

Our Future Business Strategy

January 14, 2022

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Executive Officer, President & CEO

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

- 1. Summary of Changes in Shareholder Composition and Relationship with Hitachi Group**
- 2. Strengthening business in North America through collaboration with new partners**
- 3. Business Policy after Change in Shareholder Composition**

1. Summary of Changes in Shareholder Composition and Relationship with Hitachi Group

Changes in Shareholder Composition

1. ITOCHU Corporation and Japan Industrial Partners established SPC* through a 50-50 investment.
2. Hitachi transfers 26% of its shares to SPC. SPC becomes the largest shareholder.
3. ITOCHU Corporation and Japan Industrial Partners will support the growth of our company through SPC.



Relationship with Hitachi Group

1. Continue to use the Hitachi brand and contribute to improving the value of the Hitachi brand globally.
2. Continue to collaborate with Hitachi Group in various R&D fields, including IoT.
3. Continue to trade parts and collaborate on technology with Hitachi Group, to accelerate our environmental response and circular economy initiatives.

1-2. Relationship with Hitachi Group (1)

Contributing to Enhancing Brand Value

HITACHI

Reliable solutions

Contribute to the enhancement of the value of Hitachi brand through collaboration and co-creation with Hitachi Group

Separation / Independent

Sophistication of products

Technology development

Expand globally

Collaboration

Electronic control / Data utilization

Business Co-Creation

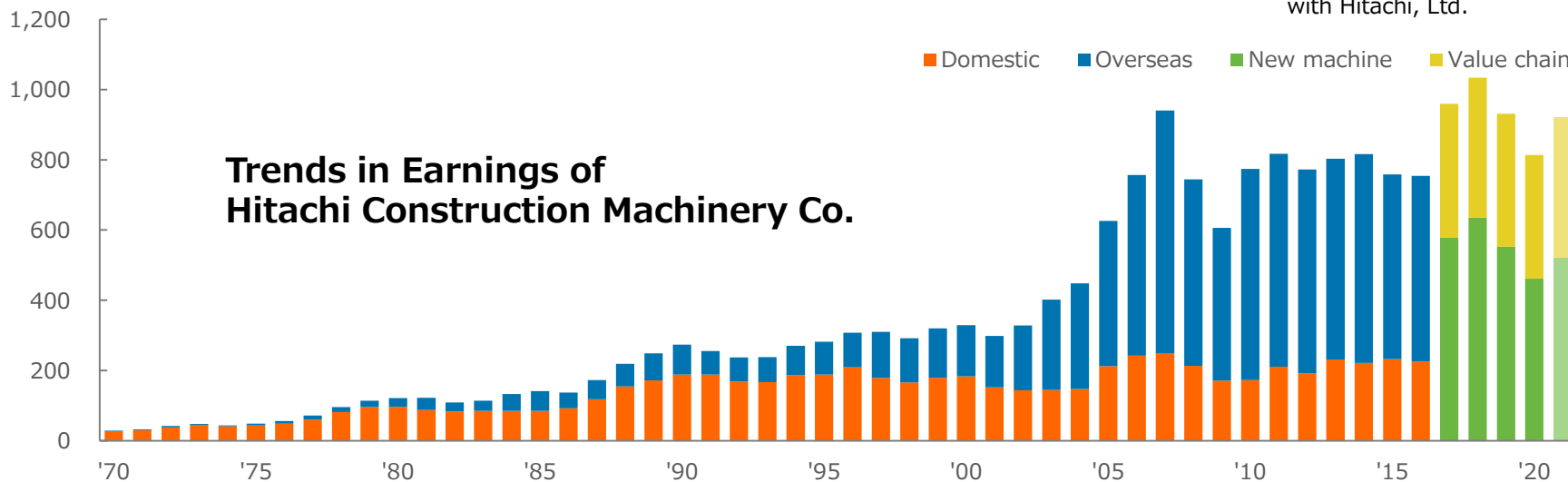


Overseas Ratio : Approx. 75%
(As of March 31, 2021)



*Signed a license agreement with Hitachi, Ltd.

