

HITACHI

Reliable Solutions

Corporate Vision FY2024-1Q

Hitachi Construction Machinery Co., Ltd.

Public Relations & Investor Relations Dept.

Corporate Brand & Communications Group

1

Company Outline

2

Medium-term Management Plan BUILDING THE FUTURE 2025

3

Explanatory Meeting Material for Business Results for the First Quarter ended June 30, 2024

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

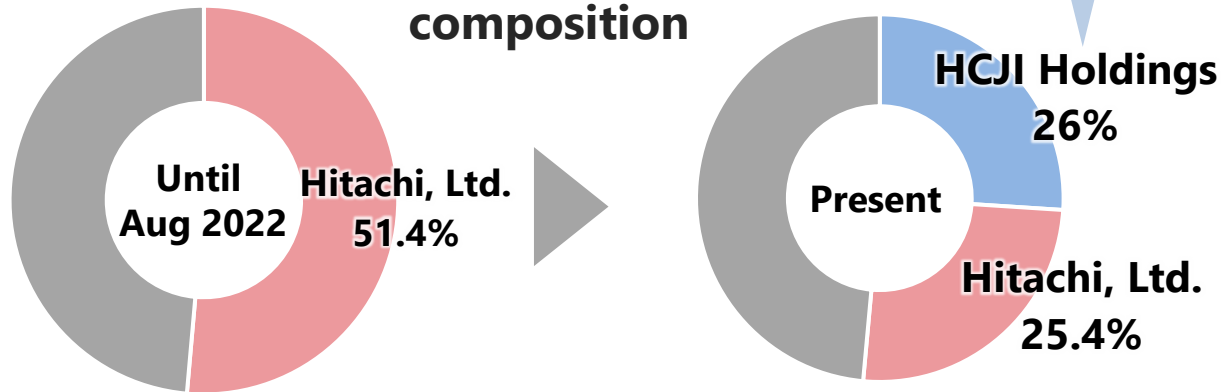
Independence from Hitachi Group

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



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



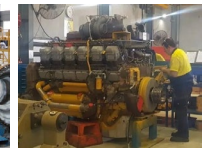
Providing quality rental and used equipment

Remanufacturing (Parts & machines)



Utilizing existing resources to meet customer needs

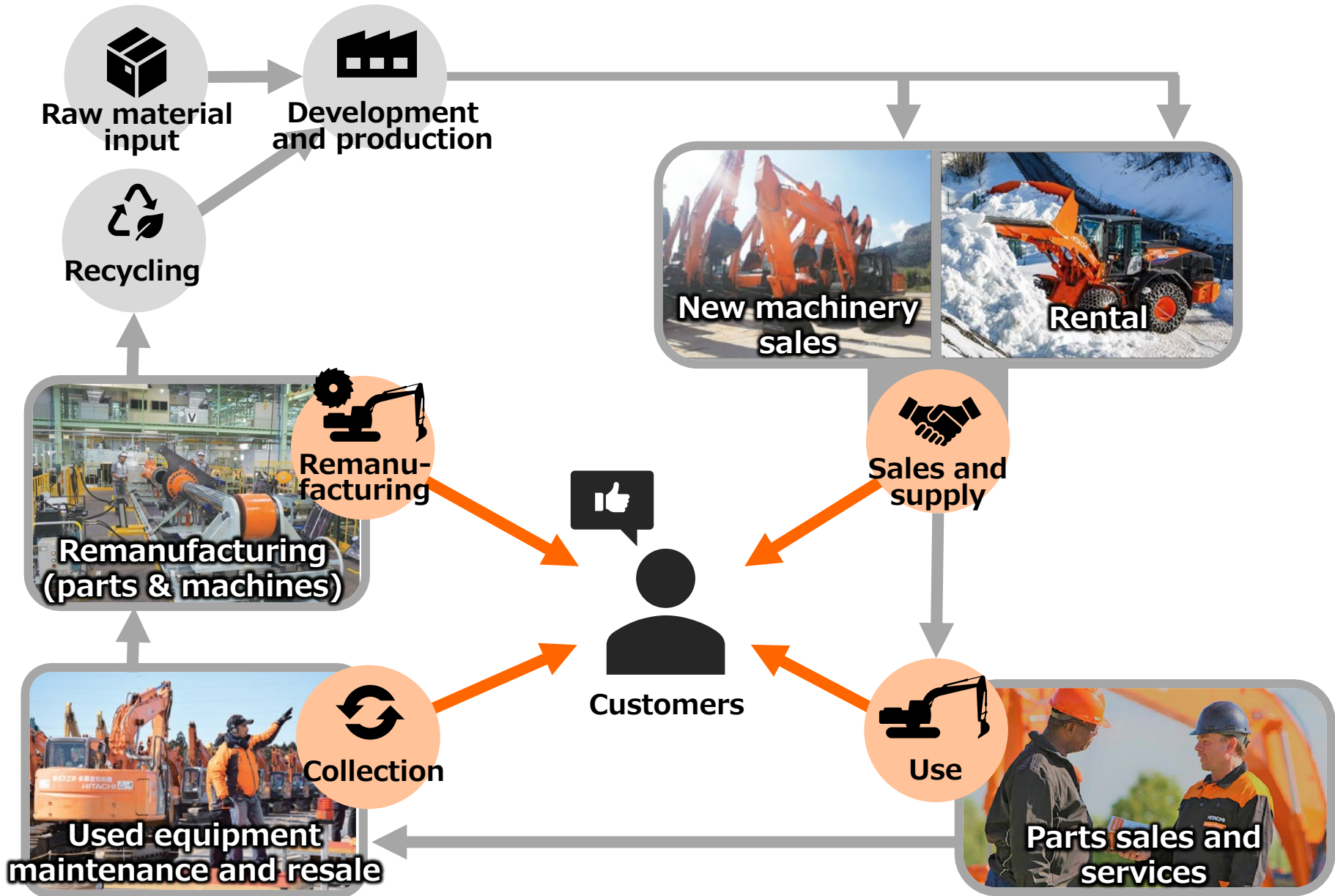
Specialized Parts & Service Business



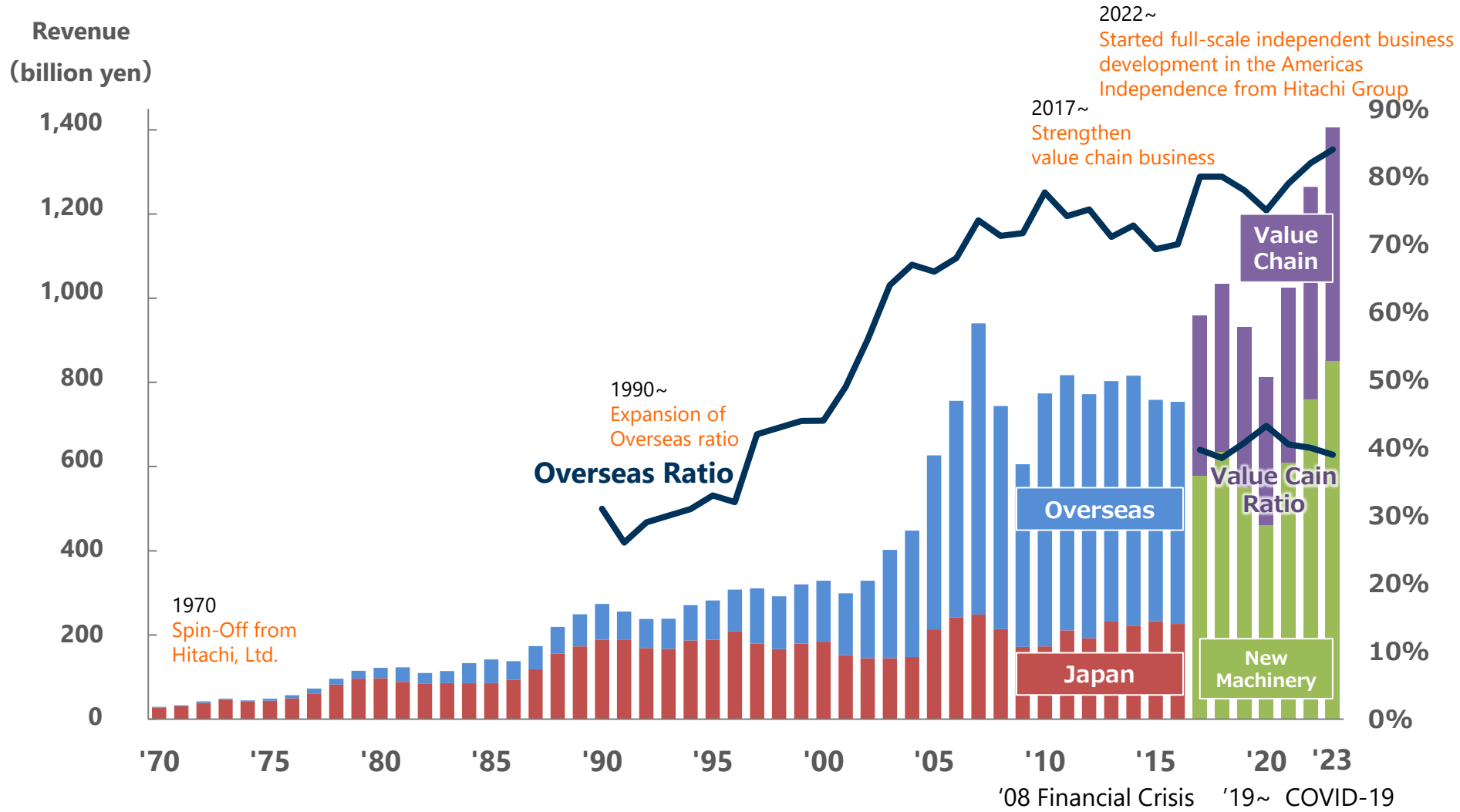
Manufacturing and sale of consumable parts for mining machinery

