

## Corporate Vision FY2023-4Q

Public Relations & Investor Relations Dept.  
Corporate Brand & Communications Group

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

## **1** **Company Outline**

## **2** **Medium-term Management Plan** **BUILDING THE FUTURE 2025**

## **3** **Explanatory Meeting Material for Business Results** **for the Year ended March 31, 2024**

<b>Company Name</b>	Hitachi Construction Machinery Co., Ltd. Stock Exchange Listings : Tokyo (#6305)
<b>Major Operations</b>	Manufacturing , sales and service of construction equipment, transportation equipment, and other machines and devices.
<b>Established</b>	1 October 1970
<b>Capital</b>	81.6 billion yen
<b>Subsidiaries Affiliates</b>	86 companies (Japan 7, Overseas 79) 15 companies (Japan 2, Overseas 13)
<b>Number of Employees</b>	Consolidated : 26,230 Non-Consolidated : 5,862

(As of March 31, 2024)



**Chairman and  
Executive Officer, CEO  
Kotaro Hirano**

**President and  
Executive Officer, COO  
Masafumi Senzaki**

- 1950** ● Developed cable-operated shovel and started the mass production of construction machinery.
- 1965** ● Developed the first hydraulic excavator in Japan made purely with domestic technologies.
- 1970** ● **Separated from Hitachi, Ltd.  
Established Hitachi Construction Machinery Co., Ltd.** } **First Start-up**
- 1973** ● Launched the largest Japanese-made hydraulic excavator (at the time) equipped with a proprietary technology.
- 1988** ● Started a joint venture with Deere & Company in the Americas. Launched of wheel loaders.
- 2000** ● Launched the world's first hydraulic excavator equipped with satellite communication function.
- 2008** ● Launched one of the largest Japanese-made rigid dump trucks(at the time) which employed an AC drive system driven.
- 2013** ● Launched service solution ConSite
- 2016** ● Made H-E Parts International LLC(U.S.A.), a provider of comprehensive solutions for mining machinery, a consolidated subsidiary.
- 2017** ● Made Bradken Pty.Ltd. (Australia), a manufacturer of parts for mining machinery, a consolidated subsidiary.



2022  
Mar

**Started full-scale independent business development in the Americas**

Dissolution of joint venture with Deere & Company

Aug

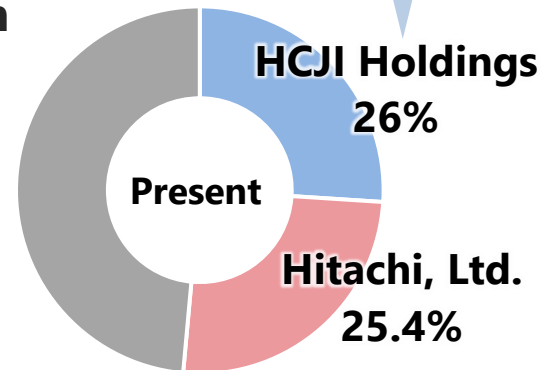
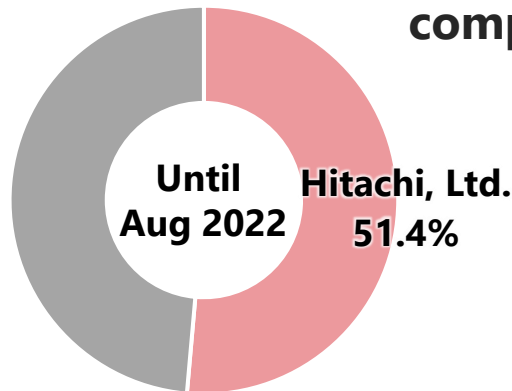
**Independence from Hitachi Group**

Approximately half of the Company's shares held by Hitachi, Ltd. are sold to Japan Industrial Partners and ITOCHU Corporation

**Second Start-up**

## Independence from Hitachi Group

### Change in shareholder composition



Japan Industrial Partners and ITOCHU Corporation to make a 50-50 investment

### Details

- ✓ Continued use of Hitachi brand
- ✓ Continued collaboration with Hitachi Group in R&D and parts trading, including IoT
- ✓ Working with new partners in North America and various other areas

## Construction / Mining Machinery

### Compact



### Construction



### Mining



## Value Chain Business

... Businesses other than new machinery sales

### Parts & Services



Providing service solutions utilizing ConSite

### Rental / Used Equipment



Providing quality rental and used equipment

### Remanufacturing (Parts & machines)



Utilizing existing resources to meet customer needs

### Specialized Parts & Service Business



Manufacturing and sale of consumable parts for mining machinery



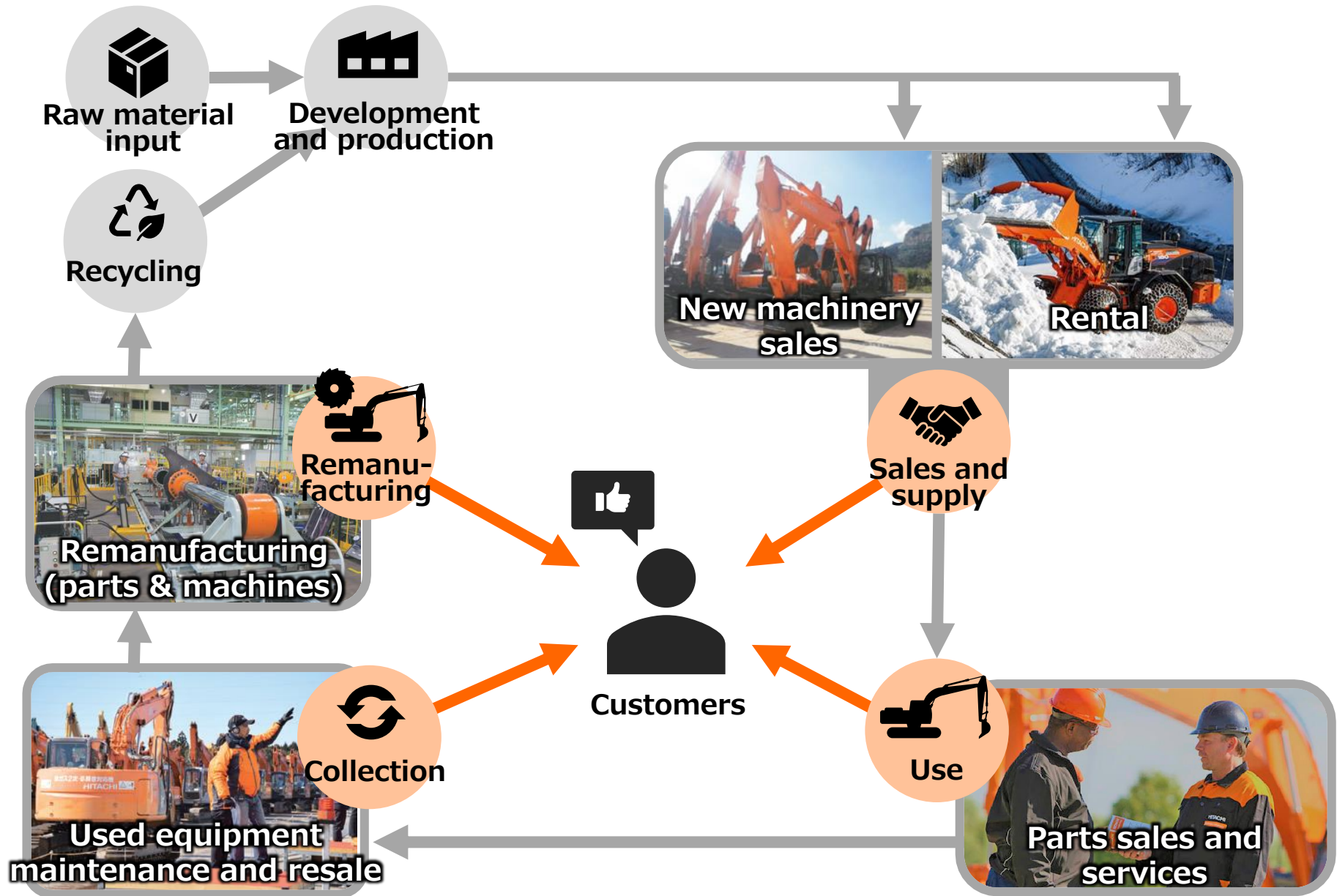
After-sales service business for mining machinery



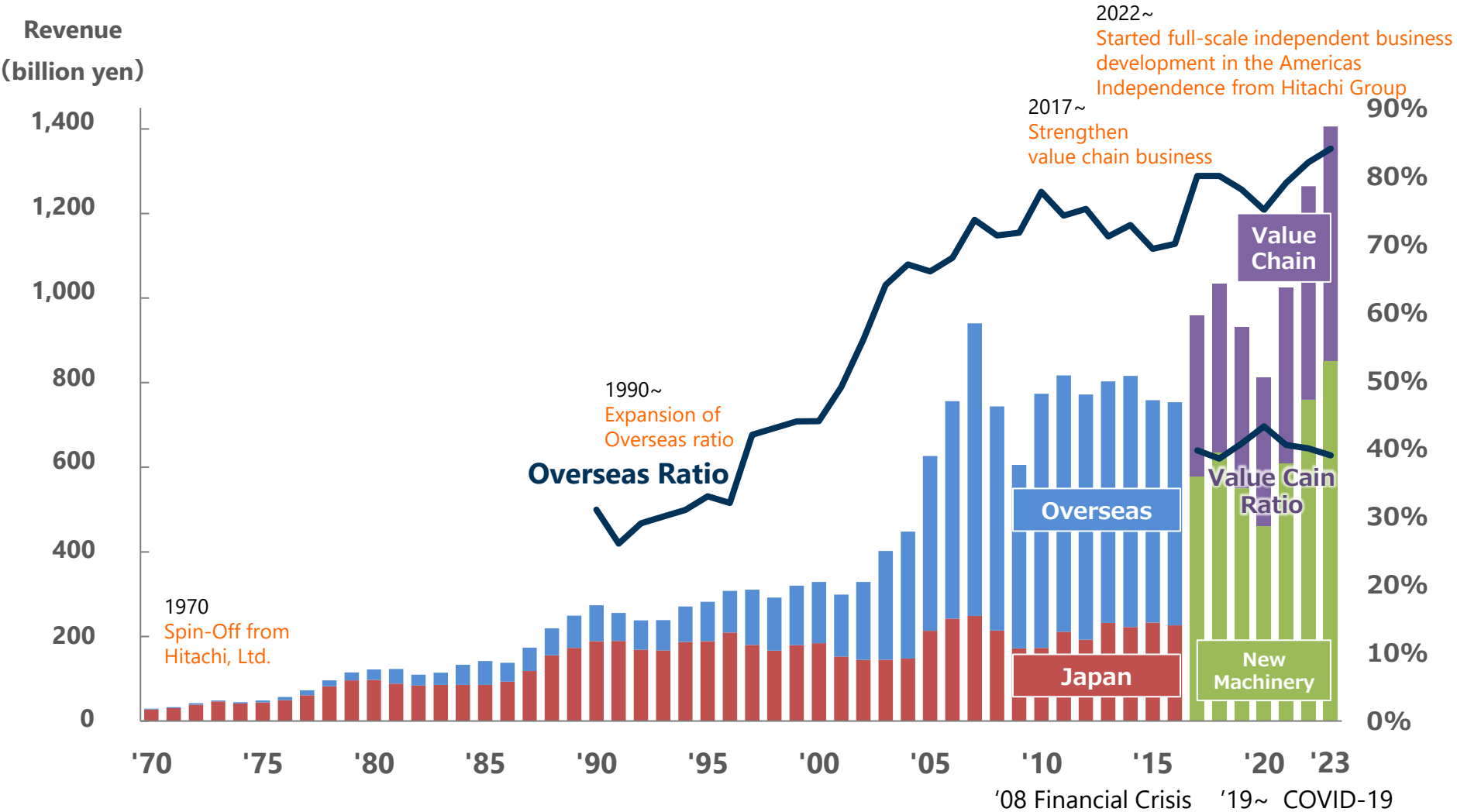
# Providing a "Value Chain" at various contacts with customers

HITACHI

Reliable Solutions



# Business Scale Trend

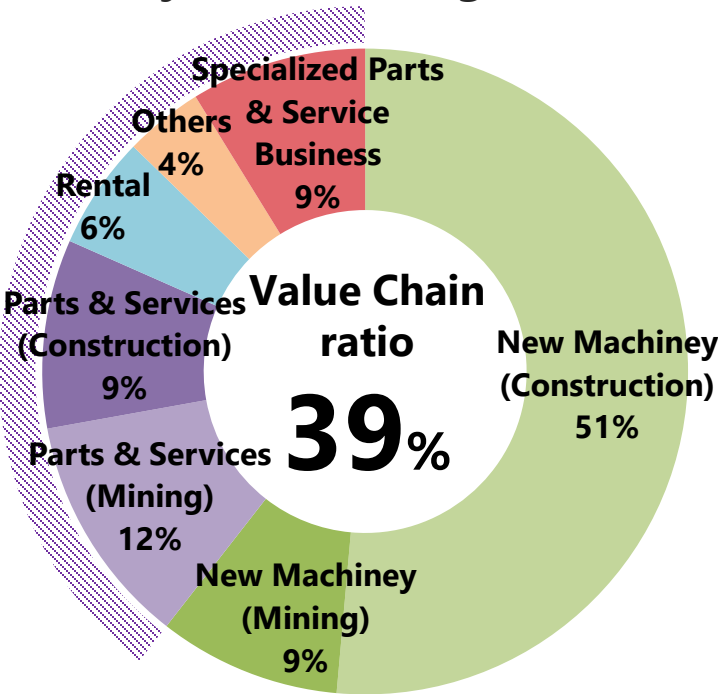


\* Value chain: Businesses other than new machinery sales, such as parts and service, specialized parts & service business, rental, and used equipment



