

# Notice of Convocation for the 61<sup>st</sup> Annual Shareholder's Meeting

**HITACHI**

Reliable Solutions

Hitachi Construction Machinery Group  
**LANDCROS**  
Japanese Excellence—Reliable Solutions



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Note: The amounts contained in this notice for reference are rounded to the nearest integer.

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 6, 2025

Electronic provision measures commencement date: May 30, 2025

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 61<sup>st</sup> Annual Shareholder's Meeting**

Your presence is cordially requested for the 61<sup>st</sup> 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 61<sup>st</sup> 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 23, 2025, at 10:00 a.m. (Japan Standard Time (JST)) (Reception starts at 9:00 a.m.)
2. **Venue:** CYNTHIA, 1<sup>st</sup> 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 61<sup>st</sup> fiscal year (from April 1, 2024 to March 31, 2025)

**Matters to be resolved:**

**Proposal:** Election of Ten (10) 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 5:30 p.m. on Friday, June 20, 2025.**
- (5) Please exercise your voting rights via electromagnetic means (the Internet, etc.) **no later than 5:30 p.m. on Friday, June 20, 2025.**
- (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 19, 2025.

### **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 23, 2025, 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 20, 2025 at 5:30 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 20, 2025 at 5:30 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.tosyodai54.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: **0120-88-0768** (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)

### Management Policy and Group Identity

#### Management policy of Hitachi Construction Machinery Group

The Hitachi Construction Machinery Group has set forth the vision: “Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society.” Under our spirit, “Challenge, Customer, and Communication,” which is the Group’s shared code of conduct, all of our employees continue to create new value together with our customers by meeting their expectations and co-creating innovative products, services, and solutions as “reliable solutions partner with/for our customers.”

By doing so, we seek to strengthen our business competitiveness and group management capabilities; improve our profitability and ability to generate cash; and realize the building of a sustainable society and business growth with SDGs, ESG and other management issues, with the aim of increasing corporate value and further enhancing shareholder value.

#### Group identity of Hitachi Construction Machinery

We have formulated our “group identity of Hitachi Construction Machinery,” which defines how we want to be, our mission, and other things.

We strive to swiftly respond to the expectations of our customers and address the issues they are confronting. Based on outstanding technologies, we will thus deliver innovative products, services and solutions through co-creation with our customers and alliance partners. Through these endeavors, we will create new value to “ensure a prosperous land and society for the future” in line with our vision, thereby contributing to the realization of a safe and sustainable society.

### Formulating our own group identity in response to business environmental changes

**Reliable Solutions** We are a reliable solutions partner with/for our customers



Corporate Color **Reliable Orange**

## About the new concept “LANDCROS”

In July 2024, we established the new concept “LANDCROS” as a proof of our desire to deliver innovative solutions. From now on, under the Hitachi brand, we will utilize “LANDCROS” in a variety of internal and external occasions to spread a new image of Hitachi Construction Machinery to all stakeholders.

### Our Desire behind LANDCROS



LANDCROS is a unified symbolic word that embodies the five desires.

The LAND symbolizes our vision “Ensure a prosperous land and society for the future -We contribute toward realizing a safe and sustainable society-” which is defined in the Group Identity.

The CROS represents “Customer, Reliable, Open, and Solutions”, and reflects our direction toward becoming a solution provider.



## Corporate Governance Initiatives

### 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.

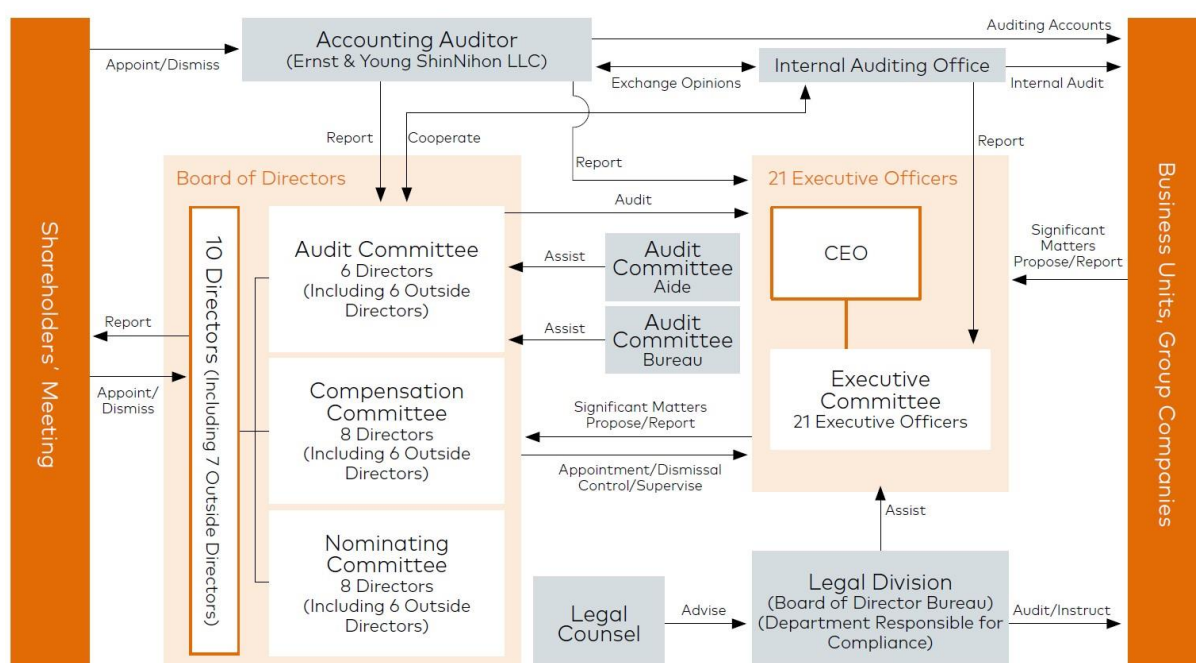
In order to ensure highly fair and transparent management while building an operational system that facilitates the prompt and sound execution of such management strategies, the Company has adopted a corporate organizational system based on a structure for company with Nominating Committee, etc., with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

[Hitachi Construction Machinery's Corporate Governance]

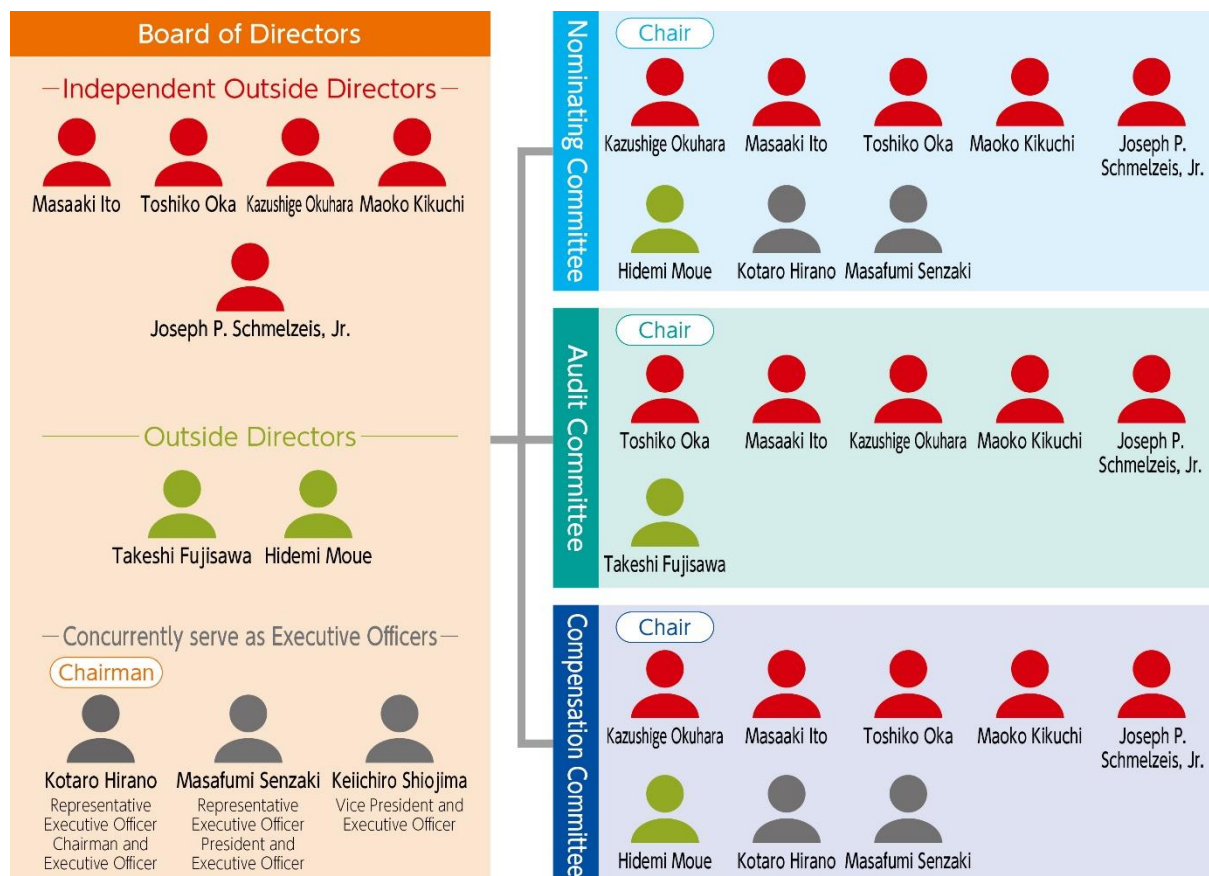
<https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/>

### Corporate governance system (as of March 31, 2025)

#### ■ Corporate Governance System



## Composition of the Board of Directors and Committees (as of March 31, 2025)



### 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.

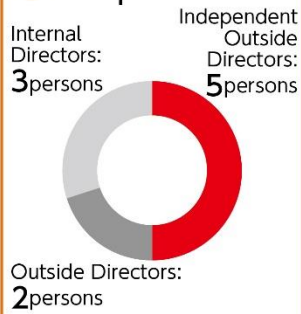
### POINT 3

Well-balanced composition of the Board of Directors

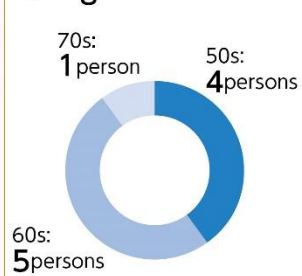
The Company supervises the management to maximize the common interests of shareholder by appointing executive officers of major shareholders as Directors (= Outside Directors). At the same time, the Company appropriately protects the interests of minority shareholders by appointing multiple Independent 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

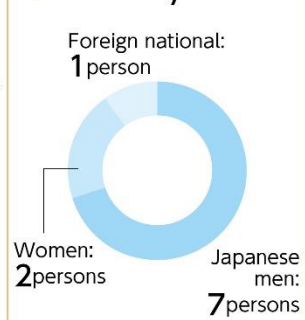
### Independence



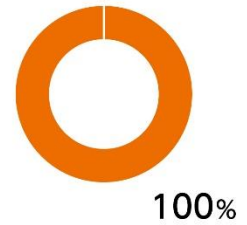
### Age



### Diversity



### Attendance at Board of Directors Meetings



## Nominating Committee

### Ratio of Independent Outside Directors

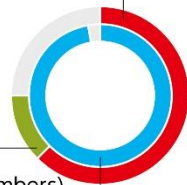
**62.5%**  
(5 out of 8 members)

### Ratio of Outside Directors

**12.5%**  
(1 out of 8 members)

### Attendance at Nominating Committee Meetings

**97.4%**



## Audit Committee

### Ratio of Independent Outside Directors

**83.3%**  
(5 out of 6 members)

### Ratio of Outside Directors

**16.7%**  
(1 out of 6 members)

### Attendance at Audit Committee Meetings

**96.9%**



## Compensation Committee

### Ratio of Independent Outside Directors

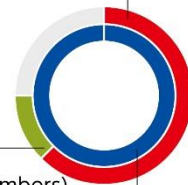
**62.5%**  
(5 out of 8 members)

### Ratio of Outside Directors

**12.5%**  
(1 out of 8 members)

### Attendance at Compensation Committee Meetings

**100%**



## **Details of Deliberations and Activities of the Board of Directors and Committees** **(FY2024)**

### **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 FY2024>

- 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 FY2024>

- Execution system
- Candidates for Executive Officers
- Definition of requirements for appointment of Directors (reasons for selecting skills, skills matrix)
- Election of 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 Division, 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 FY2024 >

- Exchange of opinions with Representative Executive Officers (Chairman and President) and Executive Vice President and interviews on the execution of duties by Executive Officers, etc. who are heads of business units
- 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 FY2024 >

- 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 selected the skills required for management strategies, including the management policy, group identity and medium-term management plan of the Hitachi Construction Machinery Group, and appoints candidates for Directors who have a diverse background covering each skill widely.

