

Special Feature

Building the Future through Independent Business Expansion in the Americas

Hitachi Construction Machinery's History of Business Development in the Americas

August 1978	US regional office opened
1983	Formed a business tie-up on the supply of hydraulic excavators with US-based Deere & Company.
June 1988	Entered into business partnership with Deere & Company
July 2009	Made Canada-based Wenco International Mining Systems Ltd., which is involved with fleet management systems, a consolidated subsidiary.
December 2016	Made US-based H-E Parts International LLC a wholly owned subsidiary.
March 2017	Made Australia-based mining parts manufacturer and solution provider Bradken Pty.Ltd. a consolidated subsidiary by way of tender offer.
2017	Began selling wheel loaders under the Hitachi Brand in North America
January 2018	Established Hitachi Construction Machinery Loaders America in Georgia
March 2021	Signed a memorandum of understanding with ABB Ltd. of Switzerland to build a cooperative relationship for realizing net zero emission mining
August 2021	Announced the dissolution of the joint venture with Deere & Company
October 2021	US consolidated subsidiary Hitachi Construction Machinery Loaders America to be renamed Hitachi Construction Machinery Americas
March 2022	Hitachi Construction Machinery's agreement with Deere ends; Americas begins independent business activity throughout the Americas
March 2022	Opened parts warehouse in Jackson, Georgia
October 2022	Opened parts warehouse in McDonough, Georgia



Under the joint venture with Deere & Company in the United States, Hitachi Construction Machinery took charge of exporting hydraulic excavators produced in Japan to the Americas under the Deere brand as well as of developing and producing products at local joint ventures. Sales and after-sales services were the responsibility of Deere through its dealer network across the Americas. Consequently, Deere had control over the sales and operational data for the construction machinery. We were unable to sell our latest products equipped with our ConSite service solution under the Hitachi Construction Machinery brand.

After the dissolution of this partnership, Hitachi Construction Machinery now independently handles all aspects of the business in the Americas. This allows us to have direct knowledge of the dealer and market conditions, and we can obtain information on conditions at various construction sites and the parts that are needed there. We are now in a better position to provide the construction machinery that customers need in the Americas, dynamic markets with significant potential.