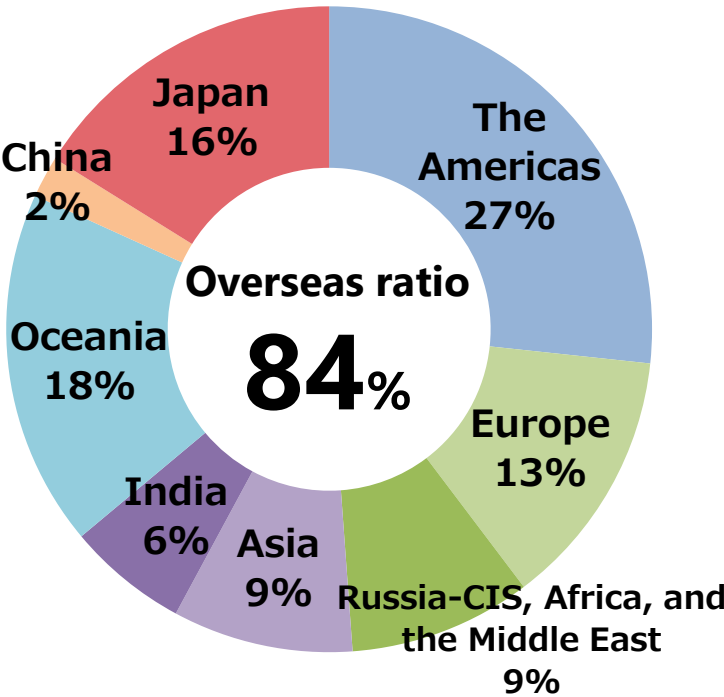
Revenue in FY2023: 1,405.9 billion yen

Revenue ratio  
by Business Segment



 Value Chain ratio

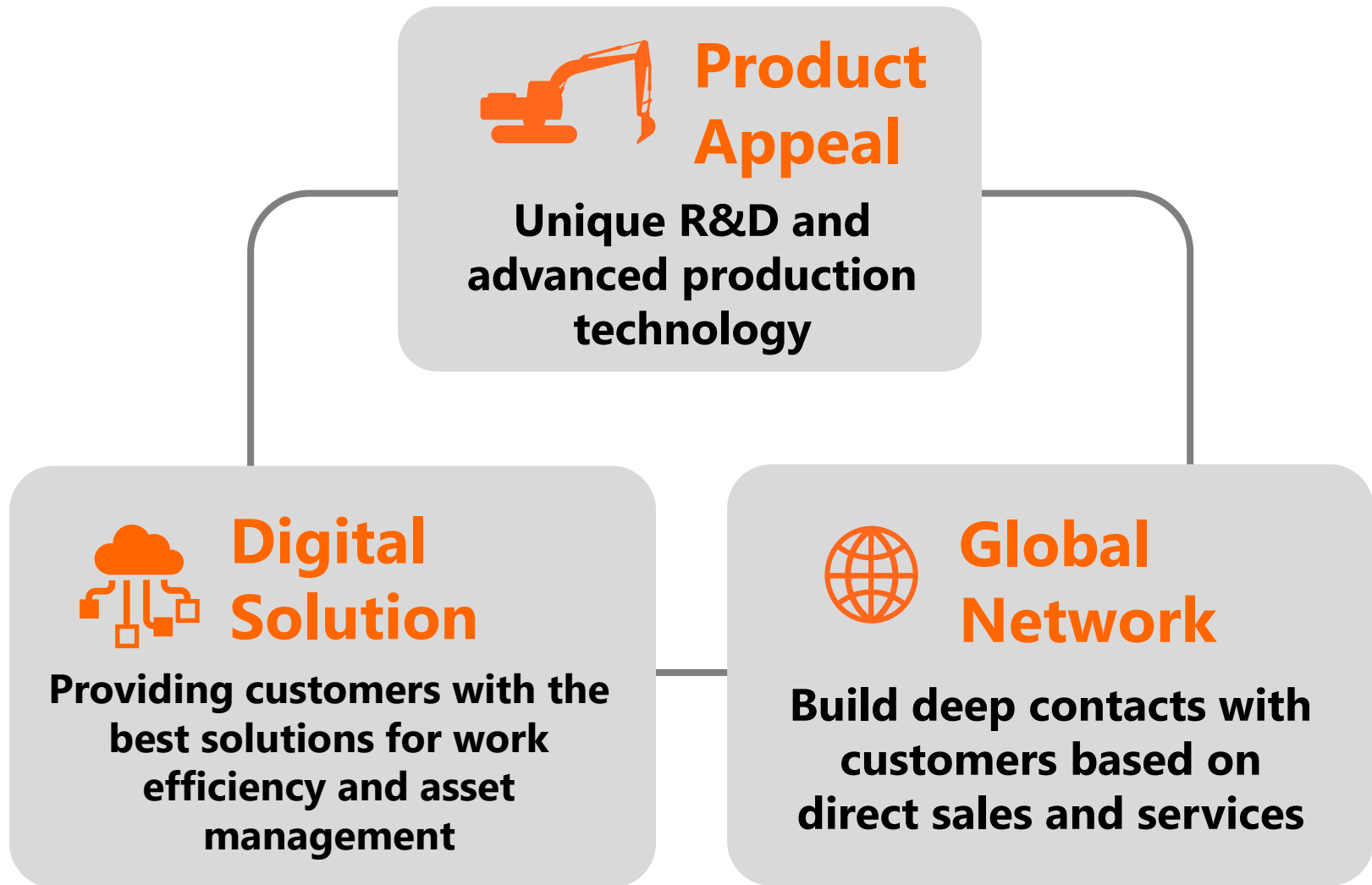
Revenue ratio  
by Region



**Production Base****Sales & Service Office****R&D Base****Remanufacturing Base \***

\*Remanufacturing of parts and bodies



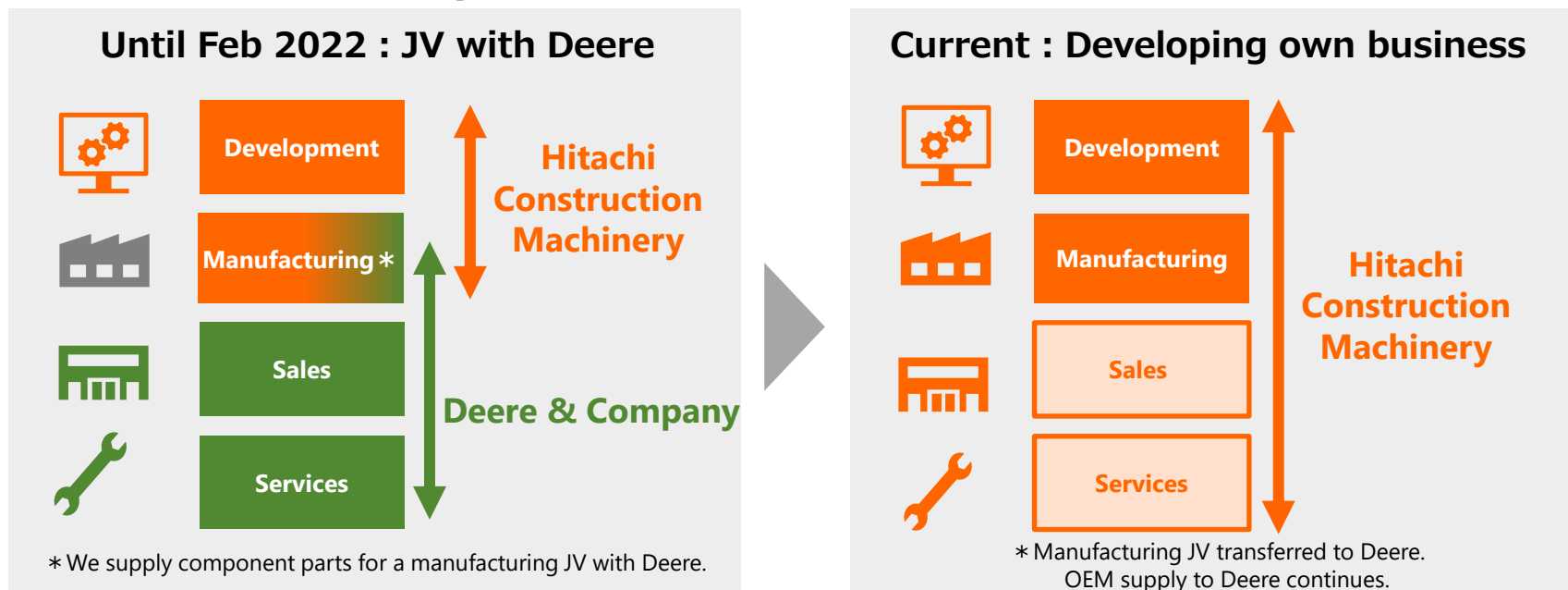


# (Appendix-1) Reestablishment of the Americas' business

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Reliable Solutions

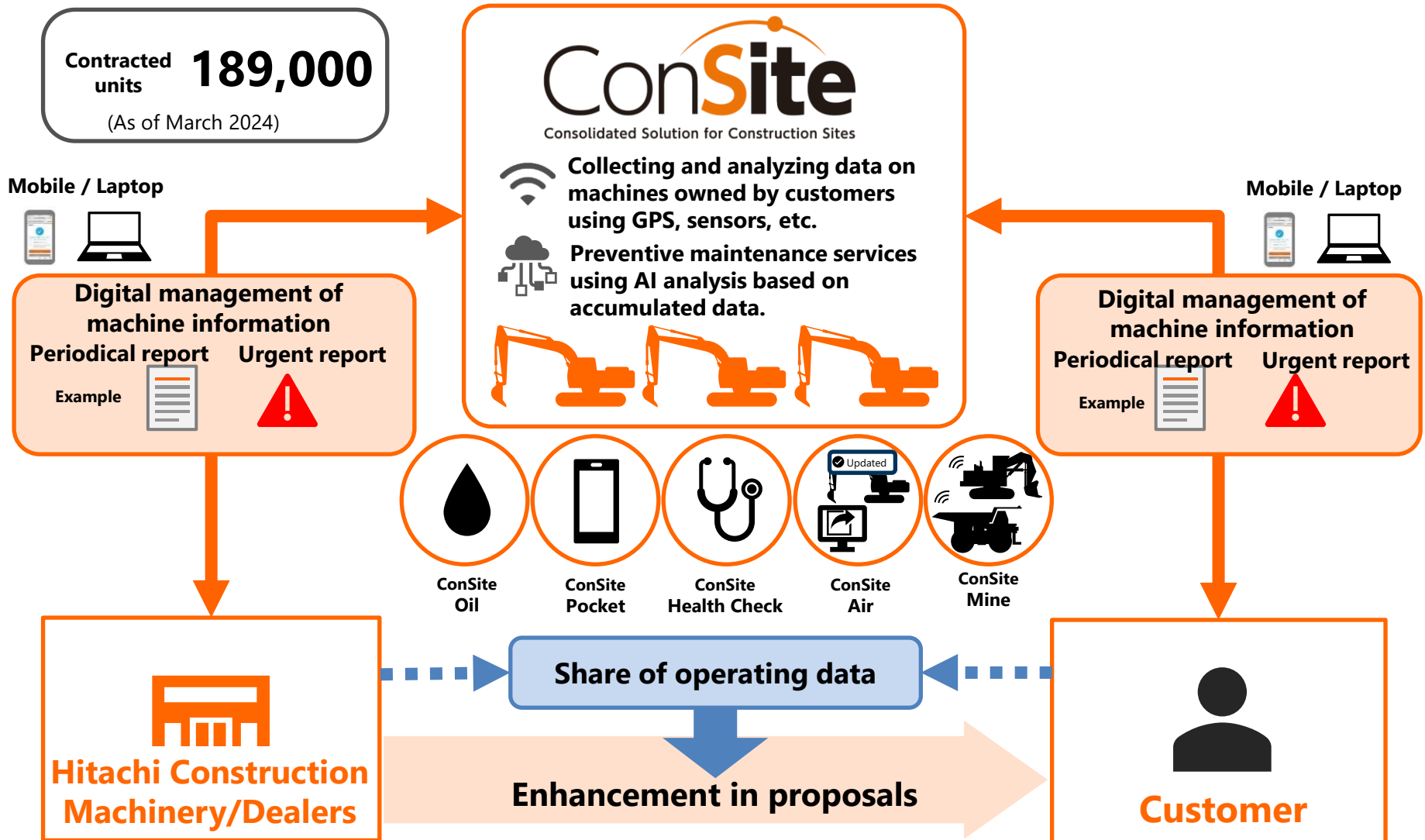
**Dissolution of JV with Deere & Company, a major U.S. agricultural machinery manufacturer. Shifting to a business structure that integrates all processes from development to sales and services on its own**



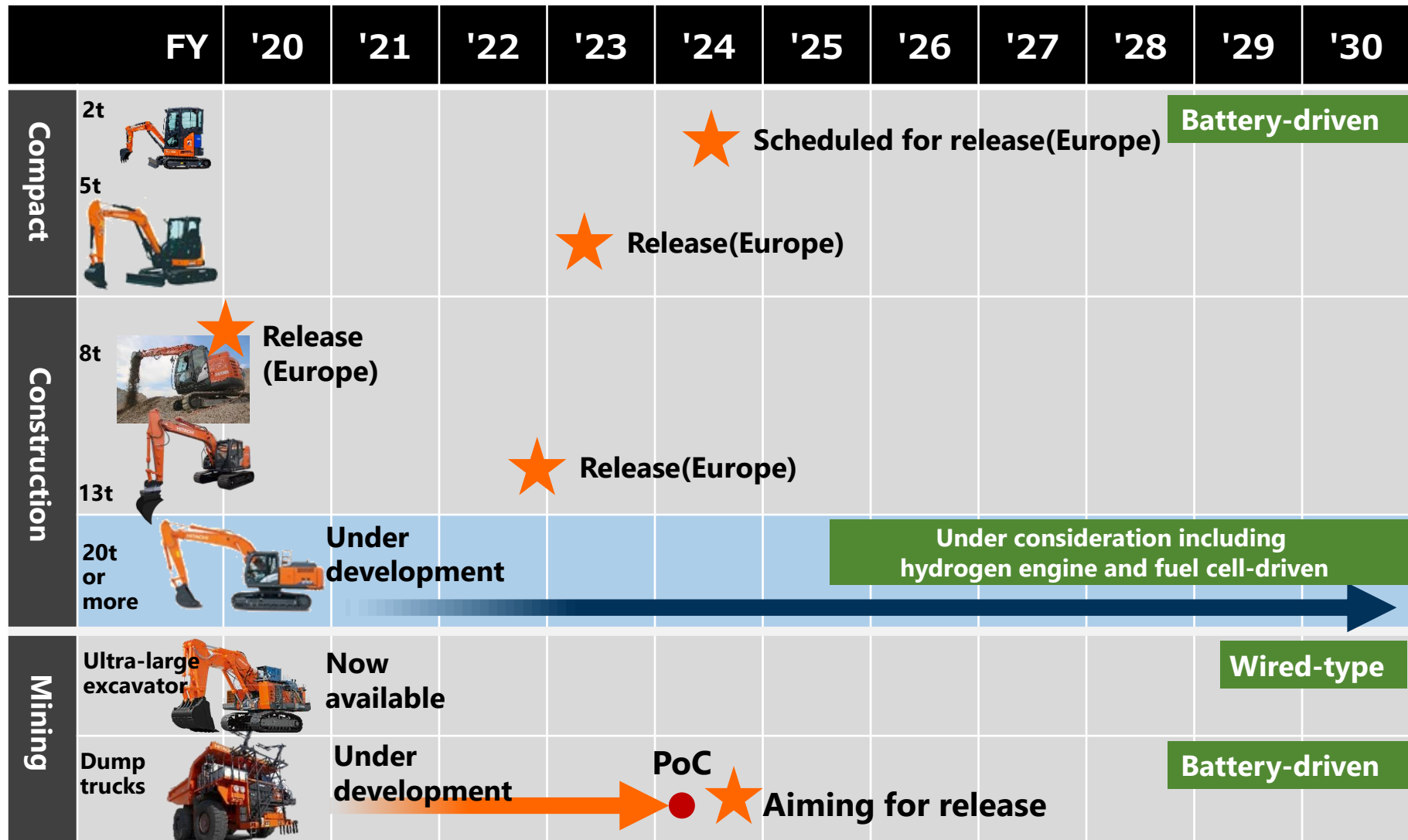
## Expanding Opportunities through developing own business

- Introduce the latest machine equipped with the new hydraulic system and ConSite
- Full-scale development of the value chain business
- Strengthen the mining business, for which after-sales service is important.

## Expanding revenue of parts and services by utilizing ConSite

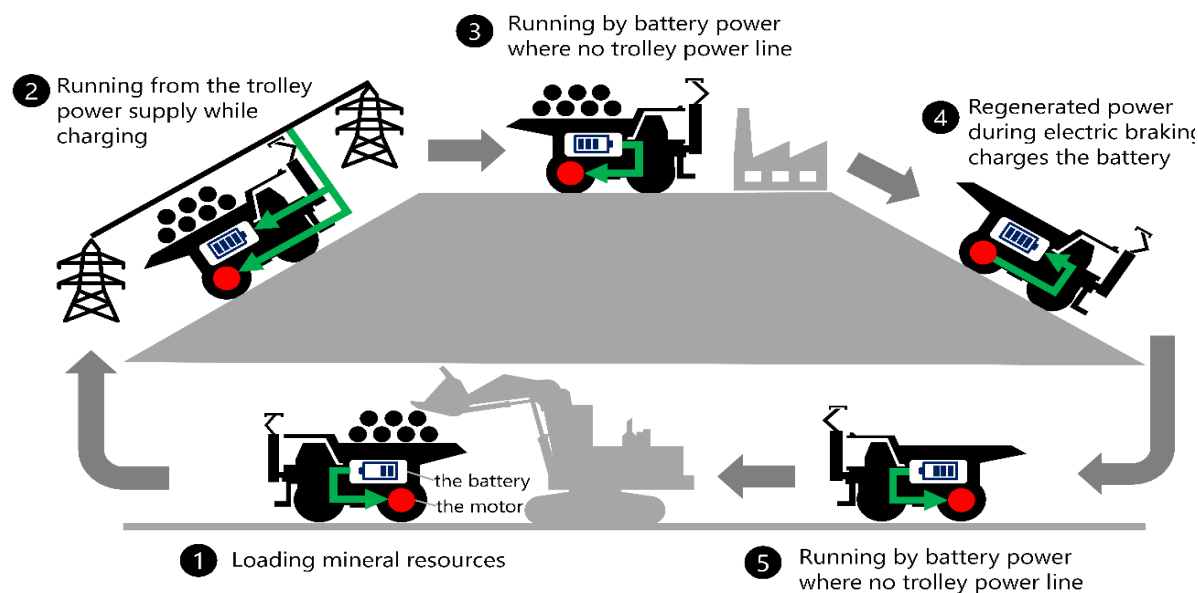


## Expand lineup and accelerate development speed through open innovation



## Beginning Joint Development of a Fully Electric Dump Truck with ABB

**January 2024 :**Completed a prototype dump truck  
**Mid-2024:** Scheduled to begin PoC at customer's mine  
**During 2024:** Aiming for launch



**Full battery rigid dump truck with trolley**

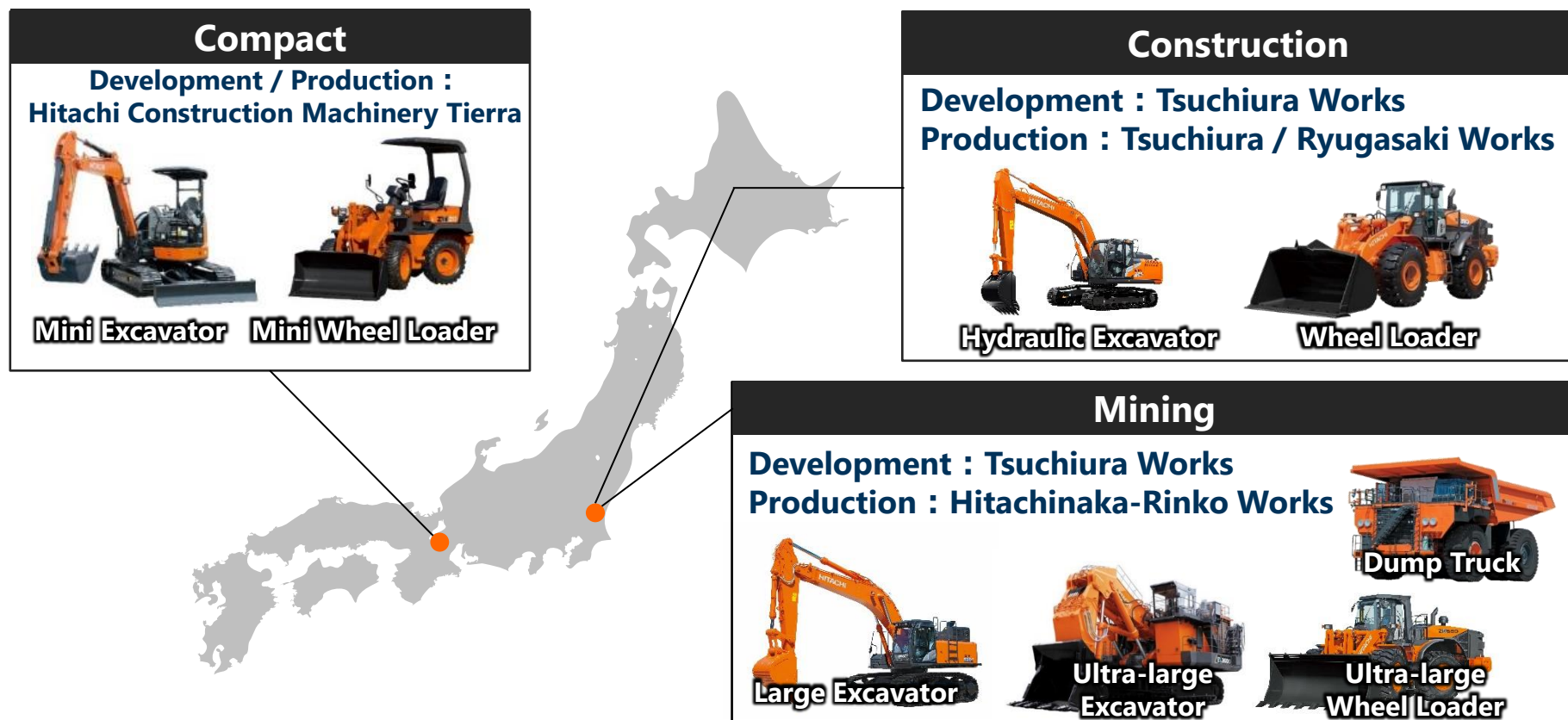


**Digital Mining promoted by ABB**



## Phased reorganization of development and production bases starting in FY2018 Scheduled to be completed in FY2027

Major development and production bases of complete machinery after reorganization



Consolidation of development and production bases into three business areas

Shift to customer orientation and improvement of production efficiency

**1**

## Company Outline

**2**

## **Medium-term Management Plan BUILDING THE FUTURE 2025**

**3**

## Explanatory Meeting Material for Business Results for the Year ended March 31, 2024

- 1. Business Environment**
- 2. Group Identity of Hitachi Construction Machinery**
- 3. Core Strategy of the Medium-term Management Plan**
  - 1) Delivering Innovative Solutions for Customer Needs**
  - 2) Enhancing Value Chain Business**
  - 3) Expanding Business in the Americas**
  - 4) Strengthening Human Capital and Corporate Capabilities**
- 4. Toward the Realization of a Sustainable Society**
  - 1) Initiatives toward Carbon Neutrality**
  - 2) Initiatives of the Circular Economy**
- 5. Progress in FY2023**
- 6. Targets of the Medium-term Management Plan**

## Changes in the social, technological, and economic environment

- Aging and a shortage of workers in secondary industry
- Broadly defined software, shift to utilization value, and progress in digital technology
- Acceleration of economic transformation to realize a sustainable global environment
- Emergence of geopolitical risks

## Changes in the competitive environment

- Accelerating development of decarbonization technologies including electrification in developed countries and mining markets
- Firm establishment of conversion of customer needs "from hardware products to solutions"
- Rise of Chinese manufacturers in emerging countries
- Competition or cooperation with other industries with digitization

## Capital structure changes

- **Hitachi, Ltd.** — Collaborative creation with the Hitachi Group in various R&D fields to accelerate environmental responses and the circular economy
- **ITOCHU Corporation** — Acceleration of business expanding in North America and promotion of business
- **Japan Industrial Partners, Inc.** — Strengthening of the medium- to long-term management foundation and enhancement of corporate capabilities

**Hitachi Construction Machinery is entering a new phase of growth with various changes**

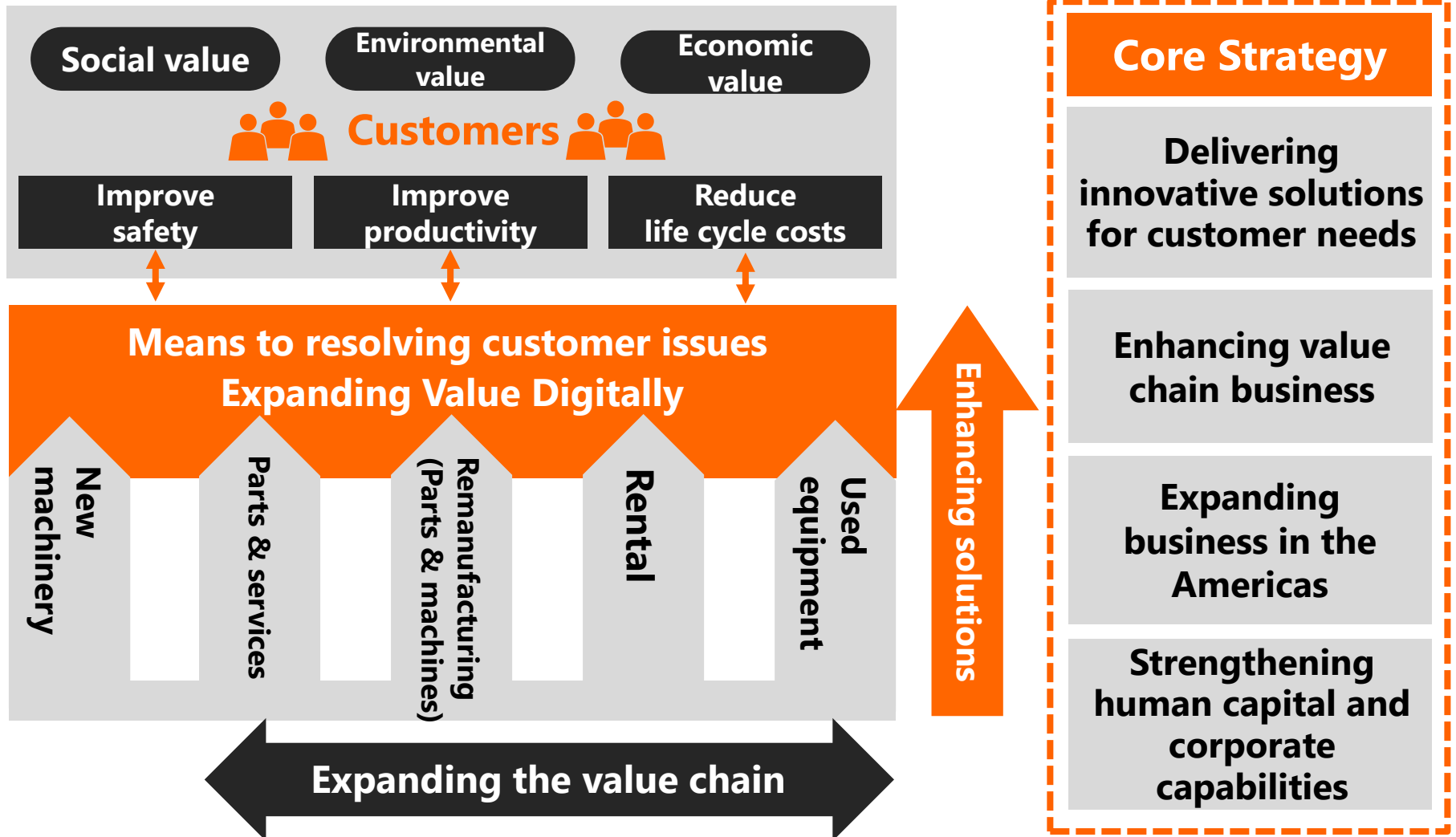
# Formulating our own group identity in response to business environmental changes