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
International management	Business experience outside Japan or management experience in a company operating globally	We believe that this skill is required in order to quickly make management decisions that require an international perspective and an understanding of geopolitical risks, as the Company works to <b>expand business in the Americas, while its overseas sales account for more than 80% of total sales.</b>
Research and development	Specialized knowledge and experience in the field of research and development that enables co-creation of innovative products, services, and solutions	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to <b>continuously provide innovative products and solutions</b> that can respond to changes in the environment, such as the decline in the working population and manpower saving in the construction industry.
Quality control, production and procurement	Specialized knowledge and experience in the fields of quality control, production, and procurement	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to continuously <b>improve productivity</b> and provide <b>high-quality products and solutions</b> to our customers.
Sales and service	Specialized knowledge and experience in accurately grasping the global business environment and customer orientation, which enables us to develop sales and marketing strategies in advance	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to continuously be <b>“a reliable solutions partner with/for our customers”</b> 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	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to achieve the <b>expansion of the value chain business</b> through the use of digital technology, as well as to promote digital transformation (DX) within the Company.
Finance and accounting	Specialized knowledge and experience in the field of financial accounting for sustainable improvement of corporate value	We believe that this skill is required in order to supervise the development of a capital policy and establishment of a system based on management strategies while conducting accurate financial reporting.
M&A	Specialized knowledge and experience in growth investment for sustainable improvement of corporate value	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to <b>collaborate with partner companies around the world, including those in different industries</b> , as globalization progresses and our value chain business expands.
Legal and compliance	Specialized knowledge and experience in the field of legal and compliance to support sustainable business growth	We believe that this skill is required in order to promote and supervise the establishment of a compliance system to exercise a proper management-monitoring function and to comply with laws, regulations and corporate ethics, in accordance with our fundamental values <b>“Basics and Ethics.”</b>
Human resources, human rights and personnel development	Specialized knowledge and experience in the field of human resources, human rights, and personnel development to support sustainable business growth	We believe that this skill is required in order to supervise the strategic planning and establishment of a system to strengthen human resources and corporate capabilities and realize Hitachi Construction Machinery’s human capital management <b>“Where every Kenjin can be themselves in Harmony.”</b>

### **Skills Matrix of Candidates for Directors**

The skills matrix of each Director if the 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	1
2	Toshiko Oka	Independent Outside Director/ Nominating Committee Member/Audit Committee (Chair)/Compensation Committee Member	Candidate for Outside Director Candidate for Independent Director	4
3	Kazushige Okuhara	Independent Outside Director/ Nominating Committee (Chair)/Audit Committee Member/Compensation Committee (Chair)	Candidate for Outside Director Candidate for Independent Director	9
4	Kiyomi Kikuchi	–	Candidate for Outside Director Candidate for Independent Director	–
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	2
6	Takeshi Fujisawa	Outside Director/Audit Committee Member	Candidate for Outside Director	1
7	Hidemi Moue	Outside Director/ Nominating Committee Member/Compensation Committee Member	Candidate for Outside Director	3
8	Keiichiro Shiojima	Vice President and Executive Officer, Director /CFO/General Manager of the Finance Division		4
9	Masafumi Senzaki	Representative Executive Officer/President and Executive Officer, Director/COO/Nominating Committee Member/Compensation Committee Member		2
10	Kotaro Hirano	Representative Executive Officer/Chairman and Executive Officer, Director/CEO/Nominating Committee Member/Compensation Committee Member		8

\*The number of years in office is as of the conclusion of the 61<sup>st</sup> Annual Shareholder's Meeting to be held on June 23, 2025.

	Main areas of professional experience/Areas where each candidate is expected to contribute								
	International management	Research and development	Quality, production and procurement	Sales and service	IT and digital	Finance and accounting	M&A	Legal and compliance	Human resources, human rights and personnel development
	●	●	●				●		
	●					●	●		●
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	●	●	●	●	●	●		●	●
	●		●	●		●	●	●	●



**Proposal: Election of Ten (10) 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 ten (10) 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.

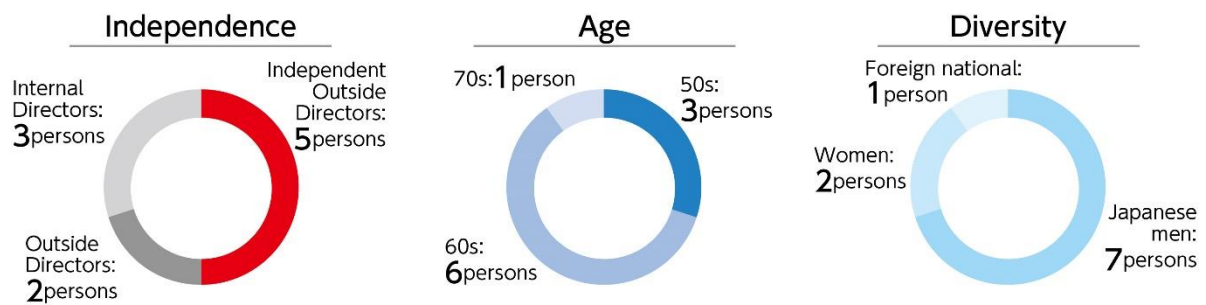
If the proposal is approved as originally proposed, seven (7) of the ten (10) Directors will be Outside Directors (including five (5) Independent Outside Directors). We believe that this will enable us to continue to fulfill our supervisory function with a high degree of independence and fairness.

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	New appointment Candidate for Outside Director Candidate for Independent Director	—	
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	Takeshi Fujisawa	Reappointment Candidate for Outside Director	Outside Director	Audit Committee
7	Hidemi Moue	Reappointment Candidate for Outside Director	Outside Director	Nominating Committee Compensation Committee
8	Keiichiro Shiojima	Reappointment	Director and Executive Officer	—
9	Masafumi Senzaki	Reappointment	Director and Executive Officer	Nominating Committee Compensation Committee
10	Kotaro Hirano	Reappointment	Director and Executive Officer	Nominating Committee Compensation Committee

#### Organizational structure after the Annual Shareholder's Meeting on June 23, 2025 (planned)



No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
1	<p><b>Masaaki Ito</b> (June 23, 1957)</p> <p>[Candidate for Independent Director]</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership 216 shares</p> <p>Term of office as Director 1 year (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b> Independent Outside Director, Nominating Committee Member, Audit Committee Member, Compensation Committee Member</p> <p>Attendance at Board of Directors Meetings in FY2024: 10/10 (100%) Attendance at Nominating Committee Meetings in FY2024: 4/4 (100%) Attendance at Audit Committee Meetings in FY2024: 7/8 (88%) Attendance at Compensation Committee Meetings in FY2024: 4/4 (100%)</p> <p><b>Expertise possessed by the candidate</b> International management Research and development Quality, production and procurement M&amp;A</p> <p><b>Career summary and other principal positions held</b> 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)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b> As the top executive of an international manufacturing company, he has experience in production and research and development as well as deep insight in the fields of corporate planning, CSR, etc. 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 2024, and his term of office will be one (1) year at the close of the 61<sup>st</sup> Annual Shareholder's Meeting.</p> <p><b>Message from the candidate</b> 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.</p>

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held																						
2	<p><b>Toshiko Oka</b> (March 7, 1964)</p> <p>[Candidate for Independent Director]</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership 643 shares</p> <p>Term of office as Director 4 years (*as of the conclusion of this Annual Shareholder’s Meeting)</p>	<p><b>Position and responsibilities at the Company</b></p> <p>Independent Outside Director, Nominating Committee Member, Audit Committee (Chair), Compensation Committee Member</p> <p>Attendance at Board of Directors Meetings on FY2024: 12/12 (100%)</p> <p>Attendance at Nominating Committee Meetings in FY2024: 5/5 (100%)</p> <p>Attendance at Audit Committee Meetings in FY2024: 12/12 (100%)</p> <p>Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b></p> <p>International management</p> <p>Finance and accounting</p> <p>M&amp;A</p> <p>Human resources, human rights and personnel development</p> <p><b>Career summary and other principal positions held</b></p> <table><tr><td>4/1986</td><td>Joined Tohmatsu Touche Ross Consulting Limited</td></tr><tr><td>7/2000</td><td>Joined Asahi Arthur Anderson Limited</td></tr><tr><td>4/2005</td><td>President and Representative Director, ABeam M&amp;A Consulting Ltd.</td></tr><tr><td>4/2016</td><td>Partner, PwC Advisory LLC</td></tr><tr><td>6/2016</td><td>Outside Director, Hitachi Metals, Ltd. (currently Proterial, Ltd.)</td></tr><tr><td>6/2018</td><td>Outside Director, Sony Group Corporation</td></tr><tr><td>6/2019</td><td>Outside Director, Happinet CORPORATION (to present)</td></tr><tr><td>6/2020</td><td>Outside Director, ENEOS Holdings, Inc. (to present)</td></tr><tr><td>4/2021</td><td>Professor, Graduate School of Global Business, Meiji University (to present)</td></tr><tr><td>6/2021</td><td>Outside Director, the Company (to present)</td></tr><tr><td>3/2024</td><td>Outside Director, Earth Corporation (to present)</td></tr></table>	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)
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6/2021	Outside Director, the Company (to present)																							
3/2024	Outside Director, Earth Corporation (to present)																							
<p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b></p> <p>She has experience as the top executive of a consulting firms, knowledge and deep insight in M&amp;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 four (4) years at the close of the 61<sup>st</sup> Annual Shareholder’s Meeting.</p>																								
<p><b>Message from the candidate</b></p> <p>FY2025 is the year that marks the completion of the current medium-term management plan. The Company is now in the midst of formulation of its own identity in response to changes in the business environment, that is 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&amp;A and personnel development, to realize growth strategies conducive to sustainable improvement of the Company’s corporate value.</p>																								

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
3	<p><b>Kazushige Okuhara</b> (January 27, 1948)</p> <p>[Candidate for Independent Director]</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership 9,145 shares</p> <p>Term of office as Director 9 years (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b> Independent Outside Director, Nominating Committee (Chair), Audit Committee Member, Compensation Committee (Chair)</p> <p>Attendance at Board of Directors Meetings on FY2024: 12/12 (100%)</p> <p>Attendance at Nominating Committee Meetings in FY2024: 5/5 (100%)</p> <p>Attendance at Audit Committee Meetings in FY2024: 12/12 (100%)</p> <p>Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b> International management Quality, production and procurement Sales and service Legal and compliance Human resources, human rights and personnel development</p> <p><b>Career summary and other principal positions held</b> 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 &amp; Marketing Division, Chief General Manager of Subaru Parts &amp; 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 &amp; 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)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b> He has experience as the top executive of a global company, extensive knowledge and deep insight ranging from personnel and labor policy to sales and services. 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 nine (9) years at the close of the 61<sup>st</sup> Annual Shareholder's Meeting.</p> <p><b>Message from the candidate</b> As a global company, our objective of realizing the Group's vision of "To ensure a prosperous land and society for the future" is a great watchword that we are all proud of. Our Company's "second founding" is now shifting to a next phase. With the origin of my business career as a base, I will engage in and wrap up building governance of the Company that is undertaking a reform.</p>

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
4	<p><b>Kiyomi Kikuchi</b> (February 2, 1963)</p> <p>[Candidate for Independent Director]</p> <p>[Candidate for Outside Director]</p> <p>[New appointment]</p> <p>Share Ownership —</p> <p>Term of office as Director —</p>	<p><b>Position and responsibilities at the Company</b> —</p> <p>Attendance at Board of Directors Meetings on FY2024: —</p> <p>Attendance at Nominating Committee Meetings in FY2024: —</p> <p>Attendance at Audit Committee Meetings in FY2024: —</p> <p>Attendance at Compensation Committee Meetings in FY2024: —</p> <p><b>Expertise possessed by the candidate</b></p> <p>International management</p> <p>M&amp;A</p> <p>Legal and compliance</p> <p><b>Career summary and other principal positions held</b></p> <p>4/1986      Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) (until 12/1990)</p> <p>4/1999      Registered as a lawyer, joined Asahi Law Offices</p> <p>5/2003      Admitted to the bar of the State of New York</p> <p>9/2004      Joined Taiyo Law Office (currently Paul Hastings LLP/Gaikokuho Kyodo Jigyo)</p> <p>9/2006      Joined JPMorgan Securities Japan Co., Ltd.</p> <p>4/2008      Joined TMI Associates (to present)</p> <p>3/2016      External Auditor of Nissay Asset Management Corporation (to present)</p> <p>6/2019      Outside Director of Mitsubishi Chemical Holdings Corporation (to present)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b></p> <p>She has experience in the field of law and knowledge on legal affairs, compliance and M&amp;As, as well as knowledge and deep insight in the field of global business. The Company 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 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.</p> <p><b>Message from the candidate</b></p> <p>The world has seen changes in administration in major countries and conflicts taking place in various regions, resulting in political instability, division of the international community and increased uncertainty. 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.</p>

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
5	<p><b>Joseph P. Schmelzeis, Jr.</b> (November 2, 1962)</p> <p>[Candidate for Independent Director]</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership 508 shares</p> <p>Term of office as Director 2 years (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b> Independent Outside Director, Nominating Committee Member, Audit Committee Member, Compensation Committee Member</p> <p>Attendance at Board of Directors Meetings on FY2024: 12/12 (100%) Attendance at Nominating Committee Meetings in FY2024: 4/5 (80%) Attendance at Audit Committee Meetings in FY2024: 11/12 (92%) Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b> International management Sales and service IT and digital Finance and accounting Human resources, human rights and personnel development</p> <p><b>Career summary and other principal positions held</b> 7/1984    Joined Bain &amp; 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 (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)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b> 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 two (2) years at the close of the 61<sup>st</sup> Annual Shareholder's Meeting.</p> <p><b>Message from the candidate</b> 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 "<i>Kenkijin</i>" pursue our mission together.</p>

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
6	<p><b>Takeshi Fujisawa</b> (August 13, 1966)</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership —</p> <p>Term of office as Director 1 year (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b> Outside Director, Audit Committee Member Attendance at Board of Directors Meetings on FY2024: 10/10 (100%) Attendance at Nominating Committee Meetings in FY2024: — Attendance at Audit Committee Meetings in FY2024: 8/8 (100%) Attendance at Compensation Committee Meetings in FY2024: —</p> <p><b>Expertise possessed by the candidate</b> International management Research and development IT and digital</p> <p><b>Career summary and other principal positions held</b> 4/1989    Joined Hitachi, Ltd. 4/2015    General Manager, Government &amp; Public Solutions Dept. III, Government &amp; Public Corporation Information Systems Division, Information &amp; Communications Systems Company 4/2019    General Manager, Enterprise Solutions Dept., Industrial &amp; Distribution Business Unit 4/2020    General Manager, Digital Solution Business Dept., Industrial &amp; Distribution Business Unit 4/2022    General Manager, Digital Solution Business Dept., Industrial Digital Business Unit 4/2024    COO, Social Infrastructure Systems Business Unit (to present) 6/2024    Outside Director, the Company (to present)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b> He has experience in information and communications systems and digital fields in the Hitachi Group, as well as experience and deep insight as a top executive. The Company again nominates him as a candidate for Outside Director as he will be able to contribute to further strengthening the Company's management structure and increasing its corporate value over the medium to long term by utilizing his extensive experience and knowledge of business and management to provide advice on the Company's overall management. 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 one (1) year at the close of the 61<sup>st</sup> Annual Shareholder's Meeting</p> <p><b>Message from the candidate</b> We are striving to share new value with our customers by expanding the value chain business and enhancing our solutions beyond serving as only a manufacturer. Leveraging my experience in the digital solution business at the previous company, I would like to support planning and providing of innovative solutions that meet future customer demands through the use of digital technology, and make every effort to enhance corporate value.</p>



