

## REPUTATIONS ARE BUILT ON IT

# Hitachi Construction Machinery Re-enters the North, Central, and South American Markets

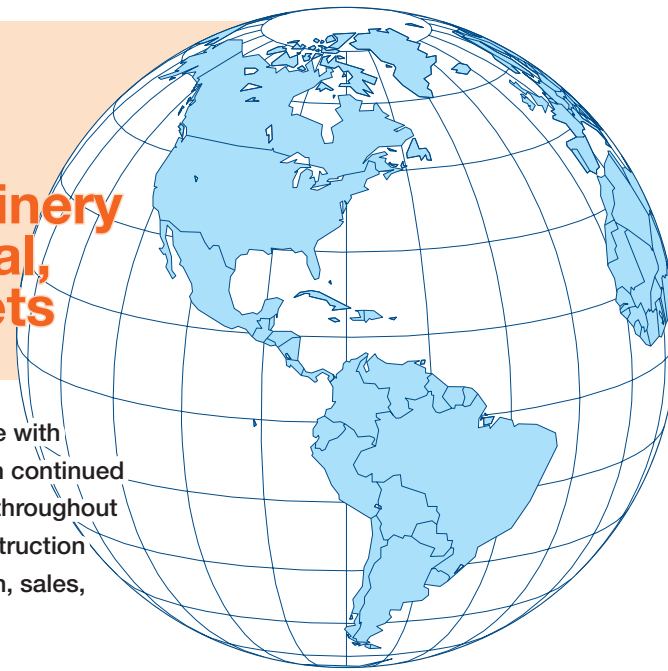
Hitachi Construction Machinery has dissolved our joint venture with Deere & Company in North, Central, and South America, which continued for over 30 years. We are working to restructure our business throughout the North, Central, and South American markets. Hitachi Construction Machinery Group established our own independent production, sales, and service system in March 2022.

## The Groups All-Out Effort to Rebuild A New Business Structure to Connect All of North, Central, and South America

Hitachi Construction Machinery established Deere-Hitachi Construction Machinery Corporation, a joint venture for manufacture and sales, in 1988 in North Carolina, America. Since then, we have developed through our partnership with Deere. However, the organizational structures and construction of both companies are changing due to significant differences in today's market environment versus when the joint venture was first established. We decided it was best for both companies to focus on our own independent business strategies going forward and agreed to dissolve the alliance in a developmental manner.

Due to this agreement, as of March 2022, it is possible for Hitachi Construction Machinery to directly provide customers with our latest products, technologies, and services throughout

North, Central, and South America. Just over six months after the agreement made in August 2021, we began rapidly producing globally renowned highly efficient, high-quality, and powerful hydraulic excavators and ultra-large mining machinery, for North, Central, and South America. We are also reconstructing new sales and service networks. We have put a system in place to provide everything from marketing to sales throughout North, Central, and South America. This system utilizes group companies centered around Hitachi Construction Machinery Americas Inc. and the network of dealers that have handled hydraulic excavators, dump trucks, and wheel loaders developed under the Hitachi brand.



Our slogan for Japan and the U.S- "EMPOWERING THE AMERICAS -THE LINEUP GROWS MORE POWERFUL"

## The Americas Compact & Construction Equipment Strategy



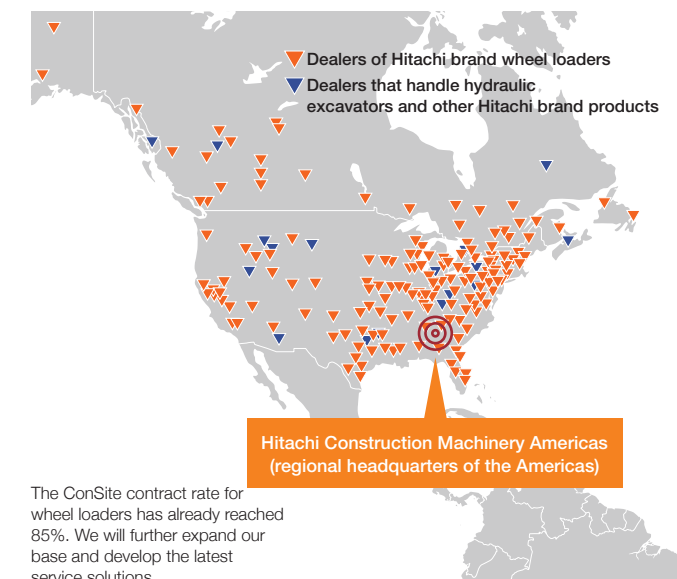
### The Compact & Construction Business Will Specialize in and Focus Resources on North America.