**Reliable Solutions** We are a reliable solutions partner with/for our customers



### 3. Core Strategy of the Medium-term Management Plan

**Growing as a true solutions provider  
by delivering innovative solutions**



### 3. 1) Delivering Innovative Solutions for Customer Needs Compact and Construction Business

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**Customers' issues have never changed.  
However, the solutions are getting more and more complicated.**

**Stable machine operations and  
preventive maintenance**

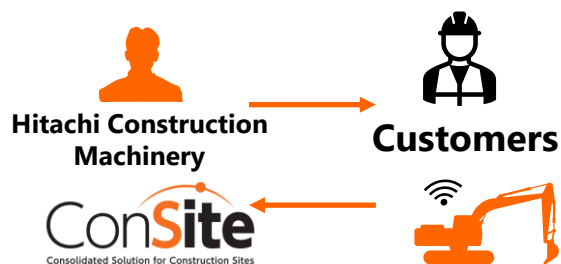
**Aging of operators and  
a shortage of workers**

**Comprehensive efficiency of people  
(operators), things (machines), and work  
(construction) & environmental response**

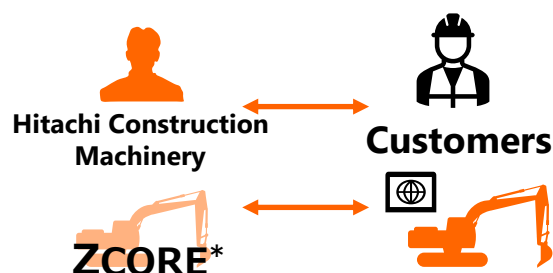
**Expansion of  
Solution 1.0**

**Enhancement of  
Solution 2.0**

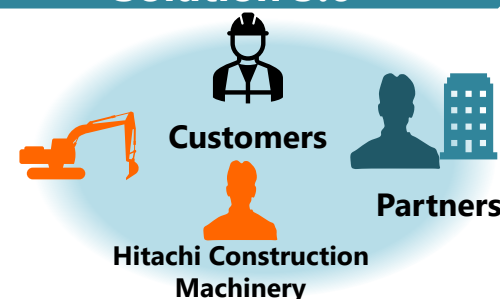
**Challenge to  
Solution 3.0**



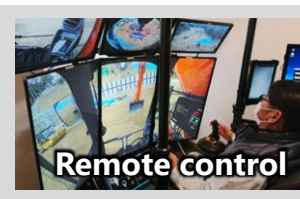
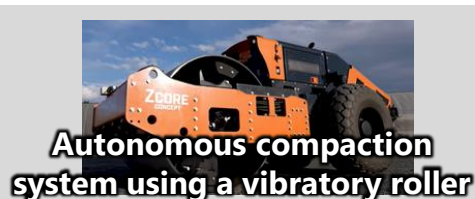
New ConSite applications



Cooperative safety and advanced  
autonomous operation



Building an ecosystem through  
collaborative creation with customers  
and partners in other industries



**Delivering solutions for customer issues through product evolution,  
various data collaboration and digital utilization**

\*ZCORE: Machine control platform for digital and connected features



# 3. 1) Delivering Innovative Solutions for Customer Needs Mining Business

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Visualization of the operation and realization of optimal procurement

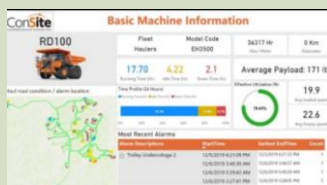
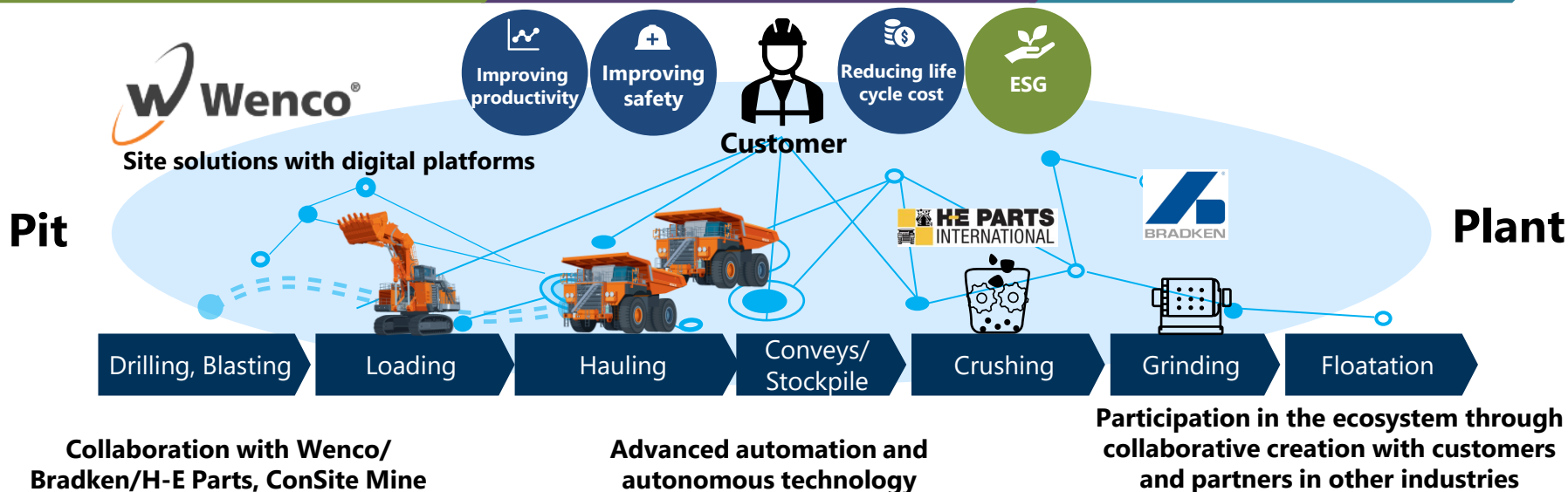
Further improvement of safety & productivity and reduction of LCC\* & environmental impact

Maximization of social value and corporate value by resolving customer issues

Expansion of Solution 1.0

Enhancement of Solution 2.0

Challenge to Solution 3.0



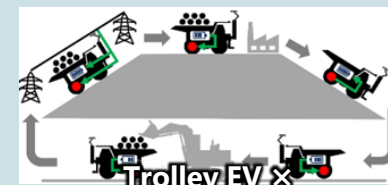
ConSite Mine



AHS



Remote/automatic excavation (UES)



Trolley EV X autonomous navigation

Delivering solutions for customer needs by data collaboration with a variety of touchpoints from pit to plant and product evolution using digital means

\*LCC: Life cycle cost

## 3. 2) Enhancing Value Chain Business

### Expanding value chain business by further strengthening our solutions and proposal capabilities to meet customer expectations

#### Parts and services business

- Proposing solutions for extension of machine service life, maximization of operating time, and improvement of working efficiency by utilizing ConSite to monitor every single machine in the world.
- Offering service parts with quality and price that meet customer needs by enhancement of the lineup
- Expansion of remanufacturing capacity and establishment of a global optimum production system
- Carrying out the machine remanufacturing business on a full scale

#### Mining business/ Cooperation with Bradken and H-E Parts

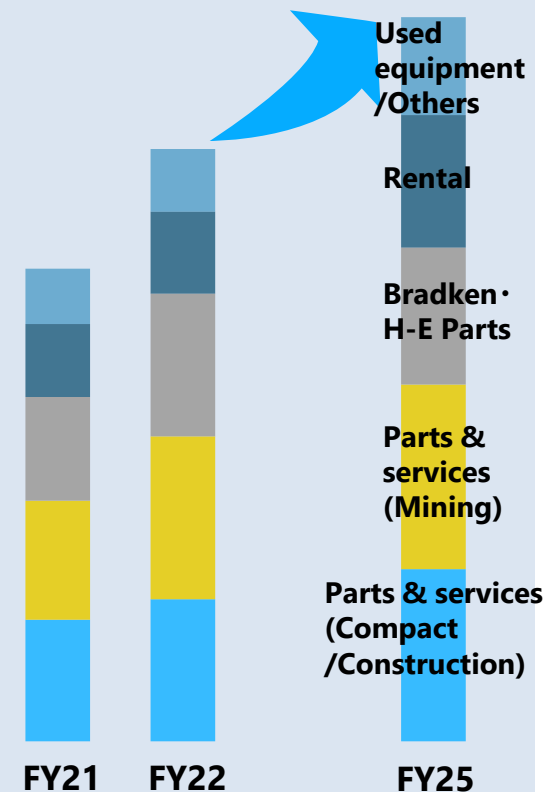
- Further strengthening of mining value chain business from pit to plant (consumable parts, etc.)
- Promoting a global expansion of high-profit businesses (remanufacturing business for mining machinery, consumable parts business in the mineral processing area, etc.)

#### Rental and used equipment business

- Expanding overseas rental business suit to different market environment
- Promoting sales strategies for high-value-added used equipment
- Increasing used equipment value by PREMIUM USED/ REFURBISHED USED

### Planned revenue of value chain business

Value chain ratio  
50% or more



### 3. 3) Expanding Business in the Americas

## Expanding business and stabilizing revenue Contributing to global growth

#### Compact & construction business

- Establishing an own sales network in Central & South America
- Diversifying sales channels
- Enhancing finance business

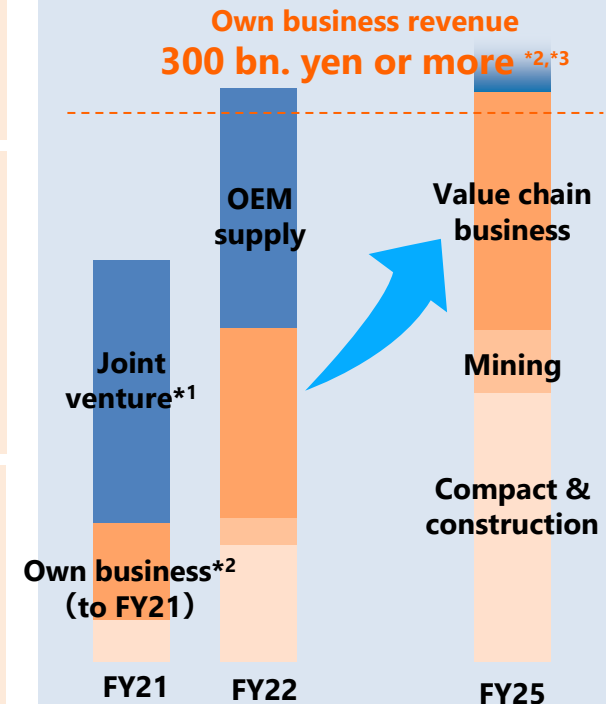
#### Mining business

- Expanding sales of ultra-large excavators for construction and quarry sites in addition to mining sites
- Enhancing support systems in South America
- Strengthening the dump truck support system

#### Value chain business

- Building an operational base for parts remanufacturing
- Expanding rental business
- Selling young, good-quality used equipment from Japan

#### Planned revenue in the Americas



\*1: Joint venture business involves supplying components and completed products, and consigning sales and services to Deere & Co., and receiving profit share.

\*2: Own business up to FY2021 consisted solely of the wheel loader business and what came from consolidated subsidiaries.

\*3: The investment policy of the Americas business is to be up to 100 billion yen, evaluating where to invest heavily while looking at the business environment.

### Strengthening our business structure globally, all the way from R&D to production, supply, sales, and services

#### Human capital · Organization · Culture

- Providing education and opportunities for human capital to play an active role globally
- Sophistication of global performance management through the business unit system
- A culture that accomplishes initiatives through the management system for the business plan

#### R&D system

- Global collaboration and strengthening of open innovation
- Transforming the corporate culture through agile development
- Responding to paradigm shifts in construction machinery

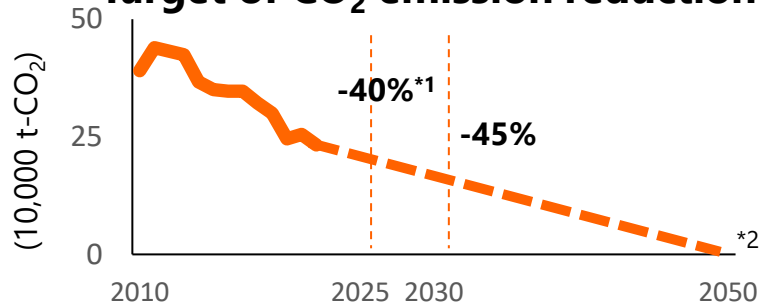
#### Revenue structure

- Continuing to promote total cost reduction activities in all divisions through the business unit system
- Improving profitability by increasing production efficiency in domestic business restructuring
- Strengthening the global supply system for products and service parts
- Increasing efficiency by leveraging DX and deploying the rental and used equipment management system globally
- Strengthening indirect cost controls to respond quickly to market changes

## Strengthening efforts to realize the 1.5°C scenario and achieving carbon neutrality by 2050

### Production (Scope 1+2)

#### Target of CO<sub>2</sub> emission reduction



\*1: Compared to FY2010

\*2: Graph image is for illustrative purposes only; actual results through FY2022

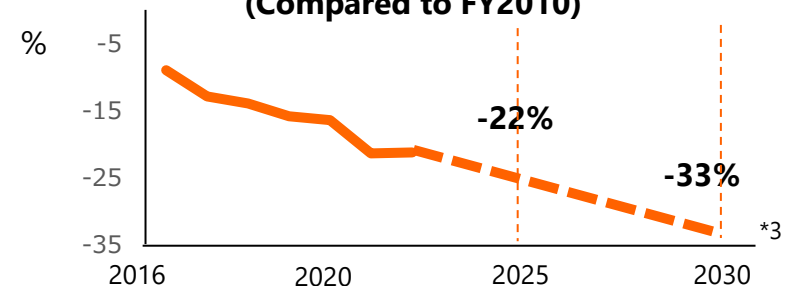
- Increasing productivity/ Introduction of energy-saving equipment
- Developing thorough energy-saving and CO<sub>2</sub> reduction activities
- Active use of renewable energy



Utilizing wind power and solar power

### Products (Scope 3)

#### Target of CO<sub>2</sub> reduction ratio (Compared to FY2010)



\*3: Graph image is for illustrative purposes only; actual results through FY2022

- Expansion of decarbonized products (such as electric construction machines)
- Providing ICT and IoT solutions
- Expansion of used equipment and remanufacturing businesses



Electrified products

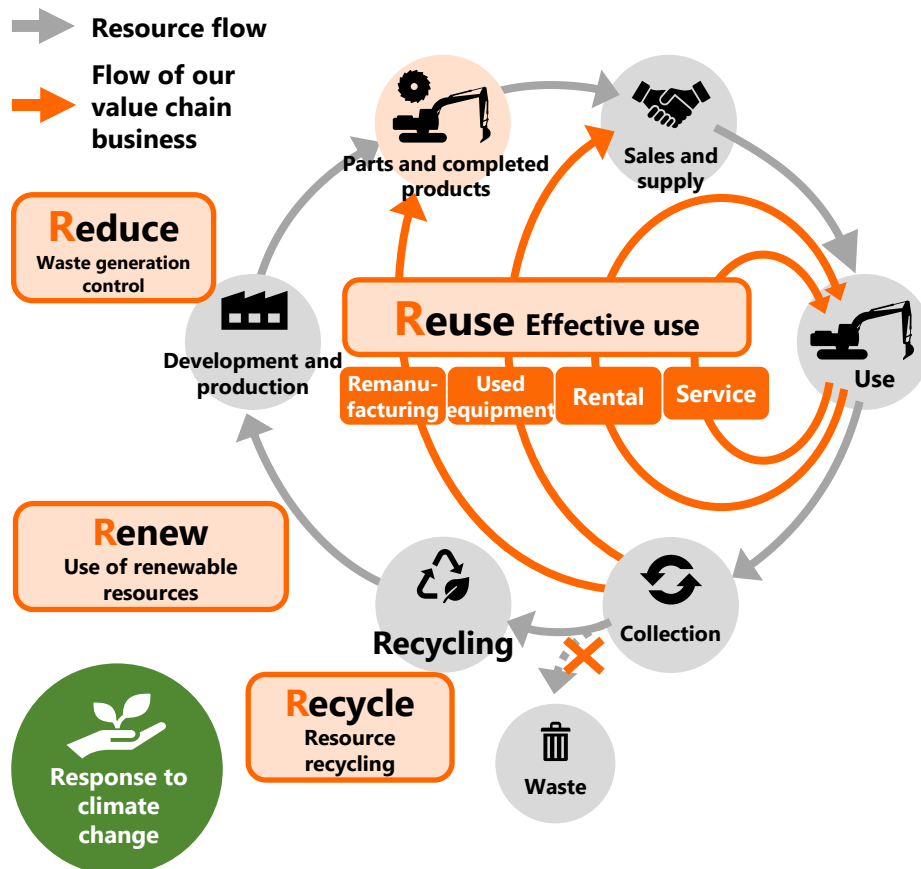


Remanufacturing business

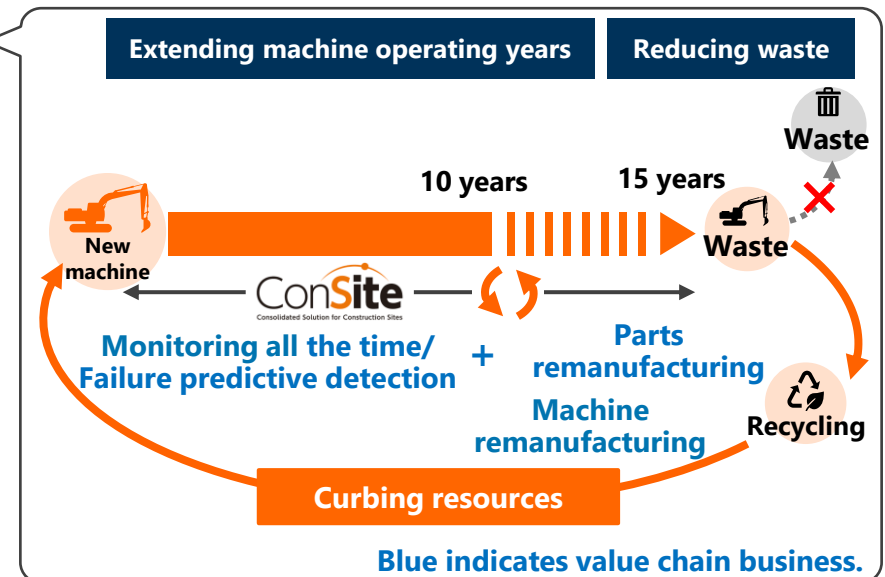
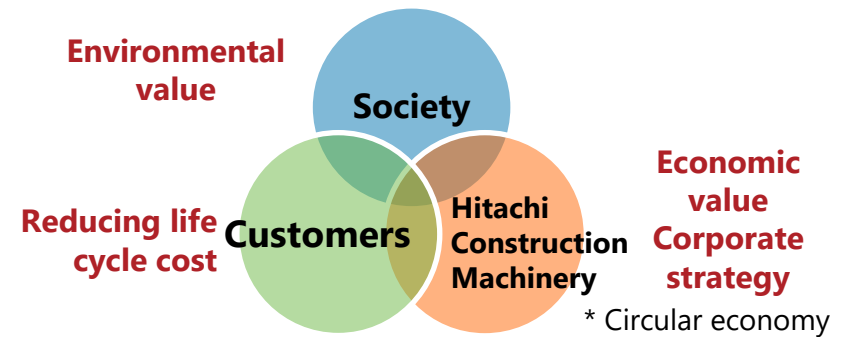
## 4. 2) Initiatives of the Circular Economy

Expanding value chain business to extend our product life cycle one and a half fold, and then maximizing customer value and minimizing resource consumption

Undertaking the 4Rs across the entire company



Significance of our initiatives for CE\*



### Core Strategy

**Delivering innovative solutions for customer needs**

**Enhancing value chain business**

**Expanding business in the Americas**

**Strengthening human capital and corporate capabilities**

### Key initiatives

- Building an ecosystem through collaborative creation with customers and partners in other industries
- Offering site solutions with a digital platform

**Report 1****Report 2**

- Expanding remanufacturing capacity and establishing a global optimum production system
- Expanding overseas rental business suited to different market environments

**Report 3**

- Diversifying sales channels and enhancing finance business in the Americas
- Establishing an own sales network in Central & South America

