “Yearbook Member*” for the third year in a row by the U.S.-based S&P Global that evaluates sustainability efforts of the world's leading companies

* S&P Global selects the top 15% companies rated particularly highly in each industry as members of the Sustainability Yearbook every year.

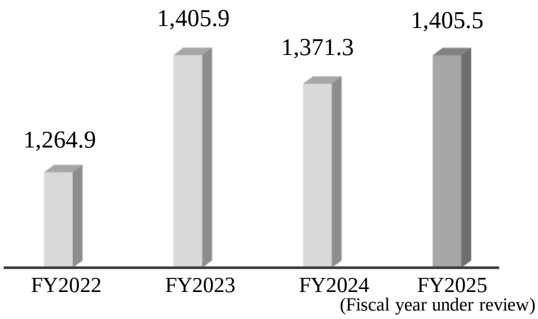
(2) Selected as an “Environmentally Sustainable Company*” for the second consecutive time in the 7^{th} ESG Finance Awards Japan sponsored by the Ministry of the Environment

* A total of 59 companies were selected based on evaluation of the level of disclosure of "risks, business opportunities, and strategy," "KPIs," and "governance" regarding important environmental issues, in line with their business characteristics.

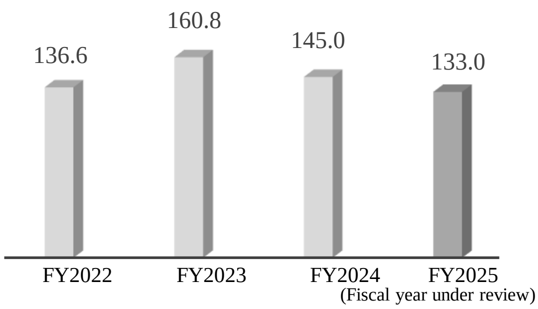
<Reference>
Regarding details of the Company’s sustainability information
Please visit the Company’s website for details of its sustainability information.
▶ https://www.hitachicm.com/global/en/sustainability/

5. Summary of Assets and Results of Operation

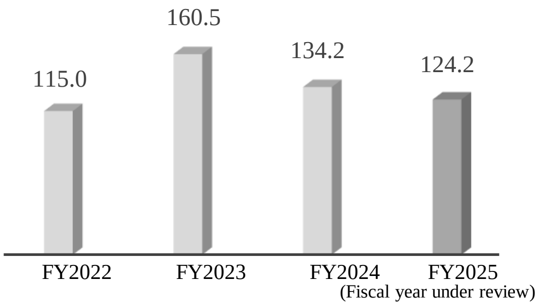
Revenue (Billions of yen)



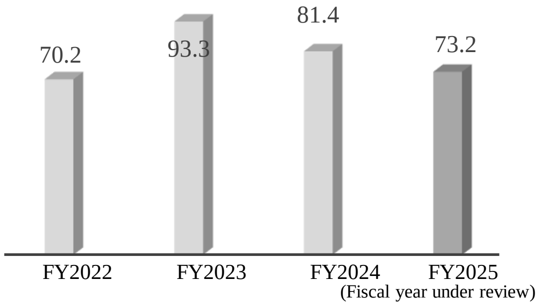
Adjusted operating income (Billions of yen)



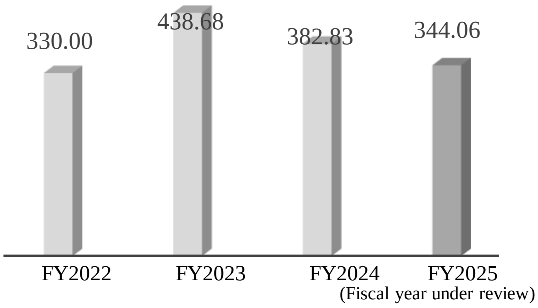
Income before income taxes (Billions of yen)



Net income attributable to owners of the parent (Billions of yen)

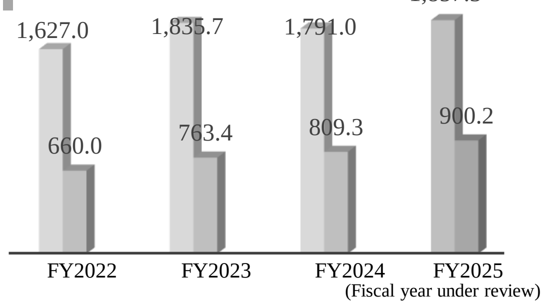


Net income per share (basic) attributable to owners of the parent (Yen)



Total assets (Billions of yen)

Equity attributable to owners of the parent



(Notes) 1. Net income per share (basic) attributable to owners of the parent is calculated based on the average total number of shares issued during the period (excluding treasury shares).

2. "Adjusted operating income" is used as an indicator of consolidated results instead of "operating income." Adjusted operating income is calculated by subtracting the sum of cost of sales and selling, general and administrative expenses from revenue.

6. Significant subsidiaries

Name of entity	Common stock	Shareholding ratio (%)	Principal businesses
Hitachi Construction Machinery Tierra Co., Ltd.	¥1,441 million	100.00	Manufacturing, sales and services of mini excavators, etc.
Hitachi Construction Machinery Camino Co., Ltd.	¥400 million	100.00	Manufacturing and sales of construction machinery, transportation machinery and their parts
Tadakiko Co., Ltd.	¥277 million	100.00	Manufacturing and sales of parts, etc. of construction machinery
Shintohoku Metal Co., Ltd.	¥295 million	100.00	Manufacturing and sales of steel castings and special steel castings
Hitachi Kenki Logistics Technology Co., Ltd.	¥360 million	100.00	Packaging, shipping, and export and import service of construction machinery, etc.
Hitachi Construction Machinery Leasing Co., Ltd.	¥50 million	100.00	Installment sales and leasing of construction machinery, etc.
Hitachi Construction Machinery Japan Co., Ltd.	¥5,000 million	100.00	Rental, sales and services of construction machinery
Hitachi Construction Machinery (Europe) N.V.	70,154 thousand euros	98.88	Manufacturing, sales and services of construction machinery
P.T. Hitachi Construction Machinery Indonesia	17,200 thousand U.S. dollars	81.96 (33.87)	Manufacturing and sales of construction machinery
Hitachi Construction Machinery (China) Co., Ltd.	1,370,074 thousand RMB	100.00	Manufacturing and sales of construction machinery
Hitachi Construction Truck Manufacturing Ltd.	84,100 thousand U.S. dollars	100.00	Manufacturing and sales of rigid dump trucks
Tata Hitachi Construction Machinery Company Private Limited	1,143 million Indian rupees	60.00	Manufacturing, sales and services of construction machinery
LLC Hitachi Construction Machinery Eurasia	1,740 million Russian rubles	100.00	Manufacturing and sales of construction machinery
Hitachi Construction Machinery Asia and Pacific Pte. Ltd.	39,956 thousand U.S. dollars	100.00	Sales and services of construction machinery
Hitachi Construction Machinery Distribution (China) Co., Ltd.	200,000 thousand RMB	100.00	Sales and services of construction machinery
Hitachi Construction Machinery Financial Leasing (China) Co., Ltd.	1,103,578 thousand RMB	100.00	Installment sales and leasing of construction machinery, etc.
Hitachi Construction Machinery Africa Pty. Ltd.	167,935 thousand rand	100.00	Sales and services of construction machinery
PT Hexindo Adiperkasa Tbk	23,233 thousand U.S. dollars	53.67 (5.07)	Sales and services of construction machinery
Hitachi Construction Machinery Oceania Holdings Pty., Ltd.	29,122 thousand Australian dollars	100.00	Sales, etc. of construction machinery
Hitachi Construction Machinery Holding U.S.A. Corp.	251,000 thousand U.S. dollars	100.00	Sales, etc. of construction machinery
Wenco International Mining Systems Ltd.	18,205 thousand Canadian dollars	100.00	Development, manufacturing, sales and maintenance of mining operation management systems
Hitachi Construction Machinery Middle East Corporation FZE.	¥500 million	100.00	Sales and services of construction machinery
Hitachi Construction Machinery Americas Inc.	8,000 thousand U.S. dollars	100.00	Sales of construction machinery
Hitachi Construction Machinery Latin America SpA	10,000 thousand U.S. dollars	100.00	Sales of construction machinery
H-E Parts International LLC	–	100.00	Provision of services related to mining and construction machinery
Bradken Pty Limited	653,215 thousand Australian dollars	100.00	Manufacturing of metal casting parts for mining and infrastructure industries, and provision of mining facilities and consumables in mining as well as maintenance service, etc.

(Notes) 1. The numbers in brackets in the shareholding ratio column represent the ratio of indirect ownership (included in the total) owned by the subsidiaries of the Company.

2. The total number of consolidated subsidiaries as stipulated in Article 2, paragraph (3), item (xxii) of the Regulations on Corporate Accounting is 81 including 26 significant subsidiaries in the above. There are 17 affiliates to which the equity method is applied.

II Matters Concerning Directors and Audit Committee Members of the Company

1. Details of Directors and Executive Officers of the Company

(1) Directors

Position	Name	Responsibilities (Committee)	Significant concurrent positions outside the Company
Director	Masaaki Ito	Nominating Committee Member Audit Committee Member Compensation Committee Member	Chairman and Director, Kuraray Co., Ltd.
Director	Toshiko Oka	Nominating Committee Member Audit Committee (Chair) Compensation Committee Member	Professor, Graduate School of Global Business, Meiji University Outside Director, Happinet CORPORATION Outside Director, ENEOS Holdings, Inc. Outside Director, Earth Corporation
Director	Kazushige Okuhara	Nominating Committee (Chair) Audit Committee Member Compensation Committee (Chair)	
Director	Kiyomi Kikuchi*	Nominating Committee Member Audit Committee Member	Partner, TMI Associates Outside Director, Mitsubishi Chemical Holdings Corporation Outside Director, SMBC Nikko Securities Inc.
Director	Joseph P. Schmelzeis, Jr.	Nominating Committee Member Audit Committee Member Compensation Committee Member	Representative Director, JPS International, Inc. Executive Manager, Chitose Distillery Godo Kaisha Outside Director, DENSO CORPORATION Outside Director, Central Japan Railway Company
Director	Takeshi Fujisawa	Audit Committee Member	COO, Social Infrastructure Systems Business Unit, Hitachi, Ltd.
Director	Hidemi Moue	Nominating Committee Member Compensation Committee Member	President and CEO, Japan Industrial Partners, Inc. Auditor, Mobile Internet Capital, Inc. Representative Director and President, HCJI Holdings, Ltd. Director, Proterial, Ltd. Director, TOSHIBA CORPORATION
Director	Keiichiro Shiojima		
Director	Masafumi Senzaki	Nominating Committee Member Compensation Committee Member	
Director	Kotaro Hirano	Nominating Committee Member Compensation Committee Member	

(Notes) 1. The seven (7) Directors Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, Mr. Joseph P. Schmelzeis, Jr., Mr. Takeshi Fujisawa, and Mr. Hidemi Moue are Outside Directors stipulated in the Companies Act, and the five (5) Directors Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, and Mr. Joseph P. Schmelzeis, Jr. are also Independent Officers based on the provisions of Tokyo Stock Exchange, Inc.

2. Director marked with an asterisk (*) was newly appointed at the 61st Annual Shareholder's Meeting of the Company held on June 23, 2025.
3. Ms. Maoko Kikuchi resigned as Director due to the expiry of her term of office at the conclusion of the 61st Annual Shareholder's Meeting of the Company held on June 23, 2025.
4. Director (Audit Committee Member), Ms. Toshiko Oka, has many years of experience as a consultant in finance, accounting and M&A practices and possesses extensive experience and knowledge in the fields of finance and accounting. Director (Audit Committee Member), Mr. Joseph P. Schmelzeis, Jr. has experience as a business manager in financial institutions, as well as in the establishment and operation of hedge funds and asset management companies, and possesses extensive experience and knowledge in the fields of finance and accounting.
5. The Company has concluded agreements with seven (7) Directors of Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, Mr. Joseph P. Schmelzeis, Jr., Mr. Takeshi Fujisawa, and Mr. Hidemi Moue, under the provisions of paragraph (1), Article 427 of the Companies Act and Article 23 of the Articles of Incorporation to limit liability for damages under paragraph (1), Article 423 of the Companies Act. Those agreements are intended to limit the liability for damages of those Directors (excluding those who are Executive Directors, etc.) to the total amount of each item of paragraph (1), Article 425 of the Companies Act.
Furthermore, the limitation of liability is admitted only when the Director (excluding those who are Executive Directors, etc.) acts in good faith and there is no gross negligence with regard to the execution of duties that caused the liability.
6. The effectiveness of audits is ensured by the Audit Committee by having Assistants to the Audit Committee attend important meetings, report information necessary to auditing activities to the Audit Committee in a timely and accurate manner, and report to the Audit Committee the results of audits implemented by the auditing division based on annual audit plans, as well as improvement status. Therefore, the Company does not appoint a full-time Audit Committee Member.

(2) Executive Officers

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Executive Officer, Chairman and Executive Officer	Kotaro Hirano*	CEO
Representative Executive Officer, President and Executive Officer	Masafumi Senzaki*	COO, in charge of Safety / Health & Compliance Group, Corporate Quality Assurance Group, Corporate Brand & Communications Group, Internal Auditing Office and the consolidated inventory optimization project
Representative Executive Officer, Executive Vice President and Executive Officer	Yusuke Kajita	Officer responsible for Corporate Export Regulation, and President of Construction Business Unit
Senior Vice President and Executive Officer	Itaru Nishizawa	CTO, General Manager of Research & Development Group, and in charge of New Business Creation Unit
Senior Vice President and Executive Officer	Hidehiko Matsui	General Manager of America Business Division (concurrently serving as Chairman and CEO of Hitachi Construction Machinery Americas Inc.)
Vice President and Executive Officer	Keiichiro Shiojima*	CFO and President of Financial Strategy Group
Vice President and Executive Officer	Kazunori Nakamura	President of Power & Information Control Platform Business Unit
Vice President and Executive Officer	Yoshihiro Narukawa	Officer responsible for "MONOZUKURI" (manufacturing), and President of Production & Procurement Group
Vice President and Executive Officer	Tetsuya Hamabe	CRO, supervising External Affairs, and in charge of Sustainability Promotion Group and Legal Division
Vice President and Executive Officer	Eiji Fukunishi	President of Mining Business Unit
Executive Officer	Takeshi Arai	CSO and President of Corporate Strategy Group
Executive Officer	Kazuhiro Ichimura	President of the Compact Business Unit (concurrently serving as President and Director of Hitachi Construction Machinery Tierra Co., Ltd.)
Executive Officer	Hiroshi Kanezawa	Vice President of Mining Business Unit
Executive Officer	Makoto Sawada	CHRO and President of Human Capital Group

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Executive Officer	Tooru Takatani	President of Global Marketing Group and President of Rental & Used Machine Business Unit
Executive Officer	Seimei Toonishi	CDIO, President of New Business Creation Unit, and in charge of DX Promotion Group
Executive Officer	Hiroshi Hosokawa	President of Spare Parts & Service Business Unit
Executive Officer	Satoshi Yamanobe	President of Safety / Health & Compliance Group
Executive Officer	Ray Kitic	General Manager of Oceania Business Division (concurrently serving as Managing Director of Hitachi Construction Machinery Oceania Holdings Pty., Ltd. and Managing Director of Hitachi Construction Machinery Australia Pty., Ltd.)
Executive Officer	Sandeep Singh	General Manager of India Business Division (concurrently serving as President and Director of Tata Hitachi Construction Machinery Company Private Limited)

(Notes)
1. The Board of Directors of the Company resolved on March 31, 2025 to appoint the above Executive Officers who took office as of April 1, 2025.
2. Executive Officers marked with an asterisk (*) concurrently serve as Director.
3. They are listed in Japanese syllabic order by position.