Billions of Yen



Contribution to Lumada through data-driven Parts service business, etc.

ConSite* contract units and areas

Approx. **158,000** units

(As of March 31, 2021)

**Available in 113 countries and regions
in 33 languages**



Accelerate environmental response and circular economy initiatives through collaboration and co-creation with Hitachi Group



**Rigid Dump Truck with Trolley
developed in collaboration
with Hitachi Group**

- Collaboration in AC motors, control units and trolley system
- Realization of vehicle stabilization and autonomy with railroad and automobile technology
- Promote net zero emissions through collaboration and co-creation with Hitachi Group

*:Available on Lumada as a field-supported IoT service solution by the Hitachi Group for the real estate and construction industries.

2. Strengthening business in North America through collaboration with new partners

Have an outlook on sales and service network in the Americas' markets

1. Strengthen regional control base and support structures

Structure strengthen of Hitachi Construction Machinery America
Direct control by the Executive Vice President and establishment of a support organization, at the head office in Japan



2. Network development and product lineup expansion

Generally agreed on new contract with 16 dealers in mid-to-wide areas
Progressed dialogue with existing wheel loader dealers to expand Hitachi brand products
Established network covering almost all major regions of the Americas

3. Shipment of the latest hydraulic excavators to the North American market

Shipped the first Hitachi brand hydraulic excavator to NA



2-2. Acceleration of Business in North America through collaboration with new partners

1. Collaboration in finance business

- Consider a wide range collaboration in finance for both dealers and retails with ITOCHU Group.

2. Collaboration in logistics networks and other areas

- ITOCHU owns as resource the ocean transportation network that is in tight pressure, as well as bases and network for logistics and service in North America.
- Strategically use of the logistics and materials networks between Japan and the U.S. and in North America owned by ITOCHU for the vertical launch of North American business.

3. Strengthening of management base over the medium to long term, etc.

Japan Industrial Partners is expected to contribute strengthening of management base over the medium to long term and to advise on rental assets management and operation.