**Report 4**

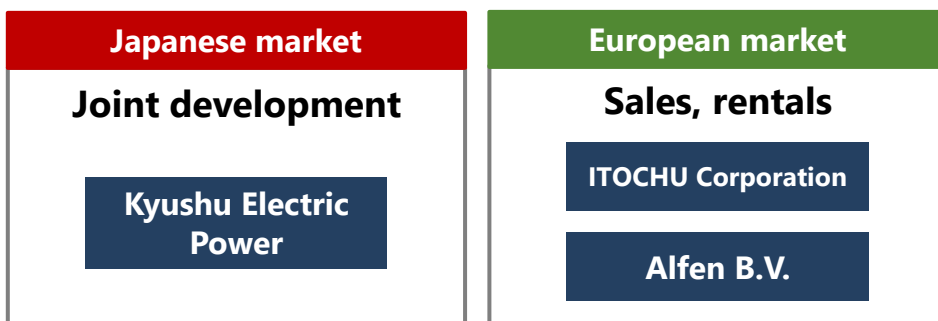
- Providing education and opportunities for human capital to play an active role globally
- Transforming the corporate culture through agile development

**Report 5**



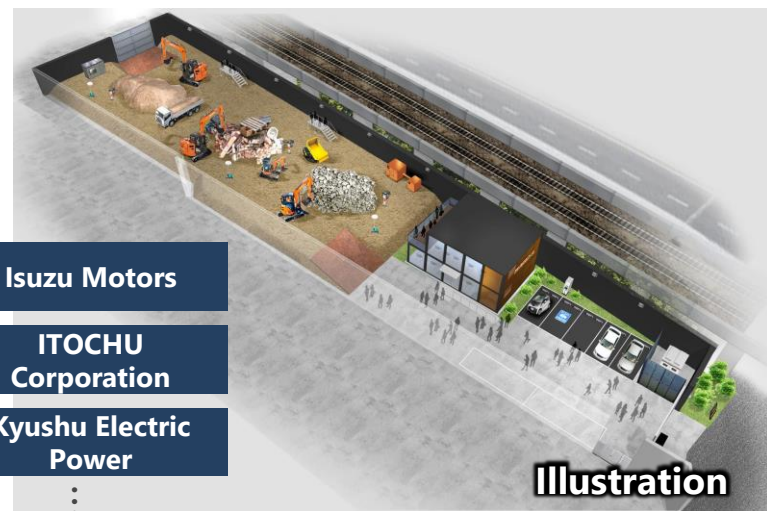
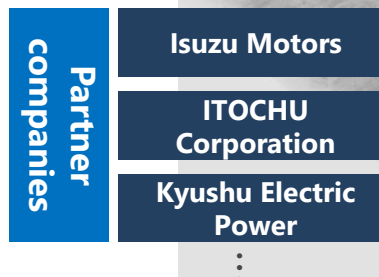
## Collaboration with partners in other industries toward realizing zero emissions at construction sites

### Expanded cooperation on mobile energy storage systems

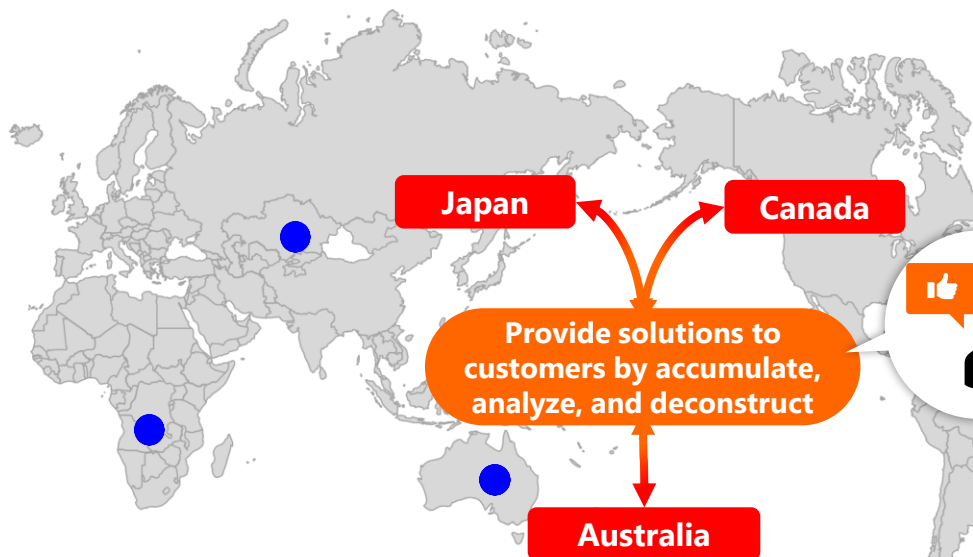
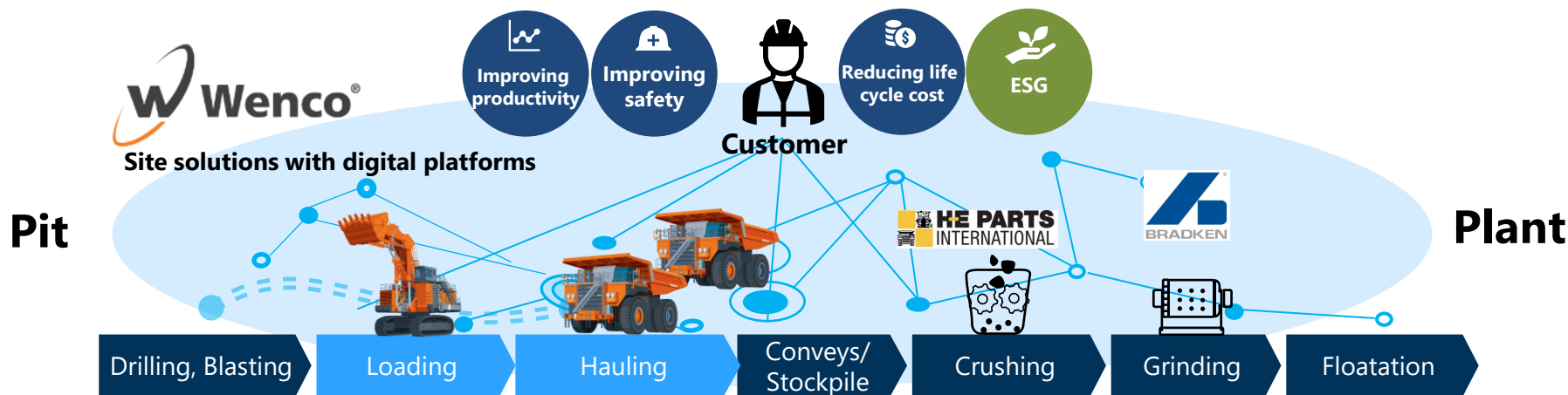


### Establishment of the ZERO EMISSION EV-LAB by collaboration with partners

- Permanent demo area that recreates a construction site and a communication area for visitors
- In addition to electric excavators, mobile energy storage systems, EV trucks, compaction equipment, and carrier dump trucks are scheduled to be installed



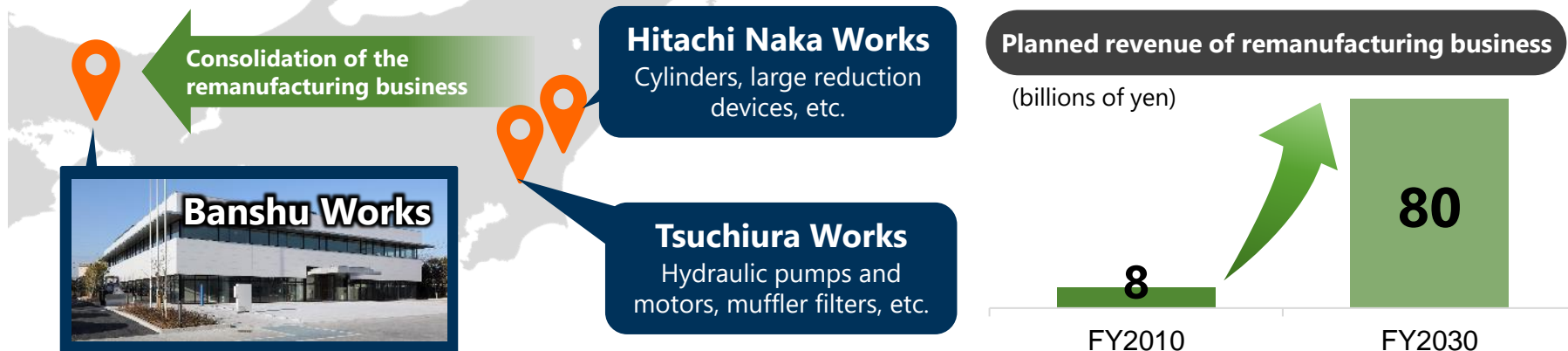
## Monitoring multiple mine sites while expanding the coverage to improve customer productivity



● Mining Site to be monitored

## Consolidating domestic remanufacturing sites and enhancing global remanufacturing sites aiming for a recycling-oriented business model

### Establishing the Banshu Works as the mother factory of remanufacturing plants and strengthening cooperation worldwide



### Strengthening remanufacturing business across the Americas

#### Hitachi Construction Truck Manufacturing

Operation started from October 2023.

Remanufacturing of parts for large and ultra-large hydraulic excavators, dump trucks, and wheel loaders



#### H-E Parts

Remanufacturing of cooling systems and engines for mining machinery

Number of remanufacturing sites (including Hitachi Construction Machinery)

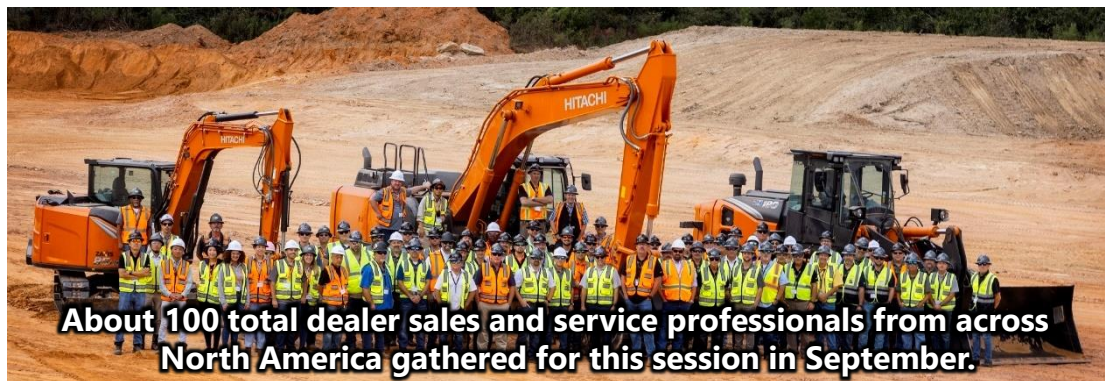
**23 sites in 11 countries**

- Hitachi Construction Machinery
- H-E Parts

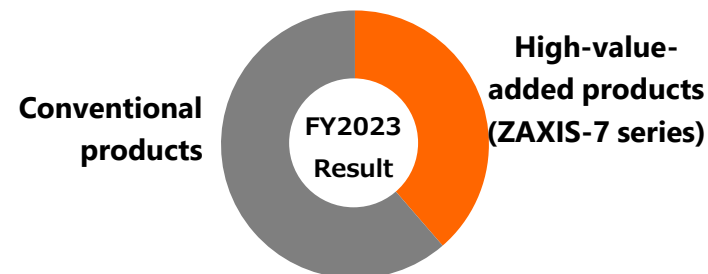


## Delivery of high-value-added products started.

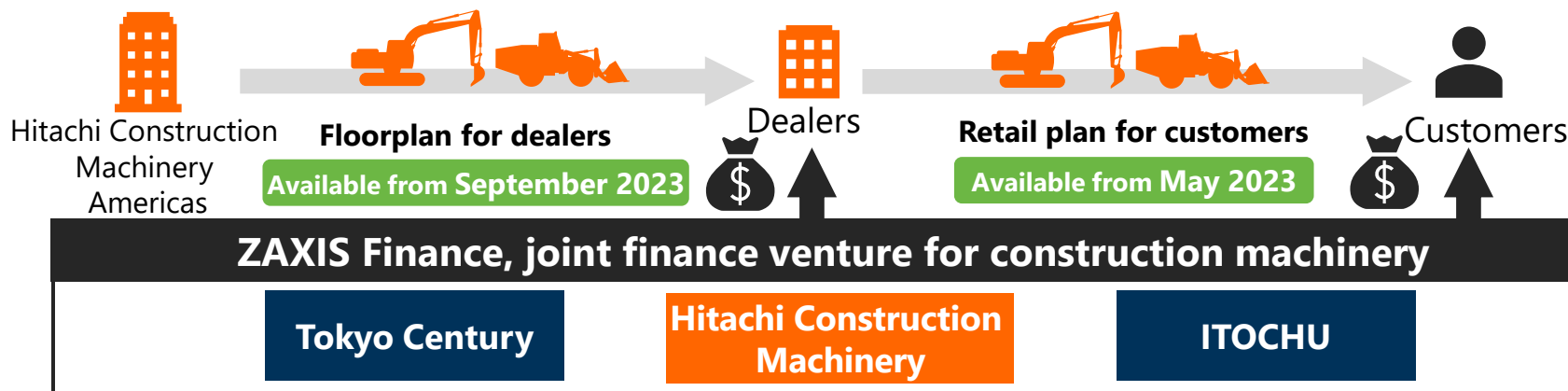
In August 2023, we started delivery of its newest ZAXIS-7 series, and the sales are expanding steadily.



### Sales of high-value-added products in Americas



## The joint finance venture with the ITOCHU Group begins operations.





## Acquired human capital-related ISO certification (November 2023)

- First machinery manufacturer to acquire ISO 30414 certification, international guidelines for the disclosure of human capital reporting information
- Issued the "**Human Capital Report 2023**"
- Strengthening information disclosure, deepening dialogue with stakeholders, and utilizing this to improve human capital management



## Concentrating R&D resources in Tsuchiura Works to promote innovation (May 2023)

- A place where approximately 3,000 people, mostly from R&D departments, gather
- Diverse communication spaces to create collaboration across departmental boundaries



## Transforming the corporate culture through new business contests

- The First (FY2022-2023) KENKI βBUSINESS CHALLENGE (KβC) was hosted to learn not only value creation know-how but aim to actually commercialize it.



## 6. Targets of the Medium-term Management Plan

KPI		Medium-term Management Plan FY2025 targets	FY2023 results	Reference FY2022 results
Growth	• Value chain ratio	50% or more	39.4%	40.0%
	• Own business revenue in the Americas	300.0 billion yen or more	217.5 billion yen	167.6 billion yen
	• R&D/Revenue ratio	3% or more	2.2%	1.9%
Profitability	• Adjusted operating income ratio	13% or more	12.0%	10.8%
	• EBITDA margin*1	18% or more	16.8%	14.6%
Safety	• Net D/E ratio	0.40 or less	0.57	0.60
Efficiency	• Operating cash flow margin*1	10% or more	5.2%	-2.1%
	• ROE	13% or more	13.1%	11.0%
	• ROIC*1*3	9% or more	9.8%	8.4%
Shareholder return*2	• Consolidated dividend payout ratio	Stable and continuous implementation with a consolidated dividend payout ratio of 30%-40% as a guide	34.2%	33.3%
ESG	• Reducing environmental impact and CO <sub>2</sub> (total)	Production (Scope 1+2)	-40% VS. FY2010 Scheduled to be published in "Integrated Report 2024"	-33%
		Product (Scope 3)		-22%
	• Diversity, equity & inclusion	• Localization ratio of GM or higher in overseas group companies*1	75%	71%*4
		• Ratio of managers by gender (consolidated) *1	Women 13% Men 15%	Women 11% Men 16%

\*1: Newly established indicators in this medium-term management plan

\*2: We aim to allocate one-third of operating cash flow to maintenance and strengthening investment, prior investment, and shareholder return & debt payment respectively, based on our fund allocation policy.

\*3: The level of capital cost (WACC) to be compared in the ROIC target is recognized at about 7%.

\*4: As of August 2023

\*5: Outlook for result of FY2023

**1**

## Company Outline

**2**

## Medium-term Management Plan BUILDING THE FUTURE 2025

**3**

## Explanatory Meeting Material for Business Results for the Year ended March 31, 2024



## 1. Regional Market Environments and Projections

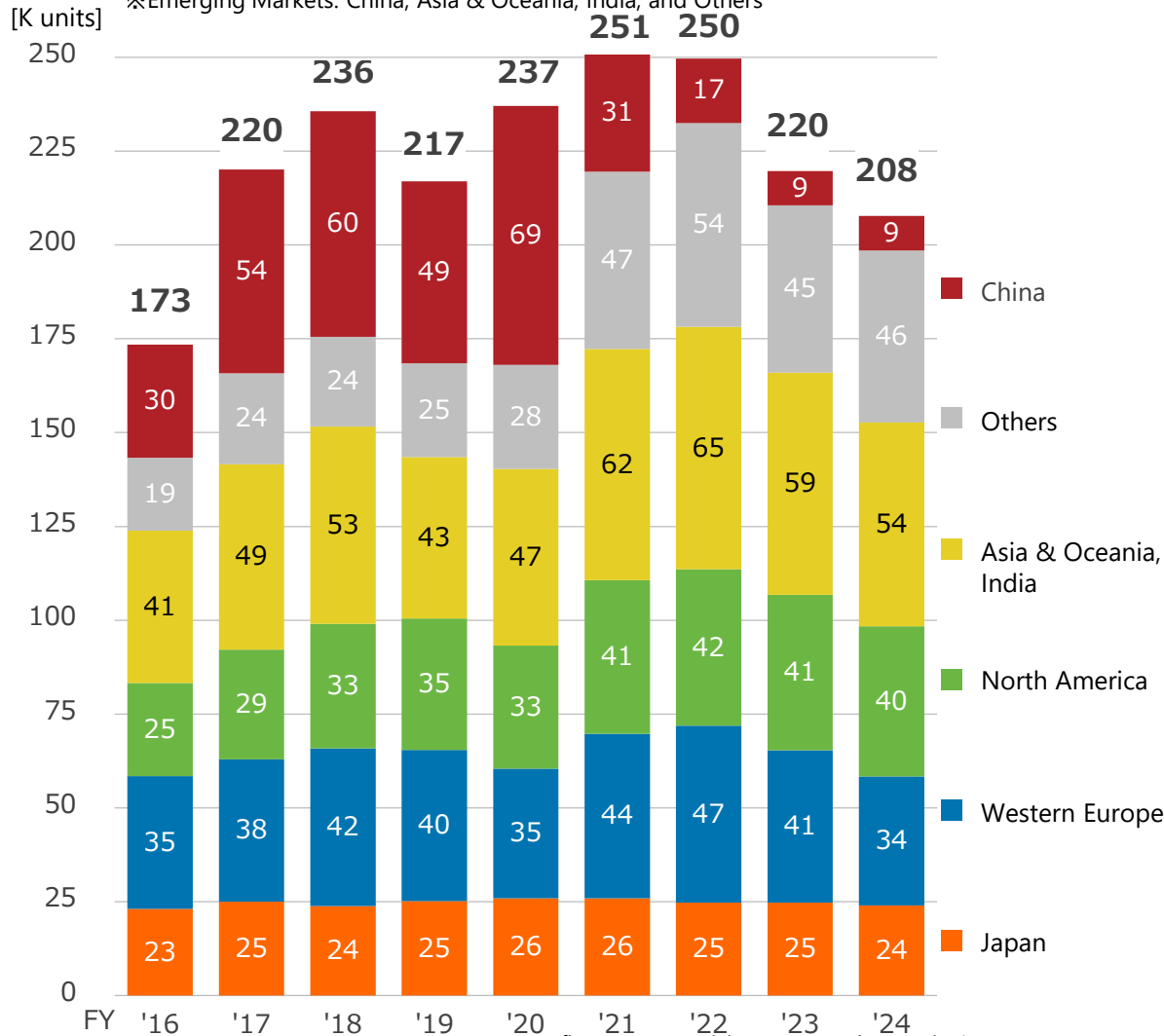
# Global Demand Trend for Hydraulic Excavators

HITACHI

Reliable Solutions

**Emerging Markets ratio:**  
**FY23 51% ( y-y Change : -4%)**

※Emerging Markets: China, Asia & Oceania, India, and Others



\*Demand values are  
Hitachi Construction Machinery estimates

\*Reflect some revisions to North America's  
statistic data after FY22 retrospectively

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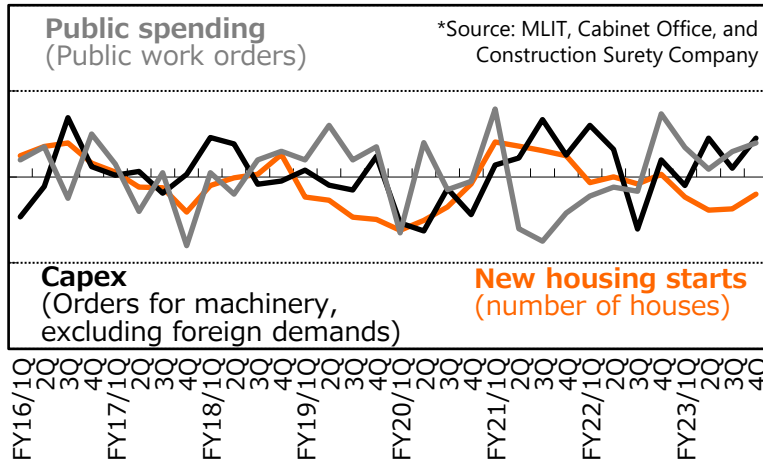
## Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers  
※Distributing, copying, or forwarding prohibited

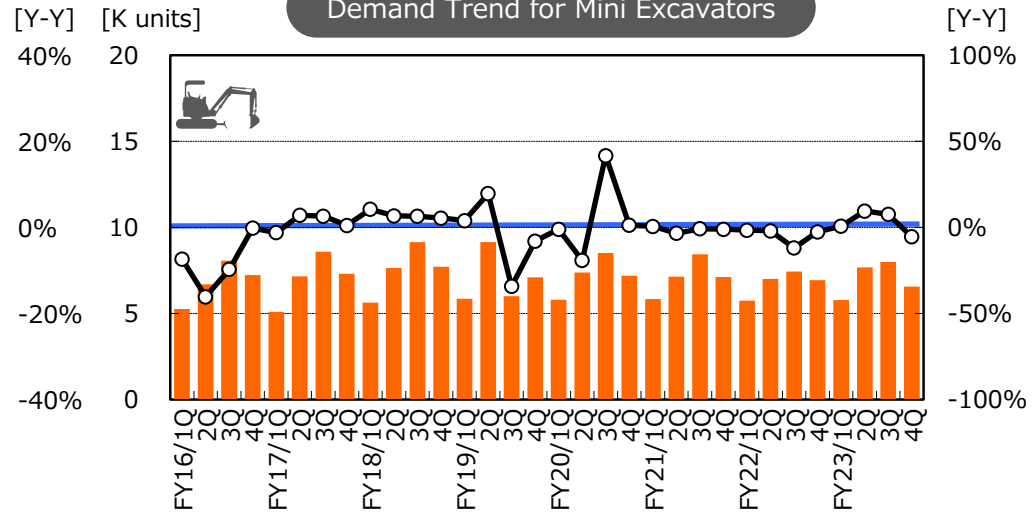
	'23	'24
Total	-12%	-5%
China	-46%	±0%
Russia, CIS, E Europe	-20%	±0%
Africa	±0%	-4%
Middle East	-2%	-2%
Latin America	-33%	+14%
Others	-18%	+3%
Asia	-18%	-3%
India	+7%	-15%
Oceania	-12%	-3%
Asia & Oceania, India	-8%	-8%
N America	-1%	-3%
W Europe	-14%	-15%
Japan	±0%	-3%

- New housing starts decreased, Capex and Public spending increased.
- Demand for Hydraulic excavators increased slightly:  
Hydraulic Excavators +2%, Mini Excavators -5%, Wheel Loaders -3% y-y.