2. Other important matters concerning Directors and Audit Committee Members of the Company

Changes to Executive Officers were made effective April 1, 2026.

<New management structure>

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Executive Officer, Chairman and Executive Officer	Kotaro Hirano	CEO
Representative Executive Officer, President and Executive Officer	Masafumi Senzaki	COO, in charge of Safety / Health & Compliance Group, Corporate Quality Assurance Group, Corporate Brand & Communications Group and Internal Auditing Office
Representative Executive Officer, Senior Vice President and Executive Officer	Yoshihiro Narukawa	Officer responsible for “MONOZUKURI” (manufacturing) and Corporate Export Regulation, President of Construction Business Unit, and in charge of Production & Procurement Group
Senior Vice President and Executive Officer	Itaru Nishizawa	CTO, CDIO, in charge of CTO Office, Research & Development Group, New Business Creation Unit, Global IT Services Group, and Export & Technology Management Promotion Department
Senior Vice President and Executive Officer	Hidehiko Matsui	General Manager of America Business Division (concurrently serving as Chairman and CEO of Hitachi Construction Machinery Americas Inc.)
Vice President and Executive Officer	Takeshi Arai	CSO and President of Corporate Strategy Group
Vice President and Executive Officer	Keiichiro Shiojima	CFO and President of Financial Strategy Group
Vice President and Executive Officer	Kazunori Nakamura	President of Power & Information Control Platform Business Unit
Vice President and Executive Officer	Tetsuya Hamabe	CRO, supervising External Affairs, and in charge of Sustainability Group and Legal Division
Vice President and Executive Officer	Eiji Fukunishi	President of Mining Business Unit
Executive Officer	Kazuhiro Ichimura	President of the Compact Business Unit (concurrently serving as President and Director of Hitachi Construction Machinery Tierra Co., Ltd.)
Executive Officer	Hiroshi Kanezawa	Vice President of Mining Business Unit
Executive Officer	Yasumasa Zaizen	Vice President of Global Marketing Group
Executive Officer	Makoto Sawada	CHRO and President of Human Capital Group
Executive Officer	Tooru Takatani	President of Global Marketing Group, and in charge of Rental & Used Machine Business Unit
Executive Officer	Hiroshi Hosokawa	President of Spare Parts & Service Business Unit
Executive Officer	Makoto Matsushita	President of Research & Development Group
Executive Officer	Satoshi Yamanobe	President of Safety / Health & Compliance Group
Executive Officer	Ray Kitic	General Manager of Oceania Business Division and Vice President of Mining Business Unit (concurrently serving as Managing Director of Hitachi Construction Machinery Oceania Holdings Pty., Ltd. and Managing Director of Hitachi Construction Machinery Australia Pty., Ltd.)
Executive Officer	Sandeep Singh	General Manager of India Business Division (concurrently serving as President and Director of Tata Hitachi Construction Machinery Company Private Limited)

(Note) They are listed in Japanese syllabic order by position.

3. Policy on Determining the Details of Compensation for Directors and Executive Officers

(1) Method of Determination of Policies

The compensation committee of the Company sets forth the policy on the determination of the details of compensation for individual Directors and Executive Officers pursuant to the provision of the Companies Act applicable to companies with a nominating committee, etc.

(2) Overview of the Policy

(i) Matters relating to both Directors and Executive Officers

Compensation will be commensurate with the scope and range of the Company’s business, the ability required of, and the responsibilities and risks to be borne by, the Company’s Directors and Executive Officers, taking into consideration compensation packages at other companies.

(ii) Director

Compensation for Directors consists of monthly compensation.

・Monthly compensation shall be set as a fixed amount in light of the duty that is the supervisory function. The level of payment is determined in accordance with a full-time or part-time basis, basic salary, allowance for committee members for committees to which the Director belongs and his or her position.
In case of Directors who also serve as Executive Officers, compensation as a Director is not paid.

(iii) Executive Officer

Compensation for Executive Officers consists of monthly compensation, performance-linked bonus and restricted stock compensation.

a. Monthly compensation: Standard amounts are set according to job positions and fixed amounts are paid in cash every month.
b. Performance-linked bonus: The standard amount for performance-linked bonus shall fluctuate depending on the degree of achievement of standard performance targets and achievement of individual roles. The fluctuation range is about 0 to 200%. Performance-linked bonus is paid in cash in June every year.
The evaluation indicators and composition ratios of performance-linked bonus are as follows.

<table>
<tr><th rowspan="2">Evaluation category</th><th rowspan="2">Evaluation indicator</th><th colspan="6">Composition ratio</th></tr>
<tr><th colspan="2">Chairman and Executive Officer (CEO), President and Executive Officer (COO), Executive Vice President and Executive Officer</th><th colspan="2">Senior Vice President and Executive Officer, Vice President and Executive Officer, Executive Officer</th><th colspan="2">Executive Officer serving concurrently as Head of Regional Operations Overseas and President of an Overseas Group Company</th></tr>
<tr><td rowspan="4">Company-wide performance</td><td>Consolidated net income (in ¥100 million)</td><td>50%</td><td rowspan="4">80%</td><td>30%</td><td rowspan="4">60%</td><td>20% (*3)</td><td rowspan="4">40% (*3)</td></tr>
<tr><td>Consolidated operating cash flows (in ¥100 million)</td><td>20%</td><td>10%</td><td>10% (*3)</td></tr>
<tr><td>Consolidated value chain sales (in ¥100 million)</td><td>–%</td><td>10%</td><td>10%</td></tr>
<tr><td>ESG assessment (*1)</td><td>10%</td><td>10%</td><td>– (*3)</td></tr>
<tr><td colspan="2">Division performance targets</td><td colspan="2">–</td><td colspan="2">30%</td><td colspan="2">40% (*3)</td></tr>
<tr><td colspan="2">Individual Division targets (three indicators for the management issues including organizational health)(*2)</td><td colspan="2">20%</td><td colspan="2">10%</td><td colspan="2">20%</td></tr>
</table>

*1 ESG assessment is a comprehensive evaluation of CDP's climate change and water security, Dow Jones Sustainability Indices (DJSI) selection, and progress on CO2 reduction rates in the production activities and use of our products.
*2 Organizational health is an indicator that assesses the health of an organization from various perspectives, including employee engagement and diversity & inclusion.
*3 At its meeting on May 25, 2026, the Compensation Committee approved revisions to the composition ratios, setting the weightings for company-wide performance at 30% and division performance at 50%. The Committee also revised the composition of the evaluation indicators for company-wide performance, allocating 10% to consolidated net income, 5% to consolidated operating cash flows, and 5% to ESG assessment.
* For foreign Executive Officers, standard compensation is set according to the benchmarks of compensation levels of the country or region in question from the viewpoint of retaining capable personnel, taking into account the competitiveness of the compensation.

c. Restricted stock compensation: The Company grants restricted stock at a certain time every year as non-monetary compensation to Executive Officers for the purpose of providing incentives for them to continuously improve corporate value over the medium to long term, and to promote further value sharing with shareholders. The transfer restriction period of the granted stock shall be from the date of allotment until the retirement from their position as the Company's Executive Officer, etc., and the restrictions on the transfer shall be, in principle, lifted upon the expiry of the transfer restriction period, provided that a person eligible for the allotment has continued to serve in their role as the Company's Executive Officer, etc., from the beginning of the fiscal year in which the stock was granted until the end of the same fiscal year. Persons eligible for the allotment shall be Executive Officers residing in Japan.
The Company provides monetary claims as compensation relating to restricted stocks to the eligible Executive Officers, based on a resolution by the Company's Compensation Committee, taking into consideration the purpose of the plan, the Company's business conditions, the scope of the eligible Executive Officers' responsibilities, and other factors.

(iv) Ratios of compensation by type are as follows.

Position	Monthly compensation	Performance-linked bonus	Restricted stock compensation
Chairman and Executive Officer (CEO) President and Executive Officer (COO)	42%	42%	16%
Executive Vice President and Executive Officer	55%	30%	15%
Senior Vice President and Executive Officer, Vice President and Executive Officer, Executive Officer	60%	25%	15%

4. Total Amount of Compensation, etc. for Directors and Executive Officers

Classification	Number of persons	Total amount for each type of compensation (Millions of yen)			Total amount of compensation (Millions of yen)
		Basic compensation (Monthly compensation)	Performance-linked compensation (Performance-linked bonus)	Non-monetary compensation (Restricted stock compensation)	
Director (of which, Outside Directors)	7 persons (7 persons)	¥ 93 million (¥93 million)	– –	– –	¥ 93 million (¥93 million)
Executive Officer	20 persons	¥652 million	¥322 million	¥137 million	¥1,111 million
Total	27 persons	¥745 million	¥322 million	¥137 million	¥1,204 million

(Notes) 1. There are ten (10) Directors (out of which seven (7) are Outside Directors) and 20 Executive Officers as at the end of the fiscal year under review; however, the total number of officers is 27 as three (3) Directors concurrently serve as Executive Officer. The three (3) Directors who concurrently serve as Executive Officers receive only compensation as Executive Officers.

2. The number of Directors shown above excludes one (1) Director who receives no compensation and three (3) Directors who concurrently serve as Executive Officers and includes one (1) Director who resigned during the fiscal year under review.

3. The Compensation Committee of the Company held three meetings on the details of compensation for individual Directors and Executive Officers for the fiscal year ended March 31, 2025 to determine those details in line with the policy described in “3. Policy on Determining the Details of Compensation for Directors and Executive Officers” above. Accordingly, we judge that the details of individual compensation conform with such policy.

4. The Company pays performance-linked bonus to Executive Officers as performance-linked compensation. As performance indicators for performance-linked compensation, the Company has set financial indicators, such as consolidated net income, and targets, etc., in the medium-term management plan. The reason for selecting these targets is to calculate the amount of compensation based on the business plan and business results for the relevant fiscal year within a certain range stipulated in the “Basic Policy for Compensation to Director and Executive Officers.” The results of the performance indicators for performance-linked compensation paid to the Company’s executive officers for the fiscal year under review were consolidated net income of ¥73,200 million, consolidated operating cash inflow of ¥164,200 million, and consolidated value chain sales of ¥619,700 million, etc. In terms of ESG evaluation, the CDP climate change score, as well as the CO_2 reduction rates for production activities and for the use of the Company’s products, has improved.

5. The Company grants restricted shares to Executive Officers as non-monetary compensation. The details of this stock compensation are described in “3. Policy on Determining the Details of Compensation for Directors and Executive Officers” above.

6. The non-monetary compensation (restricted stock compensation) above presents the amount recorded as expenses for the fiscal year under review based on the restricted stock compensation plan.

5. Summary of Details of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance (“D&O insurance”) policy as provided for in paragraph 1, Article 430-3 of the Companies Act that includes Directors and Executive Officers as the insureds. The insurance premiums, including those for special clauses, are fully borne by the Company, and there are no insurance premiums actually borne by the insureds. This insurance policy covers losses that may arise from the insured’s assumption of liability incurred in the course of the performance of duties as a Director or an Executive Officer, or receipt of claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion, such as performance of an illegal act with full knowledge of its illegality, where the losses will not be covered.

Consolidated Financial Statements (International Financial Reporting Standards)

Consolidated statements of financial position (as of March 31, 2026)

(Millions of yen)

Assets	
Current assets	
Cash and cash equivalents	141,456
Trade receivables	296,424
Contract assets	937
Inventories	541,224
Income taxes receivable	5,538
Other financial assets	27,418
Other current assets	19,257
Subtotal	1,032,254
Assets held for sale	10,797
Total current assets	
Non-current assets	**1,043,051**
Property, plant and equipment	492,584
Right-of-use assets	67,201
Intangible assets	49,050
Goodwill	63,809
Investments accounted for using the equity method	29,133
Trade receivables	46,146
Deferred tax assets	26,882
Other financial assets	30,693
Other non-current assets	8,772
Total non-current assets	**814,270**
Total assets	**1,857,321**

Liabilities	
Current liabilities	
Trade and other payables	233,711
Lease liabilities	11,715
Contract liabilities	13,922
Bonds and borrowings	316,159
Income taxes payable, etc.	11,717
Other financial liabilities	16,159
Other current liabilities	4,285
Subtotal	607,668
Liabilities held for sale	993
Total current liabilities	**608,661**
Non-current liabilities	
Trade and other payables	1,215
Lease liabilities	59,254
Contract liabilities	8,924
Bonds and borrowings	181,407
Retirement and severance benefits	22,099
Deferred tax liabilities	13,868
Other financial liabilities	1,712
Other non-current liabilities	4,511
Total non-current liabilities	**292,990**
Total liabilities	**901,651**
Equity	
Equity attributable to owners of the parent	
Common stock	81,577
Capital surplus	75,863
Retained earnings	614,725
Accumulated other comprehensive income	130,998
Treasury stock, at cost	(2,997)
Total equity attributable to owners of the parent	**900,166**
Non-controlling interests	**55,504**
Total equity	**955,670**
Total liabilities and equity	**1,857,321**

Consolidated statements of income (April 1, 2025 to March 31, 2026)

(Millions of yen)

Revenue	1,405,493
Cost of sales	(988,077)
Gross profit	**417,416**
Selling, general and administrative expenses	(284,465)
Other income	20,885
Other expenses	(23,692)
Operating income	**130,144**
Financial income	6,424
Financial expenses	(15,918)
Equity in net earnings of associates	3,576
Income before income taxes	**124,226**
Income tax expense	(41,538)
Net income	**82,688**

Net income attributable to:	
Owners of the parent	73,193
Non-controlling interests	9,495
Net income	82,688

Consolidated statements of changes in equity (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated other comprehensive income		
	Common stock	Capital surplus	Retained earnings	Re-measurements of defined benefit plans	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	75,768	580,257	2,286	9,965	(195)
Net income			73,193			
Other comprehensive income				702	2,808	142
Comprehensive income	–	–	73,193	702	2,808	142
Acquisition of treasury stock						
Disposal of treasury shares						
Paid dividends			(39,353)			
Share-based payment transactions		95				
Transfer to retained earnings			628		(628)	
Total transactions with equity owners	–	95	(38,725)	–	(628)	–
Balance at end of period	81,577	75,863	614,725	2,988	12,145	(53)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income		Treasury stock, at cost	Total		
	Foreign currency translation adjustments	Total				
Balance at beginning of period	62,712	74,768	(3,033)	809,337	48,615	857,952
Net income		–		73,193	9,495	82,688
Other comprehensive income	53,206	56,858		56,858	4,248	61,106
Comprehensive income	53,206	56,858	–	130,051	13,743	143,794
Acquisition of treasury stock		–	(6)	(6)		(6)
Disposal of treasury shares		–	0	0		0
Paid dividends		–		(39,353)	(6,854)	(46,207)
Share-based payment transactions		–	42	137		137
Transfer to retained earnings		(628)		–		–
Total transactions with equity owners	–	(628)	36	(39,222)	(6,854)	(46,076)
Balance at end of period	115,918	130,998	(2,997)	900,166	55,504	955,670

Non-Consolidated Financial Statements

Non-consolidated balance sheet (as of March 31, 2026)

(Millions of yen)

Assets	
Current assets	**484,739**
Cash and deposits	14,393
Electronically recorded monetary claims - operating	324
Accounts receivable - trade	221,084
Merchandise and finished goods	84,050
Work in process	15,723
Raw materials and supplies	4,814
Prepaid expenses	2,786
Short-term loans receivable	109,697
Accounts receivable - other	31,576
Others	573
Allowance for doubtful accounts	(281)
Non-current assets	**411,341**
Property, plant and equipment	**128,848**
Buildings, net	44,806
Structures, net	7,130
Machinery and equipment, net	26,959
Vehicles, net	131
Tools, furniture and fixtures, net	5,588
Land	35,737
Construction in progress	8,498
Intangible assets	**24,100**
Software	23,766
Others	334
Investments and other assets	**258,393**
Investment securities	13,236
Shares of subsidiaries and associates	157,531
Investments in capital of subsidiaries and affiliates	52,472
Long-term prepaid expenses	829
Prepaid pension costs	773
Deferred tax assets	17,727
Long-term accounts receivable - trade with subsidiaries and affiliates	12,036
Others	3,855
Allowance for doubtful accounts	(66)
Total assets	**896,080**