No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
7	<p><b>Hidemi Moue</b> (October 1, 1955)</p> <p>[Candidate for Outside Director]</p> <p>[Reappointment]</p> <p>Share Ownership —</p> <p>Term of office as Director 3 years (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b></p> <p>Outside Director, Nominating Committee Member, Compensation Committee Member</p> <p>Attendance at Board of Directors Meetings on FY2024: 12/12 (100%)</p> <p>Attendance at Nominating Committee Meetings in FY2024: 5/5 (100%)</p> <p>Attendance at Audit Committee Meetings in FY2024: —</p> <p>Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b></p> <p>International management</p> <p>Finance and accounting</p> <p>M&amp;A</p> <p><b>Career summary and other principal positions held</b></p> <p>4/1979    Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>6/1996    General Manager, Capital Markets Group 2, IBJ Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)</p> <p>2/1998    General Manager, Business Development, Capital Markets Group</p> <p>10/2000   General Manager, Corporate Finance Department, Capital Markets Group</p> <p>11/2002   President and CEO, Japan Industrial Partners, Inc. (to present)</p> <p>6/2010    Auditor, Mobile Internet Capital, Inc. (to present)</p> <p>6/2022    Outside Director, the Company (to present)</p> <p>8/2022    Representative Director and President, HCJI Holdings, Ltd. (to present)</p> <p>1/2023    Director, Proterial, Ltd. (to present)</p> <p>12/2023   Director, TOSHIBA CORPORATION (to present)</p> <p><b>Reason for the election of candidate for Outside Director, overview of expected roles, etc.</b></p> <p>He has experience as the top executive of fund management firms, and knowledge and deep insight on finance and M&amp;A fields. The Company again nominates him as a candidate for Outside Director as he will be able to contribute to further strengthening the Company's management structure and increasing its corporate value over the medium to long term by utilizing his extensive experience and knowledge of business and management to provide advice on the Company's overall management. It should be noted that he has served as an Outside Director of the Company since June 2022, and his term of office will be three (3) years at the close of the 61<sup>st</sup> Annual Shareholder's Meeting.</p> <p><b>Message from the candidate</b></p> <p>In addition to the manufacture and sale of construction machinery, the Company is seeking to achieve business growth in the global market by strengthening the value chain business, including maintenance services and the rental business. To this end, I will fulfill my role as Director to ensure a more robust management infrastructure and dramatically expand corporate value through prompt and active management decision-making.</p>

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held																
8	<div>Keiichiro Shiojima (November 24, 1965)</div> <div>[Reappointment]</div> <div>Share Ownership 7,199 shares</div> <div>Term of office as Director 4 years (*as of the conclusion of this Annual Shareholder’s Meeting)</div>	<b>Position and responsibilities at the Company</b> Vice President and Executive Officer, Director, CFO, General Manager of Finance Division  Attendance at Board of Directors Meetings on FY2024: 12/12 (100%)  Attendance at Nominating Committee Meetings in FY2024: –  Attendance at Audit Committee Meetings in FY2024: –  Attendance at Compensation Committee Meetings in FY2024: –  <b>Expertise possessed by the candidate</b> <div>International management</div> <div>Finance and accounting</div> <div>M&amp;A</div> <b>Career summary and other principal positions held</b> <table><tr><td>4/1988</td><td>Joined the Company</td></tr><tr><td>4/2011</td><td>General Manager, Credit Management Department, Finance Division</td></tr><tr><td>4/2014</td><td>Director, Hitachi Construction Machinery Asia and Pacific Pte. Ltd.</td></tr><tr><td>4/2016</td><td>General Manager, Finance Department, Finance Division, Corporate Management Group, the Company</td></tr><tr><td>4/2019</td><td>Deputy General Manager, Finance Division, Corporate Management Group</td></tr><tr><td>4/2020</td><td>Executive Officer, General Manager of Finance Division</td></tr><tr><td>6/2021</td><td>Director (to present)</td></tr><tr><td>4/2022</td><td>Vice President and Executive Officer, General Manager of Finance Division (to present)</td></tr></table>	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, General Manager of Finance Division (to present)
		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, General Manager of Finance Division (to present)															
		<b>Reason for the election of candidate for Director</b> He has extensive experience, excellent performance and deep insight by being engaged in the operations of business such as accounting and finance and the management of the Company and Hitachi Construction Machinery Group Companies. The Company again nominates him as a candidate for Director, as he will be able to further strengthen the Company’s management structures by sharing information, as a member of the Board of Directors, with other members.																
<b>Message from the candidate</b> Even under a demand environment remaining stagnant, we work to maintain growth in our core business, and particularly through expanding profit from recurring business-based value chain, stably secure high revenues and mitigate impacts of cyclicity. In parallel with this, I continue to foster awareness of capital cost within the Company to promote concentrated investment in key growth areas and balance sheet management. Through maximizing cash generation and maintaining and increasing ROE, I will strive to enhance our shareholder return ratio.																		

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held														
9	<p><b>Masafumi Senzaki</b> (July 16, 1965)</p> <p>[Reappointment]</p> <p>Share Ownership 10,640 shares</p> <p>Term of office as Director 2 years (*as of the conclusion of this Annual Shareholder’s Meeting)</p>	<p><b>Position and responsibilities at the Company</b></p> <p>Representative Executive Officer, President and Executive Officer, Director, COO, in charge of Safety / Health &amp; Compliance Group, Corporate Quality Assurance Group, Corporate Brand &amp; Communications Group, Internal Auditing Office and the consolidated inventory optimization project, Nominating Committee Member, Compensation Committee Member</p> <p>Attendance at Board of Directors Meetings on FY2024: 12/12 (100%)</p> <p>Attendance at Nominating Committee Meetings in FY2024: 5/5 (100%)</p> <p>Attendance at Audit Committee Meetings in FY2024: –</p> <p>Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b></p> <p>International management</p> <p>Research and development</p> <p>Quality, production and procurement</p> <p>Sales and service</p> <p>IT and digital</p> <p>Finance and accounting</p> <p>Legal and compliance</p> <p>Human resources, human rights and personnel development</p> <p><b>Career summary and other principal positions held</b></p> <table><tr><td>4/1991</td><td>Joined the Company</td></tr><tr><td>4/2017</td><td>General Manager, Russia and CIS Business Division Director and President of LLC Hitachi Construction Machinery Eurasia Manufacturing</td></tr><tr><td>4/2018</td><td>Executive Officer, General Manager of Marketing Group</td></tr><tr><td>4/2021</td><td>Vice President and Executive Officer, General Manager of Corporate Strategy Group, and General Manager of Operations Management Group</td></tr><tr><td>4/2022</td><td>Senior Vice President and Executive Officer, General Manager of Corporate Strategy Group</td></tr><tr><td>4/2023</td><td>Representative Executive Officer, President and Executive Officer (to present)</td></tr><tr><td>6/2023</td><td>Director (to present)</td></tr></table>	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)
		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)													
		<p><b>Reason for the election of candidate for Director</b></p> <p>He has experience in the field of “MONOZUKURI” (manufacturing) and extensive experience and deep insight in corporate management gained both in Japan and overseas for the Company and Hitachi Construction Machinery Group Companies. The Company again nominates him as a candidate for Director as he is suitable for taking on important responsibilities of the Group management, and will be able to further strengthen the Company’s management structure by sharing information, as a member of the Board of Directors, with other members.</p>														
		<p><b>Message from the candidate</b></p> <p>In this phase of Hitachi Construction Machinery’s second founding, based on our achievements in the North, Central and South America and the Global South, which are areas of our focus, we will develop advanced technologies and products that address the problem of climate change, and promote a shift to a recycling-oriented business through the expansion of our value chain business. We will also provide innovative solutions based on the LANDCROS concept and ensure growth of our business around the world further.</p>														

No.	Name	Position and responsibilities at the Company, Career summary and other principal positions held
10	<p><b>Kotaro Hirano</b> (June 4, 1958)</p> <p>[Reappointment]</p> <p>Share Ownership 24,549 shares</p> <p>Term of office as Director 8 years (*as of the conclusion of this Annual Shareholder's Meeting)</p>	<p><b>Position and responsibilities at the Company</b> Representative Executive Officer, Chairman and Executive Officer, Director, CEO, Nominating Committee Member, Compensation Committee Member Attendance at Board of Directors Meetings on FY2024: 12/12 (100%) Attendance at Nominating Committee Meetings in FY2024: 5/5 (100%) Attendance at Audit Committee Meetings in FY2024: – Attendance at Compensation Committee Meetings in FY2024: 5/5 (100%)</p> <p><b>Expertise possessed by the candidate</b> International management Quality, production and procurement Sales and service Finance and accounting M&amp;A Legal and compliance Human resources, human rights and personnel development</p> <p><b>Career summary and other principal positions held</b> 4/1981    Joined the Company 4/2013    Deputy General Manager, Production &amp; 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)</p> <p><b>Reason for the election of candidate for Director</b> He has been engaged in the management of the Company and Hitachi Construction Machinery Group Companies, and has extensive knowledge and outstanding capability in management through the experience of business in various fields including production and procurement. The Company again nominates him as a candidate for Director as he is suitable for taking on important responsibilities of the Group management, and will be able to further strengthen the Company's management structure by sharing information, as a member of the Board of Directors, with other members.</p> <p><b>Message from the candidate</b> 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.</p>

#### Notes on the candidates

1. Mr. Takeshi Fujisawa serves concurrently as COO of the Social Infrastructure Systems Business Unit of Hitachi, Ltd. The Company and Hitachi, Ltd. have a licensing relationship related to the Hitachi brand. Mr. Hidemi Moue serves concurrently as Representative Director and President of HCJI Holdings, Ltd. The Company and HCJI Holdings, Ltd. have entered into a capital alliance agreement. There are no relationships of special interest between the other respective candidates and the Company.
2. Matters pertaining to candidates for Outside Director
  - (1) The seven (7) candidates Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Ms. Kiyomi Kikuchi, Mr. Joseph P. Schmelzeis, Jr., Mr. Takeshi Fujisawa, and Mr. Hidemi Moue 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.
  - (2) Any violation of laws and regulations or the Articles of Incorporation or any other wrongful execution of operations at the other companies at which candidates served as Director, Executive Officer, or Audit & Supervisory Board Member during the past five (5) years, which occurred during their terms of office  
Proterial, Ltd. (previously, Hitachi Metals, Ltd.) revealed in April 2020 that inappropriate numerical values had been recorded in inspection reports submitted to customers over a number of years for some products of the company and its subsidiaries. Ms. Toshiko Oka has been an Outside Director of the company from June 2016 to June 2021 and was not aware of the case until it was revealed. She has been regularly making statements from the perspective of compliance at meetings of the company's Board of Directors and Audit Committee, and after the case was revealed, she has been working to further strengthen the governance system such as by receiving reports on the investigation to determine the facts and identify the causes and the progress of customer response, and making recommendations for preventing recurrence.
3. "Share ownership" is as of March 31, 2025. It also shows the real share ownership, 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 six (6) candidates Mr. Masaaki Ito, Ms. Toshiko Oka, Mr. Kazushige Okuhara, Mr. Joseph P. Schmelzeis, Jr., Mr. Takeshi Fujisawa, and Mr. Hidemi Moue is approved, the Company intends to continue these agreements with them. In the event that the appointment of Ms. Kiyomi Kikuchi 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, 2024 to March 31, 2025)

### 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 is 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, 2024 to March 31, 2025), revenue decreased compared to the same period of the previous fiscal year, primarily in North America and Europe, where demand for new hydraulic excavators declined due to the prolonged high interest rates. In the Americas, where we are focusing on our independent development, while the market share in the North American market based on retail sales to end customers increased year on year, revenue decreased due to factors such as a slowdown in the buildup of dealer inventory amid weak demand. However, despite weak new machinery demand, the parts and services business, which has been a focus area, continued to perform steadily, supported by robust maintenance demand. As a result, consolidated revenue for the fiscal year ended March 31, 2025, was ¥1,371,285 million (a decrease of 2.5% year on year), marking a decline in revenue.

As for consolidated income items, the continued reduction of production costs and increase in sales prices, as well as the impact of the weakening yen, supported income. On the other hand, factors such as a decline in sales volume due to deteriorating market conditions, increased expenses related to growth investments such as R&D and personnel expenses, and proactive sales promotion activities aimed at expanding market share in North America resulted in an adjusted operating income (a performance indicator, calculated by subtracting the sum of cost of sales and selling, general and administrative expenses from revenue) of ¥144,989 million (a decrease of 13.7% year on year). Net income attributable to owners of the parent decreased to ¥81,428 million (a decrease of 12.7% year on year) due to factors such as foreign exchange losses and increased interest payments. On the other hand, operating cash flow and free cash flow increased year on year due to efforts to reduce accounts receivable and inventory.

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. As a result, for the current and previous fiscal years, revenue, adjusted operating income, operating income, and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income and net income attributable to owners of the parent are presented as 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	1,371,300 (-2.5%)	Revenue	723,700 (-10.7%)
Adjusted operating income	145,000 (-13.7%)	Operating income	2,200 (-86.6%)
Income before income taxes	134,200 (-16.4%)	Ordinary income	68,300 (-10.5%)
Net income attributable to owners of the parent	81,400 (-12.7%)	Net income for this term	91,100 (38.6%)

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

## (1) Summary of revenue by region



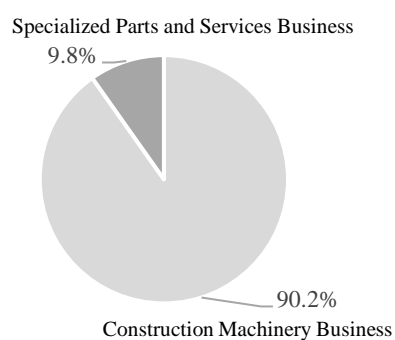
## (2) Summary of revenue by business

### 1 Construction Machinery Business

During the fiscal year under review (April 1, 2024 to March 31, 2025), revenue was ¥1,244,000 million (a decrease of 3.0% year on year) and adjusted operating income was ¥129,856 million (a decrease of 15.4% year on year), respectively.

In both the construction and mining businesses, the value chain business centered on parts and services performed well, but revenue and adjusted operating income declined, mainly due to the decrease in sales volume in North America and Europe as well as higher R&D expenses and personnel expenses, and an increase in sales promotion expenses in the North American market, which is a key focus area.

