

Business Strategy

The Hitachi Construction Machinery Group's business portfolio is composed of the new machinery sales business focusing on hydraulic excavators and the value chain business centering on the parts and services business. In each of the two business fields, we are developing business models that contribute to a circular economy.

New Machinery Sales Business

New machinery sales are divided into three categories by size into "Compact," "Construction" and "Mining" machines. For machine types, we mainly sell hydraulic excavators, dump trucks and wheel loaders, which account for 60% of the construction machines used on-site by customers.

We aim to provide customers with open and digital solutions

rather than a full lineup of products. Our customers need to manage their fleets, which comprise machines supplied by multiple manufacturers. In response, we are forming open partnerships and making maximum use of digital technologies to provide customers with value as a solutions provider, taking an approach that differentiates us from full-lineup manufacturers.

For details of new product categories, please refer to "Functionality of the Business Unit System" on pages 60 and 61.

Transformation into a solutions provider



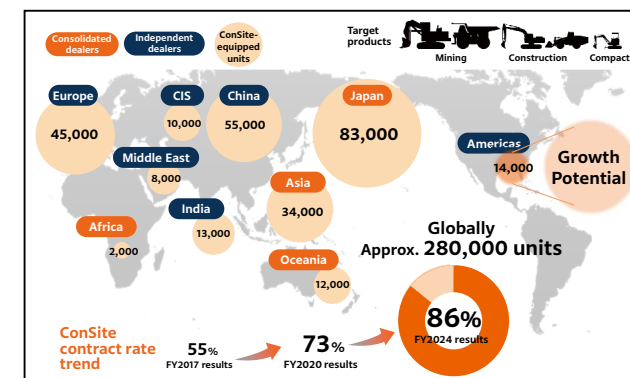
Value Chain Business

Parts and Services

The ConSite service solution tool contributes to the stable operation of machinery by proposing maintenance and parts replacement based on the operational data of each customer's construction machinery. The service was launched in 2013, and the number of ConSite-equipped machines has now reached 280,000 (as of the end of March 2025). In addition to the regular report and emergency alert distribution functions, we have offered a wide range of applications to strengthen our ability to make proposals to customers. ConSite has thus generated increased sales in parts and servicing.

As there are many varieties of compact and construction machinery in operation, operational data is used to efficiently target machines that require maintenance and servicing. When service staff inspect the targeted machines, they use the "ConSite Shot" inspection report creation app to strategically propose preventive maintenance, parts replacement or repairs.

ConSite covers 280,000 units globally



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As mining equipment operates 24 hours a day for 365 days a year, higher levels of reliability and durability are required. In our service proposal activities, we carry out detailed inspections of each machine, and use digital technology to measure operational data and wear, etc., to propose parts replacement or repairs.

We will accelerate these initiatives and increase sales revenue from parts and servicing.

■ Remanufacturing

Dating back to the 1960s, our remanufacturing business has a history of more than 50 years. Over the decades, we have expanded our lineup of remanufacturing parts and advanced our remanufacturing technology. We also began our overseas expansion of the remanufacturing business at an early stage, and today we are operating the business at 23 locations (including bases of affiliated companies) in 12 countries, such as Australia, Indonesia and Zambia.

In Japan, the remanufacturing facilities that had been located at the Tsuchiura Works and the Hitachinaka Works were consolidated and integrated into the Banshu Works in Hyogo Prefecture in October 2024. This new facility is used as a mother factory to strengthen global collaboration for remanufacturing. With this consolidation and integration, we have made improvements regarding the issue of space constraints and are working to increase the number of remanufactured parts handled. We also actively engage in machine remanufacturing, which involves purchasing equipment that has been submerged in water and other used machinery and using remanufactured parts to restore the purchased machines to the same level of functionality as new machines for resale. We are also undertaking the remanufacturing of the entire machine bodies of ultra-large hydraulic excavators used for long periods of time. We are developing this business at multiple overseas locations, including Zambia, Indonesia, South Africa and Turkey.

As part of our efforts to contribute to a circular economy in Japan,

we developed a technology to recycle used hydraulic oil, thereby reducing the consumption of crude oil as a raw material, and are also supplying used equipment in which recycled hydraulic oil is used.