Current Since March 2022

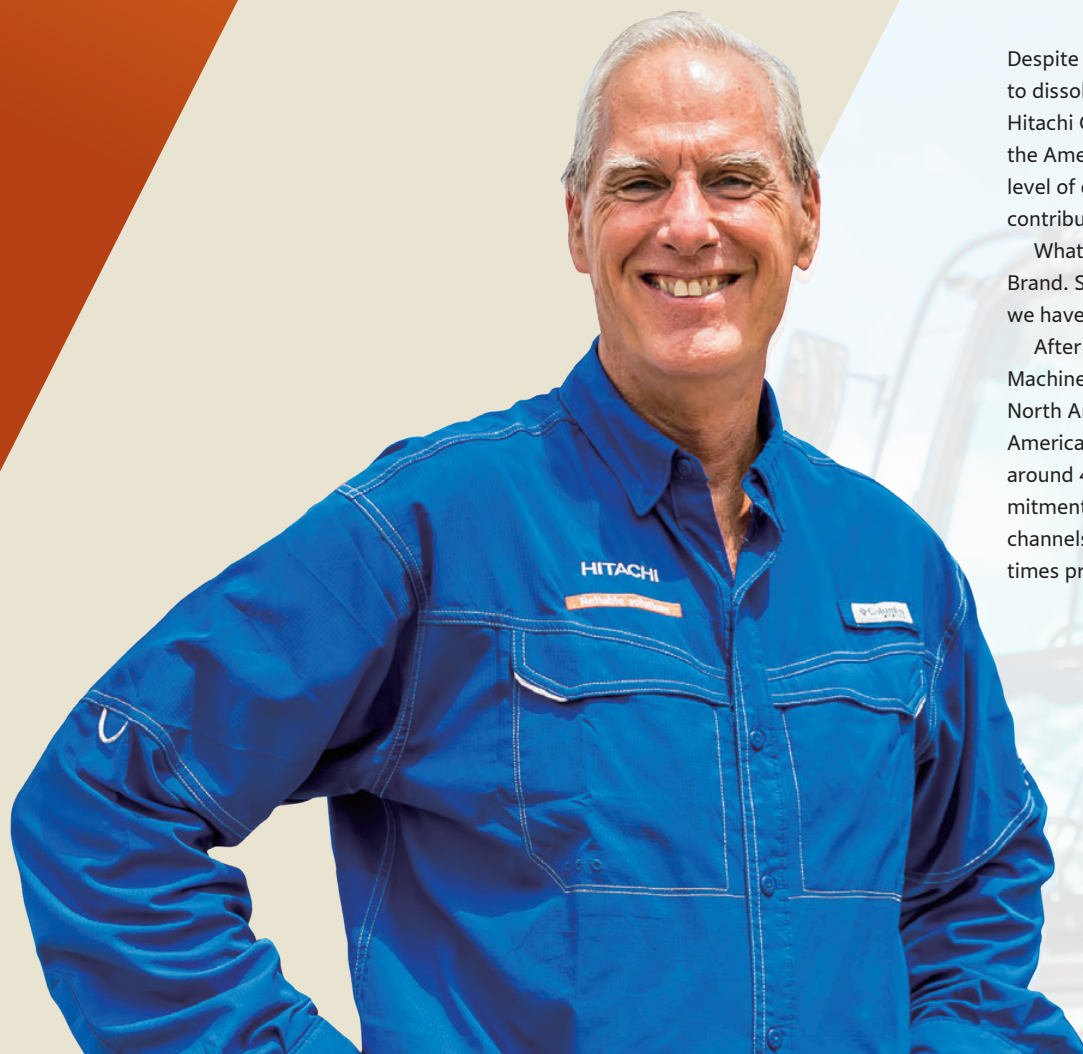


Past Until February 2022



Special Feature

Embarked on Development for Own Business with a Better Start



Hitachi Construction Machinery
Americas Inc.
CEO

Al Quinn

Despite having only a six-month preparation period following the agreement to dissolve the joint venture with Deere & Company in August 2021, the Hitachi Construction Machinery Group's independent business expansion in the Americas has gotten off to a much better start than expected. The high level of demand for construction machinery in the wake of the pandemic also contributed to this success.

What most surprised us was the high level of recognition for the Hitachi Brand. Since the establishment of our first American office in August 1978, we have built a trusted brand over 45 years of expansion in the Americas.

After announcing the dissolution of the partnership, Hitachi Construction Machinery Loaders America, which had been in charge of wheel loaders in North America, was reorganized into Hitachi Construction Machinery Americas in October 2021. Rapidly expanding this company's workforce from around 40 to over 170 people, we were able to clearly demonstrate our commitment to the Americas. As a result, we were able to smoothly develop sales channels, leading to revenue in excess of ¥100 billion, which is more than five times previous revenues.

