

## Growth Strategy by Region

### Americas



#### Business Strategies and Progress

#### Steady Growth of the Americas Business

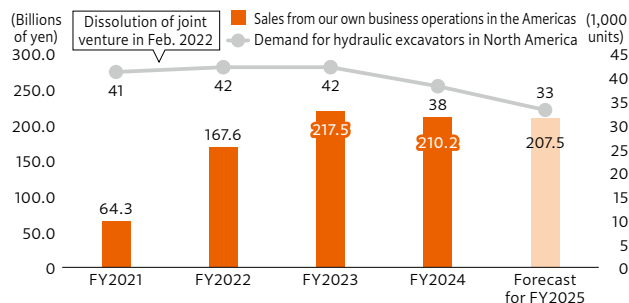
In 2022, Hitachi Construction Machinery embarked on expanding its business on its own in the Americas as a “challenger” in the local market. Subsequently, we boosted our local sales in the construction, mining and specialized parts and services (SPS) businesses and recorded total sales of 210.2 billion yen for FY2024, which was almost triple the amount that we initially gained from our own business operations in the region. In the Americas, we provide local customers with completed machines manufactured in Japan through Hitachi Construction Machinery Americas and its dealer network. Also, in this region, we offer a variety of services and solutions centered around ConSite to local customers, while the dealers of Hitachi Construction Machinery Americas support these customers through the provision of spare parts and conventional customer services.

In the Americas, Hitachi Construction Machinery has already become recognized as a reliable market leader, mostly because of the product appeal of its hydraulic excavators. However, before we start-

<ul style="list-style-type: none"> <li>Direct access to North, Central and South American markets</li> </ul>	<ul style="list-style-type: none"> <li>Need to shorten the lead time from production to delivery</li> </ul>
Strengths	Weaknesses (Issues)
Opportunities	Risks
<ul style="list-style-type: none"> <li>Growth in share of the North American market</li> <li>Growth in demand for construction machinery in Central and South America</li> </ul>	<ul style="list-style-type: none"> <li>Increase in purchase costs due to progressive yen appreciation</li> <li>Impact of U.S. tariff measures</li> </ul>

ed to expand our business on our own in the region, the local supply of Hitachi Construction Machinery-branded products had been limited, and so when starting we were determined to work from scratch to build trust in the brand under the banner of the Reliable Orange color. Subsequently, however, our brand recognition in the market turned out to be greater than expected, which we view as a testament to the trust we have gained from local customers since we first started to conduct business in the Americas in the 1980s. We will continue to embrace challenges to earn even more trust from local customers.

Sales from Our Own Business Operations in the Americas  
(as of July 31, 2025)



#### Enhancement of Business Foundation in Central and South America

For Hitachi Construction Machinery, Central and South America represents an almost new market, where we started to enhance our business foundation on a full scale in 2022. Central and South America accounts for 23% of global demand for mining dump trucks in terms of the cumulative rate for the period from 2010 to 2024. Within this region, Chile and Peru are blessed with mineral resources, such as copper, iron ore and gold, and account for more than 50% of local demand for mining machines. In response, the Hitachi Construction Machinery Group established Hitachi Construction Machinery Latin America SpA in Chile as its headquarters for Central and South America. Also, in Brazil, we established ZAMine Service Brasil LTDA jointly with Marubeni Corporation as a sales and service company for mining machinery. We are able to quickly respond to the needs of our local dealers and customers through this company, for which we have already received favorable feedback locally. However, we are almost a new entrant in the local mining machinery market, where we will work for full-scale entry with a focus on our mining excavators, which are highly evaluated across the world.

At the same time, in the SPS business, we will enhance mill liner production at Bradken and expand the two major bases of H-E Parts, thereby further boosting our revenue.



## Americas

### Topic Value chain activity (1)

#### Beginning Operation of the Salt Lake City Parts Warehouse as a Base to Supply Service Parts to Western North America

We started to operate the Salt Lake City Parts Warehouse in September 2024 to strengthen our service parts supply system in the Americas. Service parts for construction and mining machinery must be supplied to customers in a rapid and reliable manner to help them maintain stable machinery operation. The Hitachi Construction Machinery Group began operation of the Jackson Parts Warehouse and McDonough Parts Warehouse in the suburbs of Atlanta in the state of Georgia in the United States in 2022 to supply service parts to regions all over the Americas including Canada and Central and South America. Now, however, from the Salt Lake City Parts Warehouse, we can deliver service parts more speedily to our dealers and customers located in western North America, shortening the delivery lead time by approximately one to three days for service parts shipped to dealers in the US states of Utah and Alaska, the Canadian province of Alberta and others. At this new warehouse we will store 30,000 different parts for the time being and ship around 500 orders per day. Going forward, we plan to expand the operation of this warehouse through further enhancement of equipment and systems.