Column

In October 2024, Eurasian Machinery LLP, an affiliated company of Hitachi Construction Machinery, enhanced the functions of its component repair center located in the Karaganda region of Kazakhstan to start operating it as a Hitachi Construction Machinery-approved component remanufacturing plant. We will establish a sustainable resource-circulation business model by shortening our production lead time through the effective use of recycled components in Central Asia, where we expect growth on a medium- to long-term basis.



Ribbon cutting ceremony (From left: Eiji Fukunishi, Vice President and Executive Officer, President of Mining Business Unit, Hitachi Construction Machinery, and Kemal Cetinelli, President of Eurasian Machinery)



Component remanufacturing plant opened in the Republic of Kazakhstan

■ Rental and Used Equipment

Since starting its rental business in 1996 in Japan, Hitachi Construction Machinery has achieved growth in the business by expanding the service areas to Europe, North America, China, Australia and India. In FY2017, we began offering the “PREMIUM RENTAL” brand overseas. For this business, the Hitachi Construction Machinery Group and its dealers become the owners of rental assets and provide rental customers with construction machinery to suit their needs. After a certain rental period, the equipment is resold as “PREMIUM USED” (used equipment with a warranty). For properly maintained used equipment that is sold in this way, parts remanufacturing, finance and other value chain services can be offered on an ongoing basis, which extends the product service life, reduces customers’ life cycle costs, and contributes to the preservation of the global environment.

For each machine offered for resale, efficient preventive and regular maintenance is provided using ConSite, as is the case with new machines. Maintenance of “PREMIUM USED” machines is conducted based on their history and condition so as to maintain their value over an extended period. With a view to extending the service life of machinery, we thus are transitioning to a resource-recycling business model.

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■Specialized Parts & Service Business

This business is mainly composed of the after-sale parts and services business conducted by Bradken Pty Limited, which is a manufacturer and seller of consumable parts for mining machinery, and the business conducted by H-E Parts International LLC, which provides service solutions (after-sale service) for mining machinery.

Bradken acquired land, buildings and some facilities from Fundacion Technologica S.A. which is a manufacturer of steel castings for mining sites, in 2024 and will start the production of large mill liners* in 2026. Bradken aims to rapidly supply products and further expand its mill liner business to respond to the vigorous demand in South America, the largest market for mill liners in the world, with a focus on Peru and Chile, where hard rock is mined in abundance.



Funtec foundry acquired by Bradken (Chilca, Peru)

H-E Parts International acquired the mining machinery component remanufacturing business of Brake Supply Co., Inc. in December 2024. This acquisition has enabled H-E Parts to utilize Brake Supply's North American remanufacturing bases, parts warehouses and human resources for the purpose of strengthening the structure of its remanufacturing business in the Americas as well as to expand its service network quickly and efficiently, thereby aiming to expand the scale of its business in the Americas region.

See "H-E Parts Acquires Brake Supply's Mining Machinery Component Remanufacturing Business" on [page 52](#).

* Mill liners are cast consumable parts attached inside the mineral processing equipment (mills), which crush ore extracted at mining sites and separate out useful minerals.

Contribution to a Circular Economy

The Hitachi Construction Machinery Group is striving to design, develop and spread the use of zero-emissions construction machines. At the same time, we are implementing multifaceted measures to reduce waste in our manufacturing processes and through our value chain business, which is composed of the parts & services, remanufacturing, and rental & used equipment businesses, and are promoting "4Rs" activities across the Group.

Moreover, we are working to expand our value chain business to adopt recyclable materials as well as designs that will allow for easy repair and upgrades in the upstream design and development stage, with an eye to extending our product life cycles by 1.5 times. We are also enhancing our system to collect and reuse components from end-of-life products to eventually reduce the generation of waste and emissions of CO₂ and develop a business that contributes to a circular economy.

Shift to a sustainable resource-circulation business as targeted by the Hitachi Construction Machinery Group

Activities conducted by the entire Hitachi Construction Machinery Group for 4Rs

Significance of Hitachi Construction Machinery's circular economy measures