Liabilities	
Current liabilities	**258,174**
Electronically recorded obligations - operating	19,931
Accounts payable - trade	73,694
Short-term borrowings	19,100
Short-term borrowings from subsidiaries and affiliates	23,110
Current portion of long-term borrowings	3,198
Current portion of bonds payable	20,000
Lease obligations	445
Accounts payable - other	19,100
Accrued expenses	12,481
Income taxes payable	2,410
Deposits received	55,290
Contract liabilities	3,651
Others	5,766
Fixed liabilities	**165,274**
Bonds payable	30,000
Long-term borrowings	120,000
Lease obligations	2,587
Provision for retirement benefits	8,510
Contract liabilities	3,426
Others	750
Total liabilities	**423,448**
Net assets	
Shareholders' equity	**465,965**
Common stock	**81,577**
Capital surplus	**85,206**
Legal capital surplus	81,084
Other capital surplus	4,122
Retained earnings	**302,180**
Legal retained earnings	2,169
Other retained earnings	300,011
Reserve for reduction entry	5,545
General reserve	12,952
Retained earnings brought forward	281,514
Treasury stock, at cost	**(2,997)**
Valuation and translation adjustments	**6,667**
Valuation difference on available-for-sale securities	**6,596**
Deferred gains or losses on hedges	**71**
Total net assets	**472,632**
Total liabilities and net assets	**896,080**

Non-consolidated statements of income (April 1, 2025 to March 31, 2026)

(Millions of yen)

Revenue	689,441
Cost of sales	579,553
Gross profit	109,888
Selling, general and administrative expenses	105,865
Operating income	**4,022**
Non-operating income	74,180
Interest income and dividends	70,875
Miscellaneous income	3,305
Non-operating expenses	5,501
Interest expenses	2,156
Foreign exchange losses	1,541
Miscellaneous losses	1,804
Ordinary income	**72,702**
Extraordinary income	10,716
Gain on sale of investment securities	918
Gain on sales of property, plant and equipment	12
Compensation income	9,786
Extraordinary losses	65,464
Loss on business restructuring	58,655
Business structure reform expenses	1,849
Domestic engine certification-related loss	4,960
Income before income taxes	**17,954**
Income taxes - current	3,112
Income taxes - deferred	(13,038)
Net income	**27,879**

Non-consolidated statements of changes in equity (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry	Reserve for reduction entry	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	81,577	81,084	4,026	85,111	2,169	5,806	12,952	292,727	313,654
Changes of items during period				–					
Dividends of surplus				–				(39,353)	(39,353)
Net income				–				27,879	27,879
Acquisition of treasury stock				–					–
Disposal of treasury shares			0	0					–
Share-based payment transactions			95	95					–
Accumulation of reserve for reduction entry				–					–
Reversal of reserve for reduction entry				–		(261)		261	–
Net changes of items other than shareholders' equity				–					–
Total changes of items during period			95	95		(261)		(11,212)	(11,473)
Balance at end of period	81,577	81,084	4,122	85,206	2,169	5,545	12,952	281,514	302,180

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	(3,033)	477,308	5,078	57	5,135	482,443
Changes of items during period						
Dividends of surplus		(39,353)			–	(39,353)
Net income		27,879			–	27,879
Acquisition of treasury stock	(6)	(6)			–	(6)
Disposal of treasury shares	0	0			–	0
Share-based payment transactions	42	137			–	137
Accumulation of reserve for reduction entry		–			–	–
Reversal of reserve for reduction entry		–			–	–
Net changes of items other than shareholders' equity		–	1,518	14	1,532	1,532
Total changes of items during period	36	(11,343)	1,518	14	1,532	(9,811)
Balance at end of period	(2,997)	465,965	6,596	71	6,667	472,632

To Our Shareholders

Items not included in paper-based documents delivered to shareholders requesting delivery of paper-based documents in accordance with laws and regulations and the Articles of Incorporation on giving notice of convocation for the 62nd Annual Shareholder's Meeting

Hitachi Construction Machinery Co., Ltd.

The aforementioned materials are provided to the shareholders for their review by posting them on the Company's website pursuant to laws and regulations and the provisions of the Articles of Incorporation of the Company.

I. Financing Activities [Major Creditors]

Major creditors of the Group

Major borrowings of the Group at the end of the fiscal year under review are as follows.

(Millions of yen)

Creditor	Balance as of March 31, 2026
Mitsubishi UFJ Financial Group, Inc.	135,007
Sumitomo Mitsui Financial Group, Inc.	92,191
Mizuho Financial Group, Inc.	54,985
Sumitomo Mitsui Trust Group, Inc.	18,500
Mebuki Financial Group, Inc.	16,280

II. Principal Businesses

Businesses	Main products, etc.	
Construction Machinery Business	Construction	Medium- and small-sized hydraulic excavators, wheeled excavators, mini excavators, wheel loaders, backhoe loaders, machinery for foundation works, and road construction machinery
	Resource development	Ultra-large and large hydraulic excavators, hydraulic backhoe vessels, and rigid dump trucks
	Environment	Soil improvement equipment, shredders, and screens
	Product development	Super-long excavators, demolition machines, scrap processing machines, forestry specification machines, electric-powered excavators, radio-controlled operating systems, and double-arm working machines
	Equipment	Hydraulic equipment for construction machinery, and generic hydraulic equipment
	Rental service	Rental of construction machinery and construction-related products
	Used equipment	Sales of used construction machinery, etc.
	Services	Maintenance of and services for construction machinery and others, specific self-inspection, parts sales, technical training, and operational management of mining machinery
	Transportation and finance	Transportation of construction machinery and parts, etc., and finance including installment sale and leasing of construction machinery
Specialized Parts and Services Business	Services	Parts development, manufacturing and sales as well as provision of services and solutions after the sale of mining facilities and machinery that are not included in the Construction Machinery Business segment

III. Principal Business Locations

(1) Principal business locations of the Company

Name	Location	Name	Location
Head Office	Tokyo	Hitachinaka Works	Ibaraki Prefecture
Tsuchiura Works	Ibaraki Prefecture	Hitachinaka-Rinko Works	Ibaraki Prefecture
Kasumigaura Works	Ibaraki Prefecture	Banshu Works	Hyogo Prefecture
Ryugasaki Works	Ibaraki Prefecture		

(2) Principal business locations of the subsidiaries

Name (in Japan)	Location	Name (overseas)	Location
Hitachi Construction Machinery Tierra Co., Ltd.	Shiga Prefecture	Hitachi Construction Machinery (Europe) N.V.	The Netherlands
Hitachi Construction Machinery Camino Co., Ltd.	Yamagata Prefecture	P.T. Hitachi Construction Machinery Indonesia	Indonesia
Tadakiko Co., Ltd.	Chiba Prefecture	Hitachi Construction Machinery (China) Co., Ltd.	China
Shintohoku Metal Co., Ltd.	Akita Prefecture	Hitachi Construction Truck Manufacturing Ltd.	Canada
Hitachi Kenki Logistics Technology Co., Ltd.	Ibaraki Prefecture	Tata Hitachi Construction Machinery Company Private Limited	India
Hitachi Construction Machinery Leasing Co., Ltd.	Saitama Prefecture	LLC Hitachi Construction Machinery Eurasia	Russia
Hitachi Construction Machinery Japan Co., Ltd.	Saitama Prefecture	Hitachi Construction Machinery Asia and Pacific Pte.	Singapore
		Hitachi Construction Machinery Distribution (China) Co., Ltd.	China
		Hitachi Construction Machinery Financial Leasing (China) Co., Ltd.	China
		Hitachi Construction Machinery Africa Pty. Ltd.	South Africa
		PT Hexindo Adiperkasa Tbk	Indonesia
		Hitachi Construction Machinery Oceania Holdings Pty., Ltd.	Australia
		Hitachi Construction Machinery Holding U.S.A. Corp.	U.S.A.
		Wenco International Mining Systems Ltd.	Canada
		Hitachi Construction Machinery Middle East Corporation FZE.	UAE
		Hitachi Construction Machinery Americas Inc.	U.S.A.
		Hitachi Construction Machinery Latin America SpA	Chile
		H-E Parts International LLC	U.S.A.
		Bradken Pty Limited	Australia

IV. Employees

Construction Machinery Business [Increase/(decrease) from the previous period]	Specialized Parts and Services Business [Increase/(decrease) from the previous period]	Total number of employees [Increase/(decrease) from the previous period]	Average age [The Company]	Average length of service [The Company]
21,707 [−794]	3,597 [−3]	25,304 [−797]	41.1 years old	15.2 years

(Note) The number of employees is the number of full-time employees.

V. Matters Concerning Outside Directors

(1) Concurrent positions at other organizations and relationships between the Company and such other organizations

Name	Significant concurrent positions outside the Company
Masaaki Ito	Chairman and Director, Kuraray Co., Ltd.
Toshiko Oka	Professor, Graduate School of Global Business, Meiji University Outside Director, Happinet CORPORATION Outside Director, ENEOS Holdings, Inc. Outside Director, Earth Corporation
Kiyomi Kikuchi	Partner, TMI Associates Outside Director, Mitsubishi Chemical Holdings Corporation Outside Director, SMBC Nikko Securities Inc.
Joseph P. Schmelzeis, Jr.	Representative Director, JPS International, Inc. Executive Manager, Chitose Distillery Godo Kaisha Outside Director, DENSO CORPORATION Outside Director, Central Japan Railway Company
Takeshi Fujisawa	COO, Social Infrastructure Systems Business Unit, Hitachi, Ltd.
Hidemi Moue	President and CEO, Japan Industrial Partners, Inc. Auditor, Mobile Internet Capital, Inc. Representative Director and President, HCJI Holdings, Ltd. Director, Proterial, Ltd. Director, TOSHIBA CORPORATION

(Note) Significant concurrent positions outside the Company held by Outside Directors are as shown in the table above. Director Takeshi Fujisawa concurrently serves as COO of Social Infrastructure Systems Business Unit of Hitachi, Ltd. Hitachi, Ltd. is a major shareholder of the Company, holding more than 15% of the Company's shares. The Company and Hitachi, Ltd. have a licensing relationship related to the Hitachi brand. In addition, Director Hidemi Moue concurrently serves as Representative Director and President of HCJI Holdings, Ltd. HCJI Holdings, Ltd. is a major shareholder of the Company, holding more than 25% of the Company's shares, and has entered into a capital tie-up agreement with the Company.

(2) Relatives of executive officers or officers (excluding those who are executive officers) of the Company or entities that have a special relationship with the Company

There are no applicable persons.

(3) Major activities of Outside Directors

Name	Activities and the outline of duties conducted in relation to roles expected from outside Director
Masaaki Ito	Mr. Masaaki Ito attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings, all thirteen (13) Audit Committee's meetings, and all six (6) Compensation Committee's meetings held during the fiscal year under review, and stated his opinions necessary for the deliberation of the agenda as appropriate by capitalizing on his extensive experience as the top executive of an international manufacturing company, and knowledge and deep insight on production, research and development, corporate planning and CSR.
Toshiko Oka	Ms. Toshiko Oka attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings, all thirteen (13) Audit Committee's meetings, and all six (6) Compensation Committee's meetings held during the fiscal year under review and stated her opinions necessary for the deliberation of the agenda as appropriate by capitalizing on her extensive experience as a top executive of consulting firms, knowledge and deep insight on M&A.
Kazushige Okuhara	Mr. Kazushige Okuhara attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings and all thirteen (13) Audit Committee's meetings, and all six (6) Compensation Committee's meetings held during the fiscal year under review, and stated his opinions necessary for the deliberation of the agenda as appropriate by capitalizing on his extensive experience as the top executive of a global company and knowledge and deep insight on personnel and labor policy.
Kiyomi Kikuchi	Ms. Kiyomi Kikuchi attended all ten (10) Board of Directors' meetings, all five (5) Nominating Committee's meetings, and all nine (9) Audit Committee's meetings held after her appointment on June 23, 2025, and stated her opinions necessary for the deliberation of the agenda as appropriate by capitalizing on her experience in the field of law and knowledge on legal affairs, compliance and M&As, as well as knowledge and deep insight in the field of global business.
Joseph P. Schmelzeis, Jr.	Mr. Joseph P. Schmelzeis, Jr. attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings, twelve (12) out of thirteen (13) Audit Committee's meetings, and all six (6) Compensation Committee's meetings held during the fiscal year under review, and stated his opinions necessary for the deliberation of the agenda as appropriate by capitalizing on his extensive experience and deep insight, including establishing venture businesses, serving as a strategic consultant, and making efforts to promote friendly relations between the U.S. and Japan as Senior Advisor to the Ambassador, U.S. Embassy in Tokyo, in addition to his experience in management of international companies.
Takeshi Fujisawa	Mr. Takeshi Fujisawa attended all twelve (12) Board of Directors' meetings and all thirteen (13) Audit Committee's meetings held during the fiscal year under review, and stated his opinions necessary for the deliberation of the agenda as appropriate by capitalizing on his business experience in the fields of information and communications systems in the Hitachi Group and his extensive knowledge and deep insight as a top executive.
Hidemi Moue	Mr. Hidemi Moue attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings, and all six (6) Compensation Committee's meetings held during the fiscal year under review, and stated his opinions necessary for the deliberation of the agenda as appropriate by capitalizing on his extensive experience and deep insight as a top executive of fund management firms, and knowledge on finance and M&A fields.

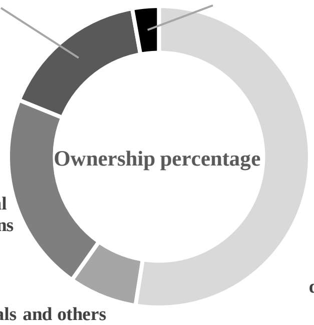
(Note) In addition to the above number of Board of Directors' meetings, there was one (1) written resolution that was deemed to have been passed by the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 22 of the Company's Articles of Incorporation.

VI. Matters Concerning the Company's Stock

(1) Total number of authorized shares 700,000,000

(2) Total number of shares issued 215,115,038
(including treasury stock of 2,378,960 shares)
Capital stock ¥81,576,592,620
Number of shares per share unit 100

(3) Number of shareholders 38,691



(4) Major shareholders (top 10 shareholders)

Name of the shareholder	Share ownership (Thousands of shares)	Shareholding ratio (%)
HCJI Holdings, Ltd.	55,290	25.99
Hitachi, Ltd.	39,062	18.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,314	13.78
Citrus Investments G. K.	15,740	7.40
Custody Bank of Japan, Ltd. (Trust Account)	12,196	5.73
State Street Bank and Trust Company 505001	2,223	1.05
JPMorgan Securities Japan Co., Ltd.	2,033	0.96
BNYM AS AGT/CLTS 10 PERCENT	1,899	0.89
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,845	0.87
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	1,673	0.79

(Notes) 1. The 2,378,960 shares of treasury stock held by the Company are not included in the above table.
2. Shareholding ratios are calculated by excluding the 2,378,960 shares of treasury stock.

