Summary of questions and answers for the explanatory meeting for business results for the second quarter ended September 30, 2025

Date:	**Tuesday October 28, 2025, 5:00-6:30 p.m.**	
Speaker:	Masafumi Senzaki	President and Executive Officer, COO
	Keiichiro Shiojima	Vice President and Executive Officer, CFO
	Atsushi Konno	President of Corporate Brand & Communications Group
	Tatsuya Kubo	Chief Communication Officer, Corporate Brand & Communications Group

※The content has been summarized.

■Company Name and Brand Change

Q: What led to the company name change?

A: We positioned 2022 as our "second start-up," marked by a major turning point: the partial divestment of shares by Hitachi, Ltd. and our decision to pursue independent expansion in the Americas. Discussions around branding had already begun at that time, but maintaining the Hitachi brand was still necessary when re-entering the Americas market. Now, as a conclusion to our "second start-up," we have made a new decision to build an independent brand for the next 100 years.

Q: How was communication with major shareholders regarding the name change? Is the orange-colored machinery related to the Hitachi brand?

A: We have maintained appropriate dialogue with Hitachi, Ltd. based on our brand agreement and have built a good relationship. We also continue to communicate with other major shareholders. The use of orange as our corporate color is not related to the Hitachi brand agreement. We recognize that our orange-colored machinery is trusted by customers around the world. By combining solutions such as ConSite and Wenco, we aim to establish LANDCROS as a comprehensive brand.

Q: What initiatives are being taken to promote brand awareness?

A: We have already started selling machinery with the LANDCROS logo. Moving forward, we will enhance logo visibility and promote the brand through commercials, social media, and thorough communication with stakeholders.

Q: What is the future outlook regarding Hitachi, Ltd.'s shareholding?
A: Decisions regarding shareholding are subject to Hitachi, Ltd.'s own considerations, and we are not in a position to comment. Our basic policy remains unchanged: we aim for independent management while welcoming a broad base of general shareholders.

Q: Will the name change expand opportunities for M&A or partnerships under the open strategy?
A: Absolutely. As part of our open strategy, we remain flexible in considering capital relationships with other companies when necessary. What we value most is transparency and co-creation with our customers.

■First Half Results and Outlook
Q: What is the reason behind the upward revision of earnings forecasts?
A: The revision mainly reflects upward adjustments in Japan, Europe, and our own developing business in the Americas. In the Americas, the re-price hike rush in demand also served as a tailwind. In Europe, inventory replenishment needs became apparent as dealer inventories declined in major countries. In Japan, sales were strong in September. While construction volume remains relatively stable in Japan, inflation, rising labor costs, and labor shortages are dampening customer purchasing sentiment. However, these challenges also present opportunities for us to propose ICT construction machinery.
Overall, uncertainties such as deferred mining maintenance and tariff impacts persist, so we maintain a cautious outlook.

Q: Is the weakness in the mining business due to external factors like tariffs or internal factors such as declining competitiveness?
A: Operating hours for mining machinery remain stable. Maintenance is essential and not skipped, but tends to be deferred when market conditions worsen. Conditions vary by region, with some showing improvement. Globally, polarization is progressing. Falling coal and iron ore prices have created tough conditions in Australia and Indonesia, while hard rock mining (e.g., copper) remains strong. Australia is showing signs of recovery from Q1 to Q2.

Q: What are the factors behind changes in volume and mix compared to the previous plan?

A: Volume has been slightly revised upward compared to the previous plan. The value chain mix has deteriorated due to underperformance in specialized parts and services. Other regional and product mix factors also worsened. Key reasons include underperformance in high-margin specialized parts and services and increased transportation costs due to higher volumes.

Q: What is the profit status by segment?

A: The construction machinery business remains solid overall, despite a decline in the OEM supply in the Americas, and income margins are recovering. The specialized parts and services business is struggling, particularly in the H-E Parts' parts remanufacturing business, with intensified competition in Latin America leading to reduced orders.

Q: What are the details of restructuring costs and other operating income/expenses?

A: The overall outlook remains largely unchanged when combining both. In the first half, other operating income included insurance proceeds from a factory fire and hurricane damage to a parts warehouse in North America. Additionally, we received compensation from an engine supplier for quality assurance. On the other hand, restructuring costs include brand transition expenses and new initiatives to reduce fixed costs, considering this is the final year of our mid-term plan.

Q: What is the outlook for FY2026?

A: The outlook is uncertain. We expect the full impact of U.S. tariffs to emerge going forward, adding to the uncertainty. Even so, our mining and value chain businesses are steadily growing and are expected to be key drivers of future growth.

■Tariff Impact

Q: Are increased costs due to tariffs being absorbed through pricing?

A: We have implemented gradual price increases and have gained understanding from dealers and customers. We will continue to respond while monitoring competitors' actions.

Q: What is the impact of U.S. tariffs on market conditions?

A: Currently, we are seeing a rush in demand for pre-tariff inventory. Going forward, sales of products subject to tariffs will increase, and we expect the market impact to become more pronounced. We believe the entire market, including competitors with local production, will be affected.