Hitachi Construction Machinery Loaders America, located in Georgia, was renamed Hitachi Construction Machinery Americas Inc. They now assume the function and authority to oversee the sales of Hitachi brand construction machinery as well as the parts and services business. They expanded their product lineup, focusing on the latest machines including ICT construction machinery produced in Japan. They implemented training and made new hires to account for the fact that their employees had only previously worked with wheel loaders, and that dealers will now handle nearly all products. Hydraulic excavator models provided by Compact & Construction have the latest, highly efficient hydraulic system that responds to the advanced needs of the North American market, AERIAL ANGLE, to improve safety at worksites, as well as the worldwide highly renowned service solution ConSite OIL, as a standard feature. They will additionally establish a regional marketing structure.

We launched a re-entry campaign in March 2022 to promote the high value of our total solution under our slogan "REPUTATIONS ARE BUILT ON IT" which we have had since we began

wheel loader sales in North America.

#### ● New Sales and Service Networks in North America



### Providing Finance Solutions and Strengthening the Value Provided by Used Equipment, Rentals, and Parts and Service

The Group also started providing finance solutions through cooperation with ITOCHU Corporation and its affiliated companies in our re-entry to the market. Our group has now prepared an environment for accelerated development of our used equipment sales and rental business, which is a particularly important segment of Hitachi Construction Machinery's management strategy for our essential value chain business. Furthermore, we were able to start a highly profitable parts and service business by expanding our logistical structure for parts and inventory management. We will greatly expand the value chain benefits offered to our

customers in the North American construction machinery market going forward, which is said to be the largest in the world. This includes rental, used equipment, and parts and service.

#### ● Details on Our New Partners and Main Collaborations

- (1) Collaborations in finance
- (2) Collaborations in maritime transport and North American logistics networks
- (3) Strengthening the mid-term management foundation

#### ● Image of Our Collaboration with New Partners





## The Americas Mining Strategy



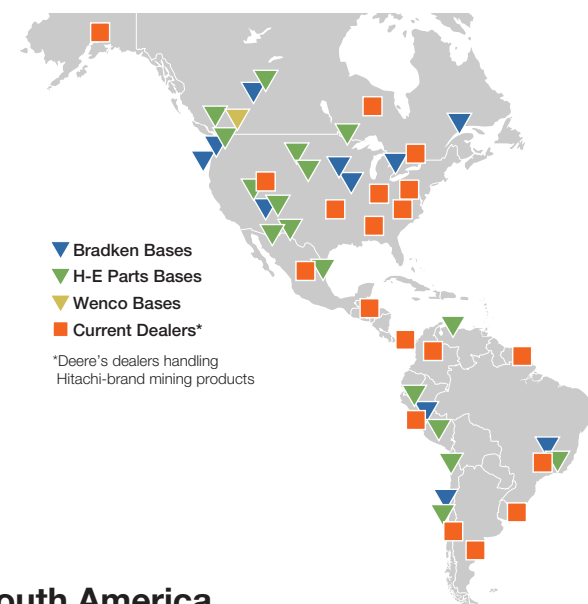
### Fully Utilizing Our Network to Provide New Value to the Mining Industry

The mining business aims to fully utilize our network of Group companies that have been active in mining fields worldwide to capture the North, Central, and South American market. First, we will introduce Bradken products to the market. Bradken manufactures and sells hydraulic excavator suspension systems and excavating buckets. We will then enhance the mining machinery remanufacturing business at H-E Parts International LLC, which performs parts remanufacturing. We are rapidly developing an Autonomous Haulage System (AHS) at Wenco International Mining Systems Ltd., which provides advanced solutions, such as the Fleet Management System (FMS) to mines worldwide. AHS is currently undergoing verification testing, the final stage of commercialization, in Australia and will expand to North, Central, and South American markets.

In addition, as environmental concerns are growing rapidly and 24 hour-a-day operation and reliability are required at mining sites, zero CO<sub>2</sub> emission mining is in more demand than simple CO<sub>2</sub> reductions. In addition to maximizing the strengths of the environmental technologies for construction equipment that we have built up over the years, we will also aim to meet high expectations promptly through open innovation with Switzerland's

ABB and the research team of Hitachi Ltd. We will provide total solutions that combine cutting-edge technologies to achieve zero emissions in machinery, as well as provide ConSite Mine, which allows for the visualization of the operations of an entire mine.