Service parts warehouse completed in Salt Lake City in the state of Utah

### Topic Value chain activity (2)

#### H-E Parts Acquires Brake Supply's Mining Machinery Component Remanufacturing Business

H-E Parts, which is a major Hitachi Construction Machinery Group company, acquired Brake Supply's mining machinery component remanufacturing business in December 2024. This acquisition has enabled H-E Parts to make effective use of Brake Supply's remanufacturing bases, parts warehouses and human resources in North America to enhance the structure of its remanufacturing business in the Americas.

H-E Parts provides comprehensive solutions for mining operations, including the maintenance and repair of mining machinery and equipment, as well as parts fabrication and component remanufacturing to meet customer needs. The company is expanding its business globally, with a primary focus on Australia and the Americas. Brake Supply's business activities include the remanufacturing of components for mining excavators and dump trucks, such as cylinders, fluid power components, wet brakes, and final drives. More than 90% of Brake Supply's sales are in North America, where the company has five remanufacturing bases, five parts warehouses, and engineering human resources. Since there is little overlap between H-E Parts bases and Brake Supply's bases in terms of their locations, H-E Parts will be able to expand its service network quickly and efficiently through the acquisition for further expansion of its business in the Americas.



Brake Supply's remanufacturing base in Evansville, Indiana

## Voice of Regional General Manager

### Enhancing the Business Foundation for Parts and Services, Finance and Others for Further Growth



Senior Vice President and Executive Officer,  
General Manager of America Business Div.  
Chairman and CEO of Hitachi Construction Machinery Americas Inc.  
Hidehiko Matsui

We made a fresh start in the Americas business in March 2022, and in FY2023, we could achieve substantial business growth in the region, where market demand increased following the end of the COVID-19 pandemic. In FY2024, however, local demand decreased by 9% year on year partially due to stubbornly high interest rates, and this forced our dealers to adjust their inventories, although our share in the local retail market of hydraulic excavators, which represent our core product, increased. In FY2025 we will provide customers with solutions that meet their needs, such as our ConSite-based support service that can help customers reduce their overall costs, thereby increasing our brand value.

In the United States, there are many dealers who handle the products of our competitors in addition to ours. Also, captive finance companies play an important role in the local market. These factors result in a different business environment than found in other regions. Accordingly, Hitachi Construction Machinery Americas is providing its customers with various high-value-added services through ZAXIS Finance, which was established jointly by ITOCHU, Tokyo Century and Hitachi Construction Machinery. Also, in response to the remarkable growth of the rental business in the country, we are promoting the re-rental of special specification machines by ACME Lift Company, which is one of our group companies, to our local dealers and wide-area rental companies, thereby expanding the scope of our business.

For further expansion of our business in Central and South America, we established Hitachi Construction Machinery Latin America SpA in April 2025. Back in March of the same year we founded ZAMine Service Brasil LTDA in Brazil jointly with Marubeni Corporation as a sales and service company for mining machinery. Through this local company, we will expand our mining business in the region by combining the business know-how accumulated by Marubeni with Hitachi Construction Machinery's high-quality services.

# Europe



LANDCROS One exhibited at bauma 2025

## Business Strategies and Progress

### Soaring to New Heights toward a New Age for the European Business

Hitachi Construction Machinery (Europe) has strategically repositioned itself to address the evolving demands of the EMEA market since its establishment in 1972. Recognizing the fundamental shift from traditional equipment ownership to usage-based models, we have embraced a comprehensive transformation that aligns with growing environmental consciousness and sustainability requirements. The company has moved beyond its traditional role as an equipment supplier to become a strategic partner, focusing on delivering end-to-end solutions throughout entire construction project lifecycles. Central to our progress in the region is the systematic integration of the LANDCROS concept across all operational facets, representing a holistic approach to construction machinery solutions. By embedding LANDCROS principles throughout its operations, we

● New customer-centric strategy and sales operations	● Restriction on distribution and marketing opportunities
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Additional value from providing solutions tailored to individual customers	● Market and geopolitical uncertainty

demonstrate its commitment to innovation and customer-centric service delivery, ensuring its competitive advantage in the increasingly sophisticated EMEA(Europe, Middle East, Africa) construction machinery market.

