

COO Message



Based on the LANDCROS concept, we will enhance relationships of trust with our customers around the world and deliver a future growth story to our stakeholders.

Representative Executive Officer
President and Executive Officer, Director, COO
Masafumi Senzaki

LANDCROS—The Hitachi Construction Machinery Group's Future Growth Story

I regard it as my mission as COO to show stakeholders steady growth of the Hitachi Construction Machinery Group every year.

So how can we continue to achieve such growth? The answer to this question lies in the Hitachi Construction Machinery Group's unshakable mission: "Meet expectations from customers, co-create innovative products, services, solutions and together, we continue to create new value." We do not provide a full lineup of construction machines, but rather have global strength in our core products, such as hydraulic excavators, dump trucks and wheel loaders. The accumulated technologies that we have been honing for more than 70 years now support construction, housing, and mining sites across the world. Based on these core technologies and in collaboration with our partner companies, we will continue to evolve to become the world's No. 1 for innovative solutions, steadily building up a track record as a truly reliable company that meets expectations. This, I think, is the core of the equity story that the Hitachi Construction Machinery Group aims to deliver to its shareholders and investors.

We will work to meet this challenge with greater speed under the LANDCROS banner. The LANDCROS concept is not a mere contrivance. It shows our unique growth story and will guide us in building an ecosystem of innovative solutions through the

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advancement of machine technologies, establishment of open partnerships, and enhancement of digital infrastructure. Our LANDCROS One concept model made its debut at bauma 2025 in April 2025, one of the world's largest trade fairs for construction machinery, and was applauded by visitors.

The central part of the ecosystem thus built is composed of LANDCROS Connect and LANDCROS Connect Insight. The former is a fleet management system for customers who have lots of machines. They can use the system regardless of the manufacturers of their machines or the industries in which they operate. The system centrally grasps and analyzes information about their machines (including those supplied by our competitors), namely, their operational status, CO₂ emissions and others, to support the optimization of on-site construction work. The latter is a higher-level LANDCROS Connect service specially designed for mining sites. In reference to real-time operational data, the system detects abnormalities at an early stage for maximization of the operating rate and optimization of maintenance work. But the system does not simply provide management functions. It also serves as an innovative solution that helps boost on-site productivity in a dramatic manner. Going forward, we will expand both our partner company base and our regional base for LANDCROS toward the establishment of a sustainable growth model.

In recent years, the Hitachi Construction Machinery Group has been expanding the territory of its own business development in the Americas and building the value chain business to establish the foundation for LANDCROS. In order to evolve the Group into a technology company for machines as well as for solutions, we will show all our stakeholders how we will steadily achieve growth going forward under the LANDCROS banner.

Building Open Partnerships—Speeding up Collaboration and Expansion

For us, our LANDCROS partner companies are not just business partners. They are colleagues who are indispensable to our future. Based on this recognition, we give priority to selecting companies that can share our corporate culture as LANDCROS partners. The

Hitachi Construction Machinery Group has been giving priority to the success and profitability of its customers as a precondition to achieving co-prosperity among our dealers and ourselves. Companies that resonate with this co-creation culture of ours and are willing to exchange information openly with us are our true partners and will help us expand the “LANDCROS family.”

Although it was also possible for us to choose to implement a closed strategy, we decided to take on the challenge of fostering open innovation. LANDCROS is a symbol of that. In order to meet this challenge, we will make exchanges with colleagues who have diverse technologies and values, and work with them to co-create a new world with unprecedented speed.

The ZERO EMISSION EV-LAB, which we opened in Ichikawa City in Chiba Prefecture in May 2024, is attracting a range of companies and organizations that find resonance with the vision of achieving zero emissions, including Isuzu Motors, ITOCHU, Kyushu Electric, and other partner companies. The LANDCROS Connect fleet management system was developed within a short period of time by an agile team that we formed with these partner companies using open source. We are convinced that repeating the cycle of innovation by using an agile development method and an open technology platform will provide us with a source of competitiveness for the coming age.

The Hitachi Construction Machinery Group will work with dedication and commitment on both partnering and market expansion based on the LANDCROS concept for further business growth and higher capital efficiency, thereby creating new value in a steady manner.

Promoting LANDCROS from the Viewpoint of Customers—Corporate Culture Conducive to Greater Reliability

We have started to set key performance indicators (KPIs) to ensure the growth of LANDCROS and to prevent the concept from becoming a mere formality. In addition to setting conventional KPIs, such as sales and the number of contracts, we set the level of on-site improvement achieved by customers, operational optimization, CO₂ emissions reduction effects, and other indicators as new value

criteria, thereby visualizing the value created by LANDCROS to establish a virtuous cycle of implementing the concept and achieving results.