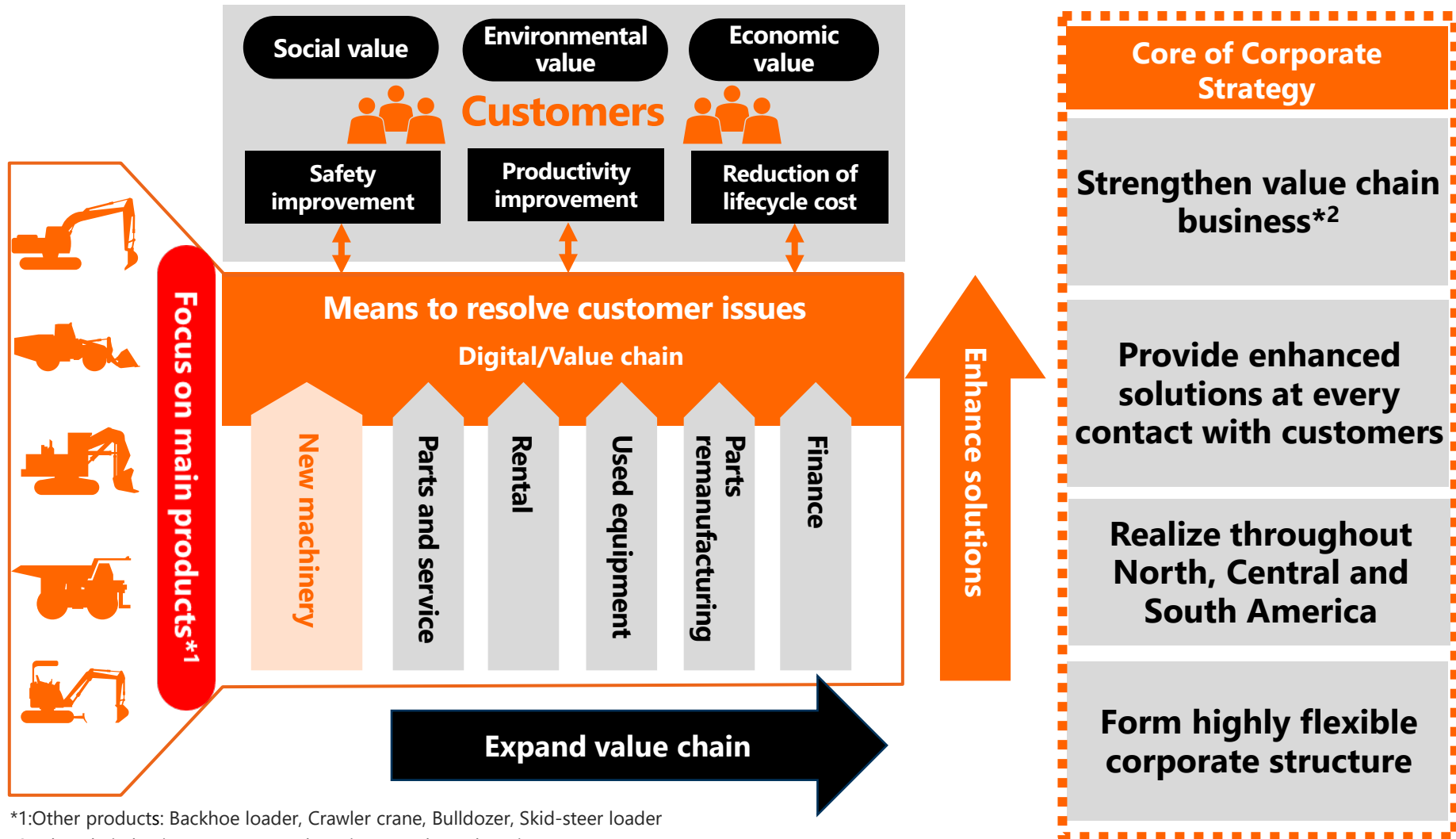
3. Business Policy after Change in Shareholder Composition

3-1. Our Medium-term Management Plan remains unchanged

HITACHI

Reliable solutions

Core of Corporate Strategy consists of strengthening value chain business, providing enhanced solutions, and forming flexible corporate structure



*1:Other products: Backhoe loader, Crawler crane, Bulldozer, Skid-steer loader

*2:value chain businesses: parts and service, rental, used equipment, remanufactured parts, financing, etc.

3-2. Further strengthen Core of Corporate Strategy for Steady Growth under the new organization

HITACHI

Reliable solutions

In collaboration with Hitachi, Japan Industrial Partners and ITOCHU, accelerate Strengthening and Change of management strategy, ensure growth

Core of Corporate Strategy

Accelerate change under new capital structure

Provide enhanced solutions at every contact with customers

**Continue to collaborate in R&D with Hitachi Group, and Net Zero Emissions for mining with ABB
Collaboration in R&D, procurement of parts for Dump Trucks**

Strengthen value chain business

**Collaboration with ITOCHU in North America
Collaboration in product and parts distribution, inventory management and financing**

Form highly flexible corporate structure

**Strengthening of management base over the medium to long term with Japan Industrial Partners
Advice and support in rental asset management, etc**

Continue and strengthen current partnerships in each region and business

Business Expansion

Improve Customer Satisfaction

Stabilization of Revenue

Reestablishing business in North, Central and South America, expand business aiming for over 1 trillion yen consolidated Sales Revenue or more and stable double-digit Operating Income Margin

Cautionary Statement

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

Trademark notes

"Lumada" is registered trademarks of Hitachi, Ltd.

"ConSite" is registered trademarks of Hitachi Construction Machinery Co., Ltd.

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For further inquiries:

Corporate Brand & Communications Div.

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