At bauma 2025 in Munich, we showcased the first LANDCROS Concept solutions, marking a significant milestone in the company’s evolution. LANDCROS One, the centerpiece exhibition, represents our vision for a smarter, safer, and more sustainable construction future. We also displayed nine zero-emissions excavators, including a debut 30-ton hydrogen-fueled model with autonomous driving demonstration, along with our ConSite digital solutions and remanufactured parts.



Autonomous driving demonstration featuring the ZE135 14-ton battery-powered excavator

## Voice of Regional General Manager

Closer to Our Customers.  
Committed to Our Future.



General Manager of EMEA Business Div.  
Chairman of Hitachi Construction Machinery (Europe) N.V.  
Francesco Quaranta

I am proud to say that 2024 marked the beginning of a bold new era for Hitachi Construction Machinery in the EMEA region. It was a year of transformation in which we laid the foundations for a future that is more agile, more responsive, and above all, more customer centric, while building a competitive and responsive product portfolio, enriched with factory-fitted, customized solutions that meet the specific needs of the European market. Our base in Amsterdam is now serving as the Hitachi Construction Machinery European Customization Center for EMEA, a hub where reliability from Japan meets innovations tailored to European customer needs. This new strategy requires a cultural and operational transformation. We are repositioning our sales and marketing efforts in close cooperation with our trusted distribution partners. Together, we are embracing a new model of partnership where we listen, adapt and co-create with our customers. Moreover, we are working to increase investment in marketing, reduce lead times, establish a parts and service delivery system that provides high customer satisfaction, promote digitalization for faster decision making, and upskill our teams through investment in our people.

The year 2025 will be our year of building, putting down the structural foundations of a stronger, more resilient organization, and incorporating customer-driven thinking into our operating model. Further, from 2026, we will enter the phase of diligent execution, bringing to life a new era of partnership, performance and innovation that will redefine the construction equipment industry in Europe. The future is not something we wait for. It is something we build. We will build it hand in hand with our customers, employees, dealers and other stakeholders.



# Russia, CIS, Africa and Middle East



## Business Strategies and Progress

### CIS: Expanding the Supply of High-Reliability Mining Machinery

In the CIS market, Eurasian Machinery, a Hitachi Construction Machinery Group dealer in Central Asia, has established solid sales and service networks mainly for mining equipment. Driven by progress in the development of the abundant underground resources in the region, we expect that demand for mining machines will continue to increase. However, given its great distance from Hitachi Construction Machinery Group's global production bases, we are facing the challenge of building an efficient logistics system. Also, in recent years, Chinese manufacturers have been aggressively entering the CIS market. Nonetheless, we will continue to maintain and strengthen our market competitiveness by supplying highly reliable machines. In FY2024, we focused on the sales promotion of dump trucks in Uzbekistan and as a result received orders for a total of 10 EH3500 machines for use in copper mining. Moreover, we were able to take the top market share in the local construction machinery market, where our share was limited in the past.

### Africa: Conducting an Ultra-Large Full Battery Dump Truck Demonstration Test

In Africa, we are increasing our market presence for mining machines mainly in the Southern Africa region. Demand for copper, driven by the decarbonization trend, has been increasing the number of mining projects in this region, and it is expected that more equipment investment will be made in the Copper Belt zone, including Zambia and the Democratic Republic of the Congo (DRC). In FY2024, we delivered products to multiple large-order customers in the DRC, Zambia and South Africa, which boosted our local sales revenue by over 20%. In line with an increase in the number of machines in operation, we expanded our remanufacturing center in Zambia in July 2025. The electrification of machines has also been promoted at mining sites and we started to conduct an ultra-large full battery dump truck demonstration test at a mining site in Zambia in June 2024. We subsequently started to conduct a running test in 2025 and proceeded to phase 2 of the project, in which we are checking the changes that have occurred to the batteries used in our machines that have been operated for some years. We will make use of the findings from the demonstration test to take further steps forward for commercialization of the truck in FY2027.