(5) Shares delivered as consideration for the execution of duties to Directors and Executive Officers during period

	Number of shares	Number of eligible persons
Executive Officers (excluding those residing out of Japan)	33,801 shares	17

VII. Financial Auditor

(1) Name of Financial Auditor

Ernst & Young ShinNihon LLC

(2) Fees, etc. to Financial Auditor for the fiscal year

(Millions of yen)

Category		Amount
Total of money and other economic benefits to be paid by the Company and its subsidiaries		191
	Out of which, the amount of fees, etc. payable by the Company*	143

(Notes) 1. The audit agreement between the Company and the Financial Auditor does not separate between the fees for audit under the Companies Act and those for audit under the Financial Instruments and Exchange Act, and it is impractical to distinguish between the two, either. Accordingly, the amount marked with an asterisk "*" presents the sum of those two.

2. The Audit Committee confirmed the contents of the audit plan of the Financial Auditor, status of development of the quality control structure, status of work performance of accounting audit and others, and analyzed and examined the basis for calculation and determination of estimates of audit fees, etc. Consequently, the Audit Committee has determined that the fees, etc. to the Financial Auditor are appropriate, and given the consent in accordance with Article 399, paragraph (1) of the Companies Act.

(3) Description of non-audit services

No applicable matters.

(4) Matters pertaining to audit of subsidiaries

Among significant subsidiaries of the Company, those located overseas are audited by certified public accountants or audit firms other than the Financial Auditor of the Company.

(5) Matters pertaining to persons to whom a business suspension order has been issued for the past two (2) years

No applicable matters.

(6) Policy regarding decisions on the dismissal or non-reappointment of the Financial Auditor

If the Audit Committee considers that the Financial Auditor falls under any of the provisions of Article 340, paragraph (1) of the Companies Act and judges it necessary to dismiss the Financial Auditor immediately, the Audit Committee shall dismiss the Financial Auditor, having obtained unanimous consent of the Audit Committee Members.

In such case, an Audit Committee Member appointed by the Audit Committee will report on the decision of dismissal and its reasons at the first shareholder's meeting convened after the dismissal.

In addition to the cases mentioned above, the Audit Committee shall, when deemed necessary to change the Financial Auditor, such as in cases where the Financial Auditor is recognized to have difficulty in properly fulfilling its auditing duties, decide the contents of a proposal to be submitted to the shareholder's meeting related to the dismissal or non-reappointment of the Financial Auditor.

VIII. Policy on Decisions for Dividends of Surplus

The Company will give well-balanced consideration to the maintenance and strengthening of its financial structure and implementation plans for upfront investments, including investments for technology development and facilities based on medium- and long-term business strategies. At the same time, the Company will, in principle, pay surplus dividends linked to its consolidated business results twice per fiscal year as interim and fiscal year-end dividends and aim to maximize shareholder returns based on a stable and continuous dividend payout ratio of 40% or more on a consolidated basis.

IX. System to Ensure the Properness of Operations and the Operational Status of the Relevant System

The following description was partially revised effective April 1, 2026, based on a resolution of the Board of Directors at its meeting held on March 27, 2026, concerning cooperation between the Audit Committee and the Internal Auditing Department, as well as the basic views on measures for eliminating anti-social forces and related matters.

1. Matters that are deemed necessary by the Ministry of Justice Order for the execution of duties of the Audit Committee

(1) Matters concerning Directors and employees to assist in duties of the Audit Committee of the Company

(i) The Audit Committee Bureau has been provided as an organization to assist the duties of the Audit Committee, and full-time personnel members who work exclusively for the Bureau and are not subject to orders and instructions of Executive Officers have been assigned.

(ii) The Internal Auditing, Legal and Human Resource Departments are to provide support to the Audit Committee in addition to the personnel of the Audit Committee Bureau, and specific areas in which they provide support are as below.

(a)	Internal Auditing Department	Acceptance of internal audit mandate from the Audit Committee Implementation and reporting of internal audit in accordance with audit plans approved by the Audit Committee
(b)	Legal Department	Determination of the agenda for the Board of Directors' meetings, administration relating to the preparation and provision of the minutes, administration relating to the management of materials, and other administration relating to the interpretation and application, etc. of laws and regulations
(c)	Secretary Department	Coordination of the schedule of each Director

(iii) The Audit Committee may appoint Assistants from among the Company's employees to assist with duties, in addition to those stipulated in the preceding two paragraphs.
Assistants shall assist the Audit Committee in conducting audits and on-site audits, and assist in all activities of the Audit Committee, such as investigating, analyzing, reporting, and expressing opinions on matters to be audited in cooperation with related departments.
There are no Directors with the particularly explicit duty of assisting the duties of the Audit Committee.

(2) System for ensuring the independence of the Directors and the personnel in the preceding items from Executive Officers as well as the effectiveness of instructions to such Directors and personnel from the Audit Committee

(i) The Audit Committee Bureau is staffed with personnel who work exclusively for the Audit Committee Bureau and are not subject to orders and instructions of Executive Officers.

(ii) In order to ensure independence of the personnel who belong to the Audit Committee Bureau and Assistants from Executive Officers, the Audit Committee shall be informed in advance of planned transfers of such personnel and Assistants, and may request a change to the Executive Officer in charge of human resources as necessary, by providing reasons thereof.

(iii) If a disciplinary action is to be taken against the personnel who belong to the Audit Committee Bureau or Assistants, the Executive Officer in charge of human resources shall obtain approval from the Audit Committee in advance.

(iv) The Audit Committee shall be informed in advance of planned transfers of the Head of the Internal Auditing Office, and may request a change to the Executive Officer in charge of human resources as necessary, by providing reasons thereof.

(3) System for reporting to the Audit Committee and ensuring no disadvantageous treatment for reason of reporting

(i) Executive Officers shall report to the Audit Committee matters related to the Company and its subsidiaries that were brought up to or reported to the Executive Committee.

(ii) Results of internal audits of the Company and its subsidiaries performed by the Internal Auditing Department shall be reported to the Audit Committee without delay.

(iii) When Executive Officers become aware of facts that may cause significant damage to the Company, they shall immediately report such facts to the Audit Committee.
(iv) The compliance department, which is the secretariat of the “Compliance Reporting System,” shall report to the Audit Committee the status of reporting through the “Compliance Reporting System” available for employees of the Company and its subsidiaries. The Company stipulates in its regulations that a whistleblower shall not be treated disadvantageously due to such reporting, and the compliance department thoroughly ensures its implementation of such regulations.
(v) Reports from Executive Officers and employees of the Company as well as directors, corporate auditors and employees of the subsidiaries shall be directed to the Members designated by resolution of the Audit Committee or Assistants.

(4) Policies related to advance payments and/or reimbursements of expenses incurred for execution of the duties of the Audit Committee of the Company and processing of other expenses and liabilities incurred for execution of duties

The General Administrative Department is in charge of the payment of expenses and other clerical work related to the execution of duties by the Audit Committee. When there is a request from the Audit Committee for advance payments or other payments for expenses, General Administrative Department shall immediately process the request unless it is clearly evident that such expenses or liabilities are not required for execution of the duties of the Audit Committee.

(5) Other systems to ensure the effectiveness of audits by the Audit Committee of the Company

(i) The Audit Committee shall effectively audit the following matters based on annual audit policies and audit plans.
  (a) The Audit Committee Members attend important meetings
  (b) The Audit Committee Members make inquiries to Executive Officers and employees of the status about the execution of their duties
  (c) The Audit Committee Members review important internal approval documents, etc.
  (d) The Audit Committee Members observe operations and inspect the assets of the Company’s headquarter, major offices and subsidiaries, and make inquiries as necessary.
(ii) In order to ensure the effectiveness of the accounting audits by Financial Auditors, the Audit Committee receives the audit plans and audit priority items of the Financial Auditors in advance, and receives the results along with the accounting audit results. Also, in order to endure independence of the Financial Auditors, compensation for Financial Auditors and non-guaranteed services requested from Financial Auditors require the prior consent of the Audit Committee.

2. System for ensuring that execution of duties by Executive Officers and employees is in compliance with laws and regulations and the Articles of Incorporation

The following business management system ensures compliance with laws and regulations on an ongoing basis.
(1) Same as “System for ensuring that execution of duties by employees of the Company and directors and employees of the subsidiaries is in compliance with laws and regulations and the Articles of Incorporation” below.
(2) In addition to the above, for ensuring that the execution of duties by Executive Officers is in compliance with laws and regulations and the Articles of Incorporation, the Company has implemented a system which enables employees of the Company to report issues through an external agency.

3. Establishment of other systems at the Company that are deemed necessary by the Ministry of Justice Order to ensure the appropriateness of operation of a corporate group consisting of the Company and subsidiaries

(1) System for saving and maintaining the information pertaining to the execution of duties by Executive Officers of the Company

(i) Information and documents pertaining to the decision and execution of duties of the Executive Officers shall be stored and maintained in accordance with company regulations.

(ii) Such information and documents shall be submitted promptly by Executive Officers upon the request of an Audit Committee Member.

(2) Regulations and other systems for management of the risk of losses to the Company and its subsidiaries

(i) A system shall be established in which each relevant department establishes rules and guidelines, conduct training, and prepare and distribute manuals, etc. with respect to risks such as health and safety, compliance, information security, quality assurance, export control, environment, and disaster. Subsidiaries of the Company shall also establish the same system depending on the size, etc. of the respective subsidiaries.
(ii) A company-wide Risk Management Committee (ERM committee) identifies risks that require company-wide response policies and management decisions, informs relevant departments, assesses risks, discusses important themes of risk management, and make policy decisions on countermeasures.
(iii) Efforts shall be made to identify possible new risks through periodic reports, etc. from Executive Officers on the status of business operation at the Company and its subsidiaries that are given periodically by Executive Officers at the Executive Committee's meetings, among other things. Also, the President and Executive Officer instructs each relevant department and promptly appoints an Executive Officer responsible for taking measures therefore.
(iv) When the risks materialize and significant losses are expected to be incurred, the Executive Officer shall report to Audit Committee Members promptly.

(3) System for ensuring that duties of Executive Officers of the Company and directors of the subsidiaries are executed efficiently

The following business management system shall ensure the efficiency of the execution of duties by Executive Officers of the Company and Directors of the subsidiaries.

(i) Decision-making by Executive Officers
For any important matters that may affect the Company or the entire Hitachi Construction Machinery Group, the Executive Committee Rules, which have been established as a mechanism to make decisions carefully after deliberations from various points of view at meetings, require that such important matters be deliberated at the Executive Committee meetings and management meetings, etc. before a decision is made by an Executive Officer in charge.
(a) Executive Committee
・ It is a committee comprised of all Executive Officers and meets twice a month, in principle.
・ It deliberates and reports on important matters stipulated in the Executive Committee Rules.
(b) Management Meetings
・ It is a committee comprised of Executive Officers in the post of Vice President or above, and meets once a month, in principle.
・ It deliberates on individual important matters.

(ii) Budget and performance management
Performance management of the Company and its subsidiaries uses a matrix management system that manages performance by business unit that is responsible for financial performance, and that manages performance by business units for each region where the units are responsible for management performance. Such performance management aims for increased emphasis on independent profitability and self-management. Further, we work on improving corporate value with an awareness of capital cost from both financial and management perspectives by using NPV, to thoroughly implement performance management of the Hitachi Construction Machinery Group. Budget management and NPV performance management are applicable to non-consolidated financial and management performance, performance of consolidated group companies, and consolidated results of the group.

(iii) Internal audit
Rules for internal audit shall be established and a system shall be implemented to audit each department in the Company and its subsidiaries regularly in order to understand the status of and improve business operations of the Company and its subsidiaries.

(iv) Ensuring the reliability of financial reporting
(a) In order for the Audit Committee to supervise the Financial Auditor and for ensuring the independence of the Financial Auditor from the Executive Officers, the Audit Committee shall carry out the following matters as duties therefore.
・ Receive reports in advance about audit plans of the Financial Auditor
・ Give prior approval on the compensation of the Financial Auditor
(b) A documented business process for matters to be reflected in financial reporting shall be executed steadily and examined by internal auditors, or external auditors when necessary, at the Company and its subsidiaries.

(v) Other matters concerning the subsidiaries

(a) The Company dispatches Directors and corporate auditors to subsidiaries.

(b) The Company establishes a support desk to respond to inquiries from its subsidiaries regarding corporate matters, including legal, accounting, and general administrative issues, research and development activities, and management of intellectual property such as patents, in order to operate properly and efficiently as the Group.

(4) System for ensuring that execution of duties by employees of the Company and directors and employees of the subsidiaries is in compliance with laws and regulations and the Articles of Incorporation

The following business management system ensures compliance with laws and regulations on an ongoing basis.

(i) Compliance with laws and regulations related to business activities

(a) Internal audits by the Internal Auditing Office and other relevant departments of the Company and its subsidiaries are conducted to ensure compliance and to deter violations of laws and regulations.

(b) Various committees may be established in accordance with regulations of the Company or a decision by relevant departments in order to achieve cross-functional management regarding compliance.

(c) The Company has implemented a “Compliance Reporting System” which enables employees of the Company and its subsidiaries to report to the relevant departments of the Company.

- The compliance department, which is the secretariat of the “Compliance Reporting System,” shall receive internal reports of any illegal activities, etc.
- The compliance department, which is the secretariat of the “Compliance Reporting System,” carries out necessary investigations, etc., replies to the whistleblower.
- The compliance department ensures that there is no disadvantageous treatment to the whistle-blower.

(d) As compliance education, the Company and its subsidiaries conduct training using educational materials such as handbooks for applicable the various laws and regulations related to their business activities.

(ii) Company rules

To ensure implementation and effectiveness of the overall internal control systems, Executive Officers, as their duties, establish various policies and company regulations with primary focus on compliance with laws and regulations applicable to operations of the Group, including information security, environmental matters, quality control, export control, and prohibition of anti-social transactions. Establishment, amendment or abolishment of regulations that stipulate the following matters relating to internal controls shall be approved by the Board of Directors.

(a) Regulations that determine the system the method of establishment of regulations

(b) Regulations related to the company institutions

(c) Particularly important rules regarding compliance with laws and regulations, information management, etc.

An Executive Officer shall be appointed to approve establishment and abolishment of other company rules depending on their materiality.

Policies and regulations, etc. that should be formulated as common across the Group shall be informed to the subsidiaries, and subsidiaries shall establish their own rules that are in conformity with such policies and regulations, etc.

(5) System for reporting the execution of duties by Directors of the subsidiaries to the Company

(i) Any significant operational matters regarding a subsidiary shall be deliberated by the Executive Committee of the Company.

(ii) In the medium-term management plan and budget system, performance targets and measures, etc. are determined and evaluations are performed on a consolidated basis including subsidiaries. Subsidiaries will report the status to the Company through this system.

(6) System for ensuring the appropriateness of operation of a corporate group consisting of the Company and its subsidiaries

(i) The Company positions the Hitachi Construction Machinery Group’s Code of Conduct (hereinafter referred to as the “Code of Conduct”) as the basis for brand and sustainability promotion activities, and shares an understanding of the social responsibilities that companies should fulfill.

(ii) The Company shall inform its subsidiaries of the Code of Conduct and the policies, rules, etc. based on it, and work to maintain them.

(iii) The Company and its subsidiaries have a policy to conduct transactions within Hitachi Construction Machinery Group fairly based on market prices.

4. Basic Views on Measures for Eliminating Anti-Social Forces

The Code of Conduct stipulates that "we will take strict measures in accordance with laws against anti-social forces that threaten social order and safety." The Code of Conduct has been deployed in each group company, and the entire group is working to exclude antisocial forces.

The operational status of the ‘system to ensure the properness of operations’ during the fiscal year ended March 31, 2026 is outlined below.

(1) Audit Committee

The Company has appointed an Assistant to the Audit Committee to assist in the duties of the Audit Committee, and assigned two (2) employees dedicated to serve on the Audit Committee Bureau, which is an organization to assist the duties of the Audit Committee, and one (1) employee who also serves at the Internal Auditing Office. The Audit Committee Bureau is not under the supervision of any Executive Officer, and reports to the Audit Committee. The Internal Auditing Office, Legal and Secretarial Divisions also assist with its duties.