Revenue composition ratio

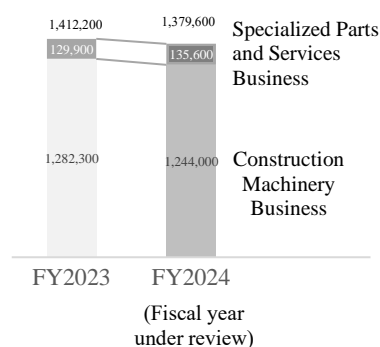


### 2 Specialized Parts and Service Business

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 ¥135,642 million (an increase of 4.4% year on year), and adjusted operating income was ¥15,133 million (an increase of 4.4% year on year), resulting in increased revenue and income, mainly due to the Impact of H-E Parts International LLC's acquisition of the business of Brake Supply Co., INC. in the United States.

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 ¥128,391 million in total for the fiscal year under review. Major investments made are as below.

### **(1) Capital investments by the Company**

- Investment to replace and streamline hydraulic excavators manufacturing facilities at Tsuchiura Works

### **(2) Capital investments by the subsidiaries**

- Investment to enhance facilities at branch offices of Hitachi Construction Machinery Australia Pty., Ltd.
- Investment to enhance production facilities for ultra-large-sized hydraulic excavators at P.T. Hitachi Construction Machinery Indonesia

## **3. Financing Activities**

### **Financing Activities of the Group**

The Group procured funds through long-term borrowings of ¥69,226 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 ¥17,136 million and long-term borrowings of ¥81,941 million.

#### 4. Issues to be Addressed

We are 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”. We aim to achieve our medium-term management plan targets while responding to changes in the business environment so that we can achieve steady growth and lead to results by FY2025.

#### Changes in the business environment

The competitive environment is rapidly changing as a result of changes in the social, technological, and economic environment that surrounds companies. Competition and collaboration with other industries is increasing, such as accelerated development of decarbonization technologies including electrification, digitalization of construction sites, and automated driving.

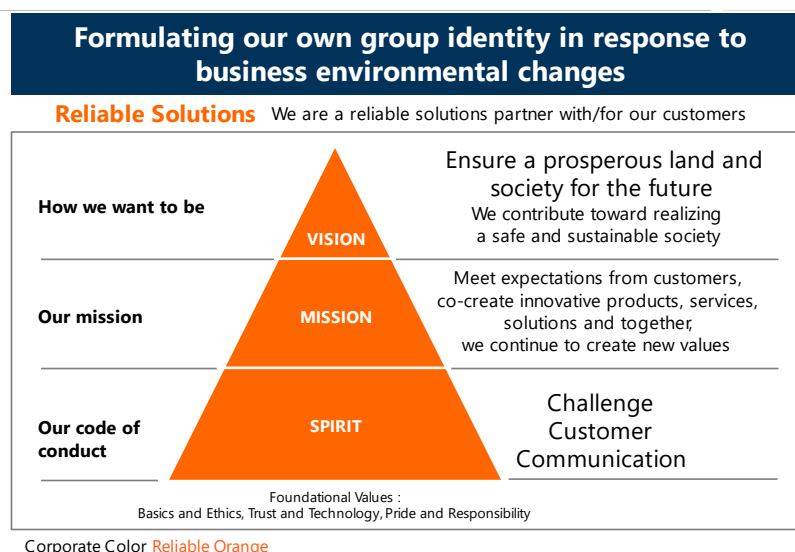
Changes in the social, technological, and economic environment	Changes in the competitive environment
<ul style="list-style-type: none"> <li>● Aging and a shortage of workers in secondary industry</li> <li>● Broadly defined software, shift to utilization value, and progress in digital technology</li> <li>● Acceleration of economic transformation to realize a sustainable global environment</li> <li>● Emergence of geopolitical risks</li> </ul>	<ul style="list-style-type: none"> <li>● Accelerating development of decarbonization technologies including electrification in developed countries and mining markets</li> <li>● Firm establishment of conversion of customer needs “from hardware products to solutions”</li> <li>● Rise of Chinese manufacturers in emerging countries</li> <li>● Competition or cooperation with other industries with digitization</li> </ul>

#### Group Identity of Hitachi Construction Machinery

In response to the changes in the business environment such as own business in the Americas and capital structure, we have formulated our own group identity in 2022.

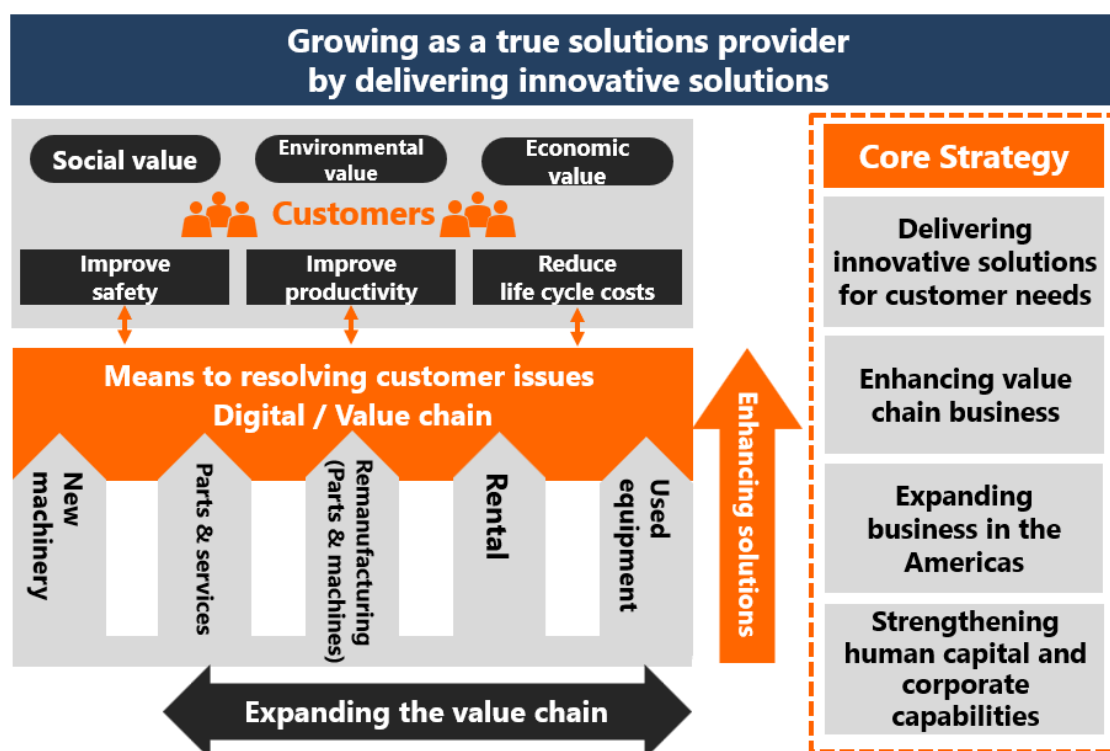
As stated in our mission, we will collaborate with our customers and collaborative partners to co-create innovative products, services, solutions based on our outstanding technologies by promptly responding to customer expectations and challenges.

Through these initiatives, we will contribute toward realizing a safe and sustainable society by creating new value to ensure a prosperous land and society for the future as stated in our vision.



## Core Strategy of the Medium-term Management Plan

We provided four core strategies in the current Medium-term Management Plan (“MTP”) and we particularly focus on "delivering innovative solutions for customer needs" to become a true solutions provider.



This table summarizes the achievements of the past two years (FY2023, FY2024) and the initiatives for FY2025.

We show the results of the four initiatives.

Core Strategy	Progress (FY2023, FY2024)	Initiatives (FY2025)
Delivering innovative solutions for customer needs	<b>Topic 1</b> <ul style="list-style-type: none"> <li>New Concept <u>LANDCROS</u></li> </ul> <b>Topic 3</b> <ul style="list-style-type: none"> <li>Fully Battery Dump Truck</li> </ul>	<b>Topic 2</b> Promoting technology and product development in an open collaboration.
Enhancing value chain business	<ul style="list-style-type: none"> <li>Brake Supply's Mining Machinery Component Remanufacturing Business</li> <li>Mining Machinery Component Remanufacturing Plant in Kazakhstan</li> </ul>	Expansion of Zambia's remanufacturing plant. Improved production and supply capacity at mill liner plant in Peru.
Expanding business in the Americas	<ul style="list-style-type: none"> <li>Strengthening the parts supply system in the Americas</li> <li>Strengthen North American business, expand into South America</li> </ul>	<b>Topic 4</b> <b>Strengthening business foundation in Latin America</b>
Strengthening human capital and corporate capabilities	<ul style="list-style-type: none"> <li>Establishes New Development Company in India</li> <li>Indonesia to Begin Mass Production of 120-ton Class Ultra-large Hydraulic Excavators</li> </ul>	Carefully select investments in core products and growth areas. Strict control of fixed costs and fixed assets.

## 1.1 Delivering innovative solutions for customer needs

### -New concept LANDCROS-

In July 2024, we announced the new concept "LANDCROS" as a testament to the group's desire to provide innovative solutions to all stakeholders.

In April this year, at "bauma2025", the world's largest construction machinery exhibition, we displayed "LANDCROS One," which embodies the vision of LANDCROS in the form of a hydraulic excavator, and it received a great response.

We also released the service tool "LANDCROS Connect."

LANDCROS is a concept that symbolizes the future direction of Hitachi Construction Machinery Group, and we will continue to promote it globally.

### New services and concept models to promote the embodiment of LANDCROS

Displayed the concept model "LANDCROS One" at "bauma2025," the world's largest construction machinery exhibition held in April 2025.

Released the first service under the LANDCROS brand, "LANDCROS Connect."



"LANDCROS One"



"LANDCROS Connect"

## 1.2 Delivering innovative solutions for customer needs

### -Promoting technology and product development in an open framework-

First, we started to provide the "LANDCROS Connect fleet management system".

This system is a specific example of our "open" and "digital" strategy which meets the need to centrally manage not only our construction machinery but also machines from various manufacturers owned by customers, and it is an innovative tool that contributes to the efficient operation of all customer-owned machines and the improvement of productivity at construction sites.

Second, we promote the "Open Source & Technology Partnerships" strategy.

We held the "Hitachi Construction Machinery Challenge 2024" in the U.S. to solicit ideas from startups and are considering collaboration with the winning companies selected there. We are accelerating activities to create new value openly beyond corporate boundaries.

We will continue to expand our "open" and "digital" strategies and aim to provide innovative solutions.

## Provide solutions that maximize the use of digital data





### 1.3 Delivering innovative solutions for customer needs

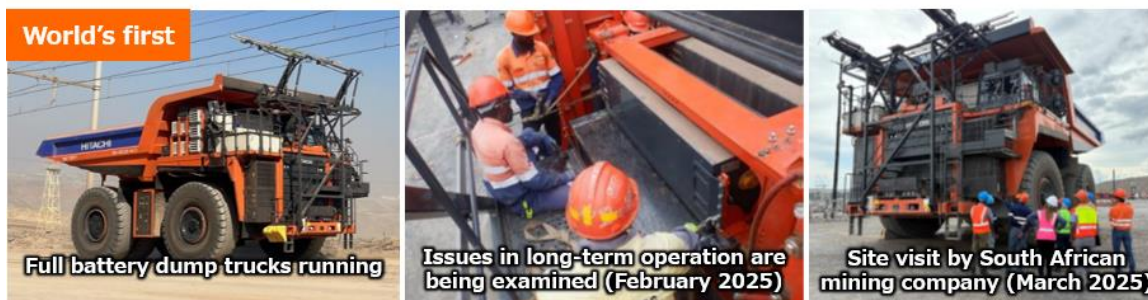
#### -Full battery dump truck-

In June 2024, we started the world's first demonstration test of an ultra-large full battery dump truck at a mining site in Zambia.

We completed verification of basic performance and charge-discharge cycles completed, and since January this year, we have been conducting actual driving tests, moving to examination of battery aging in long-term operation.

We will make full use of the insights gained from these demonstration tests to advance the verification of charging performance, travel speed, and battery range for commercialization in FY2027.

#### **Actual operation test from Jan. 2025 Verifying issues in long-term operation, etc.**



##### **Phase 1**

June - November 2024

**Completed verification of basic performance, charge-discharge cycles, etc.**

##### **Phase 2**

January-June 2025

**Mining company visits are underway to verify battery performance over time during long-term operation.**

**Continue to verify charging performance, driving speed, battery driving range, etc., for commercializing the product in 2027.**

## 1.4 Expanding business in the Americas

### -Strengthening business foundation in Latin America-

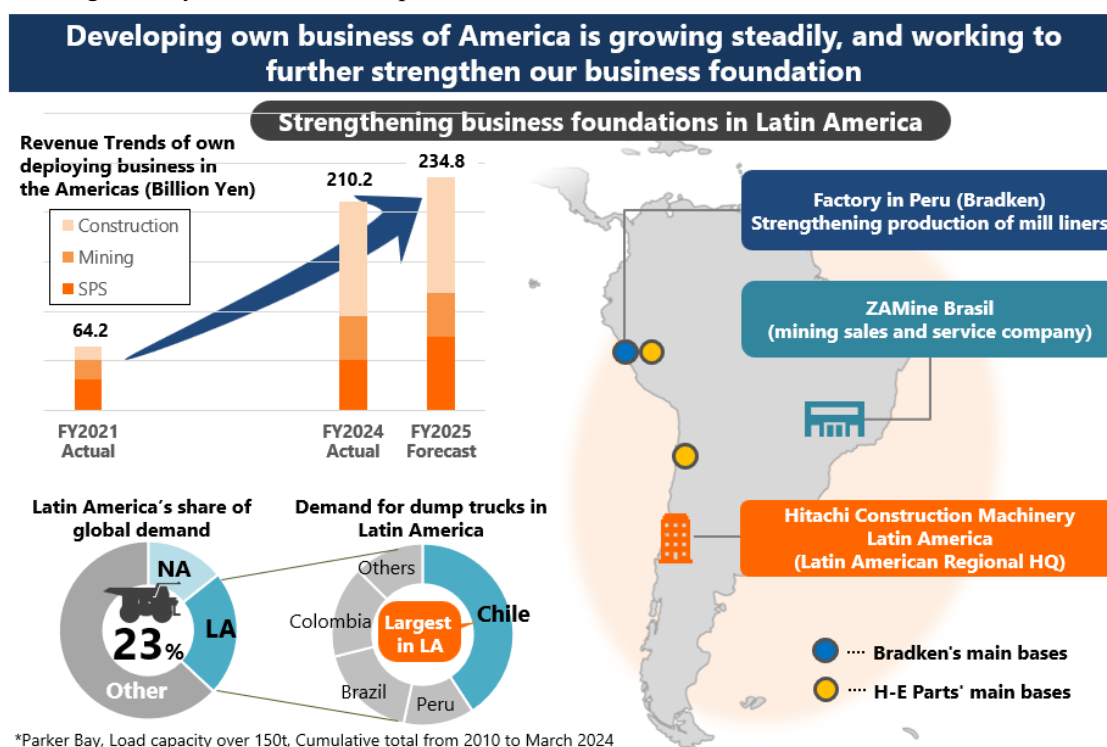
Below-mentioned graph shows the revenue trend from independent business expansion in the Americas, from the 2021 results before the expansion to the forecast for 2025.