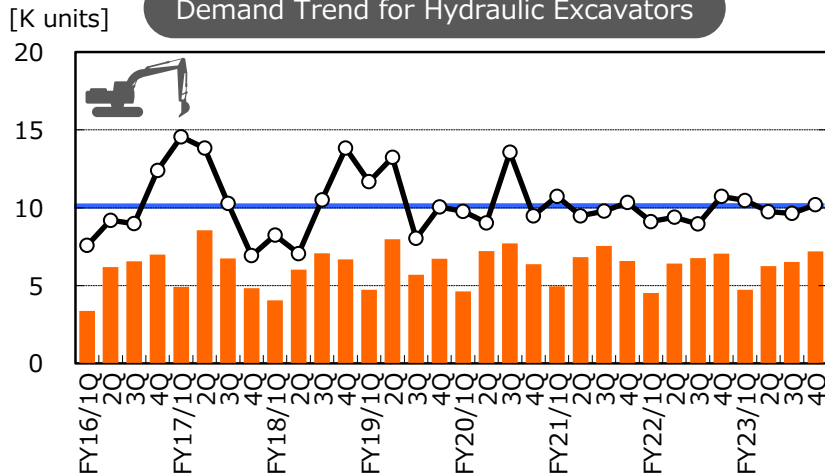
Market Environment Housing, Capex, Public Spending



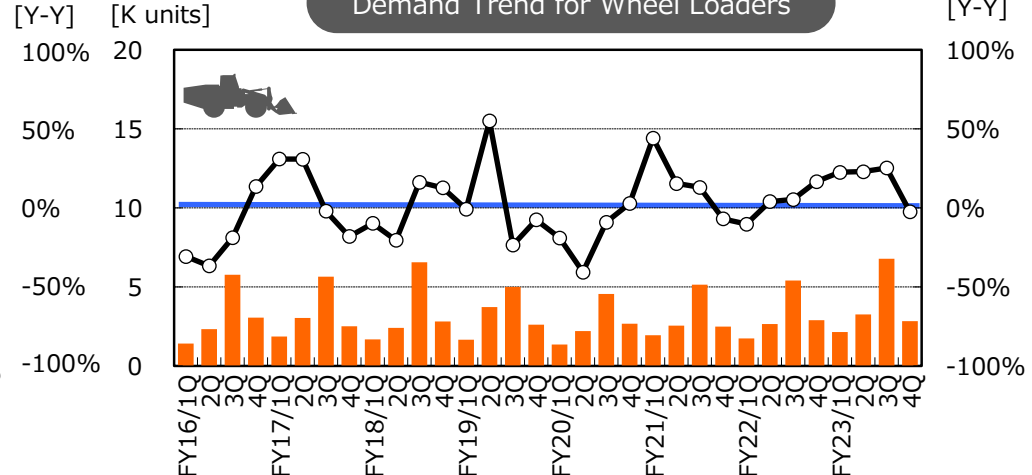
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



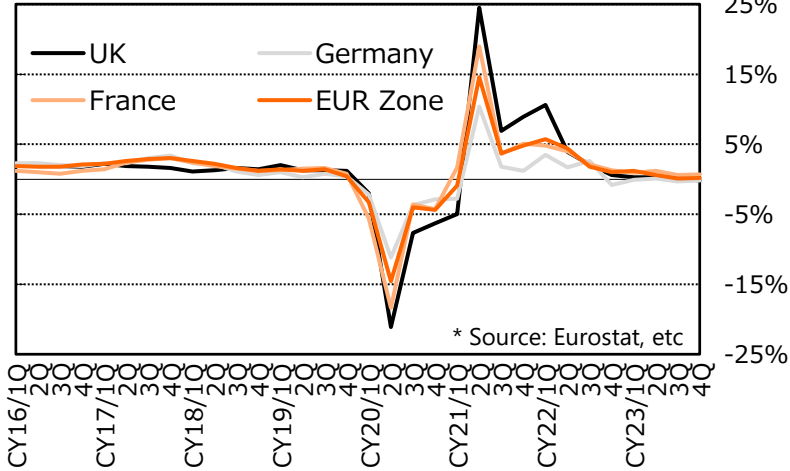
\*Demand values are Hitachi Construction Machinery estimates

# Europe: Fourth Quarter (Jan to Mar 2024)

- GDP in CY23 4Q has been growing at a low rate.
- Demand for Hydraulic excavators decreased significantly:  
Hydraulic Excavators -26%, Mini Excavators -28%, Wheel Loaders -41% y-y.

GDP Growth Rate in Major Countries

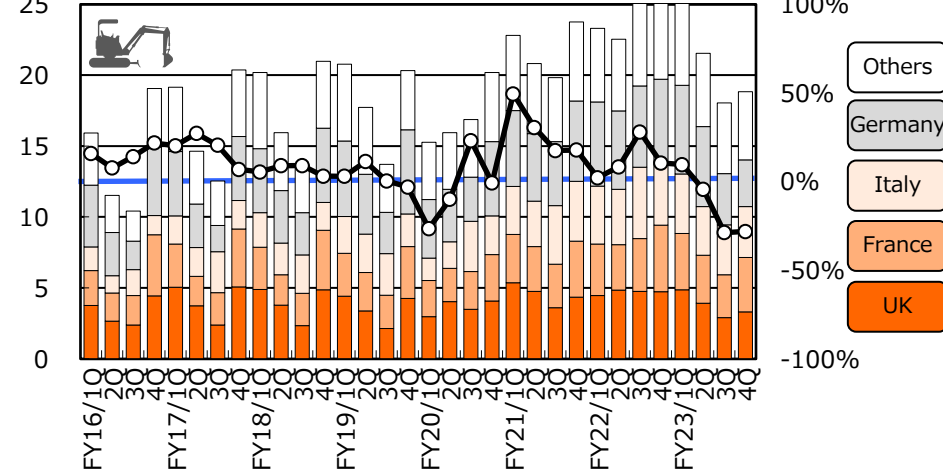
[Y-Y]



Demand Trend for Mini Excavators

[K units]

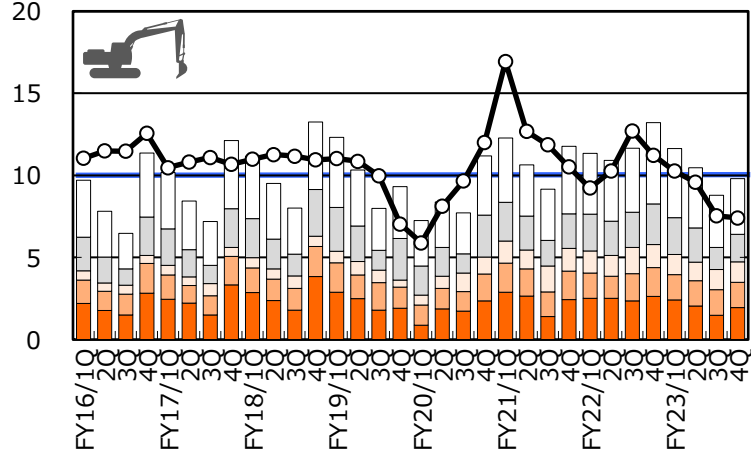
[Y-Y]



Demand Trend for Hydraulic Excavators

[K units]

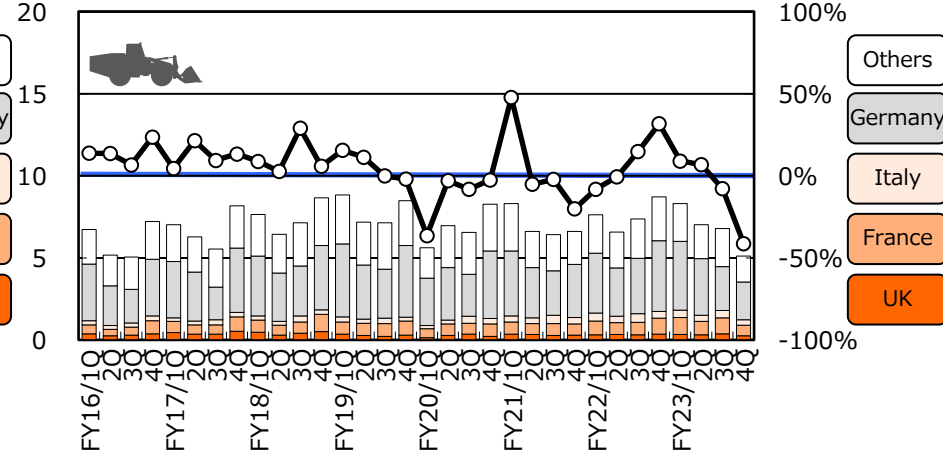
[Y-Y]



Demand Trend for Wheel Loaders

[K units]

[Y-Y]

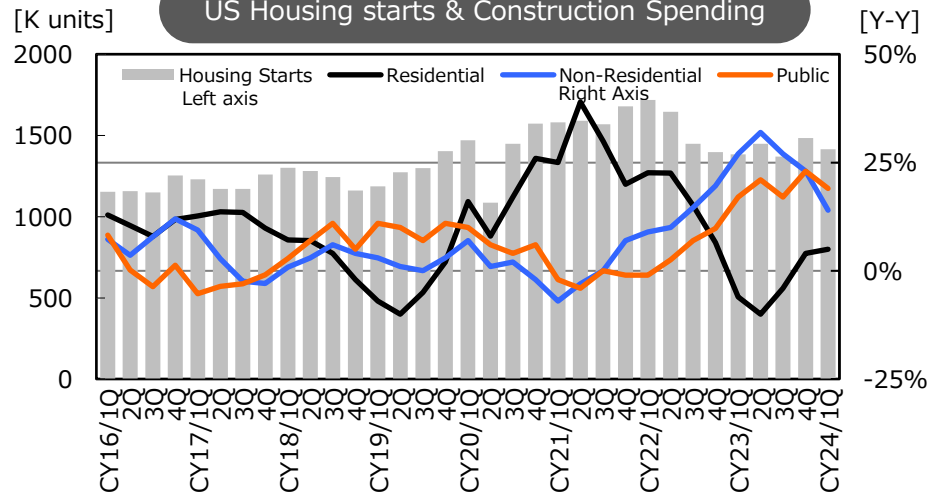


\*Demand values are  
Hitachi Construction Machinery estimates

# North America: Fourth Quarter (Jan to Mar 2024)

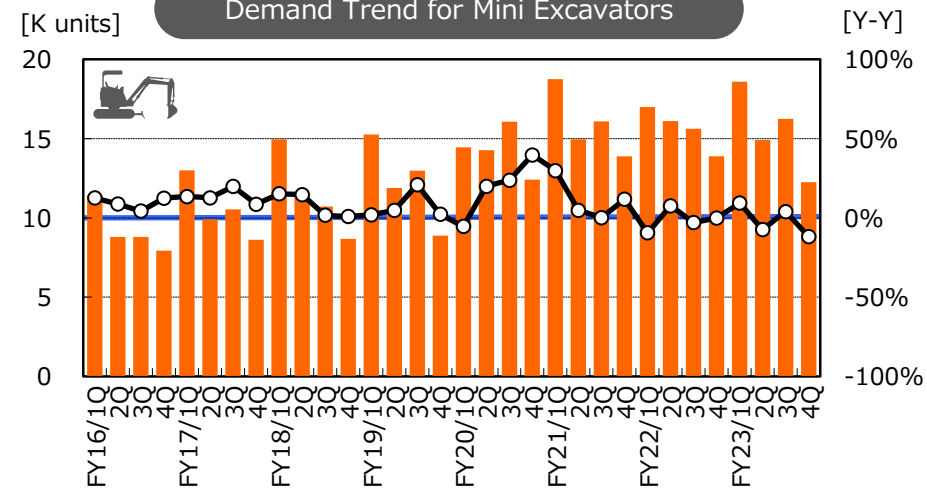
- Housing Starts decreased. Residential increased. Non-residential and Public Works significantly increased.
- Demand for Hydraulic excavators decreased:  
Hydraulic Excavators -10%, Mini Excavators -12%, Wheel Loaders -10% y-y.

US Housing starts & Construction Spending

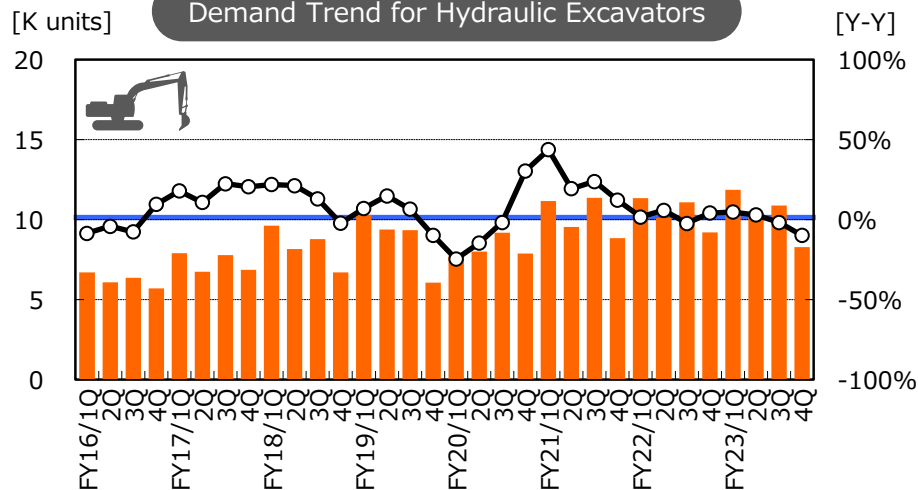


\* Bureau of Economic Census, US Census Bureau

Demand Trend for Mini Excavators

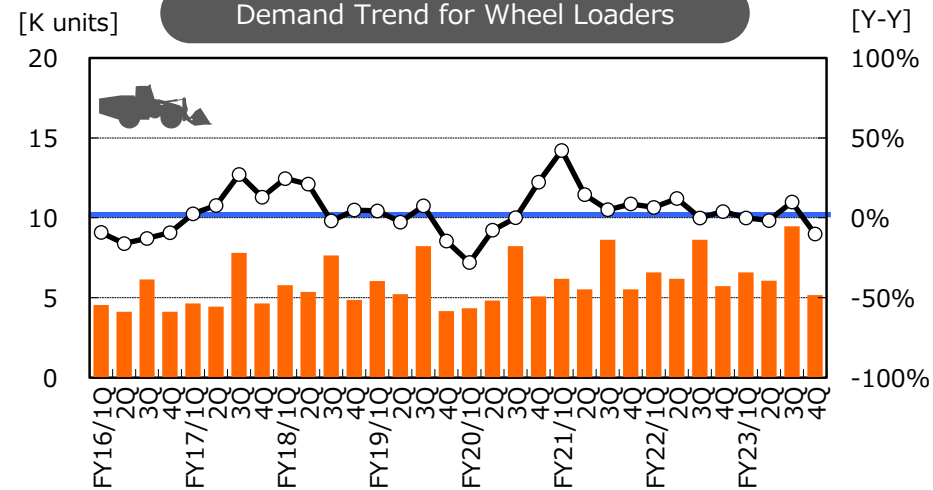


Demand Trend for Hydraulic Excavators



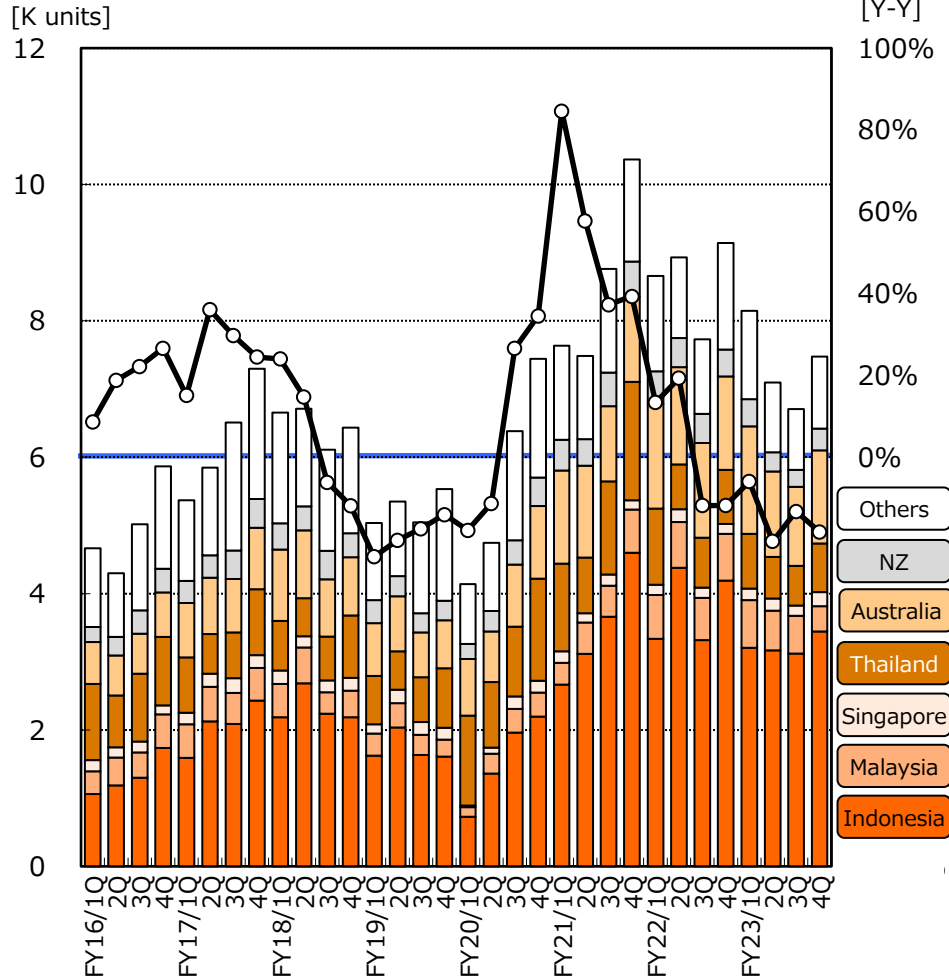
\*Demand values are Hitachi Construction Machinery estimates