- Audit Committee Members interview Executive Officers, etc. regarding the status of the execution of their duties, including exchanging views with Representative Executive Officers (Chairman and President), and deliberate and review the appropriateness of the execution of the duties.
- Audit Committee Members receive periodic reports as needed on the contents of whistle-blowing through the “Compliance Reporting System” and actions taken at the Company and its group companies from the departments in charge of compliance, and confirm the results of actions as needed.
- Expenses arising from the execution of the duties of Audit Committee Members are processed for payment, etc. by General Affairs Division.
- Audit Committee Members and an Assistant to the Audit Committee perform the following based on annual audit policies and audit plans.

(a) Attend important meetings.
(b) Interview Executive Officers and employees on the status of the execution of duties.
(c) Inspect documents for important internal approval, etc.
(d) Observe operations and inspect the assets of the Company’s major divisions and its group companies, and receive reports from various divisions including the Internal Auditing Office, Accounting and Finance Division, and divisions in charge of product quality and environment.

- In the fiscal year 2025, the Audit Committee met thirteen (13) times, interviewed Executive Officers six (6) times regarding the execution of their duties, received report four (4) times from the departments in charge of quality/environment, etc., and received report six (6) times from the Financial Auditor. The Audit Committee heard reports on group companies’ businesses and business operations by visiting one (1) domestic group company and three (3) overseas group companies, and via Internet for four (4) overseas group companies.

(2) Compliance and risk management

- The Company and its group companies have established the “Hitachi Construction Machinery Group’s Code of Conduct” and the “Hitachi Construction Machinery Group’s Code of Ethics and Compliance,” and have been working on education and various measures with the highest priority on ‘safety and compliance.’

Initiatives for compliance

- The Company established the Compliance Management Committee to share information regarding compliance management within the Company, while working in cooperation with compliance management committees of its group companies to implement measures for compliance and ensure that compliance measures are thoroughly understood.
- The Compliance Management Committee met twice, once in the first half of the year and once in the second half.
- Major compliance rules common to the Hitachi Construction Machinery Group have been established to ensure compliance with antibribery laws, competition laws and control of money laundering laws (including the prevention of transactions with antisocial forces) in all countries and regions in which the Company and the group companies operate.
- The Company and its group companies distribute a message from the President of the Company on compliance every year to its group companies as well.
- With a view to raising awareness of compliance, videos for e-Learning training have been produced (in eleven (11) languages in total). The training videos are split into parts to shorten the viewing time per video and make

them easier to take. Those e-Learning training videos are distributed to all group companies, and the specific contents of training are as below.

(a) Message from top management to clarify the stance of the Company and its group companies toward compliance
(b) Raising awareness of ethics and laws and regulations in general, by using concrete examples

・ In order to grasp the status of compliance for the Company group as a whole, the Company conducts compliance audits based on a plan as part of operational audits by divisions in charge of audits.
・ At the Group, based on the "Compliance and Risk Management Regulation," the Company centrally managed compliance- and risk-related issues taking place at the Company and its group companies, investigated the causes of such issues, formulated measures to prevent reoccurrence, and rolled them out across the organization.

Reporting system

・ A whistle-blowing system through which a department in charge of compliance receives reports directly or through an external organization has been established and is operated carefully in accordance with the "Compliance Whistleblowing System Regulation."

BCP

・ With respect to material risks that may impact business continuity, the Company shall respond in accordance with the "Compliance and Risk Management Regulation" and also discloses to the employees' pamphlets that describe urgent responses so that an accident or natural disaster can be dealt with promptly and without fail. The Company also conducts quarterly safety confirmation drills for all employees.

Export control, environmental matters and information security

・ Departments in charge work in cooperation with relevant departments at the Company and its group companies to provide rules and procedures to prevent issues in light of revisions to relevant laws and regulations in line with changes in global circumstances and the environment and technological progress, to establish a structure to perform checking from various aspects.
・ The relevant various committees that met during the fiscal year 2025 together with the matters deliberated/reported on are as below.

(a) Export Regulation Committee: two (2) times in total
Matters deliberated/reported on: Reports on cases subject to export control examination and audits conducted, reports on and requests for other export control measures

(b) Sustainability Promotion Committee: two (2) times in total
Matters deliberated/reported on: Response to sustainability-related policies, promotion of carbon neutrality, ESG issues and measures, ESG information disclosure, and response to various regulations and legislation

(c) Global Sustainability Promotion Managers Meeting: two (2) times in total
Matters deliberated/reported on: Promotion of carbon neutrality, proposal on Circular Economy policies, planning of measures for environmental compliance, records of and plans for reducing four (4) environmental loads, ESG information disclosure policies, and sustainability governance

(d) Environment Management Committee: four (4) times in total
Matters deliberated/reported on: Environmental compliance, environmental accidents, and records of and plans for reducing four (4) environmental loads

(e) ERM Committee: two (2) times in total
Matters deliberated/reported on: Response to risk management system, geopolitical risks and legislation

(f) Information Security Committee: two (2) times in total
Matters deliberated/reported on: Information Security Committee System, status of security incidents, status of cyberattacks, supply chain security measures, report on results of information security training, report on results of various security measures, Product/Service Data Governance Subcommittee Report, Product Cybersecurity Subcommittee Report, and revision of the company regulations on information security

・ It provides periodic group training and e-Learning.

(3) Monitoring

・ In order to monitor if respective measures are being implemented properly, departments in charge carry out self-audits and internal audits periodically.

Self-audits and internal audits

- In addition to self-audits that are carried out in accordance with various rules for health and safety, environmental management, export control and quality control, among other things, self-audits are conducted by each division of the Company to confirm voluntarily that business operations are being run properly.
- As a department in charge of internal audits, the Company has the Internal Auditing Office that directly reports to the President and is staffed with the Head of the Office who concurrently serves as Assistant to the Audit Committee, twelve (12) dedicated staff, and one (1) person who concurrently works at the Audit Committee Bureau.
- The Internal Auditing Office chooses subjects to be audited based on the risk-based approach, and conducts management audits covering the overall business activities of each business unit, division and group company.
- The Internal Auditing Office has two reporting lines, as it reports directly to the President within the organizational structure while also reporting on audit plans and audit results to the Audit Committee.
- We conducted fifteen (15) internal audits, comprising seven (7) on business units and divisions of the Company and five (5) on overseas group companies, and three (3) on domestic group companies by implementing remote audits that use Internet-based tools, in addition to on-site audits. With respect to the audit findings, we follow up on the improvement status of each relevant company, including on those from audits in the past years, provide them with support to organizational response, and grasp overall progress.
- We obtain audit plans and audit reports from the group companies with a division dedicated to internal audit to improve the audit quality across the Group and, at the Internal Auditing Office of the Company, have introduced internal assessment that align with the intent of the Institute of Internal Auditors standards to improve its own audit quality.

J-SOX (internal control)

- As a deliberative body that determines implementation policies on internal control of the Company and group companies and assesses the effectiveness thereof, the J-SOX Committee reviews the operational status of the internal control system for confirming the reliability of financial reporting and, if any deficiencies are found, demands improvements and confirms the improvement status. The J-SOX Committee consists of the head of each division in charge of IT, legal matters, accounting and finance, and audit. Four (4) meetings of the J-SOX Committee were held in the fiscal year 2025, and the content of these meetings was reported to the Audit Committee.

(4) Decisions on important matters

- Various committees that met during the fiscal year 2025 regarding important management matters that affect the Company or its group companies and the matters deliberated/reported on are as follows.

(a) Executive Committee's meetings: twenty-four (24) times in total
Matters deliberated/reported on: Deliberations and reports on important matters stipulated in the Executive Committee Rules

(b) Meetings on sales and production: twelve (12) times in total
Matters deliberated/reported on: Demand, sales, and share: Reporting on issues and countermeasures regarding local plans, submission of consolidated sales and supply plans assessed at headquarters, and deliberation and approval of consolidated production and inventory plans based on these plans

(c) Meetings on management and policies: eight (8) times in total
Matters deliberated/reported on: Medium-term management plan, matters pertaining to important measures in annual budgets, management issues relating to the future, and cross- divisional consultation, discussion, and progress reporting on management issues

X. Notes to the Consolidated Financial Statements

1. Notes, etc. on basis of presenting consolidated financial statements

(1) Basis for preparation of consolidated financial statements

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) pursuant to the provisions of Article 120, paragraph 1 of the Regulations on Corporate Accounting. The consolidated financial statements have certain disclosure items, as required by IFRS, omitted pursuant to the second sentence of the said paragraph.

Amounts shown are rounded off to the nearest one million yen.

(2) Matters pertaining to the scope of consolidation, etc.

The number of consolidated subsidiaries that are within the scope of consolidation is 81.

Main consolidated subsidiaries are as below.

Hitachi Construction Machinery Japan Co., Ltd., Hitachi Construction Machinery Tierra Co., Ltd., Hitachi Construction Machinery Camino Co., Ltd., Hitachi Construction Machinery (China) Co., Ltd., Hitachi Construction Machinery Distribution (China) Co., Ltd., Tata Hitachi Construction Machinery Company Private Limited, Hitachi Construction Machinery Asia Pacific Pte. Ltd., P.T. Hitachi Construction Machinery Indonesia, Hitachi Construction Machinery (Europe) N.V., Hitachi Construction Machinery Americas Inc., Hitachi Construction Machinery Truck Ltd., Hitachi Construction Machinery Financial Leasing (China) Co., Ltd., Hitachi Construction Machinery Oceania Holdings Pty., Ltd., H-E Parts International LLC, Bradken Pty Limited

The scope of consolidation has been changed from the fiscal year ended March 31, 2026 as below.

Number of companies included in the scope of consolidation during the fiscal year ended March 31, 2026: 1

(i) Inclusion due to new establishment: 1

LANDCROS Development Center Europe GmbH

Number of companies excluded from the scope of consolidation during the fiscal year ended March 31, 2026: 3

(i) Exclusion due to liquidation: 3

(3) Matters pertaining to the application of the equity method

The number of associates accounted for by the equity method is 17.

Main affiliates subject to the equity method are as below.

P.T. Hexa Finance Indonesia, HTC Leasing Company Limited

(4) Matters pertaining to fiscal years, etc. of consolidated subsidiaries

The consolidated subsidiaries settle their accounts on the same date as the rest of the consolidated group, except for the following.

Hitachi Construction Machinery (China) Co., Ltd., Hitachi Construction Machinery Distribution (China) Co., Ltd., Hefei Rijian Shearing Co., Ltd., Hitachi Construction Machinery Financial Leasing (China) Co., Ltd., LLC Hitachi Construction Machinery Eurasia, and 14 other companies

To create the consolidated financial statements, the Company uses the statements of financial position and statements of income of these subsidiaries which are prepared based on provisional account settlement as of March 31, 2026.

(5) Matters pertaining to accounting policies

(i) Valuation standards and valuation methods for important assets

i) Financial instruments

(a) Non-derivative financial assets

The Group initially recognizes trade receivables on the date such receivables arise. All other financial assets are initially recognized at the transaction date on which the Group becomes a party to the agreement.

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred in transactions where the risks and economic rewards of owning the financial assets are substantially transferred. In transactions where the risks and economic rewards of owning the financial assets are neither substantially transferred nor retained, the Group continues to recognize the financial assets to the extent of its continuing involvement and only derecognizes such financial assets when its control is transferred.

The classification and measurement models of non-derivative financial assets are summarized as follows.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost when they meet the following requirements

・ The asset is held within a business model of the Group the objective of which is to hold the asset to collect contractual cash flows.
・ The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (also including direct transaction costs). After initial recognition, the carrying amount of financial assets measured at amortized cost is measured using the effective interest method. Interest accrued on financial assets measured at amortized cost is included in finance income in the consolidated statements of income.

Financial assets measured at fair value through other comprehensive income (FVTOCI financial assets)

The Group holds certain equity instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are classified as FVTOCI financial assets by designation. They are initially measured at fair value, and subsequently measured at fair value as at the consolidated reporting date. Changes in fair value are recognized in other comprehensive income, with the cumulative amount recognized in accumulated other comprehensive income. However, dividends on equity instruments designated as FVTOCI financial assets are recognized in profit or loss, except where they are considered to be a return of the investment.

Financial assets measured at fair value through profit or loss (FVTPL financial assets)

The Group classifies equity instruments not designated as FVTOCI financial assets and debt instruments not classified as financial assets measured at amortized cost, as FVTPL financial assets. After initial recognition, these instruments are measured at fair value and the changes in fair value are recognized in profit or loss.

Impairment of financial assets

The Group evaluates the allowance for doubtful receivables based on expected credit losses on financial assets measured at amortized cost, trade receivables, contract assets, and other receivables depending on whether the credit risk has increased significantly since initial recognition on a regular basis, but no less frequently than at the end of each quarterly reporting period.

If the credit risk has increased significantly since initial recognition, the allowance for doubtful receivables is measured in an amount equal to the lifetime expected credit losses on the financial assets. If the credit risk has not increased significantly since initial recognition, the allowance for doubtful receivables is measured in an amount equal to the expected credit losses within the next 12 months after the end of the fiscal year. However, for trade receivables, contract assets, and lease receivables, allowance for doubtful receivables is always measured in an amount equal to the lifetime expected credit losses.

Whether credit risk has increased significantly is determined based on changes in the risk of default. Default is defined as the state in which a critical problem with a debtor’s payment of contractual cash flows has been identified and there are no reasonable expectations for recovering the financial asset in its entirety or a portion thereof. To determine whether there have been any changes in the risk of default, external credit ratings, past due information and other factors are mainly taken into consideration.

Expected credit losses are measured by taking the probability weighted average of the discounted present values of differences between the total amount of the contractual cash flows and the total amount of future cash flows expected to be received in the future from the financial assets. If one or more events occur, such as overdue payments, extended payment terms, negative evaluation by third party credit rating agencies, and/or a deterioration in financial position and operating results, including capital deficit, the financial assets are individually assessed as credit-impaired financial assets and expected credit losses are measured based mainly on historical credit loss experience, future recoverable amounts and other factors. The expected credit losses on the financial assets that are not credit-impaired are measured through collective assessment based mainly on provision rates depending on historical credit loss experience adjusted by the current and future economic situation and other factors, if necessary.

For the expected credit losses on financial assets measured at amortized cost, contract assets, and lease receivables, the allowances for doubtful receivables are recorded instead of directly reducing the carrying amounts. Changes in expected credit losses are recognized in profit or loss as impairment losses and are included in selling, general and administrative expenses in the consolidated statements of income. For financial assets, after all means of collection have been exhausted and the potential for recovery is considered remote, it is determined that there are no longer any reasonable expectations for recovering the financial assets in their entirety or a portion and the carrying amounts are generally written off.

(b) Non-derivative financial liabilities

The Group initially recognizes debt instruments on the date of issuance. All other financial liabilities are initially recognized at the transaction date on which the Company becomes a party to the agreement.

The Group derecognizes financial liabilities when extinguished, when the obligation in the contract is redeemed or the liability is discharged, cancelled or expires.

As non-derivative financial liabilities the Group holds bonds, borrowings, trade payables, and other financial liabilities. They are initially recognized at fair value (less direct transaction costs) and bonds and borrowings are subsequently measured at amortized cost using the effective interest method. Interest accrued on these financial liabilities is included in interest expenses in the consolidated statements of income.

(c) Derivatives and hedge accounting

The Group uses derivative instruments including forward exchange contracts, currency swaps and interest rate swaps in order to hedge foreign currency exchange risks and interest rate risks. All derivatives are measured at fair value irrespective of the objective and intent of holding them.