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

Sonosuke Ishii



Special Feature

Dealer
network
8 companies

29 companies

Rapid Buildout of Sales Structure Covering Roughly 80% of North American Market

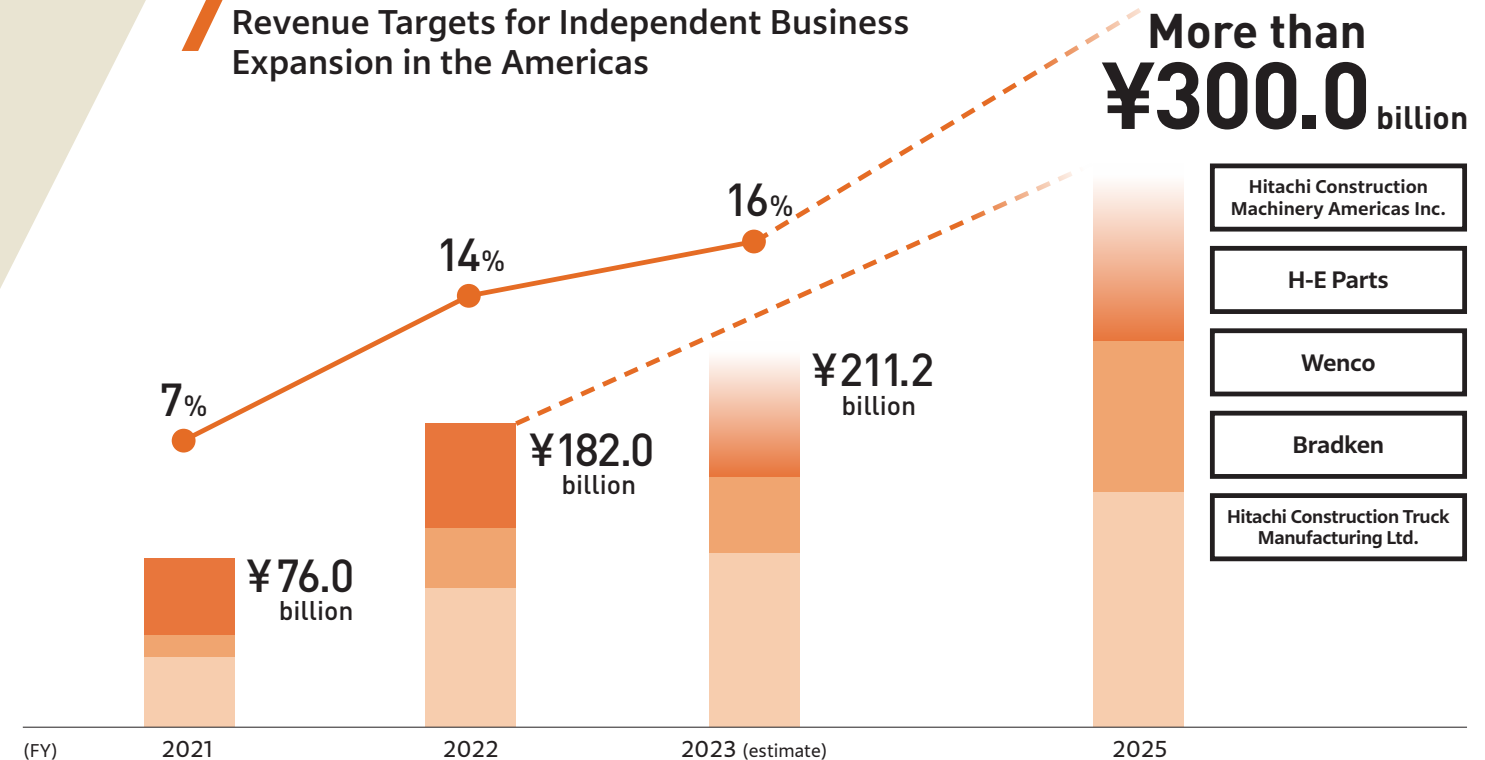
Through our sales and service network in the Americas, we were able to secure a number of capable and influential dealerships in a short time in each region, thanks to the favorable impression the Hitachi Brand has made. As of July 2023, the number of dealerships had risen to 29 companies. Additionally, we have collaborated with the ITOCHU Group to establish a joint venture in financing in order to provide more accessible sales and service arrangements for our customers.

Regarding parts supply, we have set up parts warehouses in Jackson and McDonough, Georgia, and are considering a warehouse on the western side of the American continent.

One of the greatest benefits of our independent business expansion is the ability to utilize machine operation and maintenance data collected by our service solution, ConSite. In alignment with customer needs for greater productivity at construction sites and continuous long-term operations, we share data with dealers on when maintenance or parts replacement will be required, prepare the necessary parts on an appropriate schedule, deliver them promptly and link these efforts to new proposals. In turn, this contributes to reducing life cycle costs and extending the lifespan of the machinery for the customer.

Aiming for at least ¥300 billion in revenue from independent business expansion in the Americas

Revenue Targets for Independent Business Expansion in the Americas



Ratio of revenue from independent business expansion in the Americas Value chain business Mining Compact and Construction

Note: Assuming an exchange rate of ¥130/\$, and demand holding steady

Special Feature

Providing comprehensive solutions in the mining business

In mines where machinery and equipment operate 24 hours a day, 365 days a year, advanced technology is required to ensure safety, durability and productivity.