After-sales service business for mining machinery

Providing a "Value Chain" at various contacts with customers



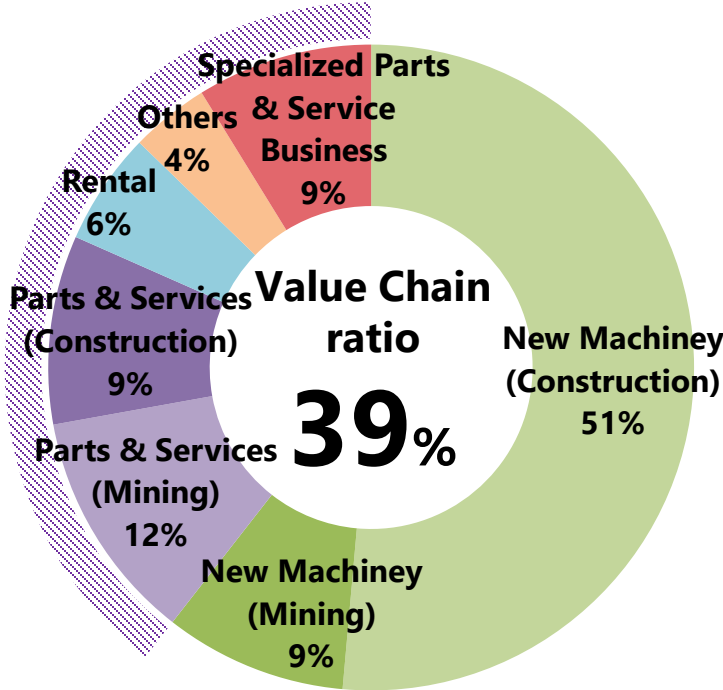
Business Scale Trend



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

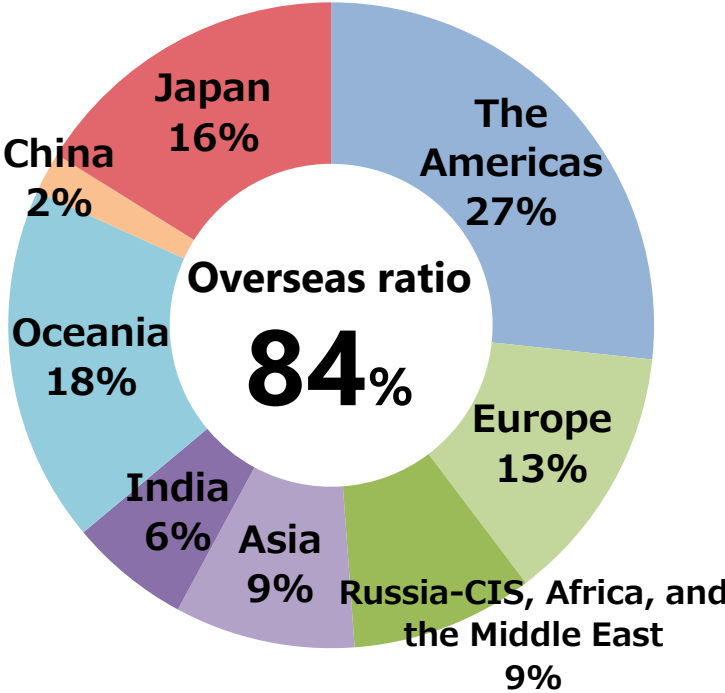
Revenue in FY2023: 1,405.9 billion yen

Revenue ratio by Business Segment



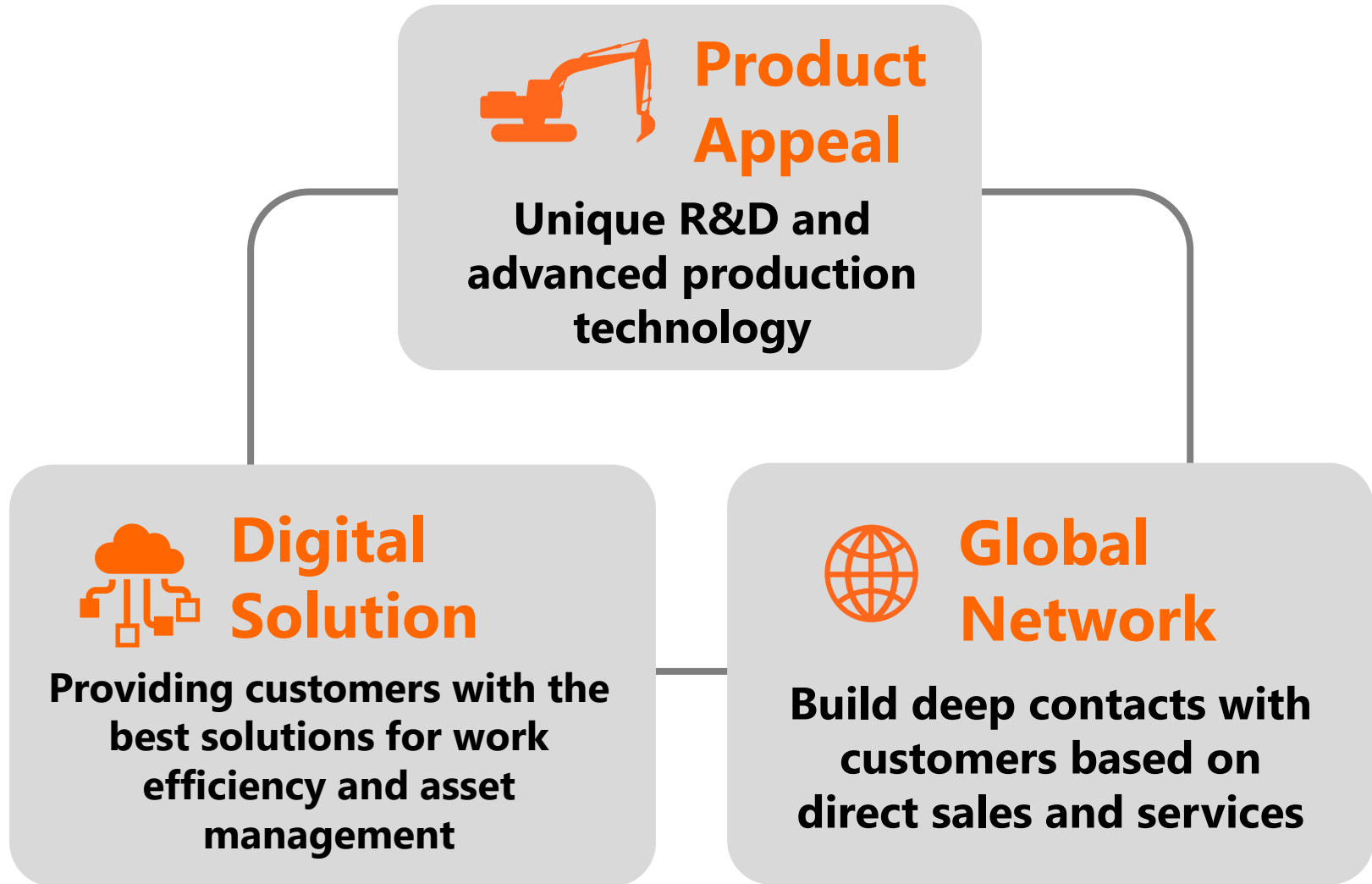
Value Chain ratio

Revenue ratio by Region