### Middle East: Product Strategy Responding to Diversified Needs

In the Middle East, environment-related business opportunities are expanding, including those related to the introduction of renewable energy. Digitalization is also rapidly progressing in the region, and further economic growth led by a young population is expected. Hitachi Construction Machinery Middle East is enhancing its core products, namely hydraulic excavators and wheel loaders, while implementing a product strategy to maximize the value provided by its products and services. We will focus on the sale of backhoe loaders made by Tata Hitachi, which are highly evaluated in the market, on the package sale of a hydraulic excavator and a hydraulic breaker, and on the electrification of hydraulic excavators. We are also focusing on the sale of drilling equipment for mining exploration, for which we have acquired the right to act as a sales agent. For services, we are working to spread the use of oil certified by our company to contribute to the reduction of customers' life cycle costs.

#### CIS

● Solid sales and service networks mainly built for mining equipment	● Need to build a logistics system that covers Central Asia
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Growing demand for mining equipment	● Penetration of neighboring Chinese brands

#### Africa

● Remanufacturing business of Hitachi Construction Machinery Zambia	● Lineup of construction equipment
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Increase in demand driven by the input of capital from outside the region ● Acceleration of measures to reduce GHG emissions at mining sites	● Political situation, foreign exchange risk and foreign exchange reserves, delayed infrastructure building

#### Middle East

● Multi-sourcing and presence in the mining industry, provision of solutions with partners	● Finance and rental businesses
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Provision of hydraulic excavators and backhoe loaders made by Tata Hitachi ● Electrification of hydraulic excavators	● Unstable political and economic situation in the Middle East, high distribution costs

## Russia, CIS, Africa and Middle East

### Voice of Regional General Manager (CIS)

#### Grasping the Opportunities Provided by the Expanding Demand in Central Asian Countries



General Manager of Russia & CIS Business Div.  
President of LLC Hitachi Construction Machinery Eurasia  
Atsuo Hashimoto

Central Asian countries, including Kazakhstan, Uzbekistan and Kyrgyz Republic, are blessed with extensive underground resources such as oil, gas and minerals and are also achieving remarkable economic growth. In these countries, where the development of resources has been strongly promoted in recent years, Hitachi Construction Machinery has been supplying mining excavators and dump trucks, which are its core products, through Eurasian Machinery, one of its affiliates. Also, in the region, we have been continuously focusing on after-sale service to maintain high operating rates for our products, which has helped us win even more trust from local customers. Further, local demand for our products is expanding for use in civil engineering in addition to mining. In 2025, a national irrigation project is planned to be implemented against the shortage of water in the southern part of Kazakhstan, which will help accelerate the sale of our products.

In addition, we have been pursuing the sustainability of our products by measures such as remanufacturing dump trucks and certifying our existing repair bases as parts remanufacturing centers. Local customers in Kazakhstan are increasing their interest in self-driving technologies and full electrification. We will make a ceaseless effort to help customers solve their problems and take the top spot in the local market.

Products made by Chinese and Korean companies are also sold in the market and pose a threat to us. In response we will work to boost our position in the market by demonstrating the Hitachi Construction Machinery Group's ability to meet customer needs, in addition to maintaining the robust after-sale service system that we have built to date.

### Voice of Regional General Manager (Africa)

#### Enhancing Global Collaboration to Increase Our Market Presence



General Manager of Africa Business Div.  
President of Hitachi Construction Machinery Africa (Pty.) Ltd.  
Toshiya Hasemi

We have a range of concerns in conducting business in African countries, including political and economic instability, vulnerable financial systems and underdeveloped logistics infrastructure, unfair business practices and public security. However, there are active foreign investments in the countries, which have abundant mineral resources and growing markets. In particular, local demand for mining and construction machines is expanding thanks to the implementation of mining, civil engineering and construction projects funded by Chinese or Indian capital. However, it is not easy for us to win orders under such projects only through the traditional sales activities conducted by our local dealers. We will therefore enhance global collaboration to build a seamless support system for their sales activities, including activities in the countries where fund providers are located, and for their services provided at the sites where our machines are operated, thereby increasing our presence in the African market.

Also, we aim to expand our value chain business to solidify our management foundation to make it more risk-resistant to ensure the stability and sustainability of our businesses. In particular, we completed the delivery of large orders for mining equipment between FY2023 and FY2024 and are leveraging these orders to drive the substantial growth of revenue and to secure stable earnings from the parts and services business over the next 10 years. We will win more orders for new machines through attentive on-site support for these machines and the maintenance of their high operation rates.