In the mining business, in addition to ultra-large hydraulic excavators, dump trucks and wheel loaders, the Hitachi Construction Machinery Group provides comprehensive solutions through Bradken, which produces cast machinery and parts for mining equipment; H-E Parts, which provides comprehensive solutions related to mining equipment; and Wenco, which offers a mining Fleet Management System (FMS) that monitors the location and driving conditions of multiple vehicles in real time to optimize vehicle allocation. Furthermore, Wenco's FMS has a track record in operating mixed fleets at various mines, and H-E Parts offers the option of parts remanufacturing and repair for equipment made by other companies. These services help differentiate our proposed solutions.

Expansion from Fleet Management Systems to Production of Parts and Remanufacturing Business



Mining Fleet Management System (FMS)



Autonomous dump truck



Remanufacturing business at H-E Parts



Bradken's excavation parts



24-hour remote monitoring of mining equipment with ConSite Mine

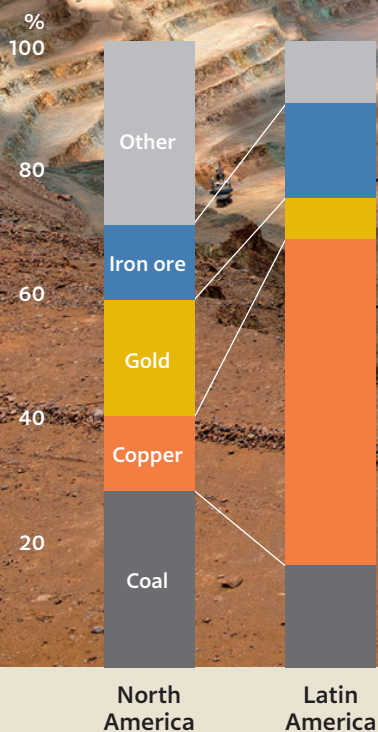
- Bradken's bases
 - H-E Parts' bases
 - Wenco's bases
 - Existing dealers*
- * Dealers that handle Hitachi Construction Machinery's mining products



Special Feature

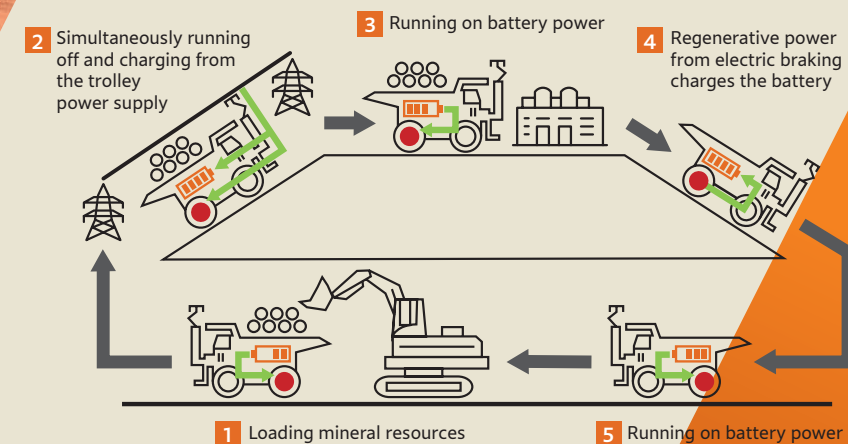
Aiming for net zero emissions mining

Ratio of Demand by Type of Mine in North and Latin America



Trolley-Powered Battery Rigid Dump Truck

The trolley-powered system takes in electricity from power lines strung above roads, charging the battery while the vehicle drives along. When the vehicle moves away from the overhead lines, it switches to battery power. In addition, the system can recharge the battery with regenerative energy from braking. This system not only reduces battery weight and increases payload, but also contributes to keeping initial vehicle costs in check.



Hitachi Construction Machinery and Switzerland-based heavy electrical machinery major ABB Ltd. are collaborating on the joint development of an engineless, full battery, rigid frame dump truck ("battery dump truck") as a step toward the realization of net zero emission mining, aimed at achieving net zero GHG emissions from mining equipment.

Our battery dump truck under joint development has a trolley charging system that draws power as needed from overhead lines for both operations and charging the battery. This approach tackles challenges associated with the electrification of dump trucks, namely, increasing battery capacity results in higher vehicle weight and thus reduced payloads and the need to stop to recharge batteries results in lower operating rates.

The Hitachi Construction Machinery Group is progressing with plans to conduct a demonstration test of this battery dump truck at the Kansashi copper-gold mine in the Republic of Zambia.