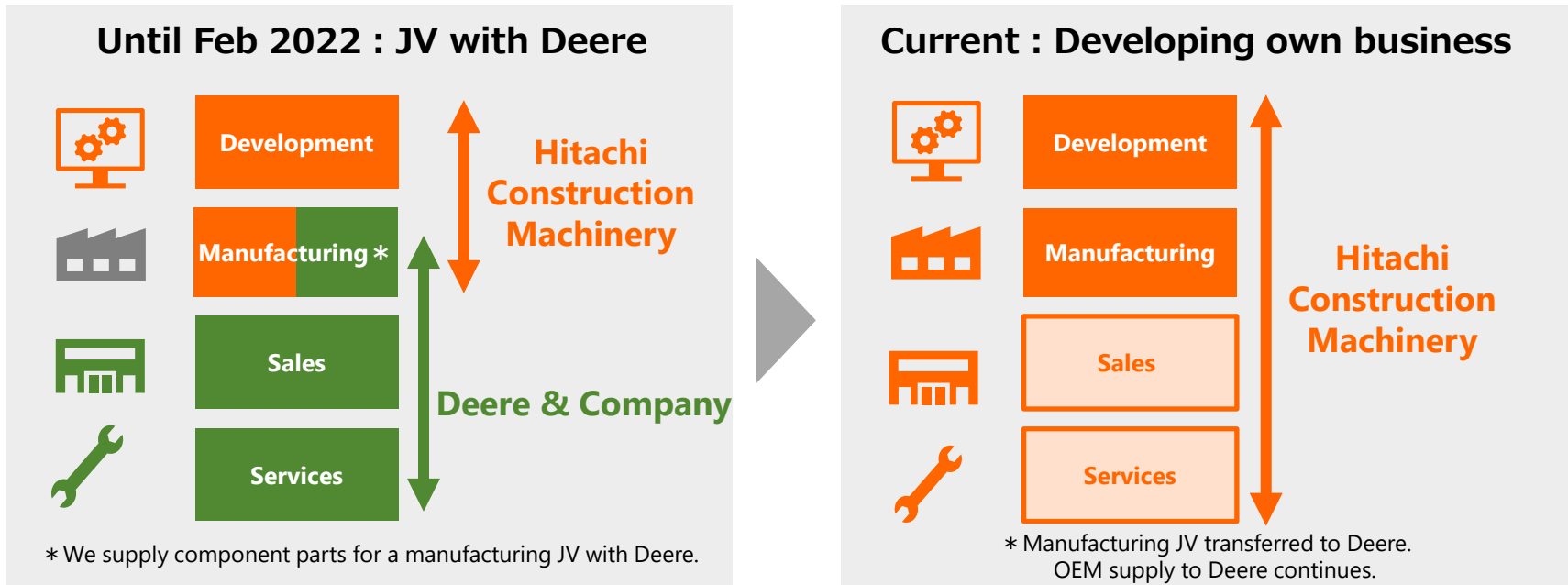


 **Production Base**  **Sales & Service Office**  **R&D Base**  **Remanufacturing Base ***
*Remanufacturing of parts and bodies





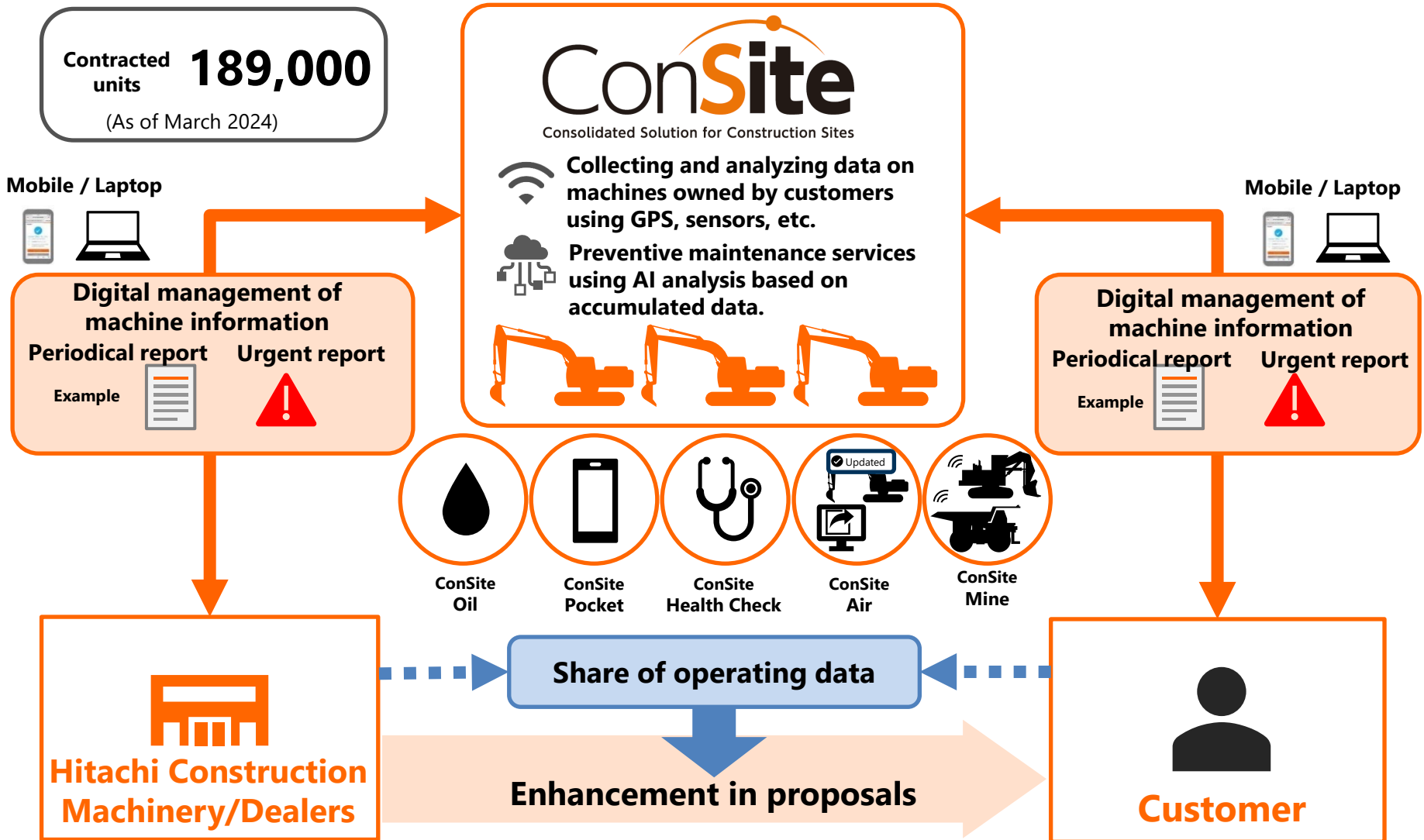
Dissolution of JV with Deere & Company, a major U.S. agricultural machinery manufacturer. Shifting to a business structure that integrates all processes from development to sales and services on its own