Demand Trend for Wheel Loaders



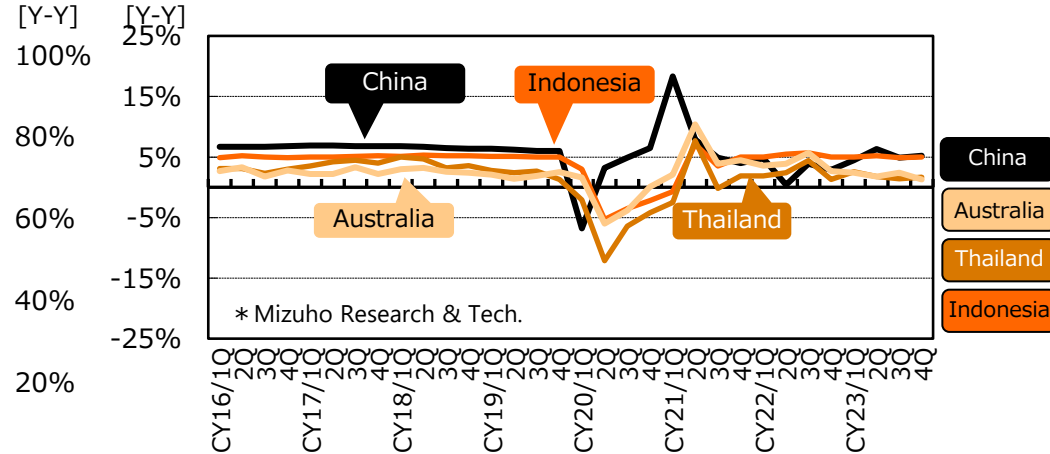
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -18% y-y.
- Demand for Hydraulic excavators in China decreased -5% y-y. (Domestic :-2%, Foreign :-22%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

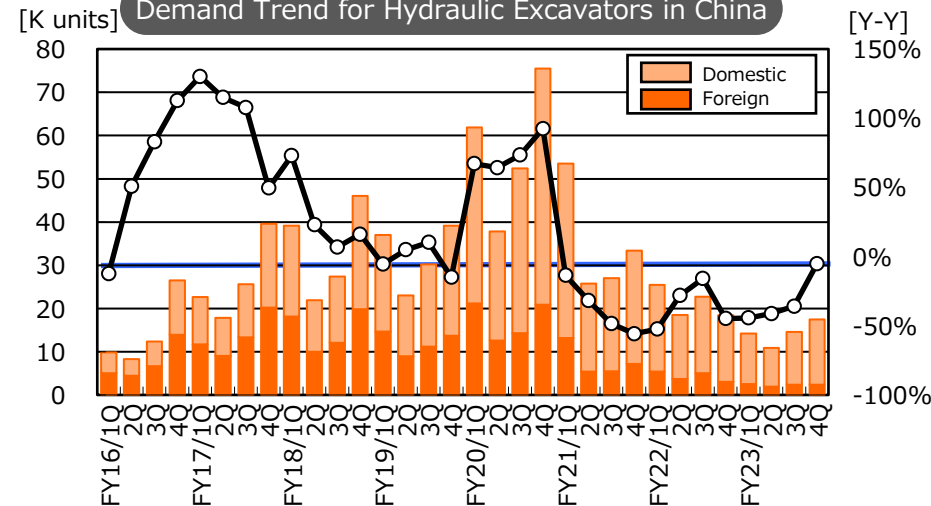


\*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



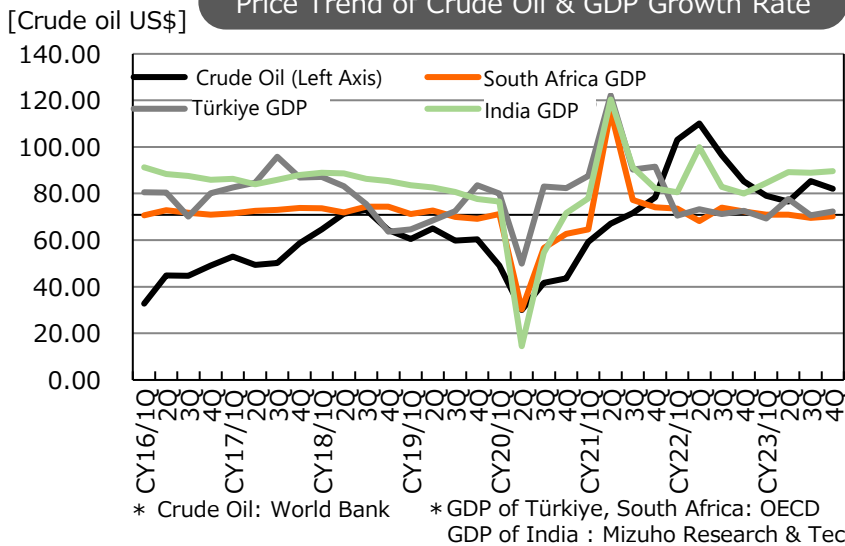
Demand Trend for Hydraulic Excavators in China



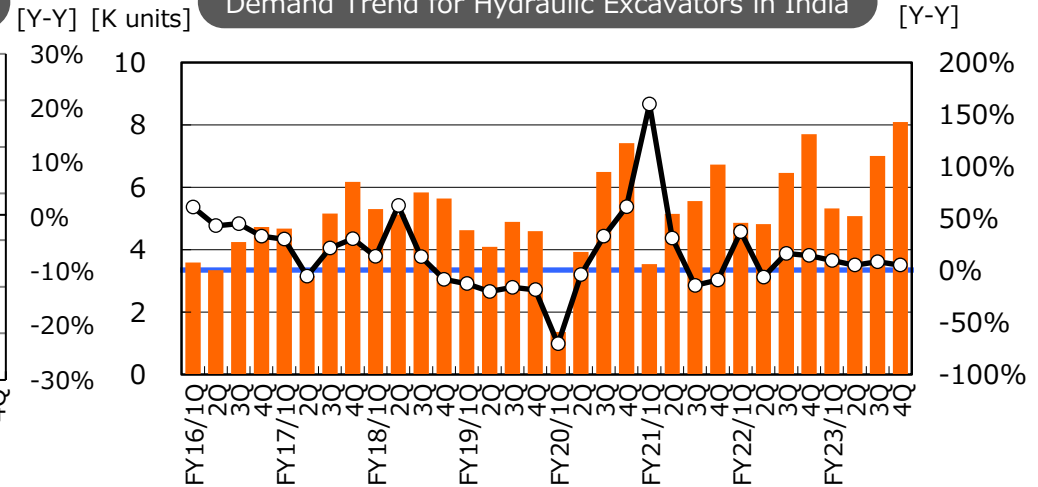
# India, Middle East, Africa: Fourth Quarter (Jan to Mar 2024)

- Demand for Hydraulic excavators increased in India +5% y-y.
- Demand for Hydraulic excavators decreased in Africa -10% y-y.
- Demand for Hydraulic excavators increased in the Middle East -14% y-y.

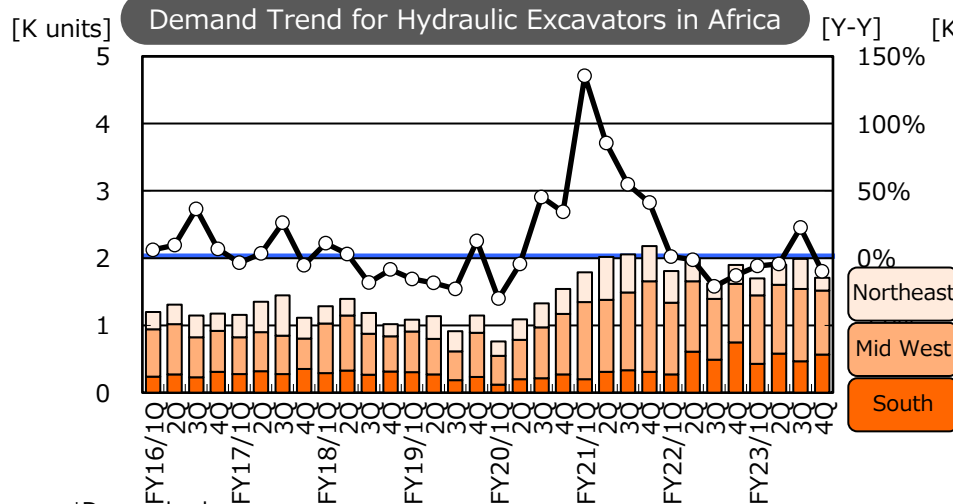
Price Trend of Crude Oil & GDP Growth Rate



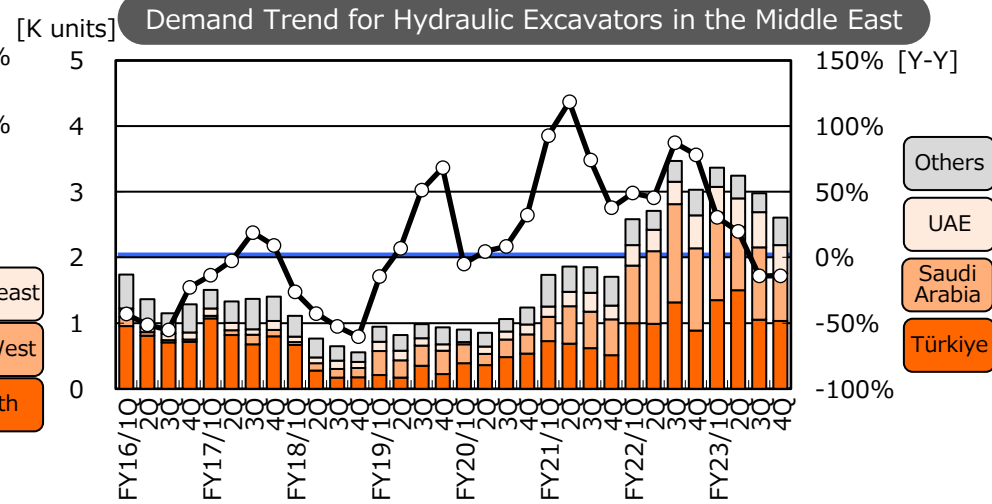
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



Demand Trend for Hydraulic Excavators in the Middle East



# Mining machinery: FY2024 (April 2023 to March 2024)

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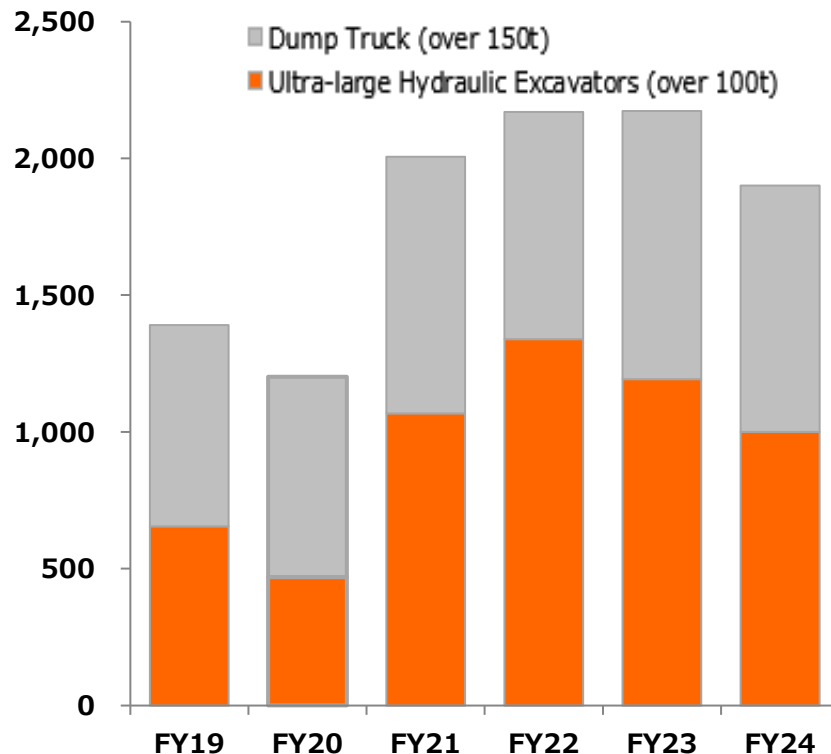
Reliable Solutions

- FY23 demand for mining machinery is same level as last year. (Last time flat to -5%)
- FY24 overall demand for ultra-large excavators and dump trucks is forecasted "flat to -10%" y-y due to a decline in mining machinery demand mainly for small and medium-sized mines and contractors

## Ultra-large Hydraulic Excavators (over 100t), Dump Trucks(over 150t)

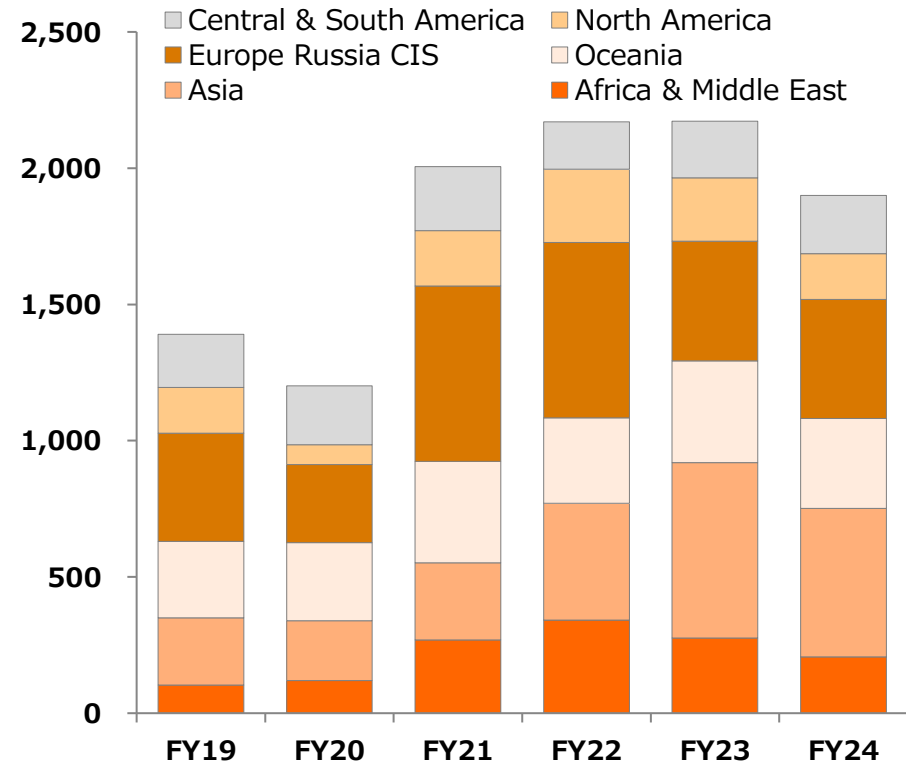
[Units]

### Demand by product



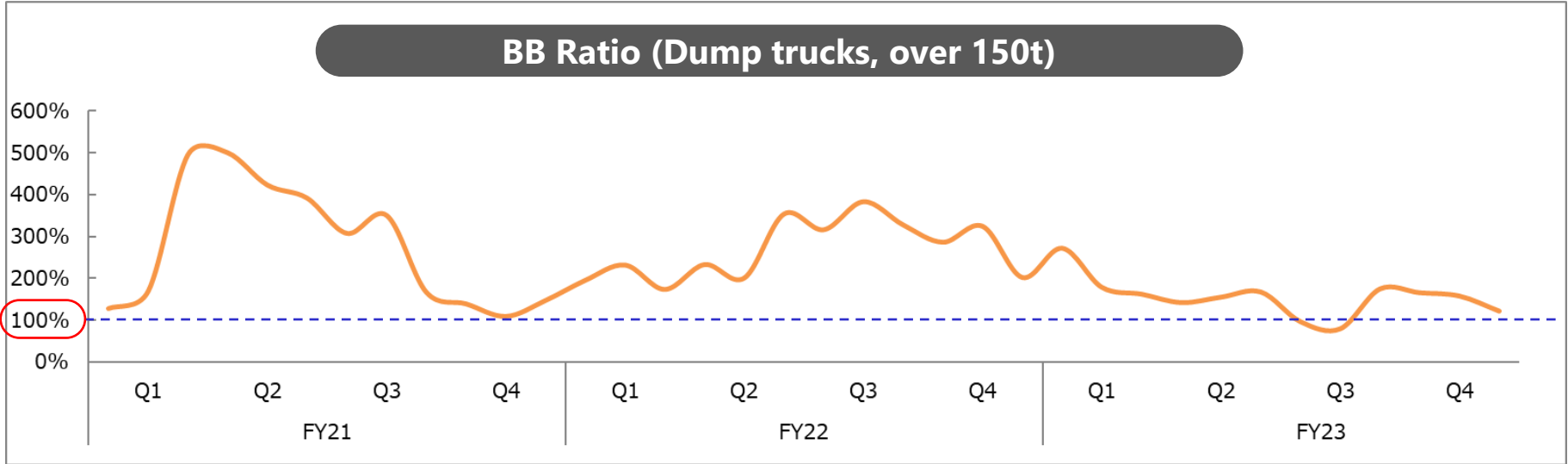
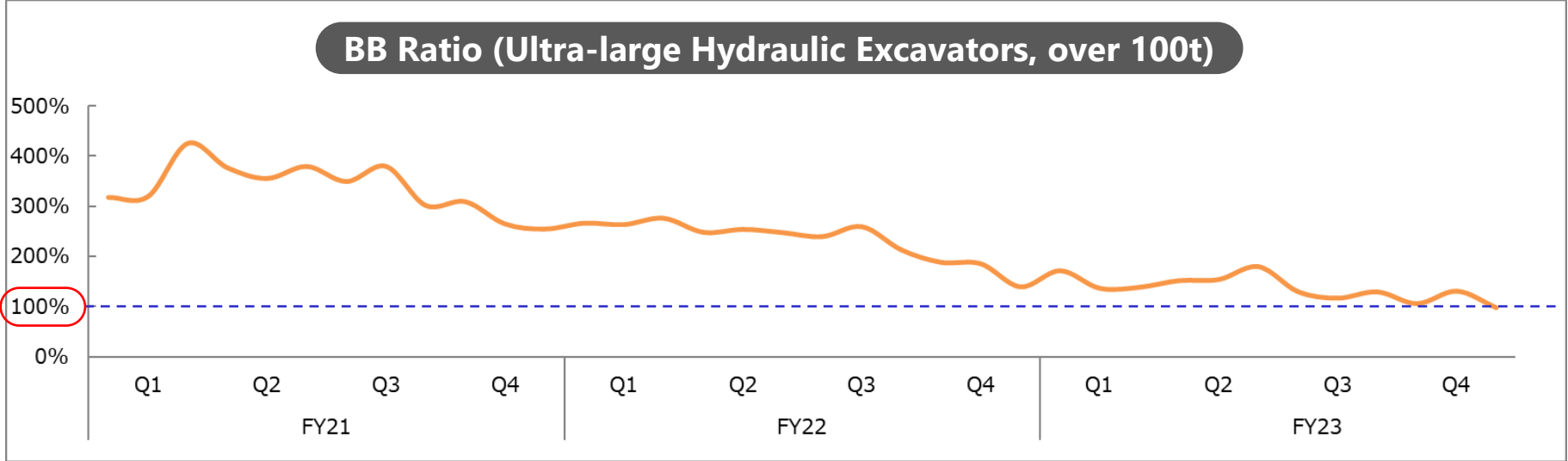
[Units]

### Demand by region



\*Demand values are Hitachi Construction Machinery estimates





\* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment )

Non-consolidated basis (average of 6 months)

## Hitachi Construction Machinery Americas opened a new regional headquarters (February 2024)

- Strengthening proposal capabilities and dealer and customer support with the new regional headquarters as the starting point



Conference & training center (left) and office building (right)

## Embarking on full-scale production of dump trucks for the Americas market in Canada

- Responding to strong demand in the Americas
- Producing a near area of demand and supplying products that meet those needs
- Increasing the local procurement rate
- Increasing our group production capacity by 30%

**First orders received in South America after independent development in the Americas**

**Copper mine, Peru**



**Copper mine, Chile**



## **2. Business Results** **for the Year ended March 31, 2024** (April 1, 2023 - March 31, 2024)

## I Changes in disclosure

- Effective from FY2023 Q4, non-core business of the Specialized Parts & Service business segment is classified as a discontinued operation in accordance with IFRS accounting standards.  
The actual from FY2019 to FY2023 and the forecast for FY2024 are presented accordingly.

- Revenue, adjusted operating income, operating income, income before income tax  
Presented excluding the discontinued operation

- Net income attributable to owners of the parent  
Presented including the discontinued operation

## II FY2023 Actual (Continuing operation)

➤ Revenue	1,405.9 billion of yen	YoY +11%
Adjusted operating income	168.0 billion of yen	YoY +23%

- The North America business showed increased sales and profits to remain steady.
- There was a sales price increase of more than the material cost impact.