The Group accounts for hedging derivatives as follows

・ “Fair value hedge” is a hedge against changes in fair value of a recognized asset or liability or of an unrecognized firm commitment. The changes in fair value of the recognized assets or liabilities or unrecognized firm commitments and the related derivatives are both recorded in profit or loss if the hedge is considered effective.
・ “Cash flow hedge” is a hedge of a forecast transaction or of the variability of future cash flows to be received or paid related to a recognized asset or liability. The changes in fair value of the derivatives designated as cash flow hedges are recorded in OCI if the hedge is considered highly effective. This treatment continues until profit or loss is affected by the variability of future cash flows or the unrecognized firm commitment of the designated hedged item, at which point changes in fair value of the derivative are recognized in profit or loss. If a non-financial asset or a non-financial liability is recognized due to a hedged forecast transaction, the changes in the fair value of the derivative recognized in OCI are included directly in the acquisition cost or other carrying amount of the asset or liability when the asset or liability is recognized.

The Group follows the documentation requirements as prescribed by IFRS 9 “Financial Instruments” (amended in July 2014), which includes the risk management objective and strategy for undertaking various hedge transactions. In addition, a formal assessment is made at the hedge’s inception and subsequently on a periodic basis, as to whether the derivative used in hedging activities is highly effective in offsetting changes in fair values or future cash flows of the hedged items. Hedge accounting is discontinued if a hedge becomes ineffective.

(d) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statements of financial position, only when the Group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

ii) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the specific identification method or by the moving average method for finished goods, semi-finished goods and work in process, and generally by the moving average method for raw materials. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(ii) Depreciation and amortization methods for important assets

i) Property, plant and equipment

The Group uses the cost model to measure property, plant and equipment. They are stated at cost, less accumulated depreciation and accumulated impairment losses. Acquisition cost includes direct costs of acquisition, and costs of dismantling, removing and restoring the assets. Property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of respective assets. Estimated useful life for each major class of assets are as follows.

・ Buildings and structures 2 to 67 years
・ Machinery, equipment and vehicles 2 to 30 years
・ Tools, furniture and fixtures 2 to 30 years

Residual value, estimated useful lives and the method of depreciation are reviewed at the fiscal year-end. Changes in residual value, estimated useful lives or depreciation method are accounted for on a prospective basis as a change in accounting estimate.

ii) Intangible assets

(a) Goodwill

After initial recognition, goodwill is not amortized and is stated at cost less any accumulated impairment losses.

(b) Other intangible assets

The Group applies the cost model to other intangible assets and states such assets at cost less accumulated amortization and impairment losses.

Intangible assets are amortized using the straight-line method over the following estimated useful lives for major classes of assets: Estimated useful life for each major class of assets are as follows.

・ Software 2 to 10 years
・ Others 2 to 20 years

iii) Right-of-use assets

The Group applies a cost model to measure the right-of-use asset, and presents the corresponding amount as “Right-of-use assets” in the consolidated statements of financial position at cost at the commencement date of the lease less any accumulated depreciation and any accumulated impairment losses. The cost of right-of-use asset includes the amount of the initial measurement of the lease liability and the initial direct cost incurred by the lessee. The Group depreciates the right-of-use asset from the commencement date of the lease to the earlier of the end of the useful life of the underlying asset or the end of the lease term on a straight-line basis. Changes in the useful life or the lease term are accounted for on a prospective basis as a change in accounting estimate. The useful life of right-of-use assets or the lease term is 2 to 50 years.

iv) Impairment of non-financial assets

The Group determines any indications of impairment with each asset, and conducts an impairment test when there are indications that the carrying value is not recoverable. Irrespective of any indicators of impairment, the Group tests goodwill for impairment at the end of each fiscal year.

An impairment test is performed by estimating the recoverable amount of each asset of cash-generating unit (CGU) and comparing it with its carrying amount. A CGU is the smallest group of assets that generates cash flows generally independent from other assets or asset groups.

The recoverable amount means an amount that is the higher of fair value less costs of disposal or value in use per asset or CGU. In calculating value in use, estimated future cash flows are discounted to the present value at a pretax discount rate that reflects the time value of money and risks specific to relevant assets. If the carrying amount of the asset or the CGU exceeds its recoverable amount, an impairment loss is recognized for such asset.

For an asset other than goodwill, its recoverable amount is subsequently estimated for the asset or the CGU when there is an indication that an impairment loss previously recognized on the asset may no longer exist or has decreased. If it is found that the estimated recoverable amount exceeds the carrying amount, the impairment loss recognized previously is reversed to the extent of the carrying amount that would have been recorded, net of depreciation or amortization, if impairment had not been recognized previously.

(iii) Significant allowances and provisions

The Group recognizes provisions when it has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of obligation can be reliably estimated.

When the time to settle an obligation is expected to be long, and thus the time value of money is material, the amount of a provision is measured at the present value of the amount of expenditures expected to be required to settle the obligation. The pretax discount rate reflecting the time value of money and risks specific to the obligation is used in the calculation of the present value.

(iv) Other important matters for compiling consolidated financial statements

i) Revenue recognition

The Group recognizes revenue in accordance with the following five-step approach.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the separate performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group conducts multiple transactions to meet its customers' needs which may involve the delivery or performance of multiple elements, such as goods or services. When the Group enters into multiple contracts for providing the goods or services, related contracts are combined based on interdependencies between each contract's consideration and the time the Group entered into such contracts, and the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service for the purpose of recognizing revenue, and revenue is recognized when ownership is deemed to have been transferred.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Variable consideration, such as discounts and rebates, is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The promised amount of consideration does not include a significant financing component, because ordinary transactions are completed with payments within one (1) year.

In estimating the stand-alone selling price, the Company considers various factors such as market conditions, market price of competing products, etc., cost of products, and customers' business conditions.

For transactions whereby control over goods and services, etc. is transferred over time, the Company measures its progress towards complete satisfaction of that performance obligation on the basis of output or input methods in consideration of the nature of the goods and services for the purpose of recognizing revenue. When the Company cannot reasonably measure the progress, revenue is recognized only to the extent of the costs incurred.

The Group recognizes the incremental costs of obtaining a contract with a customer and the costs directly related to fulfilling a contract as an asset if those costs are expected to be recovered, and those assets are amortized based on the methods used to recognize revenue of the goods or services to which the assets relate. The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is less than one (1) year.

ii) Leases

(a) Lessee

Leases of the Group are mainly leases of real estate and leases of construction machinery. The Group recognizes a right-of-use asset, a right to use the underlying asset, and a lease liability, which is an obligation to make lease payments, and recognizes lease costs as depreciation expense for right-of-use assets and interest expenses on lease liabilities. Lease payments for short-term leases with a lease term of 12 months or less are recognized in profit or loss on a straight-line basis over the lease term.

The lease liability is measured at the present value of lease payments that are not paid at the commencement date of the lease, discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate, and presented as "Lease liabilities" in the consolidated statements of financial position. Interest expense on the lease liability in each period during the lease term that produces a constant periodic rate of interest on the remaining balance of the lease liability is recognized in profit or loss over the lease term and is included in "Financial expenses" in the consolidated statements of income.

(b) Lessor

The Group, as a lessor, mainly leases construction machinery. If substantially all the risks and rewards incidental to the ownership of items of property, plant and equipment are transferred to the lessee in a lease, it is classified as a finance lease with the recognition of the underlying asset discontinued and the present value of the total amount of lease payments is used to recognize and measure the net investment in the lease.

If substantially all the risks and rewards incidental to the ownership remain with the lessor in a lease, it is classified as an operating lease, and the underlying asset is continuously recognized, and lease income is recognized over the lease term on a straight-line basis.

iii) Accounting treatment of post-retirement benefits

The Company and certain consolidated subsidiaries have defined benefit pension plans and severance lump-sum payment plans to provide retirement and severance benefits to employees. The present value of defined benefit obligations and retirement benefit costs are measured based on the projected unit credit method.

The present value of defined benefit obligations and the fair value of plan assets are remeasured as of the end of the fiscal year. Actuarial differences arising during the year and changes in fair value of plan assets (excluding interest income) are recognized in OCI and are not subsequently reclassified into profit or loss. Any prior service cost that arises at the time of a plan amendment is recognized immediately in profit or loss when such an amendment occurs.

In the consolidated statements of financial position, the net amount calculated by deducting the fair value of plan assets from the present value of defined benefit obligations is presented as defined benefit liability or asset in non-current liabilities or non-current assets.

The risk-sharing pension plan introduced by the Company and certain consolidated subsidiaries is classified as a defined contribution pension plan because the Company and certain consolidated subsidiaries have no substantial obligation to make additional contributions.

iv) Translation of material foreign currency-denominated assets and liabilities into yen

The consolidated financial statements of the Company are presented in Japanese yen, which is the Company's functional currency.

(a) Foreign currency-denominated transactions

Foreign currency transactions are converted into the relevant functional currencies of the Company and its consolidated subsidiaries using the exchange rate prevailing at the transaction date or a rate that approximates such rate. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized in profit or loss, except where gains and losses on assets or liabilities are recognized in OCI, foreign exchange effects relating to such assets or liabilities are also recognized in OCI.

(b) Statements of financial position and statements of income of foreign entities

Assets and liabilities of foreign entities are translated into Japanese yen using the exchange rate at the end of the reporting period. Revenue and expense items are translated using the rate at the transaction date, or the average exchange rate during the period if there are no significant fluctuations in the exchange rate.

Such foreign exchange gains and losses resulting from the currency conversion of the statements of financial position and the statements of income of a foreign entity are recognized in OCI. Cumulative foreign exchange gains or losses that have been recognized in OCI are transferred to profit or loss upon the divesture of a foreign entity.

v) Group Relief System adopted

The Company and certain consolidated subsidiaries adopt Group Relief System.

vi) Treatment of Global Minimum Tax System

The Group has applied the International Tax Reform—Pillar Two Model Rules (amendments to IAS 12 Income Taxes). The revision clarifies that IAS 12 applies to corporate income taxes arising from tax laws enacted or substantively enacted to introduce the Global Anti-Base Erosion Model Rules (GloBE), which is the Pillar Two Rules (global minimum taxation) of the OECD's base erosion and profit shifting (BEPS) project. However, it provides temporary exceptional measures that require companies not to recognize and disclose deferred tax assets and liabilities related to corporate income taxes arising from the global minimum taxation rules.

The Group has applied the exceptional measures provided by IAS 12 and has not recognized or disclosed deferred tax assets and liabilities related to corporate income taxes arising from the global minimum taxation rules.

vii) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups that will be recovered primarily through sale transactions rather than continued use are classified as non-current assets held for sale or disposal groups if it is highly probable that they will be sold within one year, they are available for immediate sale in their current condition, and the Group's management has made a commitment to implement the sale plan.

While classified as held for sale or while being part of a disposal group classified as held for sale, the non-current assets are not depreciated or amortized, and the non-current assets or the disposal group classified as held for sale are measured at the carrying amount or fair value after deducting cost for sale, whichever is lower.

The Group classifies a non-current asset or disposal group that has been disposed of or is classified as held for sale a discontinued operation when it represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line, or is a subsidiary acquired exclusively with a view to resale.

2. Notes on accounting estimates

(1) Valuation of goodwill

The method to determine impairment losses for goodwill is described in “iv) Impairment of non-financial assets” in “(ii) Depreciation and amortization methods for important assets” in “(5) Matters pertaining to accounting policies.”

Significant goodwill recorded in the consolidated statements of financial position as of March 31, 2026 is principally goodwill of ¥12,902 million mainly due to the inclusion of H-E Parts International LLC as a consolidated subsidiary following the acquisition of this company in 2016.

The recoverable amount per cash-generating unit (CGU) is calculated at the higher of fair value less costs of disposal or value in use. Comparison with similar publicly traded companies, and a market approach where a price that can be achieved in orderly transactions between market participants, such as market capitalization of the asset, etc. is reasonably estimated and calculated, are principally used as valuation techniques used to calculate fair value less costs of disposal. Value in use is calculated by the estimated future cash flows based on business plans approved by management, discounted at the discount rate which is derived from the weighted average cost of capital. The business plan used is based on external information, reflects historical experiences, and generally covers a maximum of five (5) years. Estimated cash flows beyond the period covered by the business plan are calculated using the estimated growth rate not exceeding the long-term average growth rate of the market to which the CGU belongs.

The major assumption on which calculation of recoverable amount in impairment test is based is a discount rate. Although the value in use per CGU exceeded the carrying amount as of March 31, 2026, the value in use may fall below the carrying amount in and after the next fiscal year if the discount rate increases, and this may affect operating results, etc.

3. Notes to the consolidated statements of financial position

(Millions of yen)

(1) Matters pertaining to provisions directly deducted from assets

Trade receivables	15,573
Other financial assets	26

(2) Matters pertaining to accumulated depreciation and impairment losses of assets

Right-of-use assets	77,697
Property, plant and equipment	528,122

(3) Matters concerning guarantee obligations

The Group's guarantee obligations and guarantee commitment associated with borrowings from financial institutions are as follows

Guarantee obligations	56,564
Guarantee commitment	87

(4) Assets pledged as collateral

Trade receivables	12,301
Inventories	14,397
Property, plant and equipment	34,021

Liabilities corresponding to the above

Trade and other payables (current)	1,861
Bonds and borrowings (current)	7,744
Trade and other payables (non-current)	2,096
Bonds and borrowings (non-current)	13,670

4. Notes to the consolidated statements of changes in equity

(1) Total number of issued shares Common stock 215,115,038

(2) Number of treasury shares Common stock 2,378,960

(3) Matters pertaining to distribution of surplus

(i) Dividends paid

Resolved by	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 23, 2025	Common stock	Retained earnings	23,397	110	March 31, 2025	May 30, 2025
The Board of Directors meeting held on October 28, 2025	Common stock	Retained earnings	15,955	75	September 30, 2025	December 1, 2025

(ii) Dividends on common stock whose record date falls in the fiscal year under review and whose effective date falls in the following fiscal year

To be resolved by	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 25, 2026	Common stock	Retained earnings	21,274	100	March 31, 2026	May 29, 2026

(4) Matters pertaining to share award rights and subscription rights to shares

No applicable matters.

5. Notes on financial instruments

(1) Matters pertaining to financial instruments

The Group is engaged in business activities worldwide and may be affected by various risks such as interest rate risk, currency exchange risk and credit risk.

(i) Market risk

Since the Group conducts manufacturing activities worldwide and has customers all over the world, trade receivables and payables denominated in foreign currencies are exposed to currency exchange fluctuation risk. In addition, some long-term debts held by the Company and certain consolidated subsidiaries to finance capital investments and working capital are floating-interest bearing, and thus are exposed to interest rate fluctuation risk.

i) Interest rate risk

The Group is exposed to interest rate fluctuation risk mainly related to long-term debts. In order to minimize this risk, the Group enters into interest rate swap agreements to manage the fluctuation risk of cash flows. Primarily, the interest rate swaps entered into are receive-variable, pay-fixed agreements. Under the interest rate swaps, the Group receives variable interest rate payments on long-term debts, including long- term borrowings, and makes fixed interest rate payments, thereby creating fixed interest rate long-term debt.

ii) Currency exchange risk

The Group holds assets and liabilities exposed to currency exchange risk. In order to hedge this risk, the management uses forward exchange contracts or cross currency swaps.

iii) Equity instruments price volatility risk

The Group holds listed stock of entities with which it has business relationships and is exposed to price volatility risk of equity instruments. In order to manage this risk, market values of such equity instruments and the financial condition of issuing entities are monitored on a regular basis, and holding of such equity instruments is continuously reviewed.