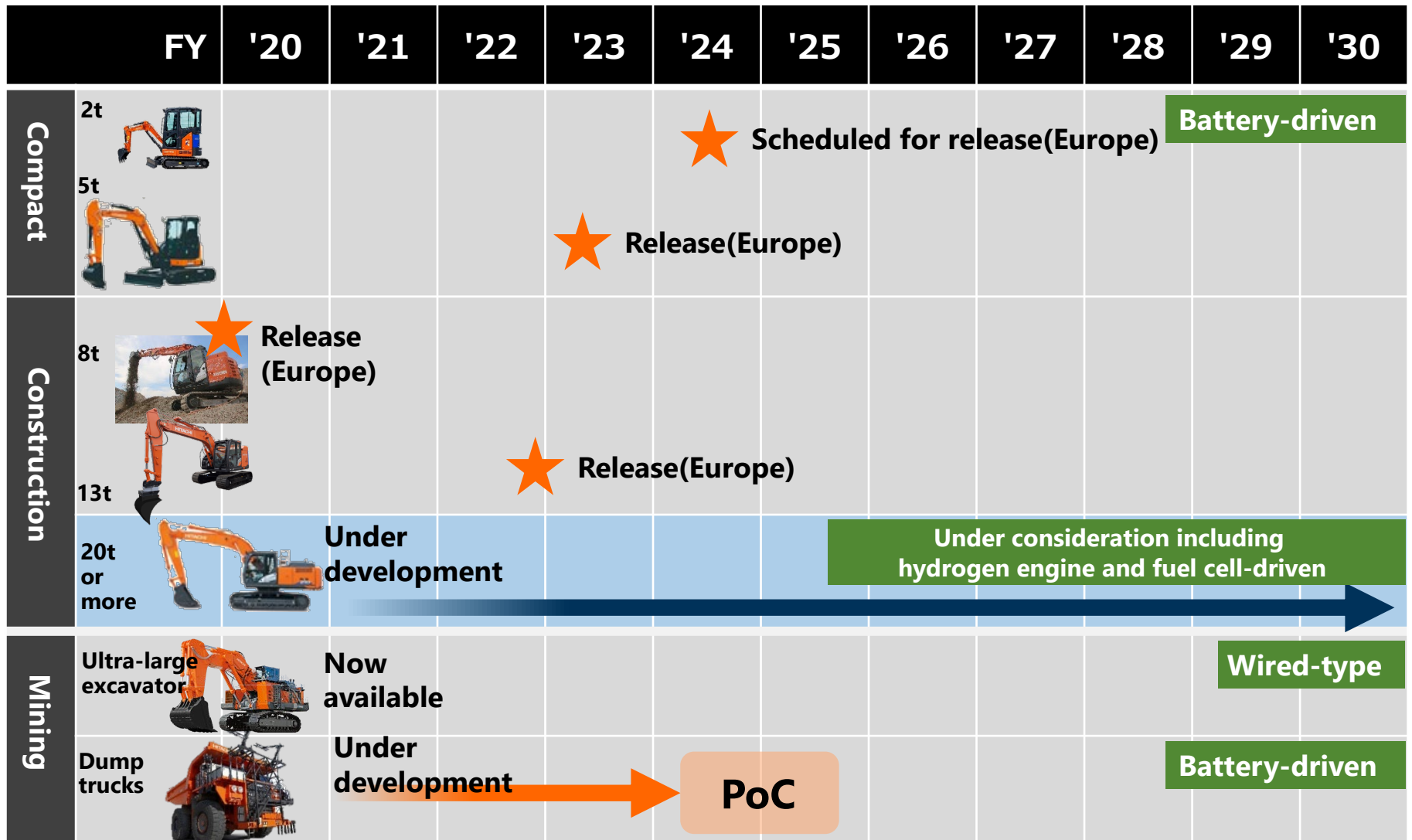
Expanding Opportunities through developing own business

- 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



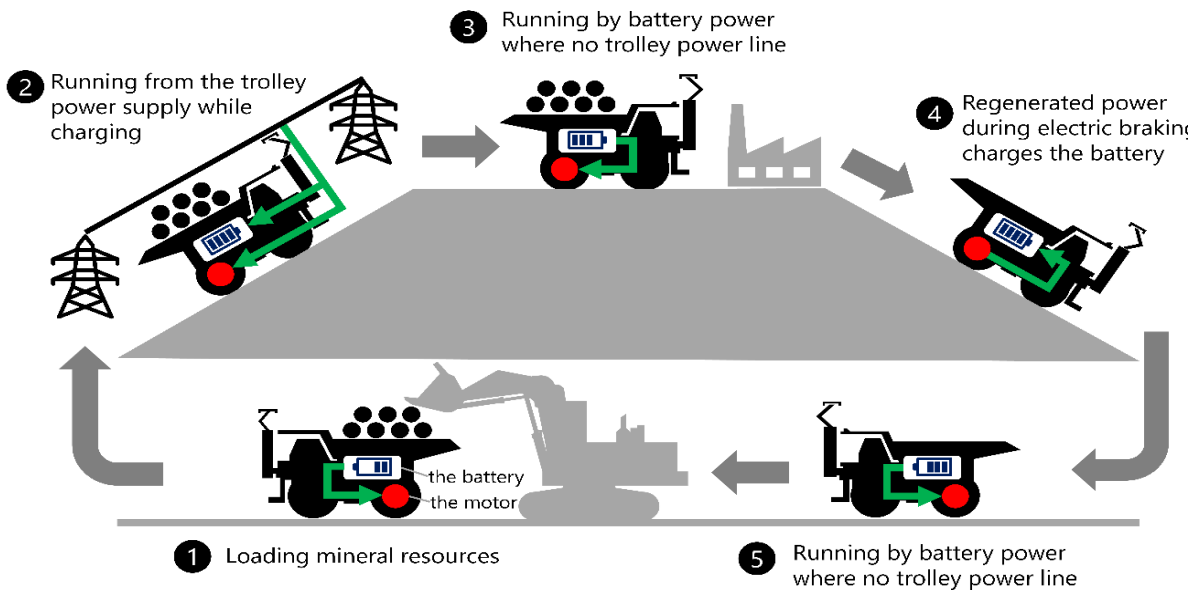
Expand lineup and accelerate development speed through open innovation



Beginning Joint Development of a Fully Electric Dump Truck with ABB

January 2024 : Completed a prototype dump truck

June 2024 : Started PoC at customer's mine



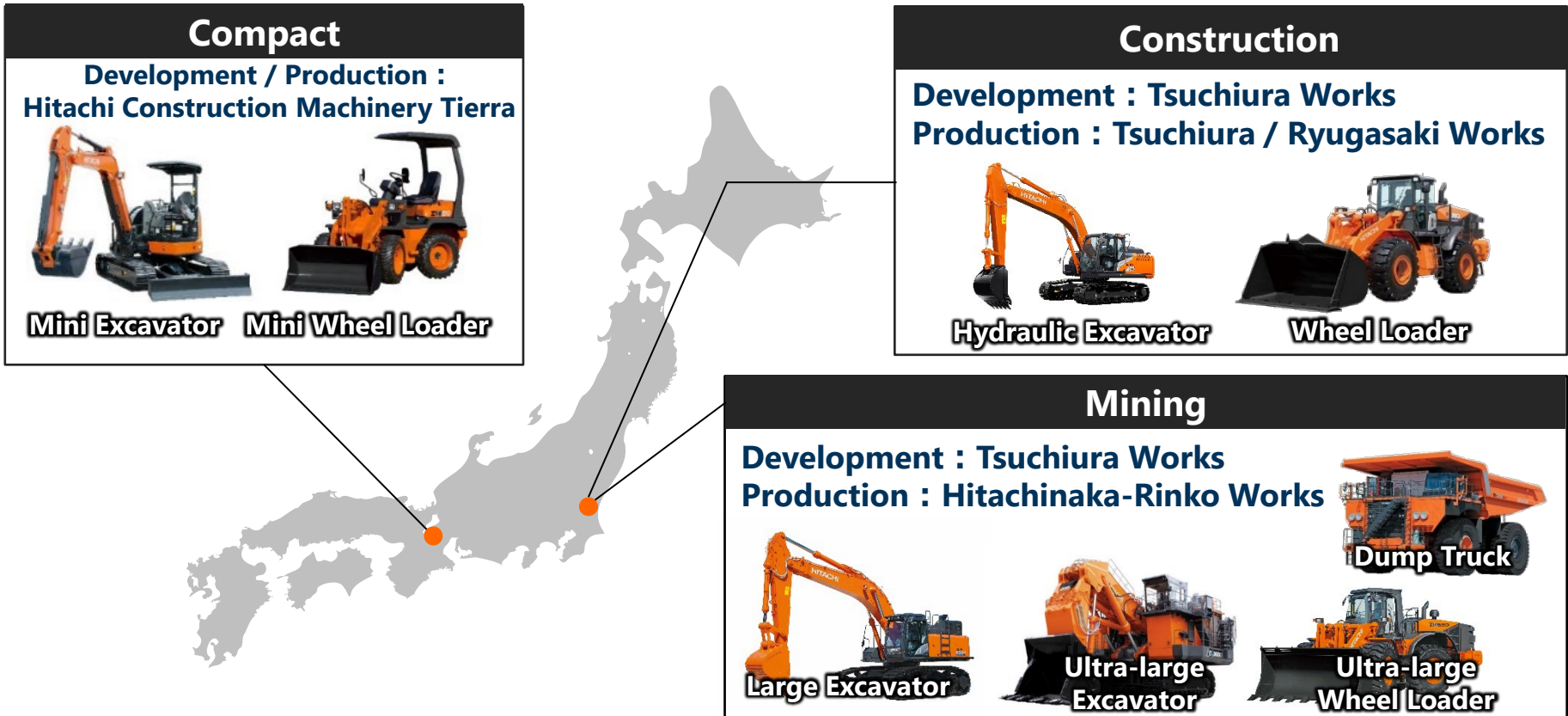
Full battery rigid dump truck with trolley



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

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

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Explanatory Meeting Material for Business Results
for the First Quarter ended June 30, 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