After the independent expansion, each of sales in construction, mining, and specialized parts services (“SPS”) have grown significantly.

In the Latin American business, share of global demand for dump trucks in Latin America accounts for 23% of the cumulative units from 2010 to 2024, with Chile and Peru making up more than half of that. In this region, further expansion of demand is expected, centered on mineral resources such as copper, iron ore, and gold.

Therefore, as part of strengthening our business foundation in Latin America, we have established 'Hitachi Construction Machinery Latin America' as the regional headquarters in Chile, and in Brazil, we have established ‘ZAMine Brasil,’ a mining sales and service company in collaboration with Marubeni Corporation, to respond quickly to dealer and customer needs.

Furthermore, in the SPS business, Bradken is strengthening mill liner production, and H-E Parts is enhancing two key sites to further expand revenue.



## Targets and forecasts for MTP

The tables below show the targets and current forecasts for MTP as of FY2025, the final year of the current MTP.

The current forecast shows improvement over FY2024 results for each KPI, but due to changes in the assumed business environment, there are predictions of not meeting the targets at this point.

However, we do not perceive a significant gap with the targets, and we will strive to achieve them as a united company over the next year.

For the quantitative non-financial targets, especially for ESG items, we forecast to meet the MTP targets for KPI such as CO2 reduction and diversity, and we intend to proceed according to the plan.

KPI		Previous	Current Medium-term Management Plan			
		FY2022	FY2023	FY2024	FY2025	
		Result	Result	Result	Forecast	Target
Growth	• Value chain ratio	40%	39%	43%	47% or more	50% or more
	• Own business revenue in the Americas	182.0 Billion yen	217.5 Billion yen	210.2 Billion yen	234.8 Billion yen or more	300.0 Billion yen or more
	• R&D/Revenue ratio	1.9%	2.2%	2.7%	3% or more	3% or more
Profitability	• Adjusted operating income ratio	10.6%	12.0%	10.6%	11% or more	13% or more
	• EBITDA margin <sup>*1</sup>	14.2%	16.8%	16.1%	17% or more	18% or more
Safety	• Net D/E ratio	0.60	0.57	0.48	0.45 or less	0.40 or less
Efficiency	• Operating cash flow margin <sup>*1</sup>	-2.0%	5.2%	10.5%	11% or more	10% or more
	• ROE	11.0%	13.1%	10.4%	10% or more	13% or more
	• ROIC <sup>*1*3</sup>	8.4%	9.8%	7.5%	8% or more	9% or more
Shareholder return <sup>*2</sup>	• Consolidated dividend payout ratio	33.3%	34.2%	45.7%	40% or more	Stable and continuous implementation with a consolidated dividend payout ratio of 30%-40% as a guide

<sup>\*1</sup>: Newly established indicators in this medium-term management plan

<sup>\*2</sup>: We aim to allocate one-third of operating cash flow to maintenance and strengthening investment, prior investment, and shareholder return & debt payment respectively, based on our fund allocation policy.

<sup>\*3</sup>: The level of capital cost (WACC) to be compared in the ROIC target is recognized at about 7%.



Progress on the ESG-related Targets of the Medium-term Management Plan

KPI			Past	Current Medium-term Management Plan			
			FY2022	FY2023	FY2024	FY2025	
			Result	Result	Result	Forecast	Target
E S G	Reducing environmental impact and CO <sub>2</sub> (total)	Production (Scope 1+2)	-33.0%	-40.4%	Scheduled to be published in "Integrated Report 2025"	-40%	-40%
		Product (Scope 3)	-21.9%	-20.1%		-22%	-22%
	Diversity, equity & inclusion	Localization ratio of GM or higher in overseas group companies <sup>*1</sup>	72%	71%	72%	75%	75%
		Ratio of managers by gender (consolidated) <sup>*1</sup>	Women 11%	Women 11%	Women 11%	Women 13%	Women 13%
			Men 16%	Men 16%	Men 17%	Men 15%	Men 15%

\*1: Newly established indicators in this medium-term management plan

## 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 second 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 first time in the 6<sup>th</sup> ESG Finance Awards Japan sponsored by the Ministry of the Environment



\* A total of 45 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>

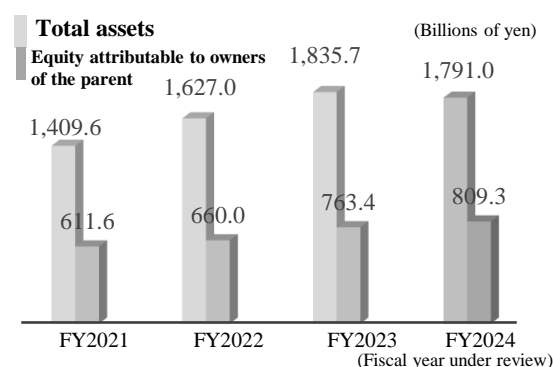
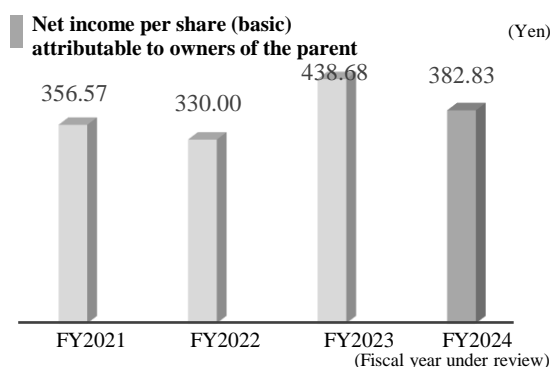
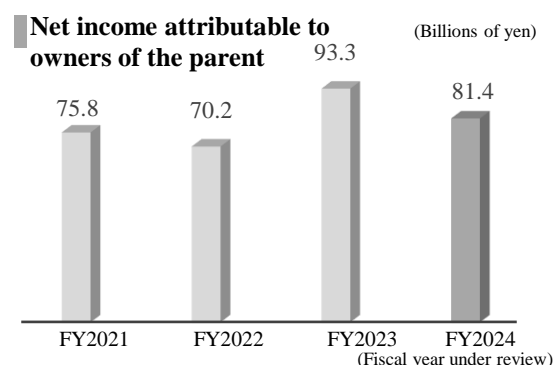
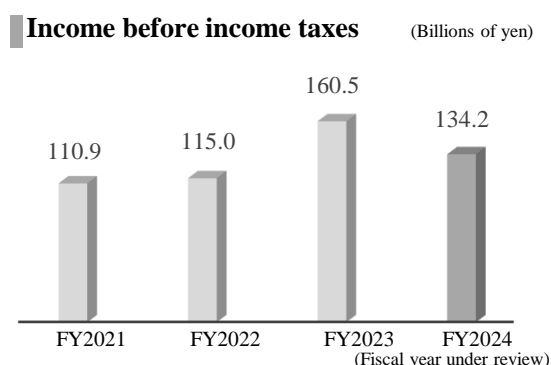
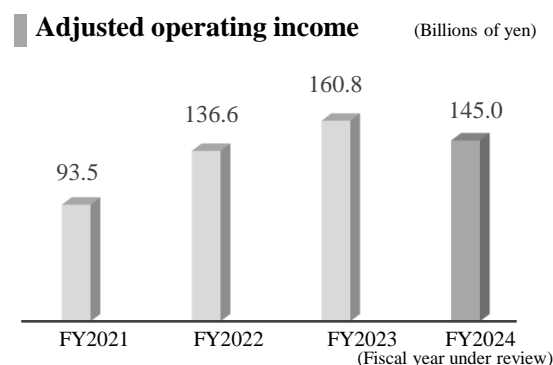
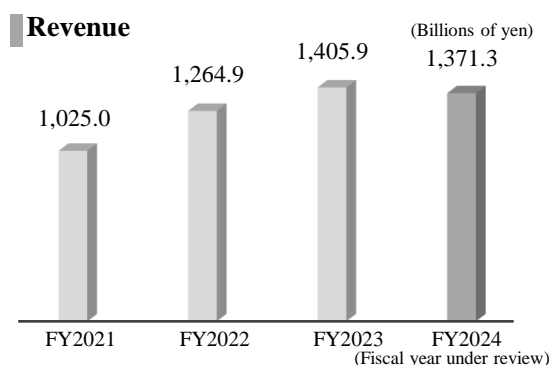
Regarding details of the Company’s sustainability information

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



- (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
Shintoshoku 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
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 83 including 25 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	Maoko Kikuchi	Nominating Committee Member Audit Committee Member Compensation Committee Member	Managing Partner; Compass International Law Office Outside Director, MITSUI-SOKO HOLDINGS Co., Ltd. Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.
Director	Joseph P. Schmelzeis, Jr.	Nominating Committee Member Audit Committee Member Compensation Committee Member	Representative Director, JPS International, Inc. Executive Manager, Cedarfield 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. Maoko 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. Maoko Kikuchi, and Mr. Joseph P. Schmelzeis, Jr. are also Independent Officers based on the provisions of Tokyo Stock Exchange, Inc.

2. Directors marked with an asterisk (\*) were newly appointed at the 60<sup>th</sup> Annual Shareholder's Meeting of the Company held on June 24, 2024.
3. Mr. Takatoshi Hayama resigned as Director due to the expiry of his term of office at the conclusion of the 60<sup>th</sup> Annual Shareholder's Meeting of the Company held on June 24, 2024.
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. Maoko 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, Internal Auditing Office and the consolidated inventory optimization project
Executive Vice President and Executive Officer	Naoyoshi Yamada	CSO, in charge of Corporate Strategy Group, Sustainability Promotion Group, Marketing Strategy Group, Corporate Brand & Communications Group, Government & External Group, and Legal Division
Senior Vice President and Executive Officer	Sonosuke Ishii	General Manager of America Business Division (concurrently serving as Chairman of Hitachi Construction Machinery Americas Inc.)
Representative Executive Officer, Senior Vice President and Executive Officer	Yusuke Kajita	Officer responsible for Corporate Export Regulation, and President of Construction Business Unit
Vice President and Executive Officer	Keiichiro Shiojima*	CFO and General Manager of Finance Division
Vice President and Executive Officer	Seishi Toyoshima	CHRO, and President of Human Capital Group
Vice President and Executive Officer	Kazunori Nakamura	CTO, General Manager of Research & Development Group and 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	Eiji Fukunishi	President of Mining Business Unit
Vice President and Executive Officer	Hidehiko Matsui	CMO, President of Rental & Used Machine Business Unit, General Manager of Global Marketing Group, and General Manager of China Business Division

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
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	Tooru Sugiyama	Vice President of Mining Business Unit
Executive Officer	Seimei Toonishi	CDIO, President of New Business Creation Unit, and in charge of DX Promotion Group
Executive Officer	Tetsuya Hamabe	General Manager of Corporate Strategy Group
Executive Officer	Masaaki Hirose	General Manager of Japan Business Division (concurrently serving as Representative Director of the Board and President of Hitachi Construction Machinery Japan Co., Ltd.)
Executive Officer	Hiroshi Hosokawa	President of Spare Parts & Service Business Unit
Executive Officer	Satoshi Yamanobe	General Manager 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, 2024 to appoint the above Executive Officers who took office as of April 1, 2024.
  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, 2025.

### <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, 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 General Manager of Finance Division
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 General Manager 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
Executive Officer	Tooru Takatani	General Manager 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	General Manager 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)

(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.

The evaluation indicators and composition ratios of performance linked bonus are as follows.					
Evaluation category	Evaluation indicator	Composition ratio			
		Chairman and Executive Officer (CEO), President and Executive Officer (COO), Executive Vice President and Executive Officer		Senior Vice President and Executive Officer, Vice President and Executive Officer, Executive Officer	
(i) Company-wide performance	Net income	50%	80%	30%	60%
	Consolidated operating cash flows	20%		10%	
	Consolidated value chain sales	-%		10%	
	ESG assessment*1	10%		10%	
(ii) Division performance targets		-		30%	
(iii) Division targets (three indicators for the management issues including organizational health)*2		20%		10%	

\*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.

\* 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 (7)	90 (90)	— —	— —	90 (90)
Executive Officer	21	691	270	144	1,105
Total	28	781	270	144	1,195

- (Notes)
1. There are ten (10) Directors (out of which seven (7) are Outside Directors) and 21 Executive Officers as at the end of the fiscal year under review; however, the total number of officers is 28 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 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.” As for the method of calculating the performance-linked compensation, the amount shall be determined within a certain range, depending on the degree of achievement of targets and outcome of business operations of which each person is in charge. The results of the performance indicators for performance-linked compensation paid to the Company’s executive officers for the fiscal year under review were net income of ¥81,400 million, consolidated operating cash inflow of ¥143,900 million, and consolidated value chain sales of ¥596,100 million, etc. In terms of ESG evaluation, we improved our CO<sub>2</sub> reduction rate concerning emissions, for both those from production activities and those associated with use of the Company’s products.
  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.

## 6. Overview of Effectiveness Evaluation Results of Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors in accordance with Article 12 (Evaluation of the Board of Directors) of the Company's "Corporate Governance Guidelines" to ensure and improve the effectiveness of the Board of Directors. Overview of the evaluation results of the effectiveness of the Board of Directors in FY2024 are as follows.