(ii) Credit risk (risk of non-performance, etc. of counterparties)

The Group extends credit to customers through various operating transactions and is exposed to credit risk associated with potential losses from credit deterioration or bankruptcy, etc. of the customers. In order to manage this risk, the Credit Management Division of the Company and its consolidated subsidiaries regularly monitors the conditions of the customers for trade receivables exposed to credit risk in accordance with credit management rules so that the due dates and balances are assessed for individual customers and the risk of doubtful receivables due to deterioration, etc. in the customers' financial conditions, etc. are identified in a timely way and mitigated. Basically, no significant concentration of credit risk is present as the Group has transactions with customers in various geographical areas.

Since securities held to maturity are highly rated securities, the Group finds little credit risk.

In addition, the Group enters into derivative transactions only with counterparties that are highly rated financial institutions; therefore, the Group considers the counterparty risk is remote.

With the exception of guarantee obligations, the maximum exposure of the Company and its consolidated subsidiaries to credit risk equals the financial assets' carrying amount after impairment reported in the consolidated statements of financial position, if collateral held is not considered.

(iii) Liquidity risk (risk of becoming unable to make payment on the due date)

The Finance Department within the Group prepares and updates cash management plans based on a report from each department. The Group maintains a commitment line and credit line to mitigate liquidity risk while minimizing liquidity in hand to enhance capital efficiency.

(iv) Capital management

In pursuing sustainable growth, the Group has made upfront investments including investments in technology development and facilities based on medium- and long-term business strategies. With the principal capital management policy of maintaining and strengthening its sound financial structure, the Group closely monitors the balance of interest-bearing liabilities, net of cash, deposits, and pooled deposits.

(2) Matters pertaining to fair value, etc. of financial instruments

(i) Fair value measurements

The following methods and assumptions are used to measure the fair value of financial assets and financial liabilities.

i) Cash and cash equivalents, trade receivables and trade and other payables

Current portion of cash and cash equivalents, trade receivables and trade and other payables are settled in a short period, and thus, their carrying amount reasonably approximates the fair value. Fair value of non-current items is determined at the present value of expected cash flows from principal and interest discounted by the rate that would be reasonably applied to new transactions.

ii) Other financial assets and other financial liabilities

Other financial assets include other receivables and loans receivable, and other financial liabilities mainly include deposits. Current items are settled in a short period, and thus their carrying amount reasonably approximates the fair value. As for investment securities classified as financial assets measured at FVTOCI, the fair value of listed stock is determined based on a market price quoted on an exchange. The fair value of non-listed stock is determined based on a valuation technique using observable inputs such as quoted market prices of comparable companies as well as unobservable inputs. The fair value of derivative instruments, which are FVTPL financial assets or financial liabilities, is determined based on prices obtained from financial institutions. The fair value of liabilities for written put options over non-controlling interests is calculated by the method where future cash flows are discounted.

iii) Bonds and borrowings

The fair value of unsecured debentures and borrowings is determined based on the expected future cash flows from principal and interest discounted at the rate that would be applied to additional borrowings and bonds with same terms and conditions.

(ii) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial assets and financial liabilities measured at amortized cost are as follows. Financial assets and financial liabilities whose carrying amounts reasonably approximate the fair values are not included.

(Millions of yen)

Category	Carrying amount	Fair value
Assets		
Trade receivables	342,570	345,162
Liabilities		
Trade and other payables	234,926	234,966
Bonds and borrowings	497,566	490,516

(iii) Financial instruments measured at fair value in the consolidated statements of financial position

Financial instruments measured at fair value on a recurring basis after the initial recognition are classified into three (3) levels of the fair value hierarchy based on the measurement inputs' observability and materiality as follows.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2: Valuations measured by direct or indirect observable inputs other than Level 1
Level 3: Valuations measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input with the lowest level in the fair value measurement as a whole.

Transfers between levels are deemed at the beginning of each quarter period.

The following table presents the financial assets and financial liabilities that are measured at fair value on a recurring basis.

(Millions of yen)

As March 31, 2026	Level 1	Level 2	Level 3	Total
FVTOCI financial assets:				
Other financial assets				
Equity securities	12,234	–	13,368	25,602
FVTPL financial assets:				
Other financial assets				
Derivative assets	–	611	–	611
Other financial assets	–	–	464	464
Total financial assets	12,234	611	13,832	26,677
FVTPL financial liabilities				
Other financial liabilities				
Derivative liabilities	–	(3,647)	–	(3,647)
Total liabilities	–	(3,647)	–	(3,647)

The following table presents the changes in Level 3 financial instruments measured at fair value on a recurring basis for the fiscal year under review.

(Millions of yen)

	Year ended March 31, 2026
Balance at beginning of the year	11,246
Total gain/(loss)	1,047
Other comprehensive income	1,047
Purchased	1,702
Sold	(136)
Other	(27)
Balance at end of the year	13,832

6. Notes on per share information

(1) Equity per share attributable to owners of the parent ¥4,231.37

(2) Net income attributable to owners of the parent per share (basic) ¥344.06

7. Notes on revenue recognition

(1) Disaggregation of revenue

The Group derives revenues primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and geographic area of the Company.

(Millions of yen)

	Construction Machinery Business	Specialized Parts and Service Business	Total revenues
Japan	223,737	295	224,032
The Americas	284,452	60,070	344,522
Europe	201,002	873	201,875
Russia-CIS, Africa, and Middle East	136,629	10,489	147,118
Asia and Oceania	397,238	64,270	461,508
China	25,461	977	26,438
Others Total	1,268,519	136,974	1,405,493

(2) Information about satisfaction of performance obligations

The following is information about satisfaction of performance obligations related to major goods and services of each reportable segment.

(Construction Machinery Business)

The Construction Machinery Business primarily provides customers with hydraulic excavators, ultra-large-sized hydraulic excavators, wheel loaders, and other products as well as parts related to these products.

Since performance obligations for sale of products and parts are satisfied at a point in time upon completion of the sale and customers' acceptance and inspection of the goods, revenue is recognized when control over the goods is transferred to customers. Conditions for acceptance, such as loading to a ship, receipt by the customer, completion of performance tests, are determined under contracts with customers or relevant agreements. Consideration for a transaction is generally collected within four (4) months after the relevant performance obligations are satisfied. Because the period between when performance obligations are satisfied and when consideration is received is usually within one (1) year, a practical expedient is adopted and these receivables are not adjusted for significant financing components. Although there are some transactions for which consideration is collected over a period longer than one (1) year, they are immaterial.

Revenue from periodic maintenance services and paid product guarantee services is recognized when the provision of services is completed or over the period during which services are provided. Conditions for completion of services to be provided, such as receipt of a completion report, are determined under contracts with customers or relevant agreements.

Consideration for a transaction is usually paid in fixed amounts every one (1) to three (3) months in case of periodic maintenance services. For paid product guarantee services, consideration for the duration of a contract is collected in advance at the time of executing the contract. Because the period between when performance obligations are satisfied and when consideration is received is usually within one (1) year, a practical expedient is adopted and these receivables are not adjusted for significant financing components. Although there are some transactions for which consideration is collected over a period longer than one (1) year, they are immaterial. In contracts with some customers, revenue is measured at the amount of promised consideration less discounts, sales returns and the like.

(Specialized Parts and Service Business)

The Specialized Parts and Service Business provides customers with parts services, etc. that are not included in the Construction Machinery Business segment. Since performance obligations are principally satisfied at a point in time upon completion of the sale and customers' acceptance and inspection of the goods, revenue is recognized when control over the goods is transferred to customers.

Because the period between when performance obligations are satisfied and when consideration is received is usually within one (1) year, a practical expedient is adopted and these receivables are not adjusted for significant financing components. Although there are some transactions for which consideration is collected over a period longer than one (1) year, they are immaterial.

(3) Information about contract balances

The following table shows the beginning and ending balances of the Group's trade receivables, contract assets and contract liabilities from contracts with customers.

For the year ended March 31, 2026

(Millions of yen)

	April 1, 2025	March 31, 2026
Trade receivables	317,906	342,570
Contract assets	623	937
Contract liabilities	22,931	22,846

Of the revenue recognized during the fiscal year under review, the amount included in contract liabilities at the beginning of the fiscal year was ¥13,927 million. There is no revenue related to performance obligations that were satisfied in prior periods and no cumulative catch-up adjustment to revenue. Impairment losses on trade receivables and contract assets recognized during the fiscal year under review were ¥723 million.

The Construction Machinery Business segment and the Specialized Parts and Service Business segment have no material transactions related to contract assets which arise when goods or services are transferred before receipt of consideration or performance by an entity is completed.

Contract liabilities, which arise when consideration is received or payment becomes due before goods or services are transferred, are mainly advances received from customers as payments for products in relation to sales of construction machinery and paid product guarantee service contracts. Performance obligations are considered to be satisfied upon the fact of having performed the obligation to deliver products in case of sales of construction machinery, and the lapse of the period over which guarantee is offered in case of paid product guarantee service contracts, and contract liabilities are reclassified to revenue when performance obligations are satisfied.

(4) Transaction price allocated to remaining performance obligations

The following table shows the balances of performance obligations to be performed in relation to contracts for products and services as of the end of the previous fiscal year and the end of the fiscal year under review.

(Millions of yen)

	April 1, 2025	March 31, 2026
Products and services	10,337	10,305

The Group expects to perform the balance of performance obligations to be performed as of March 31, 2026 within approximately three (3) years.

There is no significant amount of consideration arising from contracts with customers that is not included in the transaction price.

(5) Assets recognized from the costs incurred for obtaining or fulfilling contracts with customers

In the Group, there were no costs incurred for obtaining or fulfilling contracts with customers during the fiscal year under review.

8. Notes on significant subsequent events

No applicable matters.

9. Other notes

(1) Notes to the consolidated statements of income

The main components of other income are as follows:

(Millions of yen)

Category	Amount
Gain on sales of property, plant and equipment	844
Subsidy income	412
Compensation income (Note 1)	9,786
Insurance claim income (Note 2)	6,613
Other	3,230
Total	20,885

(Note 1) Compensation income

Compensation income for the fiscal year ended March 31, 2026, is compensation from a supplier for losses caused by the violation of domestic laws and regulations in domestic certification relating to the emissions performance of engines.

(Note 2) Insurance claim income

Insurance claim income for the fiscal year ended March 31, 2026 includes insurance proceeds received for fire damage sustained by the Company on July 4, 2024.

The main components of other expenses are as follows:

(Millions of yen)

Category	Amount
Loss on sales of property, plant, and equipment	267
Loss on disposal of property, plant and equipment	1,273
Impairment of property, plant, and equipment	1,172
Business structure reform expenses (Note 1)	5,523
Domestic engine certification-related loss (Note 2)	4,960
Loss on business restructuring (Note 3)	7,254
Other	3,243
Total	23,692

(Note 1) Business structure reform expenses
Business structure reform expenses for the fiscal year ended March 31, 2026 include a special severance payment and so forth.

(Note 2) Domestic engine certification-related loss
Domestic engine certification-related loss for the fiscal year ended March 31, 2026, is caused by the violation of domestic laws and regulations in domestic certification relating to the emissions performance of engines of a supplier and was mainly attributable to the disposal of related inventories.

(Note 3) Loss on business restructuring
Loss on business restructuring for the fiscal year ended March 31, 2026 includes estimated losses related to the planned sale of ECCO Equipment Company, LLC (hereinafter referred to as “ECCO”), a consolidated subsidiary of the Company, based on the Company’s resolution to proceed with the sale.

(2) Notes on disposal groups classified as held for sale

At the Board of Directors meeting held on March 27, 2026, the Company resolved to proceed with the sale of ECCO, a subsidiary of ACME Business Holdco, Inc. (hereinafter referred to as “ACME”), as part of a business restructuring aimed at strengthening the value chain business in North America, among other objectives. The sale is expected to be completed within one year of the end of the consolidated fiscal year under review. Given the high likelihood of completion, we have classified ECCO as a disposal group held for sale effective from the fourth quarter of the fiscal year under review.

The assets held for sale and directly associated liabilities relate primarily to ECCO, and the breakdown is as follows.

(Unit: million yen)

	March 31, 2026
Assets	
Trade receivables	1,493
Inventories	22
Other current assets	31
Property, plant, and equipment	9,039
Total	10,585
Liabilities	
Trade and other payables	462
Lease liabilities (current)	259
Lease liabilities (non-current)	272
Total	993

XI. Notes to the Non-Consolidated Financial Statements

Amounts shown are rounded off to the nearest one million yen.

1. Notes on matters pertaining to significant accounting policies

(1) Valuation standards and valuation methods for securities

Investments in subsidiaries and affiliates

Stated at cost based on the moving-average method.

Available-for-sale securities

Securities other than shares, etc. with no market price:

Stated at fair value. (Any changes in unrealized holding gain or loss, net of the applicable income taxes, are directly included in net assets, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. with no market price:

Stated at cost based on the moving-average method.

(2) Valuation standards and valuation methods for inventories

Merchandise and finished goods, raw materials and supplies

Stated at cost based on the moving-average method.

Work in process

Stated at cost based on the specific identification method.

(In any case, the cost of inventories is written-down when their carrying amounts become unrecoverable)

(3) Depreciation and amortization method for non-current assets

(i) Property, plant and equipment (excluding leased assets)

Amortized using the straight-line method.

(ii) Intangible assets (excluding leased assets)

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over the usable period (5 years).

(iii) Leased assets

Leased assets under finance lease transactions where the ownership of the assets is not considered to be transferred

Depreciated using the straight-line method by using their useful lives as the lease period and assuming zero residual value.

(4) Allowances and provisions

(i) Allowance for doubtful accounts

To prepare for bad debt losses from uncollectible receivables, a general provision for doubtful accounts is provided by applying a certain reserve percentage of the receivables based on experience from past transactions. Specific provision is provided based on the assessment of the collectability of individual receivables.

(ii) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefit obligations and fair value of plan assets as of the end of the current fiscal year is recognized as provision for retirement benefits.

Accounting for provision for retirement benefits and retirement benefit expenses are as follows:

i) The method to attribute expected benefits to periods of service

In calculating retirement benefits obligations, expected benefit is attributed to periods of service up to the current fiscal year based on the benefit formula basis.

ii) The method of recognizing actuarial gains and losses and prior service costs as expenses

Actuarial gains and losses are recognized as expenses from the next fiscal year of occurrence on a straight- line method over the average remaining service periods of employees expected in the year of occurrence.

Prior service costs are recognized as expenses on a straight-line method over the expected average remaining service periods of employees from the year of occurrence.

Treatment of unrecognized actuarial gains and losses and unrecognized prior service costs in the non-consolidated balance sheet differs from that in the consolidated statements of financial position.

(5) Revenue and expenses

The Company recognizes revenue in accordance with the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company conducts multiple transactions to meet its customers' needs which may involve the delivery or performance of multiple elements, such as goods or services. When the Company enters into multiple contracts for providing the goods or services, related contracts are combined based on interdependencies between each contract's consideration and the time the Company entered into such contracts, and the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service for the purpose of recognizing revenue, and revenue is recognized when ownership is deemed to have been transferred.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Variable consideration, such as discounts and rebates, is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The promised amount of consideration does not include a significant financing component, because ordinary transactions are completed with payments within one (1) year.

In estimating the stand-alone selling price, the Company considers various factors such as market conditions, market price of competing products, etc., cost of products, and customers' business conditions.

For transactions whereby control over goods and services, etc. is transferred over time, the Company measures its progress towards complete satisfaction of that performance obligation on the basis of output or input methods in consideration of the nature of the goods and services for the purpose of recognizing revenue. When the Company cannot reasonably measure the progress, revenue is recognized only to the extent of the costs incurred.

The Company recognizes the incremental costs of obtaining a contract with a customer and the costs directly related to fulfilling a contract as an asset if those costs are expected to be recovered, and those assets are amortized based on the methods used to recognize revenue of the goods or services to which the assets relate. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is less than one (1) year.