«Reference» Non-core business (Discontinued operation)

Revenue 16.9 billion of yen

# Summary of consolidated results

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This current fiscal year, revenue increased by 11% y-y, adjusted operating income increased by 23% y-y, supported by strong sales growth worldwide especially in the Americas and net income attributable to owners of the parent increased by 33%, all record high.

Note : < > shows previous forecast as of January 2024

[billions of yen]

		FY2023 Actual	FY2022 Actual	change
Continuing operation				
Revenue	< 1,400.0 >	1,405.9	1,264.9	11%
Adjusted operating income *1	< 171.0 >	(12.0%) 168.0	(10.8%) 136.6	23%
Operating income	< 157.0 >	(11.6%) 162.7	(10.7%) 135.7	20%
Income before income taxes	< 142.0 >	(11.4%) 160.5	(9.1%) 115.0	40%
Net income from continuing operation		(8.3%) 116.3	(6.1%) 77.5	50%
Net loss from discontinued operation		-11.8	-1.7	-
Net income attributable to owners of the parent	< 88.0 >	(6.6%) 93.3	(5.5%) 70.2	33%
EBIT *2	< 152.7 >	(11.9%) 167.5	(9.6%) 121.3	38%
FX rate	Rate (YEN/USD)	< 142.2 > 144.8	135.4	9.4
	Rate (YEN/EUR)	< 153.5 > 157.0	141.0	16.0
	Rate (YEN/RMB)	< 19.7 > 20.1	19.7	0.4
	Rate (YEN/AUD)	< 94.4 > 95.0	92.7	2.3
Cash dividend per share (yen) *3		< TBD > 150	110	40

\*1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

\*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

\*3 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to maximize shareholder returns based on stable and continuous dividend payout ratio of approx. 30% to 40%.

# Revenue by geographic region (consolidated)

Revenue increased y-y in all the region except Russia/CIS and China. Consolidated total revenue increased by 141.0 billion yen.

[billions of yen]

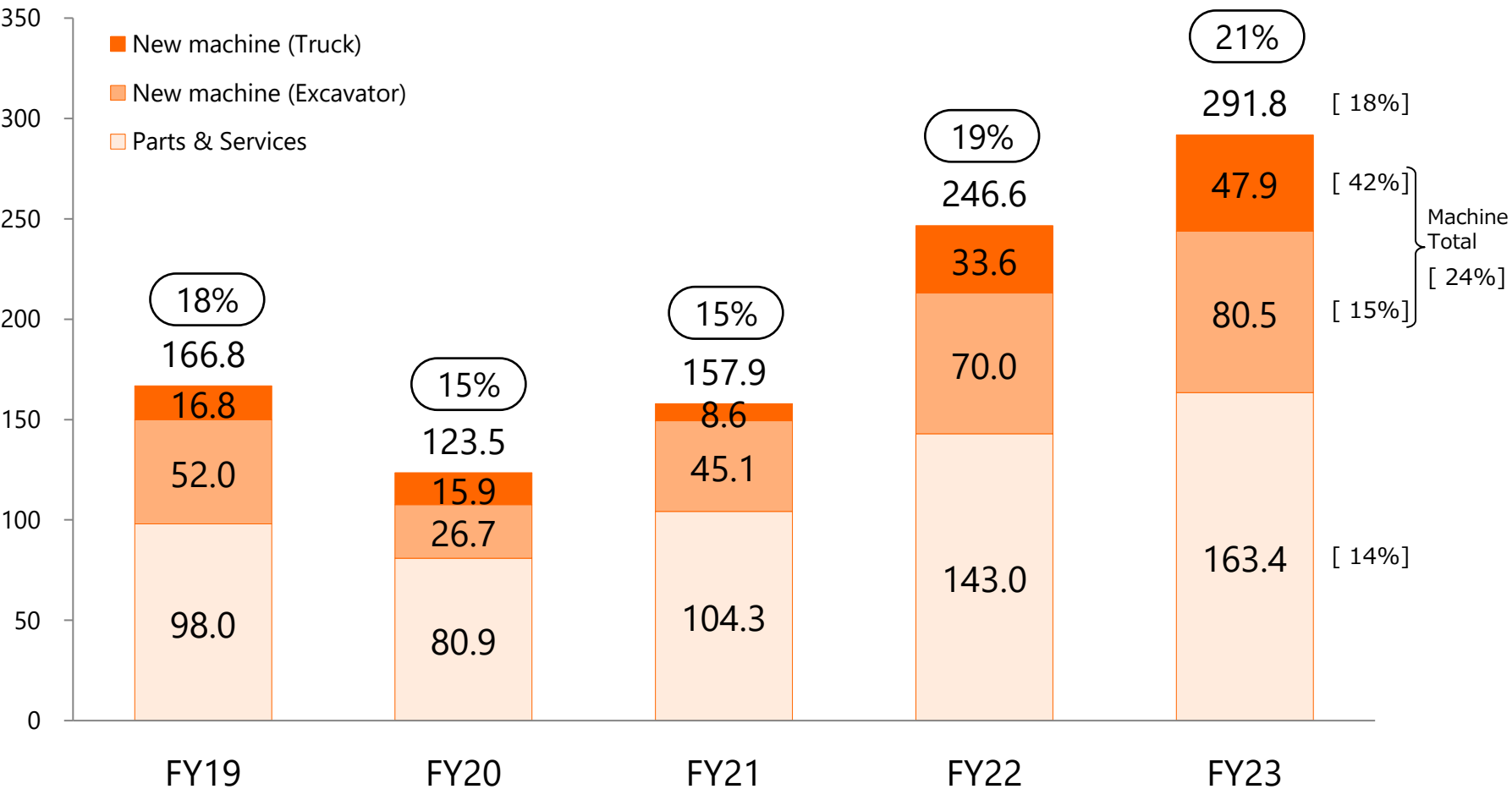
		FY2023 Actual		FY2022 Actual		change	
						amount	%
Japan		226.9	16%	224.0	18%	2.9	1%
Asia		127.0	9%	122.7	10%	4.4	4%
India		85.0	6%	73.1	6%	11.9	16%
Oceania		251.1	18%	225.4	18%	25.7	11%
Europe		182.9	13%	164.7	13%	18.2	11%
	N. America	334.4	24%	259.8	21%	74.6	29%
	L. America	40.9	3%	38.3	3%	2.5	7%
The Americas		375.2	27%	298.1	24%	77.1	26%
Developing own business		(217.5)	(15%)	(167.6)	(13%)	(49.8)	(30%)
Russia-CIS		23.4	2%	37.4	3%	-14.0	-37%
M. East		34.7	2%	25.0	2%	9.8	39%
Africa		70.4	5%	54.7	4%	15.7	29%
China		29.2	2%	40.0	3%	-10.8	-27%
Total		1,405.9	100%	1,264.9	100%	141.0	11%
Overseas ratio		84%		82%			

\* FY2022 & FY2023 revenue presented only continuing operation retroactively.

Revenue of mining increased by 18% to a record high revenue of 291.8 billion yen y-y due to a significant increase in trucks as well as excavators, and parts and services sales.

[billions of yen]

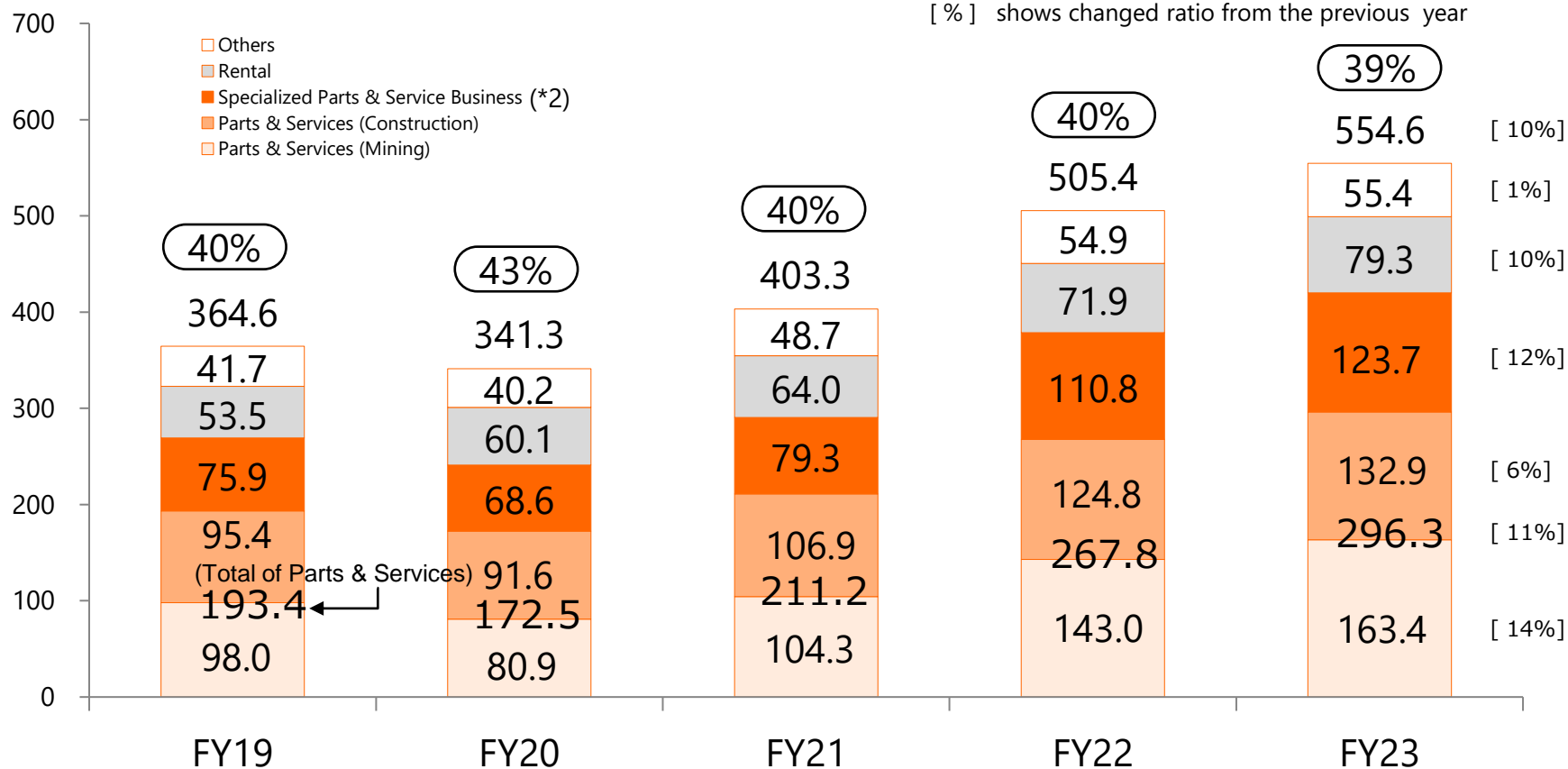
(%) shows sales ratio against total company sales  
[%] shows changed ratio from the previous year



Revenue of the value chain business increased by 10% y-y to 554.6 billion yen, which is record-high revenue.

[billions of yen]

(%) shows sales ratio against total company sales  
[ % ] shows changed ratio from the previous year



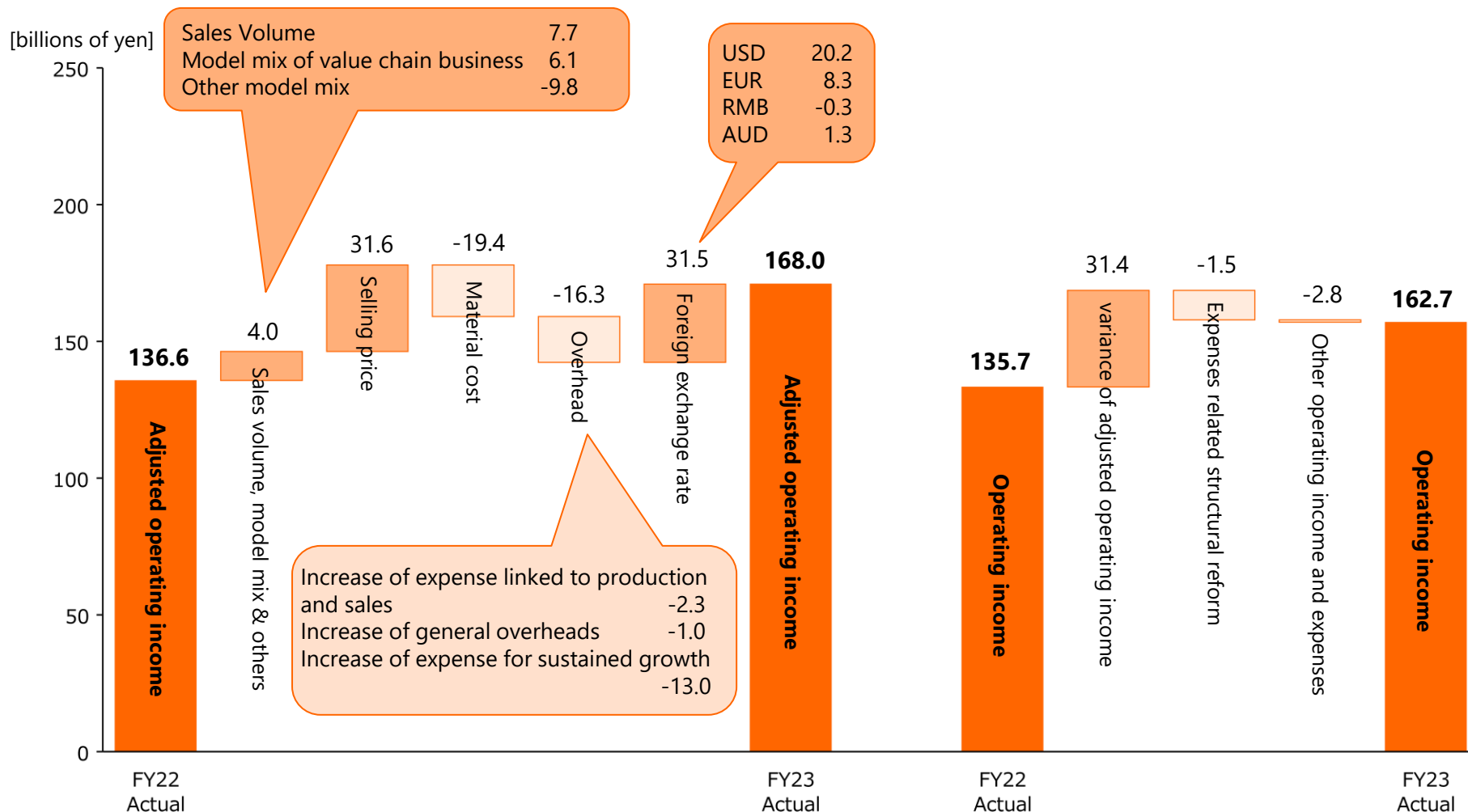
(\*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

(\*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.  
From FY2019, revenue presented only continuing operation retroactively.



# Comparison of consolidated income

Adjusted operating income increased by 31.4 billion yen y-y as the impact of the increase in material costs and overhead costs was recovered by an increase in sales volume and sales price, as well as the impact of the yen's depreciation.



\* FY2022 & FY2023 Adjusted operating income and operating income presented only continuing operation.

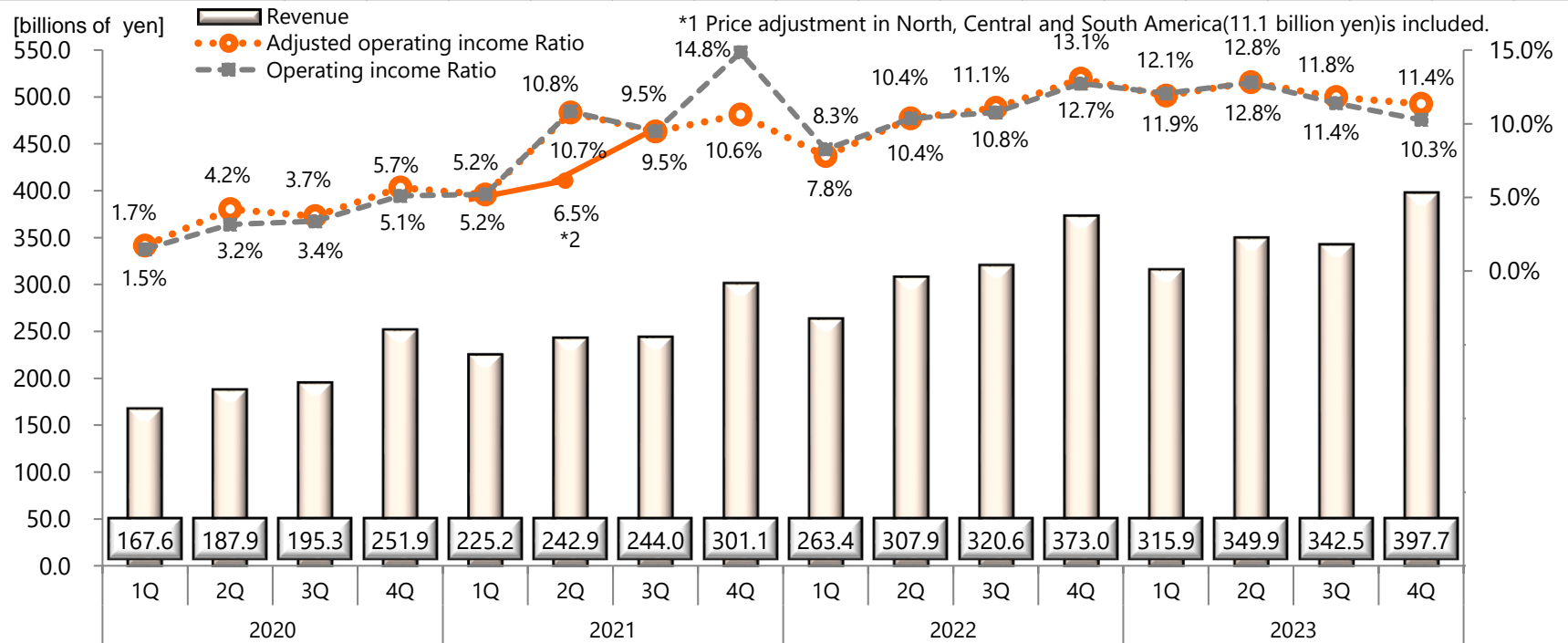
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# Summary of quarterly consolidated revenue and operating income (ratio)

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[billions of yen]

	2020				2021				2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	167.6	187.9	195.3	251.9	225.2	242.9	244.0	301.1	263.4	307.9	320.6	373.0	315.9	349.9	342.5	397.7
Adjusted operating income	2.9	7.9	7.3	14.4	11.7	26.1	23.1	32.0	20.6	31.9	35.5	48.7	37.6	44.9	40.5	45.1
Operating income	2.4	6.0	6.6	12.9	11.7	26.3	23.2	44.7	21.8	31.9	34.5	47.5	38.1	44.8	39.0	40.8



FX rate	2020				2021				2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Rate (YEN/USD)	107.6	106.2	104.5	105.9	109.5	110.1	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6
Rate (YEN/EUR)	118.5	124.1	124.5	127.7	132.0	129.8	130.1	130.4	138.1	139.3	144.3	142.1	149.5	157.3	159.1	161.3
Rate (YEN/RMB)	15.2	15.4	15.8	16.4	17.0	17.0	17.8	18.3	19.6	20.2	19.9	19.3	19.6	19.9	20.4	20.6
Rate (YEN/AUD)	70.7	75.9	76.3	81.8	84.3	80.9	82.9	84.0	92.6	94.5	92.9	90.6	91.8	94.7	96.3	97.7

From FY2020, revenue, adjusted operating income and operating income presented only continuing operation retroactively.

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# Consolidated statement of financial position

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Total assets increased by 208.0 billion yen y-y from the end of last fiscal year due to increase in inventories and depreciation of the yen.

				[billions of yen]			
	(A) Mar '2024	(B) Mar '2023	(A)-(B) change		(C) Mar '2024	(D) Mar '2023	(C)-(D) change
Cash and cash equivalents	143.5	112.0	31.5	Trade and other payables	289.4	274.5	14.9
Trade receivables	305.7	305.3	0.4	Bonds and borrowings	575.6	507.5	68.1
Inventories	552.3	450.8	101.5	Total liabilities	1,020.6	926.0	94.6
Total current assets	1,077.6	908.9	168.6	(Equity attributable to owners of the parent ratio)	(41.6%)	(40.6%)	(1.0%)
Total non-current assets	757.5	718.1	39.4	Total equity	814.4	701.0	113.4
Total assets	1,835.0	1,627.0	208.0	Total liabilities and equity	1,835.0	1,627.0	208.0
Trade receivables incl. non-current	352.9	344.6	8.4				
Inventories by products							
Unit	229.7	142.5	87.1		(31.4%)	(31.2%)	(0.2%)
Parts	172.8	158.6	14.2	Interest-bearing debt	575.6	507.5	68.1
Raw materials, WIP and etc	149.9	149.6	0.2	Cash and Cash equivalents	143.5	112.0	31.5
Total inventories	552.3	450.8	101.5		(23.5%)	(24.3%)	(-0.8%)
On hand days(divided by revenue)			[Days]	Net interest-bearing debt	432.1	395.5	36.6
Trade receivables	92	98	-7				
Inventories	143	129	15	Net D/E Ratio	0.57	0.60	-0.03
Trade payables	44	47	-2				
Net working capital	187	176	10				

Operating cash flow was positive at 73.0 billion yen. Free cash flow including investment cash flow expenditures was also positive at 34.0 billion yen.