### <Evaluation Method>

- (1) In January 2025, conducted a self-assessment questionnaire-based survey based on the following items for all ten (10) Directors via a third-party organization.
- (2) In February 2025, the third-party organization interviews were conducted for all ten (10) Directors based on the results of the survey.
- (3) The third-party organization aggregated and analyzed the survey results, based on the results of the survey and interviews.
- (4) The Board of Directors Bureau reported the evaluation results by the third-party organization at the Board of Directors meeting held on March 28, 2025. Based on the results, the Board of Directors discussed mainly on how to resolve issues and develop strengths, and finalized the evaluation of the effectiveness of the Board of Directors in FY2024.

### Questionnaire Items

No.	Items	No.	Items
1.	Desirable Status of Board of Directors	6.	Performance of Executive Officers and Outside Directors
2.	Composition of Board of Directors	7.	Support system and training for Directors
3.	Management of Board of Directors	8.	Dialogue with shareholders (investors)
4.	Discussion of Board of Directors	9.	Effectiveness of Committees (Nominating Committee, Audit Committee, Compensation Committee)
5.	Monitoring function of Board of Directors	10.	Summary

### <Progress of response to the recognized issues based on effectiveness evaluation results of the Board of Directors in the preceding fiscal year>

Based on effectiveness evaluation results of the Board of Directors in FY2023, the Board of Directors and the Board of Directors Bureau focused efforts particularly on the following points.

- Securing time for deliberation by reviewing explanatory material of proposals  
To make the most of limited time for the Board of Directors meetings, we worked to enhance description in the pre-read materials to ensure that more objective and multifaceted information is provided to Directors before the meeting.  
In this regard, there was an opinion calling for further improvement of materials, commenting that description of some items, such as "purposes and risks" and "positioning in the overall strategy," shall be provided more in detail, to clarify priorities of contents in materials.
- Discussion on reorganizing the skill matrix, and nominating and appointing Directors with expertise  
To allow for timely review on skills and experiences necessary for achieving the Company's management strategies and its future vision, and to facilitate sufficient discussion on the selection of Directors based on the necessary skills and expertise, the Nominating Committee and the Nominating Committee Bureau enhanced deliberations and held a forum for discussion only by Outside Directors, as part of efforts for improvement.  
In this regard, it was pointed out that discussions shall be further deepened on the selection of Director candidates and succession of Outside Directors, in consideration of skills and experiences necessary for an optimized gender balance and a desirable status of the Board of Directors in the future.

### <Overview of the evaluation results and issues to be addressed for greater effectiveness>

Based on the questionnaire survey, interviews and the progress of improvement from the preceding fiscal year, we confirmed that efforts will be focused on the following items in FY2025.

1. Desirable status of Board of Directors

There was an opinion seeking for a deeper discussion on the functions and roles of the Board of Directors.

In response to this, we decided to have opportunities for discussing and considering the roles of the Board of Directors. In light of the discussed roles, we will create opportunities for discussing and considering a skills matrix.

## 2. Management of Board of Directors

- (1) Regarding matters to be discussed by the Board of Directors, there were opinions that a time for discussing individual proposals shall be reduced to allow for deeper discussion on broader themes, such as the Company's direction, its overall strategies, and how to achieve growth, away from individual proposals.

In response to such opinions, we will have the Board of Directors discuss and consider reviews on the matters subject to discussion, along with standards for submission of proposals, to create opportunities beforehand for discussing the Company's direction, its overall strategies, and how to achieve growth.

- (2) There were opinions calling for improvement in the proceeding of meetings, such as an increase in time for deliberation and weighted allocation of time according to the type of proposals.

In light of these opinions, we will have the Board of Directors discuss and consider the weighted allocation of time for deliberation according to deliberation items.

## 3. Dialogue with shareholders and investors

There were opinions asking for more feedback on the voices of shareholders and investors, and for a deeper discussion with dialogue with shareholders in mind.

In response to these opinions, we decided to enhance the feedback currently given at the Board of Directors meetings, and to secure time and opportunities for discussing and considering our policy on dialogue and how to conduct dialogue, among other things.

## 4. Desirable status of each committee

There were opinions on the roles of committees, suggesting that their roles be defined more clearly, and opinions regarding the composition and size of each committee.

In light of these opinions, we decided to have the Board of Directors 1) discuss, consider and clarify the roles of each committee, and 2) discuss and consider the composition of each committee, according to their respective roles. Also, the committees shall re-verify their roles and, if necessary, the Board of Directors shall have discussion and deliberation again.

# Consolidated Financial Statements (International Financial Reporting Standards)

## Consolidated statements of financial position (as of March 31, 2025)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	147,136	Lease liabilities	12,166
Trade receivables	270,259	Trade and other payables	233,766
Contract assets	623	Contract liabilities	14,647
Inventories	531,183	Borrowings	326,693
Income taxes receivable	2,745	Income taxes payable, etc.	9,622
Other financial assets	31,324	Other financial liabilities	11,918
Other current assets	17,485	Other current liabilities	4,444
<b>Total current assets</b>	<b>1,000,755</b>	<b>Total current liabilities</b>	<b>613,256</b>
<b>Non-current assets</b>		<b>Non-current liabilities</b>	
Right-of-use assets	67,328	Lease liabilities	60,399
Property, plant and equipment	486,031	Trade and other payables	2,317
Intangible assets	46,703	Contract liabilities	8,284
Goodwill	58,540	Bonds and borrowings	211,165
Investments accounted for using the equity method	25,968	Retirement and severance benefits	20,404
Trade receivables	47,647	Deferred tax liabilities	11,861
Deferred tax assets	25,438	Other financial liabilities	1,143
Other financial assets	26,296	Other non-current liabilities	4,225
Other non-current assets	6,300	<b>Total non-current liabilities</b>	<b>319,798</b>
<b>Total non-current assets</b>	<b>790,251</b>	<b>Total liabilities</b>	<b>933,054</b>
<b>Total assets</b>		<b>Equity</b>	
		<b>Equity attributable to owners of the parent</b>	
		Common stock	81,577
		Capital surplus	75,768
		Retained earnings	580,257
		Accumulated other comprehensive income	74,768
		Treasury stock, at cost	(3,033)
		<b>Total equity attributable to owners of the parent</b>	<b>809,337</b>
		<b>Non-controlling interests</b>	<b>48,615</b>
		<b>Total equity</b>	<b>857,952</b>
		<b>Total liabilities and equity</b>	<b>1,791,006</b>

**Consolidated statements of income (April 1, 2024 to March 31, 2025)**

(Millions of yen)

<b>Continuing operations</b>	
Revenue	1,371,285
Cost of sales	(942,641)
<b>Gross profit</b>	<b>428,644</b>
Selling, general and administrative expenses	(283,655)
Other income	22,590
Other expenses	(12,849)
<b>Operating income</b>	<b>154,730</b>
Financial income	6,196
Financial expenses	(29,997)
Equity in net earnings of associates	3,239
<b>Income before income taxes</b>	<b>134,168</b>
Income tax expense	(43,804)
<b>Net income from continuing operations</b>	<b>90,364</b>
<b>Discontinued operations</b>	
<b>Net income from discontinued operations</b>	<b>1,430</b>
<b>Net income</b>	<b>91,794</b>
Net income attributable to:	
Owners of the parent	81,428
Non-controlling interests	10,366
Net income	91,794



**Consolidated statements of changes in equity (April 1, 2024 to March 31, 2025)**

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				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	75,965	526,307	(396)	8,660	(194)
Net income			81,428			
Other comprehensive income				2,847	1,312	(1)
Comprehensive income	–	–	81,428	2,847	1,312	(1)
Acquisition of treasury stock						
Disposal of treasury shares						
Paid dividends			(27,650)			
Share-based payment transactions		104				
Decrease in capital of consolidated subsidiaries		(318)				
Transfer to retained earnings			172	(165)	(7)	
Written put options over non-controlling interests		17				
Total transactions with equity owners	–	(197)	(27,478)	(165)	(7)	–
Balance at end of period	81,577	75,768	580,257	2,286	9,965	(195)

(Millions of yen)

(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	74,530	82,600	(3,069)	763,380	51,033	814,413
Net income		—		81,428	10,366	91,794
Other comprehensive income	(11,818)	(7,660)		(7,660)	(1,292)	(8,952)
Comprehensive income	(11,818)	(7,660)	—	73,768	9,074	82,842
Acquisition of treasury stock		—	(4)	(4)		(4)
Disposal of treasury shares		—		—		—
Paid dividends		—		(27,650)	(7,454)	(35,104)
Share-based payment transactions		—	40	144		144
Decrease in capital of consolidated subsidiaries		—		(318)	(4,022)	(4,340)
Transfer to retained earnings		(172)		—		—
Written put options over non-controlling interests		—		17	(16)	1
Total transactions with equity owners	—	(172)	36	(27,811)	(11,492)	(39,303)
Balance at end of period	62,712	74,768	(3,033)	809,337	48,615	857,952

# Non-Consolidated Financial Statements

## Non-consolidated balance sheet (as of March 31, 2025)

(Millions of yen)

Assets		Liabilities	
<b>Current assets</b>	<b>480,160</b>	<b>Current liabilities</b>	<b>256,309</b>
Cash and deposits	18,563	Electronically recorded obligations - operating	23,251
Electronically recorded monetary claims - operating	206	Accounts payable - trade	66,787
Accounts receivable - trade	218,790	Short-term borrowings	36,300
Merchandise and finished goods	80,190	Short-term borrowings from subsidiaries and affiliates	16,472
Work in process	17,245	Current portion of long-term borrowings	22,990
Raw materials and supplies	3,504	Lease obligations	452
Prepaid expenses	2,277	Accounts payable - other	19,540
Short-term loans receivable	108,048	Accrued expenses	12,561
Accounts receivable - other	29,672	Income taxes payable	1,730
Others	1,952	Deposits received	51,221
Allowance for doubtful accounts	(287)	Contract liabilities	4,089
<b>Non-current assets</b>	<b>448,105</b>	Others	916
<b>Property, plant and equipment</b>	<b>122,798</b>	<b>Fixed liabilities</b>	<b>189,513</b>
Buildings, net	42,057	Bonds payable	50,000
Structures, net	7,046	Long-term borrowings	122,990
Machinery and equipment, net	25,452	Lease obligations	2,968
Vehicles, net	155	Provision for retirement benefits	8,710
Tools, furniture and fixtures, net	5,485	Contract liabilities	4,533
Land	35,737	Others	312
Construction in progress	6,866	<b>Total liabilities</b>	<b>445,822</b>
<b>Intangible assets</b>	<b>23,824</b>	<b>Net assets</b>	
Software	23,699	<b>Shareholders' equity</b>	<b>477,308</b>
Others	125	<b>Common stock</b>	<b>81,577</b>
<b>Investments and other assets</b>	<b>301,482</b>	<b>Capital surplus</b>	<b>85,110</b>
Investment securities	11,715	Legal capital surplus	81,084
Shares of subsidiaries and associates	193,417	Other capital surplus	4,026
Investments in capital of subsidiaries and affiliates	52,472	<b>Retained earnings</b>	<b>313,653</b>
Long-term prepaid expenses	462	Legal retained earnings	2,169
Prepaid pension costs	924	Other retained earnings	311,484
Deferred tax assets	5,399	Reserve for reduction entry	5,806
Long-term accounts receivable - other with subsidiaries and affiliates	20,096	General reserve	12,952
Long-term accounts receivable - trade with subsidiaries and affiliates	14,421	Retained earnings brought forward	292,726
Others	2,742	<b>Treasury stock, at cost</b>	<b>(3,033)</b>
Allowance for doubtful accounts	(166)	<b>Valuation and translation adjustments</b>	<b>5,135</b>
<b>Total assets</b>	<b>928,264</b>	<b>Valuation difference on available-for-sale securities</b>	<b>5,078</b>
		<b>Deferred gains or losses on hedges</b>	<b>57</b>
		<b>Total net assets</b>	<b>482,442</b>
		<b>Total liabilities and net assets</b>	<b>928,264</b>

**Non-consolidated statements of income (April 1, 2024 to March 31, 2025)**

(Millions of yen)

Revenue	723,660
Cost of sales	617,189
Gross profit	106,471
Selling, general and administrative expenses	104,284
<b>Operating income</b>	<b>2,186</b>
Non-operating income	82,918
Interest income and dividends	80,590
Miscellaneous income	2,329
Non-operating expenses	16,830
Interest expenses	1,607
Foreign exchange losses	10,288
Miscellaneous losses	4,935
<b>Ordinary income</b>	<b>68,274</b>
Extraordinary income	29,451
Reversal of allowance for loan losses	12,579
Gain on sales of property, plant and equipment	46
Compensation income	16,826
Extraordinary losses	4,514
Domestic engine certification-related loss	4,514
<b>Income before income taxes</b>	<b>93,212</b>
Income taxes - current	1,703
Income taxes - deferred	390
<b>Net income</b>	<b>91,118</b>

**Non-consolidated statements of changes in equity (April 1, 2024 to March 31, 2025)**

(Millions of yen)

(millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for reduction entry	Reserve for reduction entry	Retained earnings brought forward	
Balance at beginning of period	81,577	81,084	3,922	85,006	2,169	6,291	12,952	228,773	250,185
Changes of items during period									
Dividends of surplus				—				(27,650)	(27,650)
Net income				—				91,118	91,118
Acquisition of treasury stock				—					—
Disposal of treasury shares				—					—
Share-based payment transactions			104	104					—
Accumulation of reserve for reduction entry				—					—
Reversal of reserve for reduction entry				—		(485)		485	—
Net changes of items other than shareholders' equity				—					—
Total changes of items during period			104	104		(485)		63,953	63,468
Balance at end of period	81,577	81,084	4,026	85,110	2,169	5,806	12,952	292,726	313,653

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	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	
Balance at beginning of period	(3,069)	413,699	4,303	10	4,313	418,012
Changes of items during period						
Dividends of surplus		(27,650)			—	(27,650)
Net income		91,118			—	91,118
Acquisition of treasury stock	(4)	(4)			—	(4)
Disposal of treasury shares		—			—	—
Share-based payment transactions	40	144			—	144
Accumulation of reserve for reduction entry		—			—	—
Reversal of reserve for reduction entry		—			—	—
Net changes of items other than shareholders' equity		—	775	47	822	822
Total changes of items during period	36	63,609	775	47	822	64,431
Balance at end of period	(3,033)	477,308	5,078	57	5,135	482,442