(6) Accounting for deferred assets
(i) Share issuance cost
Share issuance costs are fully recognized as expenses when paid.
(ii) Bond issuance cost
Bond issuance costs are fully recognized as expenses when paid.

(7) Method of hedge accounting
(i) Method of hedge accounting
Deferral hedge accounting is applied.
(ii) Hedging instruments and hedged items
The Company uses forward exchange contracts to mitigate foreign currency exchange risks associated with import and export transactions. It also engages in interest rate swap agreements according to respective financing periods, to fix the risk of fluctuations in cash flows in long-term borrowings.
(iii) Hedging policy
As currency related derivative transactions are mainly used to hedge the foreign exchange risk associated with sales contracts denominated in U.S. dollars, the use of derivatives is limited to the amount of accounts receivable - trade and sales contracts denominated in foreign currencies.
Through interest-related derivative transactions, the Company aims to fix the interest rate for each long-term borrowing at the prevailing market rate as of each fund procurement since the Company emphasizes obtaining long-term borrowings at stable interest rates.
(iv) Method of assessing hedge effectiveness
Effectiveness of hedging activities is assessed by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges up to the time of assessment.

(8) Valuation standard and valuation method for derivative financial instruments
Derivative financial instruments are measured at fair value.

(9) Translation of foreign currency-denominated assets and liabilities into yen
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rates as of the fiscal year-end. Foreign exchange gains and losses are recognized in profit or loss.

2. Notes on accounting estimates

(1) Valuation of shares of subsidiaries and affiliates with no market price

(i) Amounts recorded in the non-consolidated financial statements as of March 31, 2026

Shares of subsidiaries and affiliates with no market price: ¥156,906 million

Of the above amount, carrying amounts of major shares of subsidiaries and affiliates acquired through M&A, etc.

・ H-E Parts International LLC ¥30,450 million

(ii) Information contributing to understanding of accounting estimates

As for shares of subsidiaries and affiliates, if the actual value of a share has decreased significantly after comparison between the actual value and the purchase price of the share, the recoverability is assessed in light of business performance based on the company's business plan. For the business plan, actual results in and after the next fiscal year often differ from the plan due to risks related to changes in business environment and other factors. If actual results are different, this may affect operating results, etc.

In addition, certain shares of subsidiaries and affiliates acquired through M&A, etc. are assessed based on the actual value in view of excess earning power calculated in measurement of the company's corporate value at the time of acquisition, and others. Whether or not excess earning power, etc. is impaired is affected by future achievability of the business plan. If the business plan is not achieved and excess earning power is impaired in and after the fiscal year, this may affect operating results, etc.

3. Notes to the non-consolidated balance sheet

	(Millions of yen)
(1) Accumulated depreciation for property, plant and equipment	192,609
(2) Guarantee obligations	
Guarantees	68,499
Guarantee commitment	87
(3) Monetary claims and monetary debts to subsidiaries and affiliates	
Short-term monetary claims	336,529
Short-term monetary debts	84,321

4. Notes to the non-consolidated statements of income

	(Millions of yen)
(1) Transactions with subsidiaries and affiliates	
Operating transaction	
Sales	539,201
Purchase	286,534
Total amount of non-operating transactions	108,093

(2) Notes on extraordinary losses

The loss on business restructuring recognized during the fiscal year under review primarily arose from business restructuring initiatives aimed at strengthening the value chain business in North America, among other objectives. The breakdown of the loss on business restructuring in North America includes losses related to indemnification claim against our subsidiary ACME, as well as losses on valuation of shares of our subsidiary Hitachi Construction Machinery Holding U.S.A. Corp. (hereinafter referred to as "HHUS"). The loss on business restructuring of ¥58,655 million, including these items, has been recorded as extraordinary losses. Note that this business restructuring in North America includes the sale of ECCO, a subsidiary of ACME, but this has no impact on the financial statements. For details, please refer to "9. Other Notes (1) Notes to the consolidated statements of income" and "(2) Notes on disposal groups classified as held for sale" in the Notes to the Consolidated Financial Statements.

(i) Loss on indemnification claim against ACME

With a view to improving ACME's financial health and strengthening its business operations following restructuring, the Company decided to waive its indemnification claim against ACME and recorded a loss on waiver of indemnification claim of ¥21,489 million in the fiscal year under review.

The indemnification claim arose in fiscal year ended March 31, 2023, when ACME, then an affiliate of the Company, defaulted on a loan from a financial institution, and the Company, as the guarantor of the debt, made payments in proxy to the financial institution. Previously, these claims were recorded on the Company's balance sheet as long-term accounts receivable - other with subsidiaries and affiliates.

(ii) Write-down of HHUS Shares

HHUS is an intermediate holding company that owns 100% of ACME's shares. As part of the restructuring of its business in North America, the Company has decided to transfer the ACME shares held by HHUS to Hitachi Construction Machinery Americas, Inc. (hereinafter referred to as "HCMA"), a subsidiary of the Company. During the process of considering this share transfer, the actual value of HHUS decreased; therefore, the value of its shares was written-down to their recoverable amount, and loss on valuation of shares of subsidiaries and affiliates of ¥36,437 million was recorded.

HHUS is scheduled to be liquidated following the completion of the transfer of ACME shares.

5. Notes to the non-consolidated statements of changes in equity

Number of treasury stock as at the last day of the fiscal year ended March 31, 2026

Common stock	2,378,960 shares

6. Notes on revenue recognition

Information that forms the basis for understanding revenue is provided in "(iv) Other important matters for compiling consolidated financial statements" in "(5) Matters pertaining to accounting policies" of "1. Notes, etc. on basis of presenting consolidated financial statements" in the Notes to the Consolidated Financial Statements and "(5) Revenue and expenses" of "1. Notes on matters pertaining to significant accounting policies" in the Notes to the Non-consolidated Financial Statements.

Information on disaggregation of revenue and information for understanding the amounts of revenue in the fiscal year under review as well as in and after the next fiscal year are omitted as the same information is provided in "7. Notes on revenue recognition" in the Notes to the Consolidated Financial Statements.

7. Notes on tax effect accounting

(1) Components of deferred tax assets and deferred tax liabilities by major cause

	(Millions of yen)
Deferred tax assets	
Net operating loss carryforwards	135
Accrued business tax	296
Provision for bonuses	2,387
Accrued expenses	2,339
Allowance for doubtful accounts	89
Write down of inventories	1,760
Loss on valuation of shares of subsidiaries and affiliates	24,687
Loss on valuation of investment securities	123
Provision for retirement benefits	2,682
Excess over depreciation limit	1,351
Others	5,005
Subtotal of deferred tax assets	40,854
Valuation allowance on total deductible temporary differences	(16,719)
Subtotal of valuation allowance	(16,719)
Total	24,135
Deferred tax liabilities	
Prepaid pension costs	244
Reserve for reduction entry	2,519
Valuation difference on available-for-sale securities	2,926
Others	719
Total	6,408
Net deferred tax assets	17,727

(2) Accounting treatment for national corporate taxes and local corporate taxes or tax effect accounting relating to these taxes

The Company adopts Group Relief System. Furthermore, the Company undertakes and discloses the accounting treatment for national corporate taxes and local corporate taxes or tax effect accounting relating to these taxes in compliance with provisions in the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Issues Task Force No. 42, August 12, 2021).

8. Notes on related-party transactions

(1) Parent Company and major corporate shareholders, etc.

Attribute	Name of entity	Address	Common stock or investments	Business activities	Percentage of voting rights held (%)	Relationship with related party	Transaction	Transaction amount (Millions of yen)	Account	Balance as of March 31, 2026 (Millions of yen)
Other associates	ITOCHU Corporation	Minato-ku, Tokyo	¥253,448 million	General trading company	Held Indirect 33.4	Sales of the Company's products	Sales, etc. of products (Note 1)	61,002	Accounts receivable - trade	34,023
Major corporate shareholders	Hitachi, Ltd.	Chiyoda-ku, Tokyo	¥466,666 million	Manufacture, sales and service of electric machinery, equipment and various products	Held Direct 18.4	Payment of brand value royalty Officers with concurrent positions	Payment of brand value royalty	2,874	Accounts payable - other	8,483

(2) Subsidiaries, etc.

Attribute	Name of entity	Address	Common stock or investments	Business activities	Percentage of voting rights held (%)	Relationship with related party	Transaction	Transaction amount (Millions of yen)	Account	Balance as of March 31, 2026 (Millions of yen)
Subsidiary	Hitachi Construction Machinery Tierra Co., Ltd.	Koka-city, Shiga	¥1,441 million	Manufacturing, sales and services of mini excavators	Holding Direct 100.0	Manufacturing of the Company's products Lending and borrowing, etc. of funds Officers with concurrent positions	Purchase, etc. of products (Note 2)	132,599	Accounts payable - trade	13,472
							Repayment of funds (Note 3)	1,128	Deposits received	48,196
							Payment of interest (Note 4)	309		
Subsidiary	Hitachi Construction Machinery Japan Co., Ltd.	Soka-city, Saitama	¥5,000 million	Rental, sales and services of construction machinery	Holding Direct 100.0	Sales, leasing and services of the Company's products Lending and borrowing, etc. of funds	Sales, etc. of products (Notes 1, 6)	116,508	Accounts receivable – trade (Note 6)	32,019
							Repayment of funds (Note 3)	6,780	Short-term loans receivable	15,850
							Receipt of interest (Note 4)	136		
Subsidiary	Hitachi Construction Machinery Leasing Co., Ltd.	Soka-city, Saitama	¥50 million	Installment sales and leasing of construction machinery, etc.	Holding Direct 100.0	Leasing of the Company's products Lending and borrowing, etc. of funds	Lending of funds (Note 3)	1,243	Short-term loans receivable	40,751
							Receipt of interest (Note 4)	369		
Subsidiary	Hitachi Kenki Logistics Technology Co., Ltd.	Tsuchiura city, Ibaraki	¥360 million	Packaging, shipping, and export and import service of construction machinery, etc.	Holding Direct 100.0	Packaging and shipping of the Company's products	Purchase, etc. of products (Note 2)	60,234	Accounts payable - trade	3,668
Subsidiary	Hitachi Construction Machinery (Europe) N.V.	Amsterdam, the Netherlands	70,154 thousand euros	Manufacturing, sales and services of construction machinery	Holding Direct 98.9	Manufacturing and sales of the Company's products	Sales, etc. of products (Note 1)	141,125	Accounts receivable - trade	53,726
Subsidiary	Hitachi Construction Machinery Americas, Inc.	Georgia, U.S.A	8,000 Thousand U.S. dollars	Sales of construction machinery	Holding Direct 100.0	Sales of the Company's products Lending and borrowing, etc. of funds Officers with concurrent positions	Sales, etc. of products (Notes 1, 5)	81,648	Accounts receivable - trade (Note 5)	44,296
							Repayment of funds (Note 3)	10,466	–	–
							Receipt of interest (Note 4)	466		
Subsidiary	Hitachi Construction Machinery Distribution (China) Co., Ltd.	Shanghai, China	200,000 thousand RMB	Sales and services of construction machinery	Holding Direct 100.0	Lending and borrowing, etc. of funds	Borrowing of funds	6,638	Short-term borrowings	23,110
							Payment of interest (Note 4)	51		

Attribute	Name of entity	Address	Common stock or investments	Business activities	Percentage of voting rights held (%)	Relationship with related party	Transaction	Transaction amount (Millions of yen)	Account	Balance as of March 31, 2026 (Millions of yen)
Subsidiary	Hitachi Construction Machinery Oceania Holdings Pty., Ltd.	New South Wales, Australia	29,122 thousand Australian dollars	Sales and services of construction machinery	Holding Direct 100.0	Sales of the Company's products Officers with concurrent positions	Sales, etc. of products (Note 1)	49,694	Accounts receivable - trade	21,098
Subsidiary	LLC Hitachi Construction Machinery Eurasia	Tver, Russia	1,739,357 thousand rubles	Manufacturing and sales of construction machinery	Holding Direct 100.0	Manufacturing and sales of the Company's products Officers with concurrent positions	Sales, etc. of products (Note 1)	3,636	Accounts receivable - trade	10,887
Subsidiary	Hitachi Construction Machinery Africa Pty. Ltd.	Gauteng Province, South Africa	167,935 thousand rand	Sales and services of construction machinery	Holding Direct 100.0	Sales of the Company's products	Sales, etc. of products (Note 1)	24,059	Accounts receivable - trade	9,139
Subsidiary	ACME Business Holdco, Inc.	Delaware, U.S.A.	285,287 Thousand U.S. dollars	Rental and services of construction machinery	Holding Indirect 100.0	Lending and borrowing, etc. of funds	Lending of funds (Note 3)	18,255	Short-term loans receivable	46,365
							Receipt of interest (Note 4)	2,898		
							Waiver of claim (Note 7)	21,489	–	–
Affiliate	EURASIAN MACHINERY B.V.	Amsterdam, the Netherlands	1,000 Thousand U.S. dollars	Sales and services of construction machinery	Holding Direct 40.0	Sales of the Company's products	Sales, etc. of products (Notes 1, 5)	6,083	Accounts receivable - trade (Note 5)	5,721
									Long-term accounts receivable - trade with subsidiaries and affiliates	10,827
Affiliate	ZAXIS Financial Services Americas, LLC	Georgia, U.S.A.	50,000 Thousand U.S. dollars	Installment sale and leasing of construction machinery, etc.	Holding Indirect 30.0	Debt guarantees	Debt guarantees (Note 8)	41,580	–	–
							Receipt of debt guarantee fees (Note 9)	103		

Transaction amounts are presented exclusive of consumption taxes, etc., and the year-end balances are presented inclusive of consumption taxes, etc. for transactions in Japan.
Transaction terms and conditions or the policy for determining them, etc.

(Note 1) Sale prices are negotiated and decided in reference to market prices, etc. for each period.
(Note 2) Purchase prices are negotiated and decided in reference to market prices, etc. for each period.
(Note 3) They represent loans and deposits of funds under the pooling system through which the funds of subsidiaries and affiliates, etc. are centralized into the Company and such funds are lent to subsidiaries and affiliates, etc. that are in need of funds, and the financial arrangements are made on a daily basis. Accordingly, the transaction amount shown is a change from the balance at the end of the fiscal year ended March 31, 2025.
Interest rates on loans and deposits of funds are decided considering the market interest rates.
(Note 4) Receipt and payment of interests are decided considering the market interest rates.
(Note 5) The transaction amount and the balance of accounts receivable - trade include those through trading companies.
(Note 6) The transaction amount and the balance of accounts receivable - trade include those through leasing companies.
(Note 7) The waiver of claim refers to the waiver of the indemnification claim against ACME Business Holdco, Inc.
(Note 8) The Company guarantees the debt borrowed by ZAXIS Financial Services Americas, LLC from financial institutions.
(Note 9) The rate for the debt guarantee fees is reasonably determined by considering market interest rates.

9. Notes on per share information

(1)	Net assets per share	¥2,221.68
(2)	Net income per share	¥131.05

10. Notes on significant subsequent events

At a meeting of the Board of Directors held on March 27, 2026, the Company resolved to transfer certain non-current assets and entered into a transfer agreement on March 30, 2026. The transfer was completed on April 27, 2026, as described below.

(1) Reason for the transfer of non-current assets

The Company transferred the following non-current assets it held for the purpose of optimizing its real estate holdings.

(2) Details of the transferred assets

Land (business-use assets)

(3) Transfer price and overview of the transferee

The transfer price and the identity of the transferee will not be disclosed. Furthermore, there are no notable capital, personal, or business relationships, nor any notable related-party relationships, between the Company and the transferee.

(4) Impact on profit and loss

The Company plans to record approximately ¥11.3 billion as a gain on sales of property, plant and equipment under extraordinary income in the first quarter of the fiscal year ending March 31, 2027.

11. Other notes

No applicable matters.