Also, at mining sites in Africa, the awareness of the need to reduce greenhouse gas emissions has been raised among related parties. In response, in addition to making traditional proposals for the use of electrified hydraulic excavators and trolley-type dump trucks, for which we have a proven track record, we will also supply products developed by incorporating new innovative technologies, thereby establishing our position as a solutions provider in the market.

### Voice of Regional General Manager (Middle East)

#### Appropriately Responding to the Needs of Customers Capitalizing on the Diversity of Our Human Resources



President of Hitachi Construction Machinery  
Middle East Corp. FZE  
Norio Hisatomi

Hitachi Construction Machinery Middle East has its head office in Dubai, the U.A.E. and a base in Istanbul, Turkey to conduct marketing, sales and after-sales service activities and provide solutions in the Middle East, East Africa and Turkey. Its service area includes 30 countries, stretching from Pakistan in the east to Libya in the west, and Tanzania in the south to Turkey in the north. We are thus conducting business in the most dynamic market in the world. We have been delivering optimal solutions to customers while making flexible and speedy responses to them. We are not afraid of changes and regard challenges as opportunities for a range of success. In May 2025 we participated in a trade fair held in Lebanon, and started to conduct business in the Somaliland and Yemen markets, while also beginning to provide Hitachi Construction Machinery services in South Sudan.

We are dealing with backhoe loaders made by Tata Hitachi Construction Machinery and also attachments, soft terrain excavators, and drilling equipment for mining exploration. We are also remodeling diesel engine-powered hydraulic excavators into electric machines in our effort to proactively offer new solutions. We are aiming to expand our market share by creating life-cycle solutions for the machines, their parts and after-sale services.

Hitachi Construction Machinery Middle East is composed of employees of various nationalities, and their diversity provides us with a strength. With these employees taking different views, having various ideas and diverse experiences, we can understand our customers more deeply to appropriately identify their diverse needs. We aim to become a true solutions provider by capitalizing on our organizational strength and by creating new solutions.

# Asia and Oceania



## Business Strategies and Progress

### Asia: Launching Two-Model Line Strategy in Southeast Asia

Hitachi Construction Machinery’s hydraulic excavators are highly rated in Southeast Asia for their durability and quality at heavy-workload civil engineering, agricultural, forestry and mining sites. To meet the increasing local demand for these high-quality products, we started to input the ZAXIS-7G series of medium- and large-sized hydraulic excavators into the Southeast Asian market in February 2024 and launched the mass production of 120-ton class ultra-large hydraulic excavators in Indonesia.

Further, in order to meet the diversified needs of the local market by providing both high-performance premium models and cost-competitive economy models, we started to sell economy models made by Tata Hitachi Construction Machinery in India, specifically, two hydraulic excavator models and one backhoe loader model in January 2025. We will work to promote the sales of these reasonably priced and highly reliable models by optimizing their specifications for the Southeast Asian market.

In Indonesia, Malaysia, Thailand, the Philippines, Vietnam and other re-

gions where the ConSite solution is widely adopted, we will promptly supply high-quality remanufactured parts to contribute to the stable operation of our customers’ machines and the reduction of their life cycle costs.

### India: Holding onto the Top Market Share While Strengthening the Business Foundation

India is a rapidly growing market that is excellent in production cost competitiveness. It is also a vibrant market in terms of marketing activities. In this country, Hitachi Construction Machinery’s hydraulic excavators are sold via Tata Hitachi Construction Machinery and maintaining the top share in the local market. We have a strong customer base and engage with customers through marketing and promotional activities, which helps us maintain the top market share.

Moreover, to enhance the Hitachi Construction Machinery Group’s product development capabilities, we established the Hitachi Construction Machinery Development Center India in January 2025. We plan to launch the operation of this organization, which will develop and design construction machines, within FY2026, locally employing around 200 developers and designers to engage in mechanical engineering and IT fields.

### Oceania: Enhancing Investment in the Value Chain Business

Oceania is a core market for our mining business and one where we have maintained a high level of profitability. The regional headquarters is managed mainly by local personnel, who collect the opinions of local customers and share them with their counterparts in Japan. The on-site expertise gained in Australia is also utilized for our global mining business.