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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 61st Annual Shareholder's Meeting**

## **Business Report**

- I. Financing Activities [Major Creditors]**
- II. Principal Businesses**
- III. Principal Business Locations**
- IV. Employees**
- V. Matters Concerning Outside Directors**
- VI. Matters Concerning the Company's Stock**
- VII. Financial Auditor**
- VIII. Policy on Decisions for Dividends of Surplus**
- IX. System to Ensure the Properness of Operations and the Operational Status of the Relevant System**

## **Consolidated Financial Statements**

- X. Notes to the Consolidated Financial Statements**

## **Non-Consolidated Financial Statements**

- XI. Notes to the Non-Consolidated Financial Statements**

 **Hitachi Construction Machinery Co., Ltd.**

<p>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.</p>
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## 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, 2025
Mitsubishi UFJ Financial Group, Inc.	130,428
Sumitomo Mitsui Financial Group, Inc.	98,819
Mizuho Financial Group, Inc.	65,797
The Joyo Bank, Ltd.	21,400
Sumitomo Mitsui Trust Bank, Limited	19,812

## 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, timber recycling equipment, 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.
		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]
22,501 [+110]	3,600 [-239]	26,101 [-129]	40.4 years old	15.5 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
Maoko Kikuchi	Managing Partner; Compass International Law Office Outside Director, MITSUI-SOKO HOLDINGS Co., Ltd. Outside Corporate Auditor, Ryohin Keikaku Co., Ltd.
Joseph P. Schmelzeis, Jr.	Representative Director, JPS International, Inc. Executive Manager, Cedarfield 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

(Notes) 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 25% 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 ten (10) Board of Directors' meetings, all four (4) Nominating Committee's meetings, seven (7) out of eight (8) Audit Committee's meetings, and all four (4) Compensation Committee's meetings held after his appointment on June 24, 2024, 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 twelve (12) Audit Committee's meetings, and all five (5) 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 twelve (12) Audit Committee's meetings, and all five (5) 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.
Maoko Kikuchi	Ms. Maoko Kikuchi attended all twelve (12) Board of Directors' meetings, all five (5) Nominating Committee's meetings, all twelve (12) Audit Committee's meetings, and all five (5) 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 and knowledge in the field of law, and her experience and deep insight as a top executive and corporate auditor.
Joseph P. Schmelzeis, Jr.	Mr. Joseph P. Schmelzeis, Jr. attended all twelve (12) Board of Directors' meetings, four (4) out of five (5) Nominating Committee's meetings, eleven (11) out of twelve (12) Audit Committee's meetings, and all five (5) 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 ten (10) Board of Directors' meetings and all eight (8) Audit Committee's meetings held after his appointment on June 24, 2024, 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 five (5) 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.

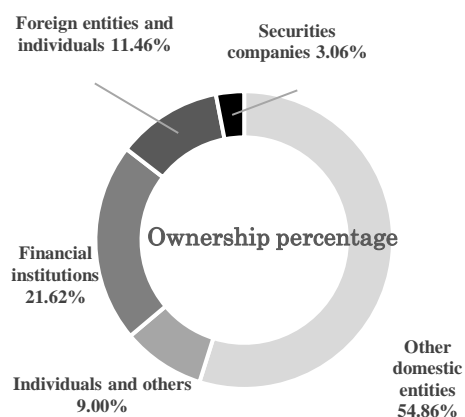
(Note) In addition to the above number of Board of Directors' meetings, there was one (1) written resolution that was deemed to have been passed by the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 22 of the Company's Articles of Incorporation.

## 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 2,411,476 shares)  
     Capital stock ¥81,576,592,620  
     Number of shares per share unit 100

(3) Number of shareholders 47,043



### (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.	54,062	25.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,271	14.23
Custody Bank of Japan, Ltd. (Trust Account)	12,122	5.70
Citrus Investments G. K.	5,464	2.57
JPMorgan Securities Japan Co., Ltd.	2,686	1.26
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,638	0.77
HSBC HONG KONG - TREASURY SERVICES A/C AISAN EQUITIES DERIVATIVES	1,321	0.62
THE BANK OF NEW YORK MELLON 140042	1,311	0.62
STATE STREET BANK WEST CLIENT-TREATY 505234	1,241	0.58

(Notes) 1. The 2,411,476 shares of treasury stock held by the Company are not included in the above table.  
 2. Shareholding ratios are calculated by excluding the 2,411,476 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)	31,688 shares	18

## 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	184
Out of which, the amount of fees, etc. payable by the Company*	142

(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 work to bolster its internal reserves while considering 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 in a well-balanced manner. At the same time, the Company will, in principle, pay dividends of surplus linked to its consolidated business results twice a year as interim and year-end dividends and aim to maximize shareholder returns by maintaining a consolidated dividend payout ratio of 30% to 40% on a stable and continuous basis.

With the aim of enabling the execution of a flexible capital policy, the Company will acquire treasury stock in consideration of necessity, financial conditions, and stock movements, etc.

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

### **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 General Administrative 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 Implementation of internal audit in accordance with audit plans reported to 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.

#### **(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 have adverse effects on 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 accounting auditors, the Audit Committee receives the audit plans and audit priority items of the accounting auditors in advance, and receives the results along with the accounting audit results. Also, in order to endure independence of the accounting auditors, compensation for accounting auditors and non-guaranteed services requested from accounting 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 shall 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 meetings on management and policies, 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) Meetings on management and policies
    - 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 Accounting Auditor and for ensuring the independence of the Accounting 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 Accounting Auditor
    - Give prior approval on the compensation of the Accounting 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 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 Hitachi Construction Machinery Group’s 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.

The operational status of the ‘system to ensure the properness of operations’ during the fiscal year ended March 31, 2025 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. serving as Presidents of business units regarding the status of the execution of their duties, including exchanging views with Representative Executive Officers (Chairman and President) and Executive Vice Presidents, 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 2024, the Audit Committee met twelve (12) times, interviewed Executive Officers five (5) times regarding the execution of their duties, received report two (2) times from the Compliance Division, etc., and received report four (4) 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 two (2) overseas group companies, and via Internet for one (1) overseas group company.

#### **(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 once during the first half and second half, respectively (two (2) times in total).
- 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). Also, the training videos are split in parts to shorten the viewing time per video and make it easier to watch them. 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,” compliance- and risk-related issues taking place at the Company and its group companies are controlled centrally by the Company to investigate the causes of such issues and implement thorough measures to prevent reoccurrence. In addition, we rolled these measures out across the Company and its group companies to prevent reoccurrence.

### **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 2024 together with the matters deliberated/reported on are as below.
  - (a) Export Regulation Committee: two (2) times in total  
 Matters deliberated/reported on: First half: one (1) meeting held “Reports on cases subject to export control examination and audits conducted, reports on and requests for other export control measures”  
 Second half: one (1) meeting held “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) CSR and Environmental 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, results of software license inventory-taking, report on CSIRT activities, 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 to confirm governance, risk management and control 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 thirteen (13) internal audits, comprising two (2) on business units and divisions of the Company and eleven (11) on overseas group companies by implementing remote audits that use Internet-based tools, in addition to on-site audits, and outsourcing audits of certain overseas group companies to specialized internal audit service providers. 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 in accordance with the standards of the Institute of Internal Auditors 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 DX (IT system information management), legal matters, accounting and finance, and audit. Four (4) meetings of the J-SOX Committee were held in the fiscal year 2024, 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 2024 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: Matters regarding demand, sales and inventory forecast, those relating to sales of the Company on a standalone basis (locally required values), those relating to production plans at respective plants, and consultation, discussion, and progress reporting on matters relating to various measures
  - (c) Meetings on management and policies: forty-five (45) 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 83.

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 Sales (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 America Inc., Hitachi Construction Machinery Truck Ltd., Hitachi Construction Machinery Financing and 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, 2025 as below.

Number of companies included in the scope of consolidation during the fiscal year ended March 31, 2025: 5

##### (i) Inclusion due to new establishment: 5

Hitachi Construction Machinery Latin America SpA

Hitachi Construction Machinery Development Center India Private Limited and 3 other companies

Number of companies excluded from the scope of consolidation during the fiscal year ended March 31, 2025: 8

##### (i) Exclusion due to liquidation: 3

##### (ii) Exclusion due to merger: 3

##### (iii) Exclusion due to sale of shares: 2

#### (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

The scope of application of the equity method has been changed from the fiscal year ended March 31, 2025 as below.

##### (i) Inclusion due to new establishment: 2

Associates not accounted for by the equity method: 3

#### (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 Sales (China) Co., Ltd., Hefei Rijian Shearing Co., Ltd., Hitachi Construction Machinery Financial Leasing (China) Co., Ltd., LLC Hitachi Construction Machinery Eurasia, and 15 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, 2025.

(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 and subsequently measured at fair value, and the changes in fair value are recognized in OCI. 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 method 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 are depreciated 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.

- 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 divestiture 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 an operation as a unit of management decision-making into a discontinued operation when it has already been sold or meets the requirements to be classified as held for sale.

## 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, 2025 is principally goodwill of ¥11,992 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 goodwill of H-E Parts International LLC includes goodwill of ¥1,870 million associated with the acquisition of the component remanufacturing business of Brake Supply Co., INC., as described in “(2) Notes on business combination” in “9. Other notes.”

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, 2025, 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.

### (2) Recoverability of deferred tax assets

Deferred tax assets recorded in the consolidated statement of financial position as of March 31, 2025 was ¥25,438 million.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which unused tax losses, unused tax credits and future deductible temporary differences can be utilized. In assessing the recoverability of deferred tax assets, the Group considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized, by examining whether or not future taxable income can be generated in specific tax jurisdictions during the periods in which these deductible differences, etc. become deductible.

The Group has judged that it is more likely than not that it will realize the benefits of these deductible differences as of March 31, 2025. However, the period in which taxable income is generated and the amount are affected by future changes in uncertain economic conditions. If the period in which taxable income is actually generated and the amount differs from the estimates in and after the next fiscal year, this may affect operating results, etc.

### (3) Impact of the Russia-Ukraine conflict

The consolidated statement of financial position as of March 31, 2025 includes components of the non-consolidated statement of financial position of LLC Hitachi Construction Machinery Eurasia (hereinafter referred to as “HCMR”), which is a consolidated subsidiary of the Company located in Russia.

Main items in HCMR’s non-consolidated statement of financial position include trade receivables from sales agents of ¥6,339 million and inventories of ¥5,074 million. Although an allowance for doubtful receivables on trade receivables has been recorded by estimating their lifetime expected credit losses, such estimate is based on an assumption that the most recent conditions will be maintained over the collection period, in light of the financial conditions of sales agents, circumstances of industries to which their clients belong, recent status of collections, and other factors. While inventories have also been evaluated upon taking into account future sales plans based on orders received.

This assumption has been judged to be based on the Management’s best estimates as of March 31, 2025. However, the impact of the Russia-Ukraine conflict on economic activities contains uncertainties. If the actual progress of economic activities and other developments differ from the estimates, accounting estimates in and after the next fiscal year may be affected, posing a risk of significant changes to the evaluations on allowance for doubtful receivables and inventories.

### 3. Notes to the consolidated statements of financial position

(Millions of yen)

- (1) Matters pertaining to provisions directly deducted from assets
 

Trade receivables	14,219
Other financial assets	39
- (2) Matters pertaining to accumulated depreciation and impairment losses of assets
 

Right-of-use assets	69,740
Property, plant and equipment	499,536
- (3) Matters concerning guarantee obligations
 

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

Guarantee obligations	42,791
Guarantee commitment	49
- (4) Assets pledged as collateral
 

Trade receivables	11,482
Inventories	16,903
Property, plant and equipment	40,528

Liabilities corresponding to the above

Trade and other payables (current)	2,561
Bonds and borrowings (current)	21,504
Trade and other payables (non-current)	2,319
Bonds and borrowings (non-current)	15,316

### 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 2,411,476

#### (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 21, 2024	Common stock	Retained earnings	13,824	65	March 31, 2024	June 6, 2024
The Board of Directors meeting held on October 25, 2024	Common stock	Retained earnings	13,826	65	September 30, 2024	December 2, 2024

##### (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 23, 2025	Common stock	Retained earnings	23,397	110	March 31, 2025	May 30, 2025

#### (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. 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
<u>Assets</u>		
Trade receivables	317,906	320,098
<u>Liabilities</u>		
Trade and other payables	236,083	236,226
Bonds and borrowings	537,858	533,837

(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 tables present the financial assets and financial liabilities that are measured at fair value on a recurring basis.

(Millions of yen)

As March 31, 2025	Level 1	Level 2	Level 3	Total
FVTOCI financial assets:				
Other financial assets				
Equity securities	11,162	–	10,757	21,919
FVTPL financial assets:				
Other financial assets				
Derivative assets	–	1,602	–	1,602
Other financial assets	–	–	489	489
Total financial assets	11,162	1,602	11,246	24,010
FVTPL financial liabilities				
Other financial liabilities				
Derivative liabilities	–	(993)	–	(993)
Total liabilities	–	(993)	–	(993)

The following tables present 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, 2025
Balance at beginning of the year	10,531
Total gain/(loss)	507
Other comprehensive income	507
Purchased	292
Sold	(27)
Other	(57)
Balance at end of the year	11,246

#### 6. Notes on per share information

(1) Equity per share attributable to owners of the parent	¥3,805.00
(2) Net income attributable to owners of the parent per share (basic)	
Continuing operations	¥376.11
Discontinued operations	¥6.72
Net income attributable to owners of the parent per share (basic)	¥382.83

#### 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. In the previous fiscal year, the non-core business in the Specialized Parts and Service Business segment was classified as a discontinued operation. As a result, revenues for the fiscal year under review are presented as revenues from continuing operations, excluding those from discontinued operation.