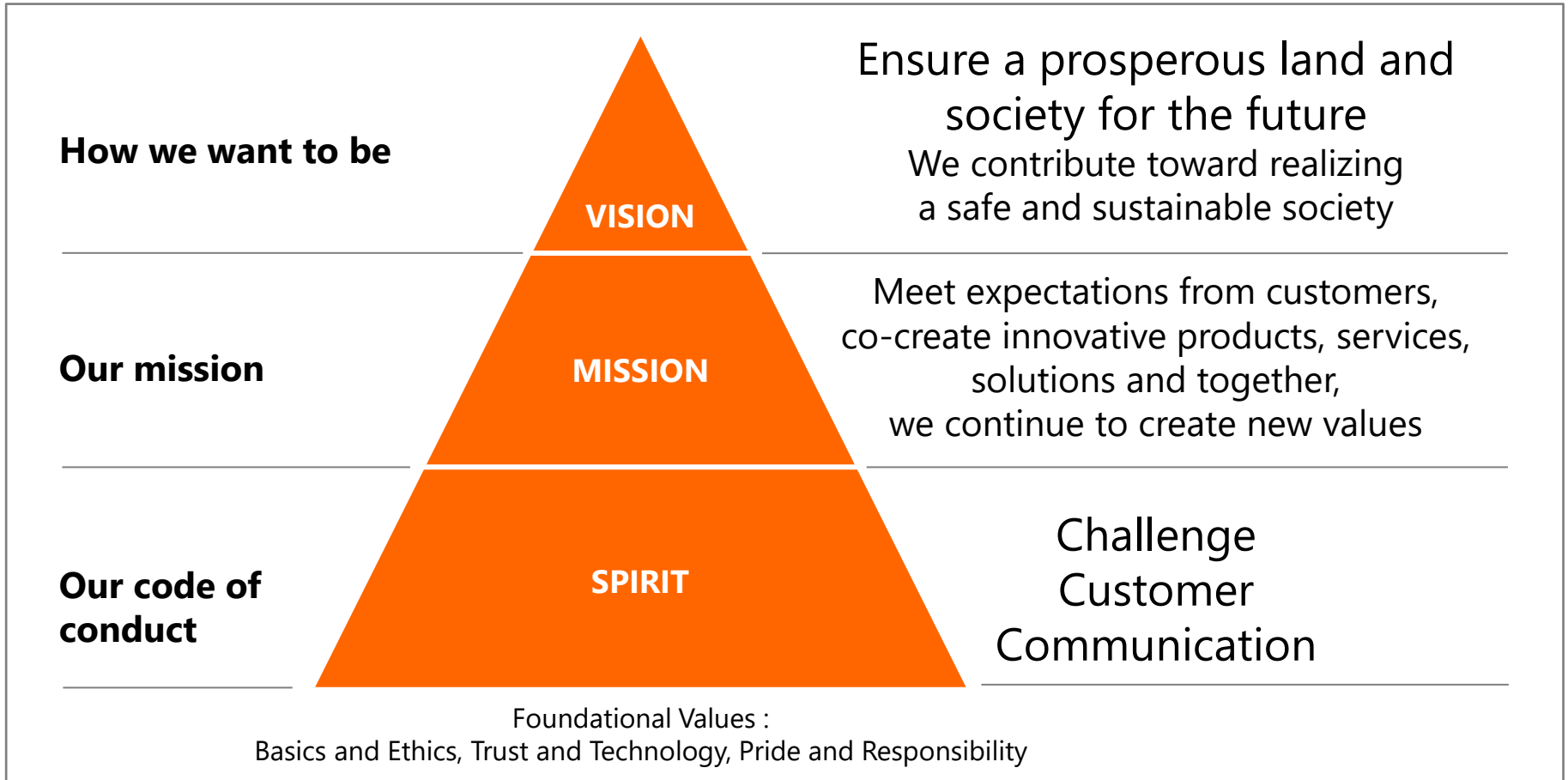
Capital structure changes

- **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

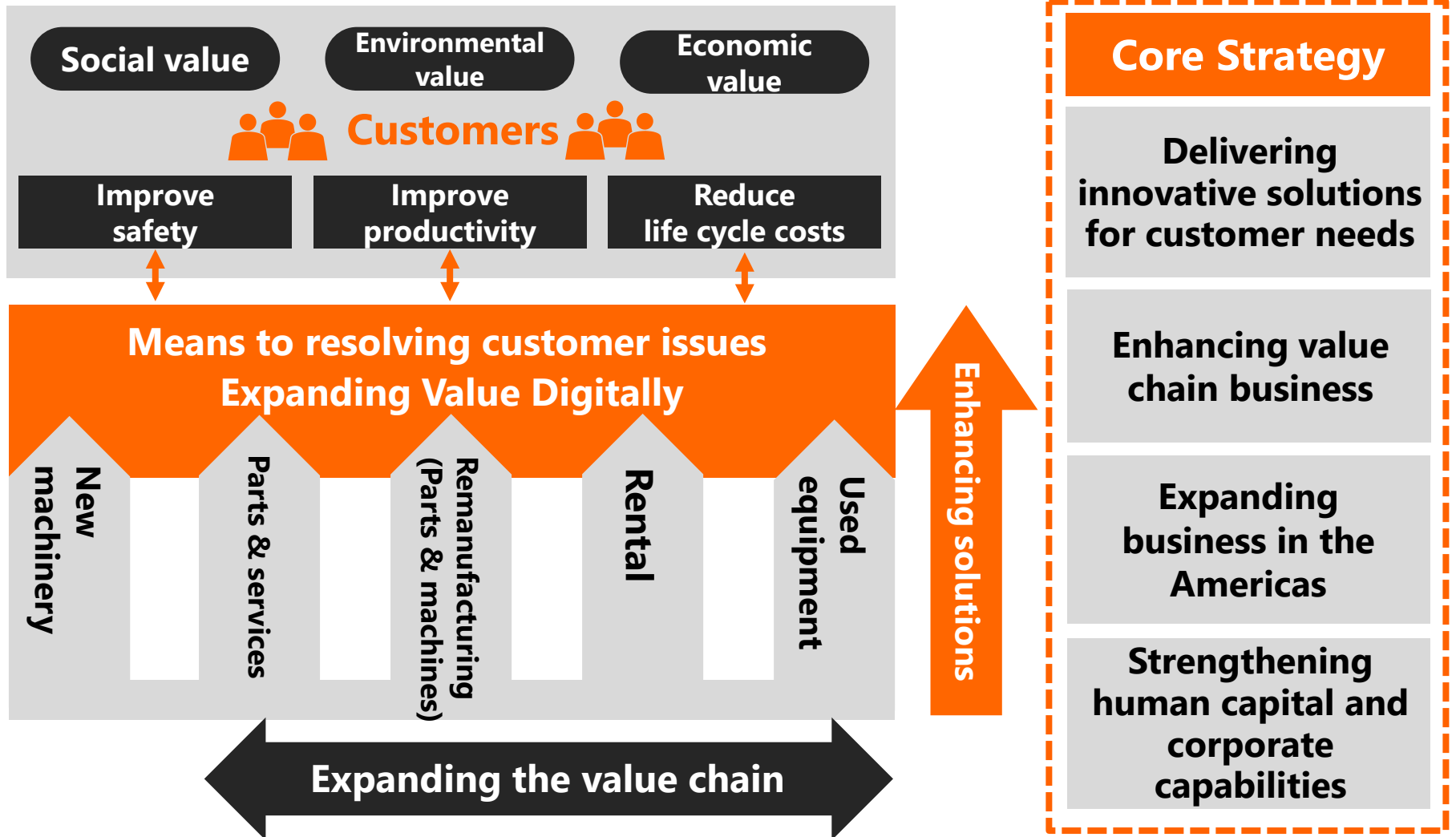
Formulating our own group identity in response to business environmental changes

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

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

Stable machine operations and preventive maintenance

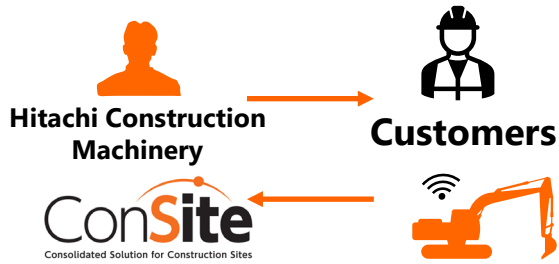
Aging of operators and a shortage of workers