Iron ore and copper mines need to be operated stably 24 hours a day, 365 days a year. In our value chain business, we help our customers in the mining sector operate their machines without interruption as a key to their success. To this end, we are taking on the challenge of reducing the burdens imposed on machine operators, increasing on-site safety and productivity, delivering products and support services that contribute to higher fuel efficiency, and developing solutions such as an autonomous driving system.

#### Asia

● Development, production, sales and service system under the direct control of the manufacturer	● Need to build a system to respond to the intensification of market competition
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Introduction of construction machines made by Tata Hitachi Construction Machinery ● Increased demand for high-quality machines and services	● Participation in the market by Chinese manufacturers

#### India

● Strong brand recognition, reliable products ● Wide range of products and service options	● Long product development lead time
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Strong emphasis on infrastructure development by the Indian government ● Strong demand from the mining segment	● Fierce competition mainly with Chinese manufacturers ● Shortage of skilled workers

#### Oceania

● Business model that matches market needs ● Staff’s capability, knowledge, agility and resilience	● Cost down pressures in the mining sector due to commodity prices
Strengths	Weaknesses (Issues)
Opportunities	Risks
● Greater momentum for collaboration with external partners	● Sustained cost down pressure from customers ● Emerging competitors

## Asia and Oceania

### Voice of Regional General Manager (Asia)

#### Meeting Customers' Expectations Based on a Localized Sales and Service System

General Manager of Asia Business Div.  
CEO and Director of PT Hexindo  
Adiperkasa Tbk (Indonesia)  
Yasumasa Zaizen



The Asian region is expected to achieve strong growth in FY2025, propelled by the expansion of infrastructure investment, progress of urbanization, enhanced focus on renewable energy, and the introduction of digital technologies. PT Hexindo Adiperkasa Tbk has manufacturing facilities in Indonesia to develop and manufacture the products that are fitted for use in Southeast Asia, which is featured by hot and humid climate and rugged topography. Our highly durable products, which boast high operation rates, are earning much trust from customers across Asia. In particular for machines used in palm plantations and forests, for which durability is much needed, our products are highly evaluated and taking a large share in the cost-conscious market.

We have been implementing a localized sales and service system to promptly provide local customers with maintenance service and parts via the network of our sales companies and dealers operating in each country. We have been expanding the lineup of the products that we handle for the establishment of a one-stop service system to meet the various needs of customers, thereby differentiating ourselves from other companies and enhancing our competitiveness. In addition, by offering solutions such as the ConSite solution using ICT and IoT technology, we are helping customers perform preventive maintenance on their machines by remotely monitoring the operation of their fleet. Demand for such digital solutions is expanding not only in Singapore and other metropolitan areas but also in places distant from cities, giving us an advantage in the market.

We are also supplying highly competitive agricultural and forestry machines in addition to construction machinery. In the market that covers multiple industrial fields, we will release models with excellent environmental performance as well as economy models made by Tata Hitachi Construction Machinery while enhancing measures in the rental and used equipment business, thereby building even stronger relationships of trust with customers to build the foundation for continuous growth.

### Voice of Regional General Manager (India)

#### Achieving Strong Growth in Both Machine Sales and Value Chain Business

Executive Officer  
General Manager of India Business Div. and  
President & Director of Tata Hitachi Construction  
Machinery Company Private Limited  
Sandeep Singh



In FY2025-2026, we anticipate a stable market for hydraulic excavators and a decline in the wheel loaders segment, primarily due to the transition to BS5 emission norms. Chinese manufacturers remain aggressive. Against this backdrop, at Tata Hitachi, we are implementing several countermeasures with a focused and strategic approach. For example, we are upgrading models to meet evolving market needs. In FY2024, we introduced several new models including ZX38U, NX50, NX80, EX210 Infra, EX350 and ZX490 to expand our market share. We are also strengthening relationships with key accounts to drive repeat sales and service revenue, supported by our Full Maintenance Contracts and Authorized Service Centers.

On the exports front, we expect significant growth. We have seeded machines like the BX100 Backhoe Loader and EX200 Excavators in South-east Asian markets such as Vietnam, Thailand, Malaysia and Indonesia. The initial feedback has been encouraging, and we anticipate a healthy volume of orders from these regions.

Our Project Rebound initiative, launched over the past two years, has been successful in reducing manufacturing costs. We are now extending this initiative to other functions such as Sales, Marketing and Logistics to drive greater cost optimization. Overall, we are confident of achieving strong growth in both machine sales and value chain business in FY2025-2026.