[billions of yen]

	FY2023 Actual		FY2022 Actual		change
Net income (includes discontinued operations)		104.5		75.7	28.7
Depreciation and amortization	172.6	68.1	138.6	62.9	34.0
(Increase)decrease in trade/lease receivables		2.5		-19.9	22.3
(Increase)decrease in inventories	-60.2	-63.7	-79.8	-75.4	19.5
Increase(decrease) in trade payables		1.0		15.5	-14.4
Payments for performance of guarantee obligation		0.0		-53.5	-53.5
Others, net		-39.3		-31.5	-7.8
Net cash provided by (used in) operating activities		73.0		-26.1	99.2
Cash flow margin for operating activities		5.2%		-2.1%	7.3%
Net cash provided by (used in) investing activities		-39.0		-42.6	3.6
Free cash flows		34.0		-68.8	102.8
Net cash provided by (used in) financing activities		-8.9		87.1	-96.0

# Summary of consolidated earnings forecast

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Although revenue is expected to decrease y-y due to the impact of the yen's appreciation set in the forecast rate, net income attributable to owners of the parent company is expected to increase by reducing non-operating costs. The annual dividend is planned to be 175 yen per share.

(billions of yen)

	FY2024 Forecast	FY2023 Actual	change	
			amount	%
Continuing operation				
Revenue	1,370.0	1,405.9	-35.9	-3%
	(12.0%)	(12.0%)	(0.1%)	
Adjusted operating income	165.0	168.0	-3.0	-2%
	(11.8%)	(11.6%)	(0.2%)	
Operating income	161.0	162.7	-1.7	-1%
	(11.0%)	(11.4%)	(-0.4%)	
Income before income taxes	151.0	160.5	-9.5	-6%
Net income from continuing operation	106.4	116.3	-9.8	-8%
Net income from discontinued operation	0.5	-11.8	12.3	-
Net income attributable to owners of the parent	(7.2%) 98.0	(6.6%) 93.3	(0.5%) 4.7	5%
EBIT	165.4	167.5	-2.1	
Currency	FY2024 Forecast	FY2023 Actual	change	
Rate (YEN/USD)	141.0	144.8	-3.8	
Rate (YEN/EUR)	152.0	157.0	-5.0	
Rate (YEN/RMB)	20.1	20.1	0.0	
Rate (YEN/AUD)	95.0	95.0	0.0	
Cash dividend per share (yen) *1	175	150	25	

For FX sensitivity, please refer to appendix 1.

\*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aims to maximize shareholder returns based on a stable and continuous dividend payout ratio of approx. 30% to 40%.

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# Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2024 is expected to decrease by 35.9 billion yen y-y especially due to a decrease in demand in Europe and the impact of the yen's appreciation of 31.4 billion yen by the forecast rate, despite expanding own deploying business in the Americas.

(billions of yen)

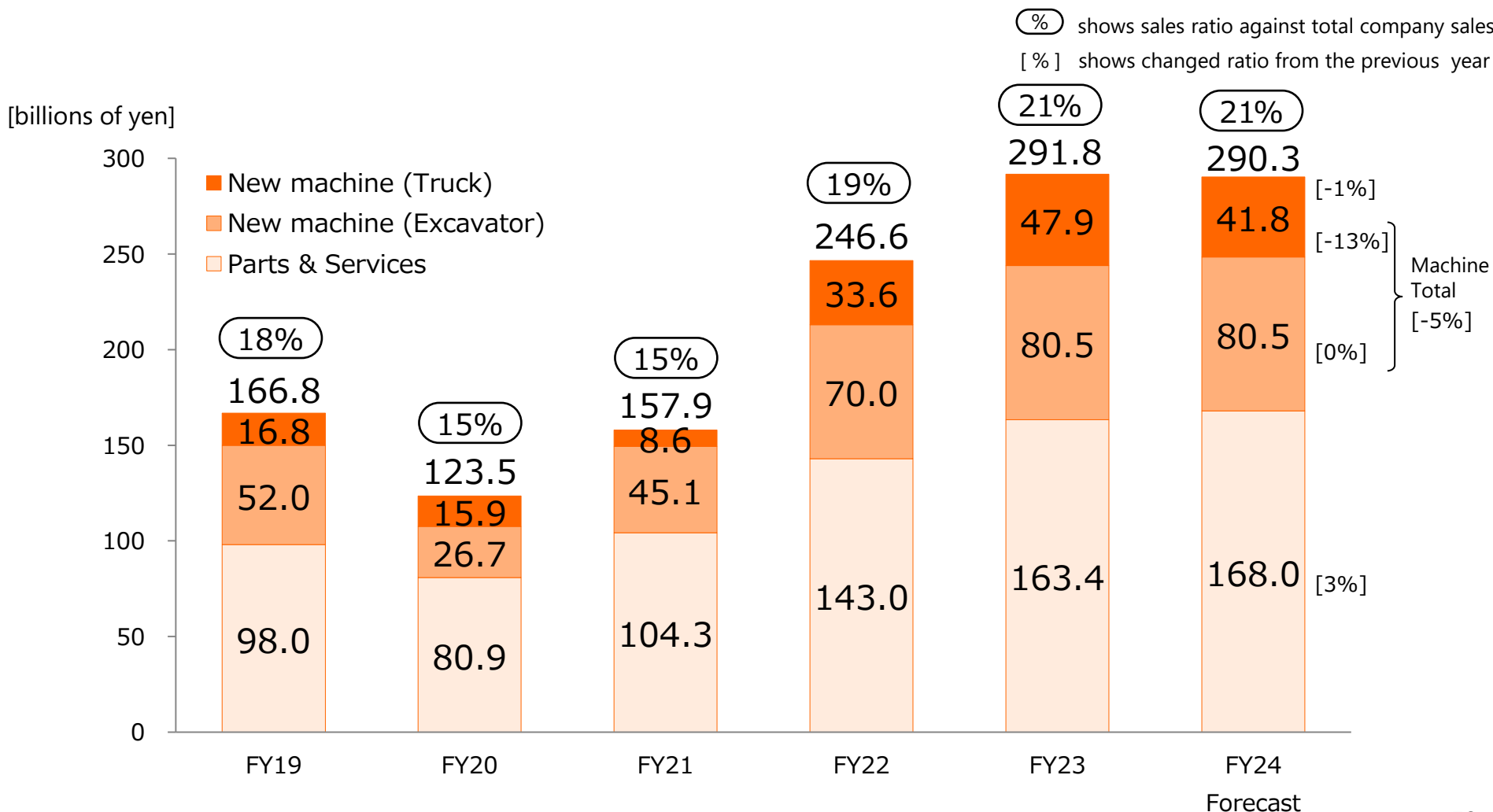
		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		224.2	16%	226.9	16%	-2.7	-1%
Asia		121.2	9%	127.0	9%	-5.9	-5%
India		80.5	6%	85.0	6%	-4.5	-5%
Oceania		251.9	18%	251.1	18%	0.9	0%
Europe		147.7	11%	182.9	13%	-35.2	-19%
America	N. America	358.7	26%	334.4	24%	24.3	7%
	L. America	37.8	3%	40.9	3%	-3.0	-7%
		396.5	29%	375.2	27%	21.3	6%
(Developing own business)		(251.5)	(18%)	(217.5)	(15%)	(34.0)	(16%)
Russia-CIS		18.3	1%	23.4	2%	-5.1	-22%
M. East		35.5	3%	34.7	2%	0.8	2%
Africa		63.2	5%	70.4	5%	-7.1	-10%
China		30.9	2%	29.2	2%	1.6	6%
Total		1,370.0	100%	1,405.9	100%	-35.9	-3%
Overseas ratio		84%		84%			

\* Presented only continuing operation retroactively.

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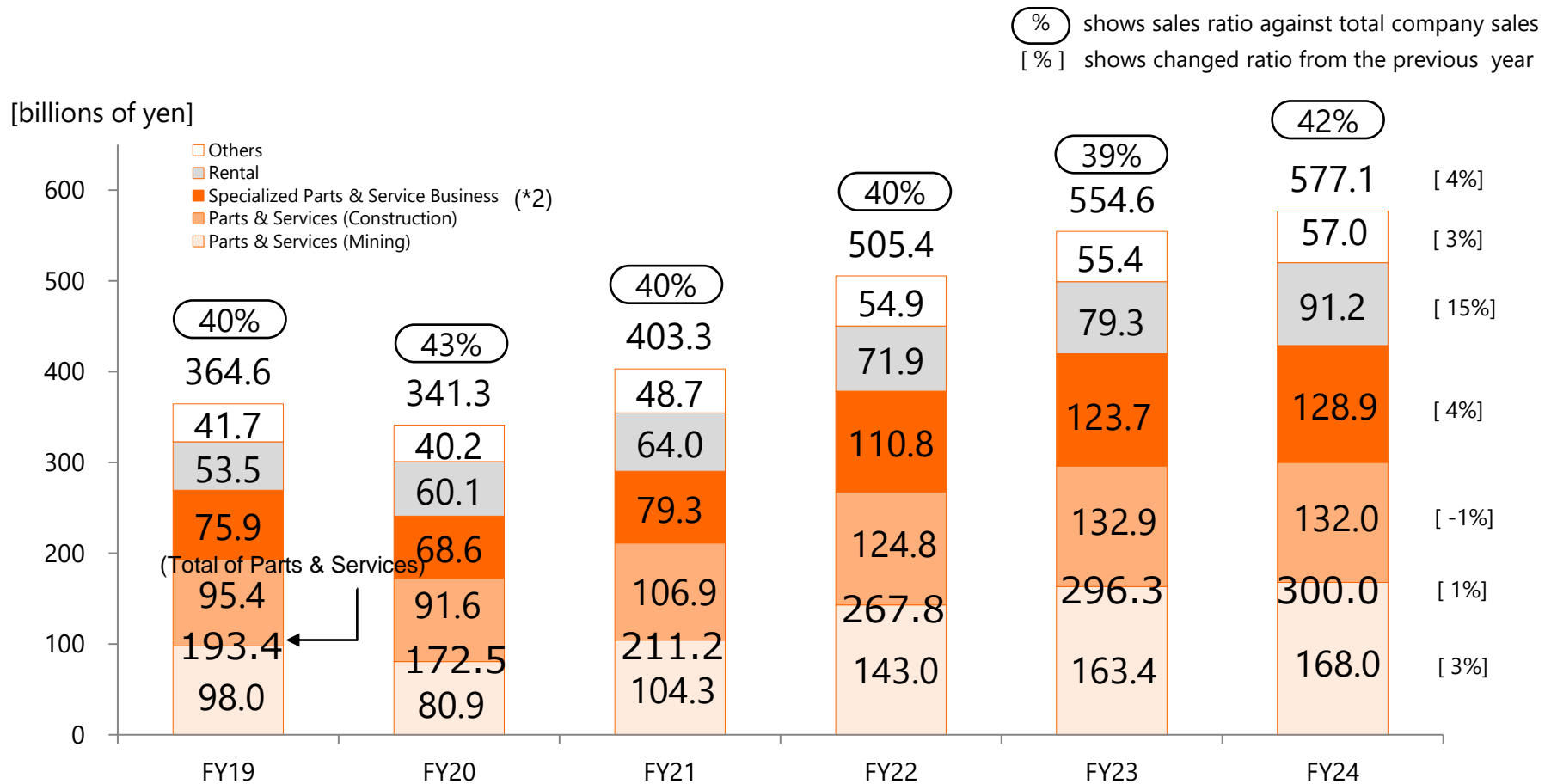
# Mining revenue forecast

Revenue of mining for FY2024 is expected to decrease by 1% to 290.3 billion yen y-y due to the impact of the yen's appreciation of 5.4 billion yen by the forecast rate and decrease in truck sales, despite the parts and service revenue increase.



# Value chain\*1 revenue forecast

Revenue of the value chain for FY2024 is expected to increase by 4% to 577.1 billion yen y-y, despite the impact of the yen's appreciation of 9.8 billion yen by the forecast rate.



(\*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales. Forecast

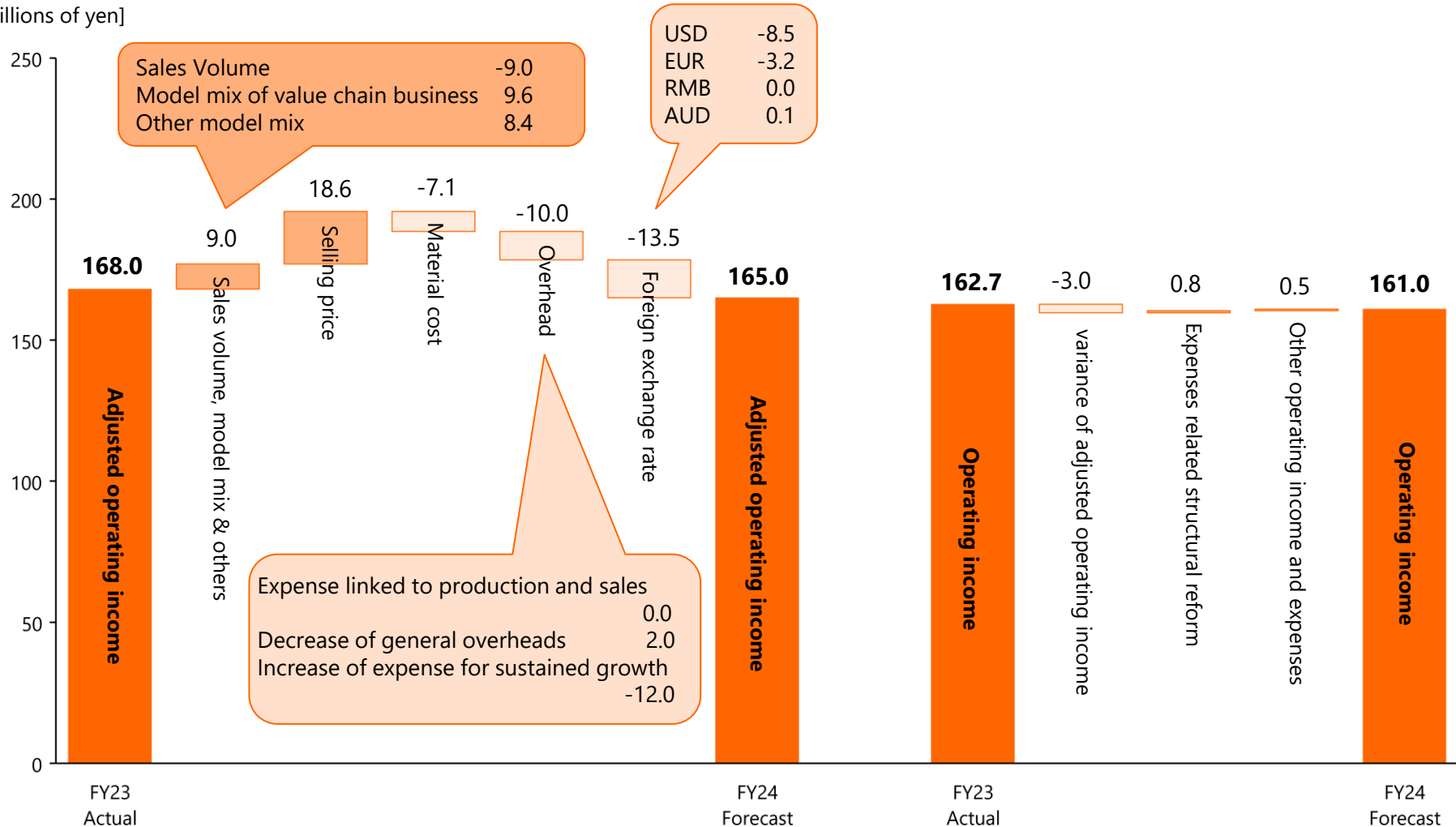
(\*2) Specialized parts and service business: The business segment primarily intends to provide development, production, distribution of parts, and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment. From FY2019, revenue presented only continuing operation retroactively.



# Comparison of consolidated income forecast

Adjusted operating income for FY2024 is expected to increase by 10.5 billion yen excluding the impact of the yen's appreciation set in the forecast rate, absorbing sales volume decrease, and material and overhead cost increase by expanding value chain business and sales price increase.

[billions of yen]



The forecast exchange rate of major currencies for FY2024 was set within the expected fluctuation range for each currency.

FX rate and FX sensitivity (billions of yen)

Currency	FX rate		FX sensitivity (1Q-4Q)		
	FY24 Forecast	FY23 Actual	Condition	Revenue	Adjusted operating income
USD	141.0	144.8	Impact by 1 yen depreciation	3.8	2.5
EUR	152.0	157.0	Impact by 1 yen depreciation	1.0	0.6
RMB	20.1	20.1	Impact by 0.1 yen depreciation	0.2	0.0
AUD	95.0	95.0	Impact by 1 yen depreciation	2.8	0.5

## Appendix 2: Detail of mining revenue

(billions of yen)

		FY23 Actual(A)	FY22 Actual(B)	Change (A)-(B)	FY24 Forecast(C)	Change (C)-(A)
America	Excavator	36.2	32.7	3.5	41.7	5.5
	Dump Truck	10.9	4.1	6.8	7.8	-3.1
	Total	47.1	36.8	10.3	49.5	2.3
Europe, Africa and Middle East	Excavator	34.3	35.7	-1.4	31.7	-2.7
	Dump Truck	35.6	27.0	8.6	32.7	-2.9
	Total	70.0	62.7	7.2	64.4	-5.6
Asia & Oceania	Excavator	120.1	97.8	22.2	120.6	0.6
	Dump Truck	50.8	46.8	4.0	47.6	-3.2
	Total	170.9	144.6	26.3	168.2	-2.6
China	Excavator	2.5	1.3	1.2	6.5	4.0
	Dump Truck	0.0	0.1	-0.1	0.0	0.0
	Total	2.5	1.4	1.2	6.5	4.0
Japan	Excavator	0.9	1.0	-0.1	1.7	0.8
	Dump Truck	0.4	0.0	0.4	0.0	-0.4
	Total	1.3	1.1	0.2	1.7	0.4
Total	Excavator	194.0	168.5	25.5	202.2	8.2
	Dump Truck	97.8	78.1	19.7	88.1	-9.6
	Total	291.8	246.6	45.2	290.3	-1.4

## Appendix 3: Segment information

Amortizations of PPA are included in the adjusted operating income of the Specialized Parts & Service business : 1.2 billion yen in FY2023, and 1.2 billion yen in the forecast for FY2024.

[billions of yen]

FY2023 Actual	Reportable segment		Adjustments *2	Total
	Construction Machinery Business	Specialized Parts & Service Business *1		
Revenue	1,282.3	129.9	-6.3	1,405.9
Adjusted operating income	12.0% 153.5	11.2% 14.5	-	12.0% 168.0

[billions of yen]

FY2024 Forecast	Reportable segment		Adjustments *2	Total
	Construction Machinery Business	Specialized Parts & Service Business *1		
Revenue	1,241.1	128.9	-	1,370.0
Adjusted operating income	11.9% 147.3	13.7% 17.7	-	12.0% 165.0

\*1 In the FY2023, the business segment "Solution Business" was renamed "Specialized Parts & Service Business".

The change to this reportable segment name does not have an effect on the segment information.

\*2: Adjustments represent eliminations of intersegment transactions and amounts of companies that do not belong to any operation segment.

# Appendix4 : Actual and forecast of consolidated capital expenditures, depreciation, and R&D expenses

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Reliable Solutions

The total capital expenditures for FY2024 are expected to expand for reorganization of factories in Japan.

## 1. Capital Expenditure (Based on completion)

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Capital Expenditure	34.7	45.3	75.1	58.7	67.2
Assets held for operating lease	38.6	44.3	44.2	50.3	52.6
Total	73.4	89.6	119.3	109.0	119.8

## 2. Depreciation (tangible and intangible fixed assets)

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Capital Expenditure	34.6	36.9	40.5	43.7	48.1
Assets held for operating lease	14.9	17.9	21.6	23.5	34.8
Total	49.5	54.8	62.1	67.2	82.9

## 3. R&D expenses

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Total of consolidation	24.8	25.5	24.4	31.4	36.3

**We have chosen to align our activities with 10 of the 17 SDG's.**



### **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.

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