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

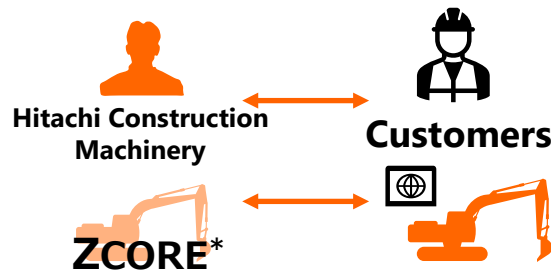
Expansion of Solution 1.0

Enhancement of Solution 2.0

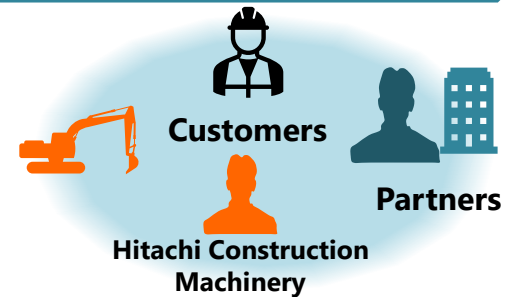
Challenge to Solution 3.0



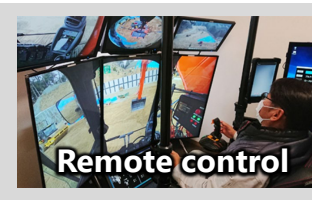
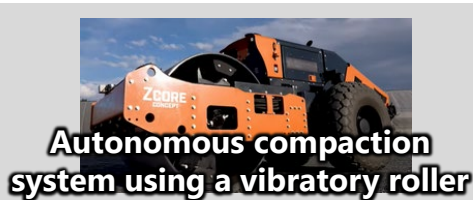
New ConSite applications



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

Visualization of the operation and realization of optimal procurement

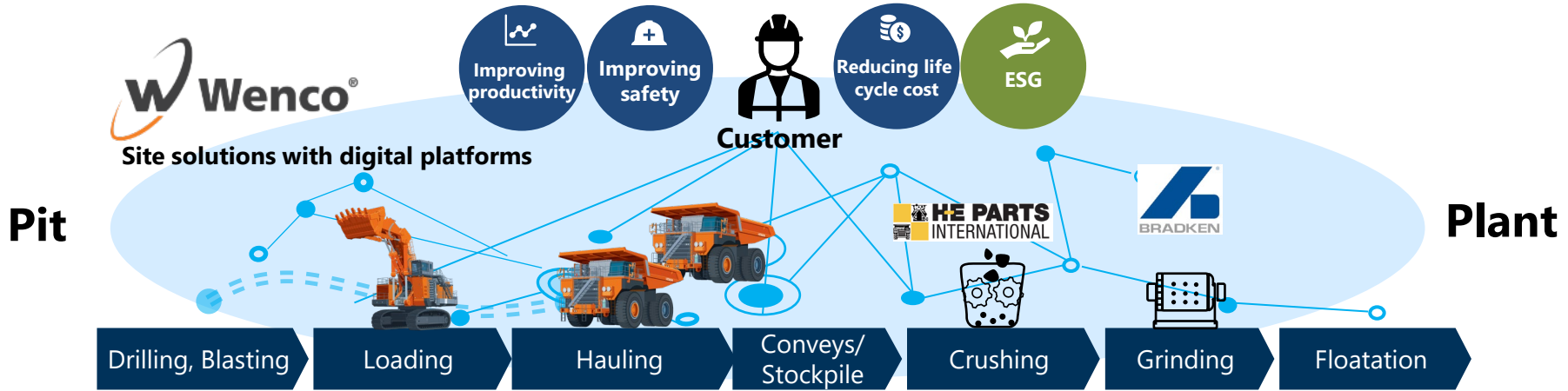
Further improvement of safety & productivity and reduction of LCC* & environmental impact

Maximization of social value and corporate value by resolving customer issues

Expansion of Solution 1.0

Enhancement of Solution 2.0

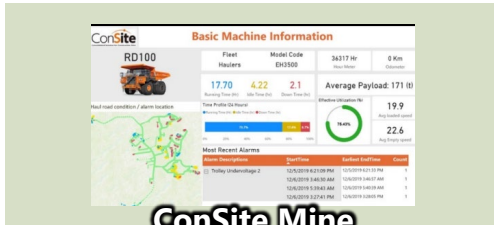
Challenge to Solution 3.0



Collaboration with Wenco/Bradken/H-E Parts, ConSite Mine

Advanced automation and autonomous technology

Participation in the ecosystem through collaborative creation with customers and partners in other industries



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

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

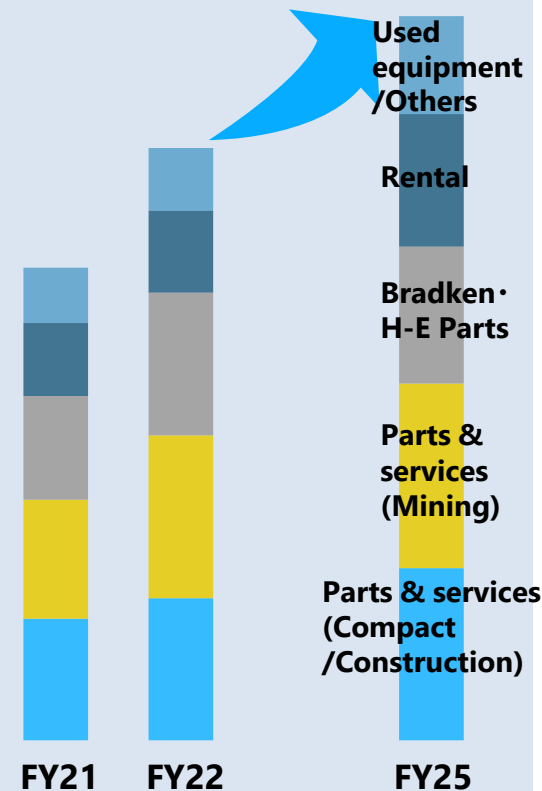
- Further strengthening of mining value chain business from pit to plant (consumable parts, etc.)
- Promoting a global expansion of high-profit businesses (remanufacturing business for mining machinery, consumable parts business in the mineral processing area, etc.)

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



Expanding business and stabilizing revenue Contributing to global growth

Compact & construction business

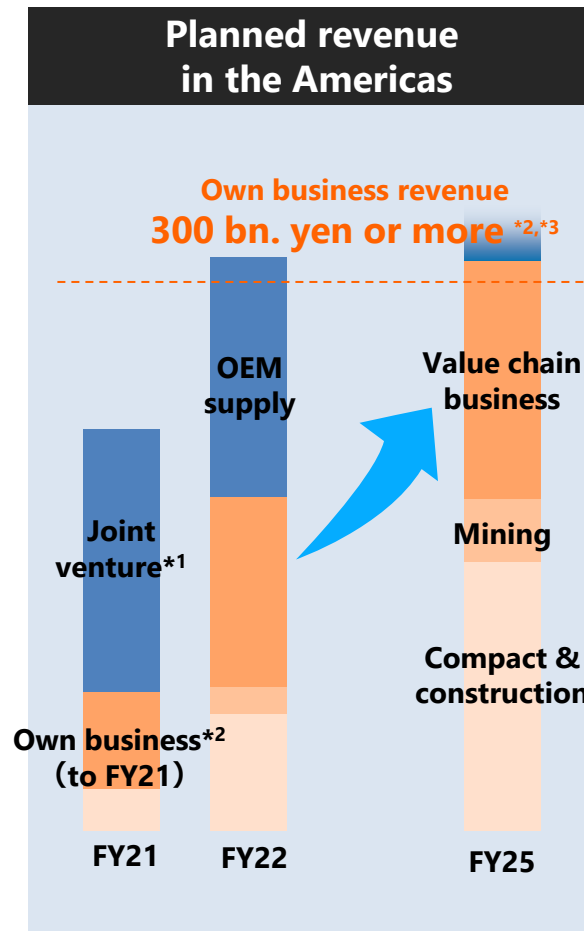
- Establishing an own sales network in Central & South America
- Diversifying sales channels
- Enhancing finance business

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



*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

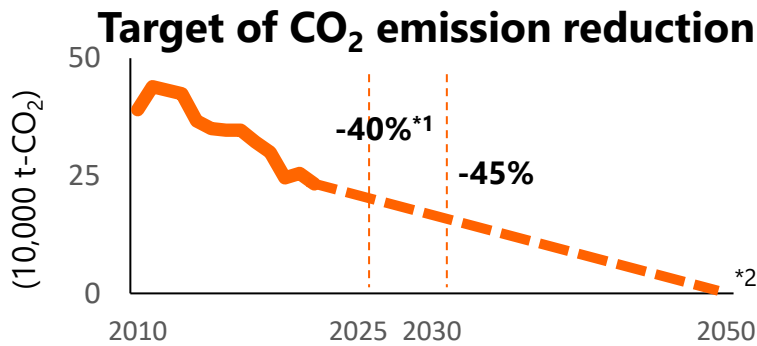
- Global collaboration and strengthening of open innovation
- Transforming the corporate culture through agile development
- Responding to paradigm shifts in construction machinery