#### ● New Sales and Service Network for the Mining Business

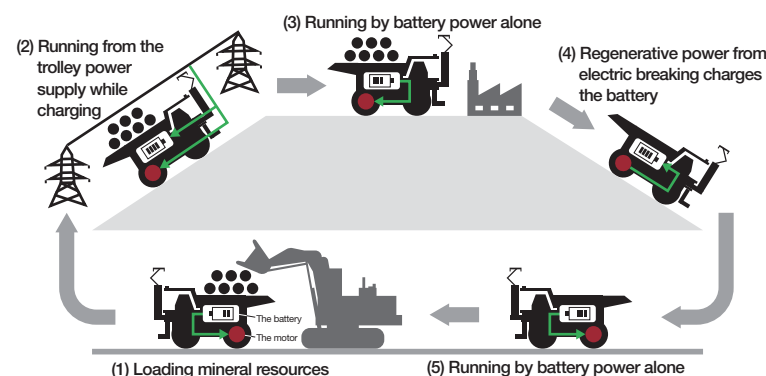


### To Achieve Zero CO<sub>2</sub> Emission Mining in the Hard-Rock Enriched Central and South America

Dump trucks emit the most CO<sub>2</sub> of all the equipment and machinery used in mines, and they have a particularly heavy impact in Central and South America, where mines have many long uphill slopes. By using the revolutionary energy storage technology of ABB, a company with a history in the mining industry of over 130 years, Hitachi Construction Machinery focused on the possibility of converting from diesel engines to fully electric-driven trucks, and we began the joint development of Full Battery Rigid Dump Trucks.

Markets in Peru and Chile, South America, have a concentration of hard-rock copper mines. Successful Zero CO<sub>2</sub> Emission Mining in Central and South America has significant social implications, as copper is the core mineral in the development of IoT, AI, and battery technologies. Going forward, we will concentrate the Group's technological skills and solutions, while continuing to develop for the future.

#### ● Full Battery Rigid Dump Trucks



### Message from the North, Central, and South America Business

## Forming Bonds of Trust with Our Customers in North, Central, and South America

Hitachi Construction Machinery Co., Ltd.  
Senior Vice President and Executive Officer  
President of Mining Business Unit and General  
Manager of America Business Division  
(Chairman of Hitachi Construction Machinery  
Americas Inc.)

Sonosuke Ishii



It is said that the scale of the North, Central, and South American market occupies 30-40% of the world's construction machinery and mining market. I am thrilled that we can take on the great challenge of full-fledged business development in the largest market in the world. We will take on this challenge with group companies such as Hitachi Construction Machinery Americas, Bradken, H-E Parts, Wenco, as well as ABB and the research team of Hitachi Ltd. I hold great pride that these organizations are working together to achieve our goal of providing solutions for customers with the irreplaceable technologies and values they each provide. Customers should have high expectations for these solutions, and I pride myself on the fact that we are the only company that can deliver them.

I see this latest business development as a re-entry into North, Central, and South America. However, I believe that through our Group's direct entry, our customers will see great

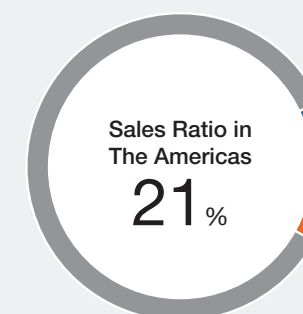
increases in both their options and the value they receive. Customers will be able to solve their key issues by choosing the item that fits their issues from a wide range of services. These include not only new equipment but also service, rental, used equipment, parts remanufacturing, and financing.

Going forward, we will grasp the real issues at every point of contact with our customers and provide enhanced products and solutions. To do this, we will begin initiatives to send not only sales and service staff but also development and quality assurance staff, to the ground to directly listen to and provide feedback. It is extremely rewarding for our employees and myself to form new bonds of trust with our customers in North, Central, and South America.

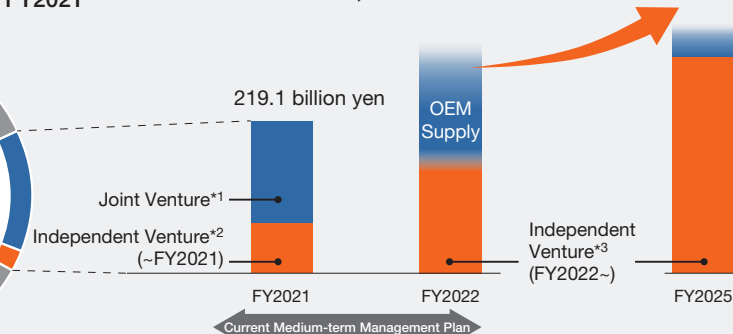
The Group also intends to invest 30 billion yen in our re-entry into the market. I hope to expand the business and stabilize revenue under the new business structure.

### Expand business in the medium & long term to stabilize revenue

Sales composition of North, Central, and South America in Total Sales in FY2021



Revenues in North, Central and South America



\*1 Joint venture business with Deere & Co.  
Supply of components to joint ventures manufacturing medium-sized hydraulic excavators in the United States and Brazil.  
Supply of completed products such as mini excavators, some medium-sized and extra-large hydraulic excavators, and mining trucks to the joint venture.  
Deere & Co. has been responsible for sales and service in the Americas, and Hitachi Construction Machinery has received profits in an agreed-upon ratio from sales of both brands.

\*2 ~FY2021 Independent Venture  
Wheel Loaders, Bradken, H-E Parts  
\*3 FY2022~ Independent Venture  
All products, Parts & Service, Rental, Bradken, H-E Parts