With regard to this, we focus on quantifying the degree of ties that we have built with customers, regarding those ties as a driving force for our growth. To this end, we will set indicators to measure such things as an increase in the number (population) of machines in operation, the capture rate of parts sales and related services, and the repeat order rate, with an eye to building a system to objectively grasp the depth of trust earned from customers. These are not mere indicators of business performance, but also reflect our good faith in our dealings with customers.

Since its founding, Hitachi Construction Machinery has been nurturing a corporate culture of addressing the problems faced by customers proactively and directly, and dealing with issues seriously. Accordingly, we take the same approach to service with all our customers, whether they be world-leading general contractors and mining companies, small construction companies in emerging markets, or owner-operators. This sales attitude provides us with a source of competitiveness and represents our commitment to creating value as specified in the LANDCROS concept. Going forward, we will further boost the momentum to fulfill that commitment, being driven by the advancement of digital technologies. Using leading-edge digital tools will enable us to provide customers with even speedier and more attentive support and will increase the density of service offered to each customer. We have already started to sell directly to customers in nearly half of all world markets. Looking ahead, with LANDCROS at the core, we will further promote the collection and adoption of customer feedback through direct sales and sales via dealers of our products and services. What we aim for is to remain our customers' closest and most reliable partner. Furthermore, we will continue to strengthen our relationships of trust with our customers around the world, and steadily take steps forward in line with our growth story.

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Adding Unique Value Based on Our Own Hydraulic Technology

We have been embracing these challenges by making use of our own hydraulic technology, which we developed ourselves around 60 years ago and have been innovating ever since. Because of this technology, which was built to transform the power generated by an engine or motor into hydraulic pressure to support on-site work, including moving, digging, and lifting our machines are highly rated for their tremendous operability and low environmental impact. Thanks to this technology, hydraulic flow in our machines is elaborately controlled, allowing operators to operate them with ease while minimizing energy loss. The hydraulic control technology, which makes robustness and sensitivity compatible, gives us our core competence. We have then built on that by applying our unique hydraulic control technology to develop a group of products, such as “non-digging” attachments, as well as material handling and drilling machines, thereby adding to our own products the kind of value that our competitors cannot provide.

Achievements and Challenges Identified in the Second Year of the Medium-term Management Plan

In the second year of the medium-term management plan “BUILDING THE FUTURE 2025,” we made achievements in the value chain business for our parts and services. Thanks to these achievements, we were able to enhance our earnings base and move one step closer to stable growth. On a medium- to long-term basis, growth trends will also continue in the new machines market, being driven by the demand created by urban development, including the building of infrastructure. On a short-term basis, however, a decrease in demand for new machines is exerting influence, but our steady efforts to enhance our profit base through the value chain business and improve the precision of inventory management are steadily bearing fruit, increasing the importance of measures to underpin revenue gains.

Regional Strategies and Higher Capital Profitability

Toward the achievement of the numerical targets set for FY2025 in the medium-term management plan, we have identified challenges. In particular, for our own business development in the Americas, we decided to extend the deadline for the achievement of sales revenue of 300 billion yen by one year. Our future regional strategies will include Central and South America in the target in addition to North America, with the aim being to diversify the regional business portfolio and make risk distribution compatible with business growth. In Central Asia and India, we are also steadily increasing our market presence and will enhance our business foundation in these regions, which will be our key growth regions in the future. By leveraging open collaboration and localized strategies, we will further increase our market presence in the regions.

The improvement of capital profitability is an important challenge, along with the acceleration of growth going forward. While aiming to make more achievements for capital profitability-related indicators including ROE, we will steadily make growth investments for the future. Also, for R&D expenses, we will maintain our investment ratio at a certain level to continue to make strategic investments to enhance our competitiveness. To this end, it is important to expand the market share of our core product group and increase the number (population) of our machines under operation. Further, we will improve the repeat order rate and expand the capture rate for our parts and related services to transform our business model into one that is more profitable and value-added. In addition, we are providing shareholders and investors with information about our progress and challenges in a detailed and open manner.