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)



*1: Compared to FY2010

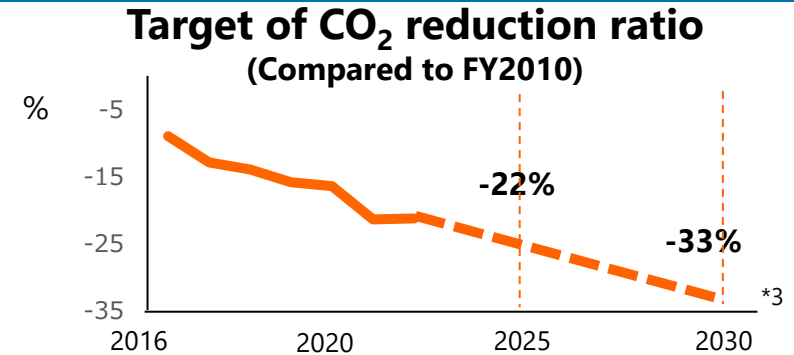
*2: Graph image is for illustrative purposes only; actual results through FY2022

- Increasing productivity/ Introduction of energy-saving equipment
- Developing thorough energy-saving and CO₂ reduction activities
- Active use of renewable energy



Utilizing wind power and solar power

Products (Scope 3)



*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



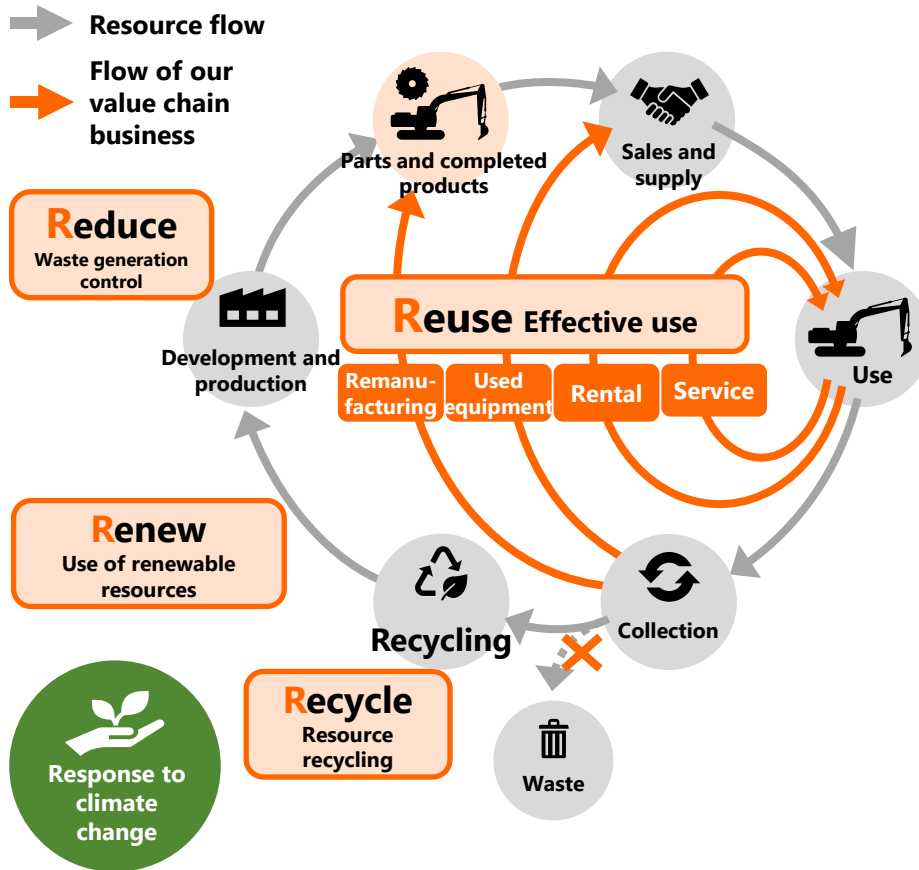
Electrified products



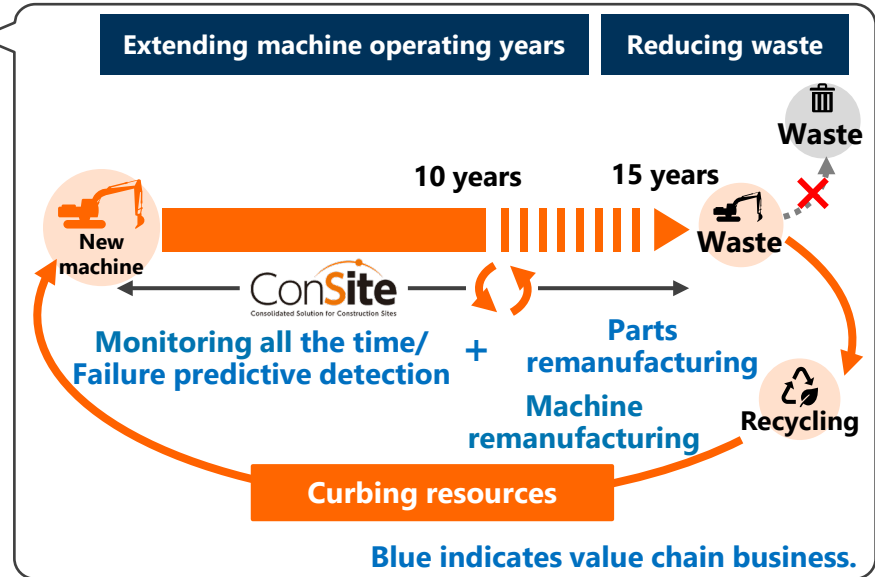
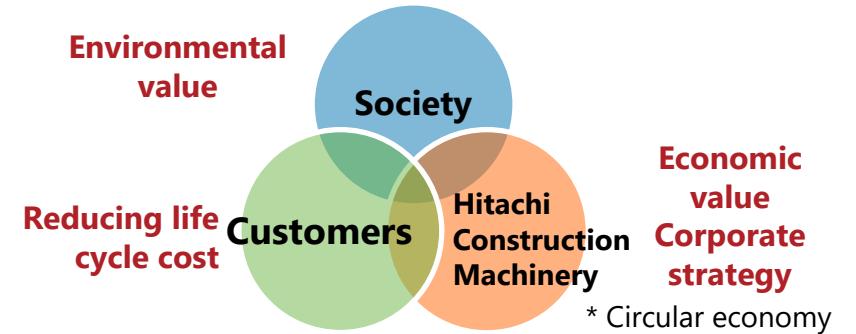
Remanufacturing business

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

Key initiatives

Delivering innovative solutions for customer needs

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

Report 1

Report 2

Enhancing value chain business

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

Report 3

Expanding business in the Americas

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

Report 4

Strengthening human capital and corporate capabilities

- 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

Japanese market

Joint development

Kyushu Electric Power

European market

Sales, rentals

ITOCHU Corporation

Alfen B.V.