### Voice of Regional General Manager (Oceania)

#### Continuously Striving to Be the Supplier of Choice in Collaboration with Partners

Executive Officer  
General Manager of Oceania Business Div. and  
President & Director of Hitachi Construction Machinery  
Oceania Pty., Ltd., President & Director of Hitachi  
Construction Machinery Australia Pty., Ltd.

Ray Kitic



Whilst there has been a reduction in the demand for construction equipment in Oceania across the last 2 years, demand has stabilised. The demand for mining equipment remains stable and we continue to achieve the leading market share for mining excavators. Our business model is robust and agile and adjusts quickly to changing market conditions. Underpinning our resilience and success is the key focus on value chain. Our value chain ratios have continuously exceeded 50% for over a decade, and in FY2024 we achieved 58%.

Our focus in Oceania includes collaboration with key Hitachi Construction Machinery business units such as H-E Parts and Bradken. This strategy strengthens our offerings to our key customers and simplifies the manner in which business is conducted. To be the supplier of choice we must offer quality products with competitive commercial solutions and also ensure there is an ease to doing business with us.

Changing economic conditions have shifted the needs of our customer base. For mining customers, we have seen a shift to an even more flexible supply structure. We have been a pioneer in the region for providing solutions in the mining sector. In collaboration with key Japanese partners including Marubeni, we continue to strive to be the supplier of choice and remain focused on driving further efficiencies within our business.

The Oceania business model, leadership and capability ensure that we are robust enough to endure the rigours of a changing environment. We have confronted and conquered adversity at each and every stage across many years. We are proud of the capability of our committed staff and are sharing our vast knowledge with our stakeholders to support and expedite global Hitachi Construction Machinery success.



# China



## Business Strategies and Progress

### Embracing Challenges with Highly Durable and Reliable Products, Driven by Demand for Large Hydraulic Excavators

Economic slowdown in China, including the real estate slump, has had a serious impact on local demand for construction machinery. Demand for hydraulic excavators has been sluggish since FY2021, and both domestic and foreign manufacturers have suffered a substantial decline in sales of these machines. We saw signs of recovery in FY2024, but it will take some time for the full recovery of demand. On the other hand, local Chinese manufacturers are increasing their presence in the market, and competition will be further intensified even when the real estate slump bottoms out. Accordingly, we will continue to be faced with difficulties.

In the Chinese market, however, our construction machines designed for agriculture, forestry and mining have received considerable recognition. Accordingly, we are developing sales strategies with

- Prompt response to the market by the regional headquarters
- Long-standing production bases and supplier network

#### Strengths

#### Opportunities

- Steady demand for large construction machinery and mining equipment
- Demand for electric machines, remote-controllable/automated machines and autonomous operation at mining sites

- Differentiation from Chinese manufacturers

#### Weaknesses (Issues)

#### Risks

- Prolonged real estate recession

a focus on large hydraulic excavators for mining, for which customers require high functionality, durability and reliability. I think it is of utmost importance for us to continue to serve our loyal customers attentively and provide them with products that can repay their trust.



Exhibited at the 4th Changsha International Construction Equipment Exhibition (held in Changsha, China in May 2025)



Tsunetaka Mori giving a speech at the opening ceremony

## Voice of Regional General Manager

### Enhancing Our Ability to Respond to Market Needs with a Focus on Safety, Environment and Efficiency

General Manager of China Business Div.  
Representative in China, Chairman of Hitachi Construction Machinery (China) Co., Ltd.  
Chairman of Hitachi Construction Machinery Distribution (China) Co., Ltd.  
Tsunetaka Mori



In China, demand for hydraulic excavators, including those made by domestic manufacturers, is expected to increase by 10% year on year in 2025. This year is the final year of the Chinese government's 14th five-year plan, and the central government is proactively implementing fiscal and financial initiatives to encourage local governments to invest in infrastructure, farmland improvement and industrial development. Although it will take some more time for the recovery of the real property market, growth is expected for farmland improvement, infrastructure investment and the development of mines. In order to capture recovering demand for construction machines in China, Hitachi Construction Machinery Distribution (China), which is our sales base located in Shanghai, is enhancing its sales ability, ability to propose solutions, measures to deal with the central government and state-owned companies, and support for excellent dealers. Also, local Chinese manufacturers are proactively expanding their business overseas, aiming to manufacture and sell more products to make more profit by using their surplus production capacity in their home country. In particular, they are increasingly expanding their business into countries covered by the Belt and Road Initiative. In the market of machines used at mining and construction sites, where safety, environmental consideration and efficiency are required, companies are competing with advanced technologies required for green transformation, digital transformation and smart operation to further improve the quality of their products and enhance their ability to respond to market needs. At Hitachi Construction Machinery (China), which is our development and production base located in Hefei, capital of Anhui Province, we are making effective use of our highly competitive local supply chain to sell the products manufactured at this base within China and also to ship its products to our bases in other countries.