Challenge of Creating a Sustainable Society and the Evolution of the Business Unit System

While building strong relationships of trust with customers, we are also taking on the challenge of creating a sustainable society. Specifically, for carbon neutrality and building a circular economy, we



With employees of Tata Hitachi Construction Machinery in India
(President Senzaki is in the center of the photo.)

have been steadily implementing measures. As a result, we developed an electrification technology for hydraulic excavators, which we showcased at bauma 2025. In the European market, we are establishing a leading position in terms of the electrification of construction machines. Also, in Zambia, we have entered the final stage of the demonstration test for a fully electrified rigid dump truck using a trolley system. The Hitachi Construction Machinery Group will continue to create construction machines suitable for the society of the future, while flexibly responding to the ongoing trend of electrification and the shift to the use of hydrogen-based energy. We will contribute to the creation of a sustainable society by delivering construction machines that are friendly to both the environment and people while also being truly reliable.

In parallel with working for a sustainable society, we are also focusing on advancing our internal organizations. In order to deliver construction machines suitable for future society, we need to build a system that enables us to respond flexibly and speedily to the diverse needs of individual customers. To meet this requirement, we introduced a business unit (BU) system in April 2022 and connected all development, production, and other functions across the board to build an organizational system that fosters both on-site capabilities and agility.

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Reforming Our Organization from the Viewpoint of Customers—Enhancing the BU System and Making Progress through DX

We introduced the BU system three years ago. This move has delivered steady results, including greater internal efficiency and visualization. However, we are not satisfied with these achievements. In order to transform our organizations to make them truly customer-oriented, we have enhanced our customer satisfaction (CS) scoring system, which is designed to quantify the feedback given by dealers for direct use by our development department, while rebuilding our deliberative bodies and establishing new organizations. For greater CS, we also need to further accelerate our product improvement cycle by adding new evaluation criteria, such as those related to safety and the environment, beyond just dealing with product defects.

In order to foster and speed up this organizational reform, we appointed Itaru Nishizawa, who is well-versed in the digital field including AI, as our CTO. Presently, CTO Nishizawa is also supervising



the New Business Creation Unit and serves as President of the Research & Development Group. He is leading the reform of the in-house organizations and R&D functions by making use of digital technologies as a core tool.

Going forward, Hitachi Construction Machinery will further improve its CS scoring-based customer evaluation and enhance measures to deal with potential problems. Moreover, we will proactively adopt new value criteria such as safety, laws & regulations and the environment, thereby meeting the expectations of customers in domains that we did not cover in the past. By combining the on-site capabilities developed under the BU system with digital technologies, I am convinced that the Hitachi Construction Machinery Group will be able to take steps to reach the next stage of growth, moving forward from the present stage.

Commitment to Enhancing the Driving Force to Meet Challenges and to Increasing Corporate Value

Implementing growth strategies, earning more trust from customers, working on social issues and reforming our organizations. All these will help us increase our corporate value over time. As COO, my number one mission is to facilitate this steady process. To fulfill this mission, I will clarify the definition of corporate value and attribute special importance to management strategies that value speed, thereby moving steadily forward. I will also fulfill my accountability to shareholders and investors by showing them quantified results, rather than just talking up our ideals.

Expecting All Employees to Embody the LANDCROS Concept

In order to meet the challenges described above, all employees are expected to embody the LANDCROS concept. Accordingly, in my capacity as COO, I will instill the spirit of pursuing Customer (C),

Reliable (R), Open (O), Solutions (S) (“CROS”) across our in-house organizations. I worked on-site for the Hitachi Construction Machinery Group for nearly 30 years, executing business by embodying the *Kenkijin* Spirit. The corporate DNA of the company encourages us to address the issues faced by customers head-on and to achieve further growth by trying to overcome difficulties with colleagues. This is also a source of our strength.

I believe that “the front lines are the source of all corporate activities.” Based on this belief, I will pay attention to the little findings made on-site and will support the heads of the BUs in promoting a mindset shift for the evolution of our organizational culture. In order for all employees to voluntarily strive to meet these challenges on a non-temporary basis by understanding the significance of doing so, I will continue to attribute importance to on-site communication going forward.

Decision to Increase Corporate Value

Another important role I have in my capacity as COO is to provide capital markets with an equity story about our future vision. In order to gain the understanding of capital markets, we need to understand the details of the story ourselves, including the future composition of our shareholders. It is also difficult to generate high expectations for our stock prices by simply describing an attractive future for the Group without a plausible plan for getting there. We therefore need to continuously hone our strategies and plans to increase our corporate value and to engage seriously in dialogue and other exchanges with our shareholders and investors.

Luckily, we are gaining a certain degree of support for these measures from market participants. Going forward, we will repeatedly be faced with changes in the world economy and market environment. Not being easily rattled by such changes, we will work to embody our own future vision and steadily take steps to increase our corporate value.