

May 23, 2022

Corporate name Hitachi Construction Machinery Co., Ltd.
(Code: 6305, Prime Market of the Tokyo Stock Exchange)

Name of representative Kotaro Hirano
Executive Officer, President & CEO

Notice Concerning Controlling Shareholders, etc.

Hitachi Construction Machinery Co., Ltd. (hereinafter referred to as “the Company”) hereby announces the following particulars concerning the controlling shareholders, etc. of the Company’s parent company, Hitachi, Ltd. (hereinafter referred to as “Hitachi”) as of the end of the fiscal year.

As announced on January 14, 2022, Hitachi, Ltd., which owns the Company’s shares, plans to transfer the equivalent of 26%. As a result, Hitachi is expected to be changed from the parent company to other affiliated companies of the Company.

1. Trade names, etc. of the parent company, controlling shareholders (excluding parent company), other affiliates, or parent companies of other affiliates

(As of March 31, 2022)

Name	Attribute	Voting right percentage (%)			Financial instruments exchange, etc. where issued share certificates are listed
		Direct ownership	Combined relevant shares	Total	
Hitachi	Parent company	51.5	—	51.5	Prime Section of the Tokyo Stock Exchange Premier Section of the Nagoya Stock Exchange

2. Positioning of listed companies within the parent company’s corporate group, and other relationships between listed companies and the parent company

(1) Positioning of listed companies within the parent company’s corporate group, and business, personnel, and/or capital relationships between the parent company and its group companies

The Company belongs to the construction machinery segment of the Hitachi Group as the sole enterprise to operate the Group’s construction machinery business. While maintaining independent business management, the Company shares its parent company’s basic principles and brand as a member of the Hitachi Group.

Furthermore, the Company and Hitachi have a capital lending/borrowing transactional relationship based on the Hitachi Group’s cash pooling system, as well as a cooperative relationship in the areas of research and development. The Company has business relationships, such as product sales, with other Hitachi Group companies.

Additionally, in order to reinforce the corporate governance function of the Company’s Board of Directors and to ensure coordination with the Hitachi Group, one of ten directors is concurrently taking the post of Senior Advisor at Hitachi, and another one is concurrently taking the post of COO of Social Infrastructure Systems Business Unit at Hitachi as of March 31, 2022.

(Concurrent directorships)

(As of March 31, 2022)

Title	Name	Title at parent company or its group company	Reason of appointment
Director	Hideaki Takahashi	Parent company Hitachi Senior Advisor	The Company has determined that he will be able to further strengthen the Company’s management structures by providing advice on the Company’s overall management through his extensive experience and deep insight in the field of “MONOZUKURI” in the Hitachi Group and as the top executive of a global company.

Director	Yoshiaki Hosoya	Parent company Hitachi COO of Social Infrastructure Systems Business Unit	The Company has determined that he will be able to further strengthen the Company's management structures by providing advice on the Company's overall management through his experience in the field of information and communications systems in the Hitachi Group and his extensive experience and deep insight as a top executive.
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(2) Business restraints, risks, and advantages from belonging to the corporate group of the parent company, and the impact of the business, personnel, and/or capital relationships with the parent company and its group companies on management and business activities

By being a part of the Hitachi Group, the Company can effectively use the research and development capacities, branding power, and other management resources of Hitachi and the Hitachi Group companies, as well as further contribute to improving the Company's and the Hitachi Construction Machinery Group's corporate values.

(3) Concept and measures for ensuring a certain level of independence from the parent company

One of ten our directors is concurrently taking a post as a Senior Advisor at Hitachi, and another one is concurrently taking the post of COO of Social Infrastructure Systems Business Unit at Hitachi as of March 31, 2022, which creates a situation where they may have an impact on the Company's management policy decisions through expressing their opinions at board meetings. However, the board members concurrently taking on the posts at Hitachi are less than the majority of our board members, and because four of our outside directors are registered with the Tokyo Stock Exchange as independent officers, we believe that it is able to make independent management decisions. Terms of business with Hitachi and its group companies are rationally determined based on mutual accord, referencing market prices, etc.

(4) Situation of ensuring a certain level of independence from the parent company

The Company conducts business activities individually on the basis of ensuring independence in terms of business transactions in the relationship with Hitachi. Additionally, as the Company's business activities do not significantly rely on business transactions with Hitachi, the Company recognizes that its independence from the parent company is ensured to a certain level.

3. Particulars related to transactions with controlling shareholders, etc.

The state of business transactions with Hitachi during the fiscal year ended in March 2022 (from April 1, 2021 to March 31, 2022) is as follows:

(Unit: Million yen)

Attribute	Company name	Capital or Investments	Line of business	Relationship with relevant party	Details of business transactions	Transaction amount	Account title	Final balance
Parent company	Hitachi	461,731	Manufacturing, sales, and service of electric machines and appliances and other products	Lending/Borrowing of funds; Payment of brand royalties;	Repayment of debt	2	Borrowing funds	0
					Interest on borrowings	36		
					Payment of brand royalties	1,398	Accounts payable	6,163

Note: Transaction conditions or policy for determining transaction conditions

Hitachi Construction Machinery is enrolled in the Hitachi Group's cash pooling system, which aims to centrally manage funds. Funds are accommodated on a daily basis, and therefore the transaction amount represents the balance against the amount as of the end of the previous fiscal year.

The interest rates for deposits and borrowings of funds are rationally determined considering market interest rates. Collaterals are not provided.

4. State of performance of measures to protect minority shareholders when transacting with controlling shareholders

When the Company transacts with Hitachi and Hitachi Group companies, fair trade is ensured by coming to a mutual accord where the price is rationally determined based on generally accepted market prices.