In the Chinese market, our large-sized machines are selected by customers in recognition of their outstanding quality and excellent durability. We will strengthen these product features and also promote measures for further electrification of our machines by making effective use of the local procurement network in China, which is the world's leading EV-producing country.



# Japan



## Business Strategies and Progress

### Accelerating Unique Innovation First in the Japanese Market

According to a report on the global demand outlook for hydraulic excavators, demand has remained flat or slightly decreasing in Japan, one of the most important markets for the Hitachi Construction Machinery Group in terms of brand presence. We are based in Japan, and have a high market share and a strong market base including direct connection with long-term customers in the country.

However, Japan is faced with issues such as a decreasing birth-rate, aging society, declining population, depopulation in rural areas, aged infrastructure and the increased frequency of natural disasters ahead of other developed countries. Our customers in the Japanese market are also facing a range of issues at their construction sites, and we are developing our abilities to help them address such issues.

In July 2024, Hitachi Construction Machinery announced its new

- Development, production, sales and service system directly managed by the manufacturer
- Established customer base and brand presence

#### Strengths

- Approach to solving worsening work site issues, including labor shortage and aging workforce

#### Weaknesses (Issues)

#### Opportunities

- Growing momentum for electrified and zero emissions machinery and for sharing economy

#### Risks

- Progressive yen depreciation, rising costs of raw materials and energy
- Curbed infrastructure investment

“LANDCROS” concept to demonstrate the Hitachi Construction Machinery Group’s commitment to delivering innovative solutions. To fulfill this commitment, we will openly get connected with the world to accelerate innovation in Japan, where the Group is headquartered and has developed various new technologies and solutions.



Ceremony to conclude a disaster cooperation agreement with Ichikawa City in Chiba Prefecture  
(Left: Ko Tanaka, Mayor of Ichikawa City; Right: Seimei Toonishi, Executive Officer, CDIO, President of New Business Creation Unit, Hitachi Construction Machinery)

## Voice of Regional General Manager

### Increasing Corporate Value and Achieving Sustainable Growth Based on Strong Sales Ability and Diverse Solutions



General Manager of Japan Business Div.  
President and Representative Director of Hitachi  
Construction Machinery Japan Co., Ltd.  
Kouichi Matsumura

In Japan, the monetary value of orders received from those making construction investment has been increasing partially due to the rise of costs. However, the total area of new construction sites has been declining due to the aging of society, decreasing birthrate and labor shortage, which is causing demand for hydraulic excavators to drop. In response to this situation, we are working to increase the efficiency of our sales activities and enhance our sales ability as well as our ability to make proposals to meet the needs of customers and thereby provide them with one-stop services. As for the value chain business, which is a key to our sustainable growth, sales revenue in the business has been continuously exceeding 50% of its total sales at the Japan Business Div. In particular in the highly profitable parts and services business, we are utilizing DX tools to receive more orders for maintenance service. We have established “Mobile lab” as a “mobile demonstration website” where visitors can have a hands-on experience of using the P-LINE system that enables machine operators to exchange an attachment on their machine while sitting at the operator’s seat for higher on-site productivity. For remote solutions, we will make more contributions to construction sites by promoting the introduction of remote-control functions.

For environmental protection, we will promote co-creation with customers and partner companies for the creation of a low-carbon society. We have already concluded disaster cooperation agreements with local governments across Japan. In 2024, we concluded an agreement on the provision of equipment in the event of a disaster including hydraulic excavators and movable charging equipment with the municipal government of Ichikawa City, where we have our ZERO EMISSION EV-LAB. Based on the agreement, we will collaborate with the city for recovery from a disaster by making use of the features of our equipment, which can be operated even at disaster-afflicted sites that lack electricity and fuel. Upholding “The first choice, always with you” as our vision, we will work for the sustainable growth of the company and further improvement of its corporate value.