(Millions of yen)

	Construction Machinery Business	Specialized Parts and Service Business	Total revenues
Japan	219,823	207	220,030
The Americas	304,608	51,527	356,135
Europe	158,794	862	159,656
Russia-CIS, Africa, and Middle East	128,649	9,486	138,135
Asia and Oceania	400,255	64,547	464,802
China	31,785	742	32,527
Others Total	1,243,914	127,371	1,371,285

##### (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, 2025

	(Millions of yen)	
	April 1, 2024	March 31, 2025
Trade receivables	352,375	317,906
Contract assets	552	623
Contract liabilities	23,753	22,931

Of the revenue recognized during the fiscal year under review, the amount included in contract liabilities at the beginning of the fiscal year was ¥13,113 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 ¥688 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, 2024	March 31, 2025
Products and services	10,528	10,337

The Group expects to perform roughly 90% of the balance of performance obligations to be performed as of March 31, 2025 within three (3) years, and roughly 10% after three (3) years and within five (5) 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	1,318
Subsidy income	428
Compensation income (Note 1)	16,826
Other	4,018
Total	22,590

(Note 1) Compensation income

Compensation income for the fiscal year ended March 31, 2025, 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.

The main components of other expenses are as follows:

(Millions of yen)

Category	Amount
Loss on sales of property, plant, and equipment	171
Loss on disposal of property, plant and equipment	2,129
Impairment of property, plant, and equipment	815
Expenses for business structure reform	1,464
Domestic engine certification-related loss (Note 1)	4,514
Other	3,756
Total	12,849

(Note 1) Domestic engine certification-related loss

Domestic engine certification-related loss for the fiscal year ended March 31, 2025, 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.

(2) Notes on business combination

Business combinations that occurred during the fiscal year under review are as follows:

(Allocation of the acquisition cost to the acquired assets and liabilities from the acquisition of ACME Business Holdco, Inc. was completed)

On March 12, 2024, the Company acquired additional shares of ACME Business Holdco, Inc. (hereinafter referred to as “ACME”) through Hitachi Construction Machinery Investment U.S.A. Corporation, a consolidated subsidiary of the Company, and made ACME a 100% subsidiary. The Company completed the allocation of the acquisition cost in the third quarter ended December 31, 2024, although it recognized the amounts of acquired assets and liabilities on a provisional basis since the allocation of the acquisition cost was not completed in the previous fiscal year. Consideration of the share acquisition of ACME and fair value of assets acquired and liabilities assumed are as follows.

(Millions of yen)	
	Amount
Cash and cash equivalents	18,166
Trade receivables	2,083
Other current assets	147
Non-current assets (except goodwill)	27,071
Total assets	47,467
Current liabilities	2,200
Non-current liabilities	62,027
Total liabilities	64,227
Consideration paid (cash)	—
Fair value of shares that the Company had already had upon acquisition of control	172
Total consideration of acquisition	172
Goodwill	16,932

The goodwill primarily reflects excess earning power and synergies with existing operations.

The Company retroactively revised the figures on the consolidated statements of financial position as of March 31, 2024. The goodwill on the acquisition date was increased by ¥6,532 million as the main component of the revision from the provisional amount. This was due to a ¥5,506 million decrease in property, plants, and equipment, a ¥441 million increase in other current liabilities, a ¥378 million increase in other non-current liabilities, and a ¥207 million increase in deferred tax liabilities.

(Acquisition of business of Brake Supply Co., Inc. through H-E Parts International LLC)

(i) Purpose of business acquisition

The Group acquired the component remanufacturing business of Brake Supply Co., Inc. (hereinafter referred to as “Brake Supply”) through H-E Parts International LLC (hereinafter referred to as “H-E Parts”), a consolidated subsidiary of the Company, being the acquiring company, in order to further strengthen “Enhancing value chain business” and “Expanding business in the Americas,” which are key pillars of management strategies in the medium-term management plan “BUILDING THE FUTURE 2025.” H-E Parts provides comprehensive solutions for mining operations, including maintenance and repair of mining machinery and equipment, as well as parts fabrication and component remanufacturing to meet customer needs. The company is expanding its business globally, with a primary focus on Australia and the Americas. Through this acquisition, H-E Parts will utilize Brake Supply's North American remanufacturing bases, parts warehouses, and human resources, thereby strengthening the structure of the remanufacturing business in the Americas.

(ii) Name of the acquired company and its business

Overview of share acquisition

Date of acquisition:	December 3, 2024
Name of the acquired company:	Brake Supply Co., Inc.
Business of the acquired company:	Component remanufacturing business

(iii) Consideration for the acquisition and fair value of assets acquired and liabilities assumed

Consideration for the acquisition of Brake Supply’s business and fair value of assets acquired and liabilities assumed are as follows. These amounts are based on the completed allocation of the purchase price for the business acquisition to assets acquired and liabilities assumed.

(Millions of yen)	
	Amount
Trade receivables	3,583
Inventories	9,489
Other current assets	91
Non-current assets (except goodwill)	2,718
Total assets	15,881
Current liabilities	1,321
Non-current liabilities	454
Total liabilities	1,775
Consideration paid (cash)	15,976
Total consideration of acquisition	15,976
Goodwill	1,870

The goodwill primarily reflects excess earning power and synergies with existing operations.

(iv) Trade receivables acquired

(Millions of yen)		
	Total contractual receivables and fair value	Of which, the estimated unrecoverable amount
Accounts and notes receivable - trade	3,583	49
Total	3,583	49

(v) Transaction-related expenses

Acquisition-related expenses related to this business acquisition were not material.

(vi) Revenue and net income of the acquired company and acquired business

Information on the revenue and net income of the business acquisition from the acquisition date to March 31, 2025 is not disclosed because it has no material impact on the consolidated financial statements.

(vii) Revenue and net income of the Group assuming that the business acquisition is completed at the beginning of the fiscal year

Revenue and net income of the Group assuming that the business combination is completed at the beginning of the fiscal year are not disclosed because they have no material impact on the consolidated financial statements. Information on profit and loss assuming that the business acquisition is completed at the beginning of the fiscal year has not been audited by an audit firm.

(3) Notes on disposal groups classified as held for sale and discontinued operations

(i) Overview of discontinued operations

Regarding the sale of the non-core business in the Specialized Parts and Service Business segment, which was resolved at a meeting of the Board of Directors held on February 29, 2024, the Company concluded a business transfer agreement with TerraMar Capital LLC on January 3, 2025, whereby the non-core business is transferred to the said company, and the transfer completed on the same day.

(ii) Profits (losses) from discontinued operations

Profits (losses) from discontinued operations are as follows.

(Millions of yen)

	Year ended March 31, 2025
Revenue	16,145
Expenses (Note)	(14,648)
Income before income taxes	1,497
Income tax expense	(67)
Net income from discontinued operations	1,430

(Note) Profits (losses) from discontinued operations include an impairment loss of ¥1,394 million recognized on assets comprising discontinued operations measured at fair value after deducting cost for sale.

Cash flows related to discontinued operations are as follows.

(Millions of yen)

	Year ended March 31, 2025
Net cash provided by operating activities	1,162
Net cash provided by investing activities	135
Net cash provided by (used in) financing activities	(400)
Total	897

## 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 sheets 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, 2025

Shares of subsidiaries and affiliates with no market price: ¥192,793 million

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

- H-E Parts International Inc. ¥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.

### (2) Recoverability of deferred tax assets

#### (i) Amounts recorded in the non-consolidated financial statements as of March 31, 2025

Deferred tax assets ¥5,399 million

#### (ii) Information contributing to understanding of accounting estimates

Notes are omitted as the same information is provided in "(2) Recoverability of deferred tax assets" in "2. Notes on accounting estimates" in the Notes to the Consolidated Financial Statements.

### (3) Valuation of indemnification claim against ACME Business Holdco, Inc.

#### (i) Amounts recorded in the non-consolidated financial statements as of March 31, 2025

Long-term accounts receivable - other with subsidiaries and affiliates ¥20,096 million

#### (ii) Information contributing to understanding of accounting estimates

In the fiscal year ended March 31, 2023, ACME Business Holdco, Inc. (hereinafter referred to as "ACME"), which was an affiliate of the Company at that time, defaulted on a loan from a financial institution and the Company, the guarantor of the debt, made payments in proxy to the lender, the financial institution. Indemnity claims arising from this payment is presented as "long-term accounts receivable - other with subsidiaries and affiliates" on the balance sheet. In the fiscal year under review, for the purpose of enhancing value chain business in North America, the Company increased its stake in ACME. Considering the improvement of ACME's financial condition resulting from this capital increase, an allowance for doubtful accounts was fully reversed, whereby reversal of allowance for loan losses of ¥12,579 million was recorded under extraordinary income.

If circumstances under which the Company made assumptions, such as ACME's financial condition and results of operations and assumptions made in estimating the valuation of assets, change in the next fiscal year, the Company may again record a financially significant allowance for doubtful accounts in the non-consolidated financial statements for the next fiscal year. The Company therefore considers this accounting estimate significant.

3. Notes to the non-consolidated balance sheets

(Millions of yen)

(1) Accumulated depreciation for property, plant and equipment	187,403
(2) Guarantee obligations	
Guarantees	48,665
Guarantee commitment	49
(3) Monetary claims and monetary debts to subsidiaries and affiliates	
Short-term monetary claims	327,777
Short-term monetary debts	84,642

4. Notes to the non-consolidated statements of income

(Millions of yen)

(1) Transactions with subsidiaries and affiliates	
Operating transaction	
Sales	532,929
Purchase	303,262
Total amount of non-operating transactions	106,324

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, 2025

Common stock	2,411,476 shares
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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	373
Accrued business tax	210
Provision for bonuses	2,314
Accrued expenses	2,979
Allowance for doubtful accounts	90
Write down of inventories	1,664
Loss on valuation of shares of subsidiaries and affiliates	13,202
Loss on valuation of investment securities	121
Provision for retirement benefits	2,740
Excess over depreciation limit	1,620
Others	3,159
Subtotal of deferred tax assets	28,473
Valuation allowance on tax loss carryforwards	(373)
Valuation allowance on total deductible temporary differences	(16,830)
Subtotal of valuation allowance	(17,203)
Total	11,270
Deferred tax liabilities	
Prepaid pension costs	290
Reserve for reduction entry	2,634
Valuation difference on available-for-sale securities	2,224
Others	723
Total	5,871
Net deferred tax assets	5,399

(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, 2025 (Millions of yen)
Other associates	ITOCHU Corporation	Minato-ku, Tokyo	¥253,448 million	General trading company	Held Indirect 28.6	Sales of the Company's products	Sales, etc. of products (Note 1)	107,647	Accounts receivable - trade	39,836
Other associates	Hitachi, Ltd.	Chiyoda-ku, Tokyo	¥464,384 million	Manufacture, sales and service of electric machinery, equipment and various products	Held Direct 25.4	Payment of brand value royalty Officers with concurrent positions	Payment of brand value royalty	2,550	Accounts payable - other	7,841

### (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, 2025 (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)	151,644	Accounts payable - trade	11,602
							Receipt of deposits (Note 3)	64	Deposits received	49,324
							Payment of interest (Note 4)	165		
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 Officers with concurrent positions	Sales, etc. of products (Notes 1, 6)	114,669	Accounts receivable - trade (Note 6)	30,604
							Repayment of funds (Note 3)	14,816	Short-term loans receivable	22,630
							Receipt of interest (Note 4)	154		
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)	4,739	Short-term loans receivable	39,508
							Receipt of interest (Note 4)	219		
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)	63,178	Accounts payable - trade	4,059
Subsidiary	Hitachi Construction Machinery (Europe) N.V.	Oosterhout, 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)	106,127	Accounts receivable - trade	36,851
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)	131,537	Accounts receivable - trade (Note 5)	49,538
							Repayment of funds (Note 3)	4,675	Short-term loans receivable	10,466
							Receipt of interest (Note 4)	673		
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 Officers with concurrent positions	Borrowing of funds	2,933	Short-term borrowings	16,472
							Payment of interest (Note 4)	42		

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, 2025 (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)	60,347	Accounts receivable - trade	27,196
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)	3,811	Accounts receivable - trade	14,228
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)	27,471	Accounts receivable - trade	10,132
Subsidiary	Hitachi Construction Machinery Holding U.S.A. Corp.	North Carolina, U.S.A.	251,000 Thousand U.S. dollars	Sales, etc. of construction machinery	Holding Direct 100.0	Holding company of the Group's companies	Underwriting of capital increase (Note 11)	39,028	—	—
Subsidiary	H-E PARTS International LLC	Georgia, U.S.A.	—	Services of construction machinery	Holding Direct 100.0	Sales and services, etc. of the Company's products	Underwriting of capital increase (Note 11)	9,737	—	—
							Lending of funds (Notes 3, 12)	17,739		
							Repayment of funds (Notes 3, 12)	17,276		
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	Collection of accounts receivable - other	38,892	Long-term accounts receivable - other with subsidiaries and affiliates (Notes 7, 8)	20,096
							Receipt of interest (Note 4)	3,097	Short-term loans receivable	28,110
Affiliate	EURASIAN MACHINERY B.V.	Almaty Province Kazakhstan	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)	6,177	Accounts receivable - trade (Note 5)	5,895
									Long-term accounts receivable - trade with subsidiaries and affiliates	12,464
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 9)	30,306	—	—
							Receipt of debt guarantee fees (Note 10)	72		

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, 2024.

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) In the fiscal year ended March 31, 2023, ACME Business Holdco, Inc. defaulted on a loan from a financial institution and the Company, the guarantor of the debt, made subrogation payments to the lender, the financial institution. Long-term accounts receivable - other with subsidiaries and affiliates described above represent indemnification claims against ACME Business Holdco, Inc. resulting from the Company's fulfillment of its guarantee obligation to the lender.

(Note 8) The Company recorded an allowance for doubtful accounts of ¥12,041 million for the long-term accounts receivable - other with subsidiaries and affiliates from ACME Business Holdco, Inc. at the end of the fiscal year ended March 31, 2024. As ACME Business Holdco, Inc. has partially repaid in the fiscal year under review the indemnity claims the Company held against ACME, the Company fully reversed the amount of an allowance for doubtful accounts and recorded reversal of allowance for loan losses of ¥12,579 million.

(Note 9) The Company guarantees the debt borrowed by ZAXIS Financial Services Americas, LLC from financial institutions.

(Note 10) The rate for the debt guarantee fees is reasonably determined by considering market interest rates.

(Note 11) The Company underwrote in entirety a capital increase conducted by each subsidiary.

(Note 12) The transaction amount includes foreign exchange gains or losses.

9. Notes on per share information

(1) Net assets per share	¥2,268.15
(2) Net income per share	¥428.39

10. Notes on significant subsequent events

No applicable matters.

11. Other notes

No applicable matters.