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

Partner companies

Isuzu Motors

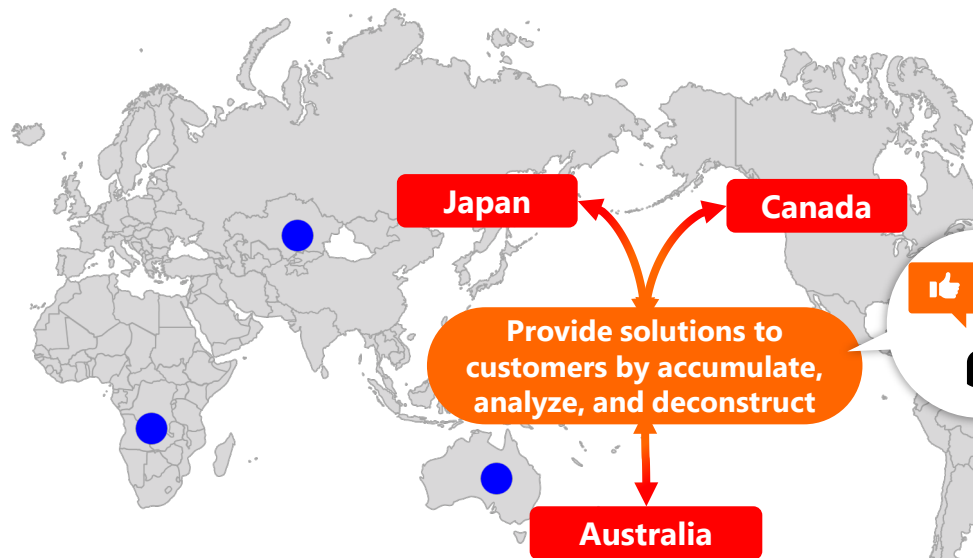
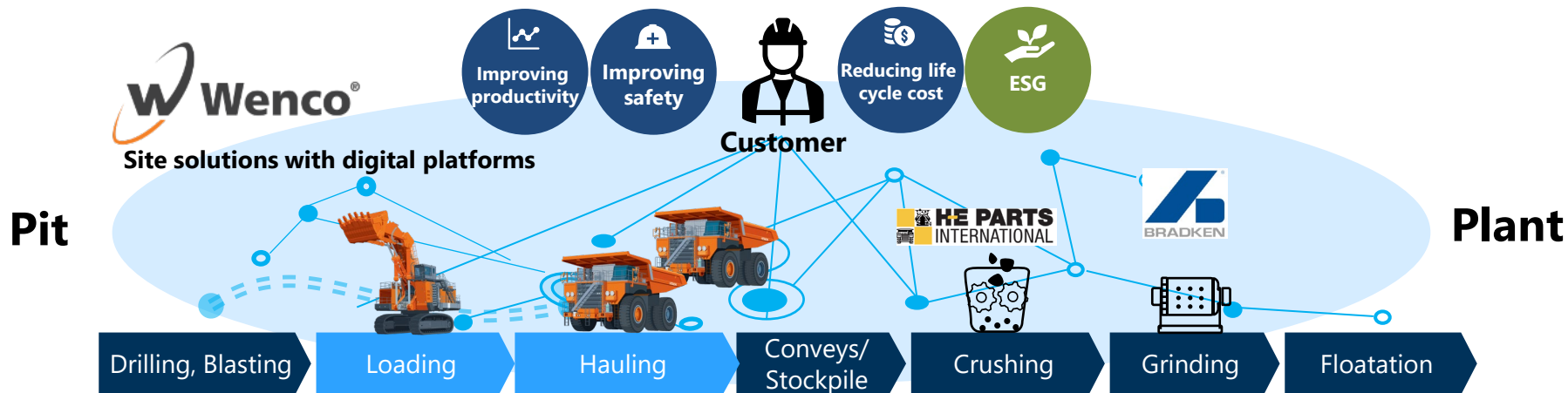
ITOCHU Corporation

Kyushu Electric Power

⋮



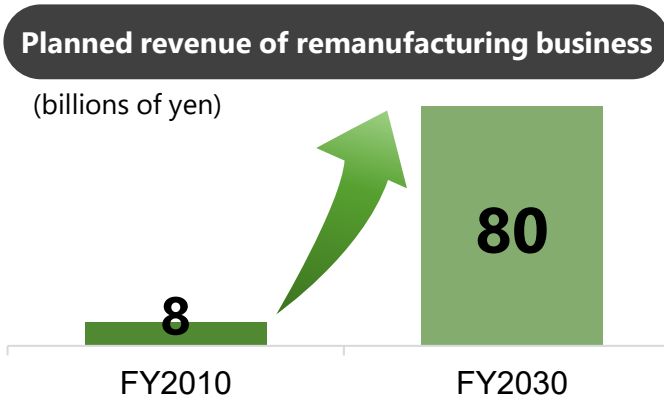
Monitoring multiple mine sites while expanding the coverage to improve customer productivity



● 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

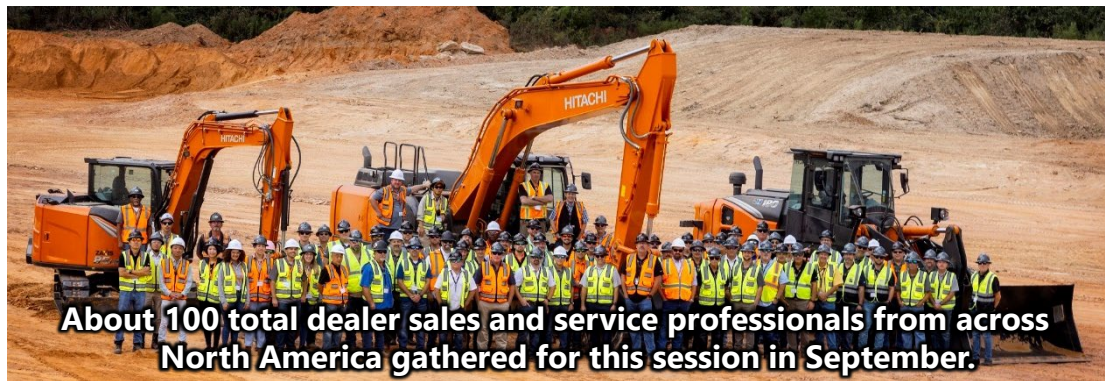
Number of remanufacturing sites (including Hitachi Construction Machinery)
23 sites in 11 countries

- Hitachi Construction Machinery
- H-E Parts

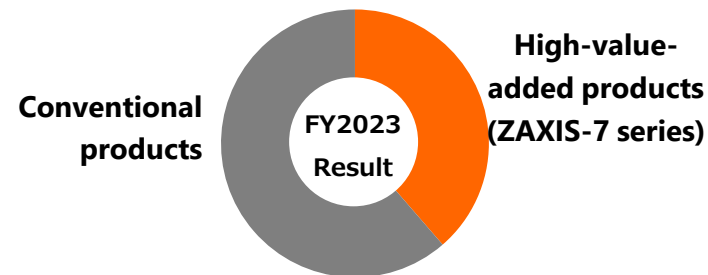


Delivery of high-value-added products started.

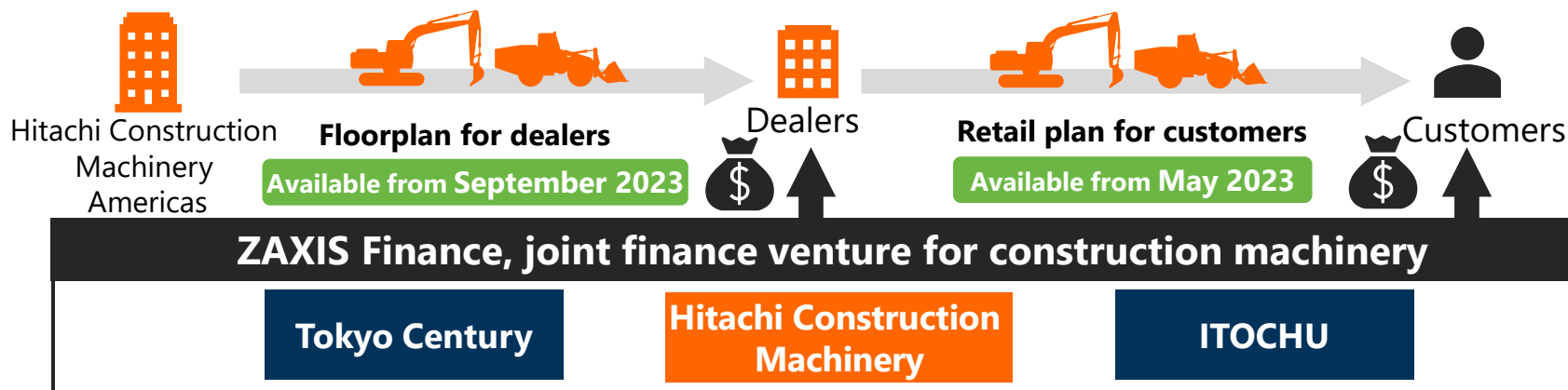
In August 2023, we started delivery of its newest ZAXIS-7 series, and the sales are expanding steadily.



Sales of high-value-added products in Americas

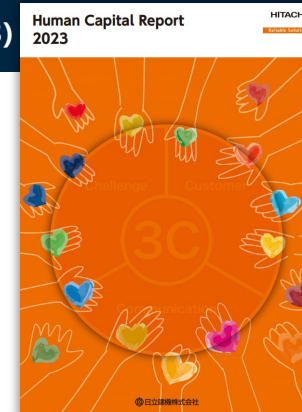


The joint finance venture with the ITOCHU Group begins operations.



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



Orange Innovation Plaza

Transforming the corporate culture through new business contests

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



Scene from the actual screening

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 ₂ (total)	Production (Scope 1+2)	-40% VS. FY2010	Scheduled to be published in "Integrated Report 2024"	-33%
		Product (Scope 3)	-22% VS. FY2010		-22%
	• Diversity, equity & inclusion	• Localization ratio of GM or higher in overseas group companies*1	75%	71%*4	72%
		• Ratio of managers by gender (consolidated) *1	Women 13% Men 15%	Women 11%*5 Men 16%	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

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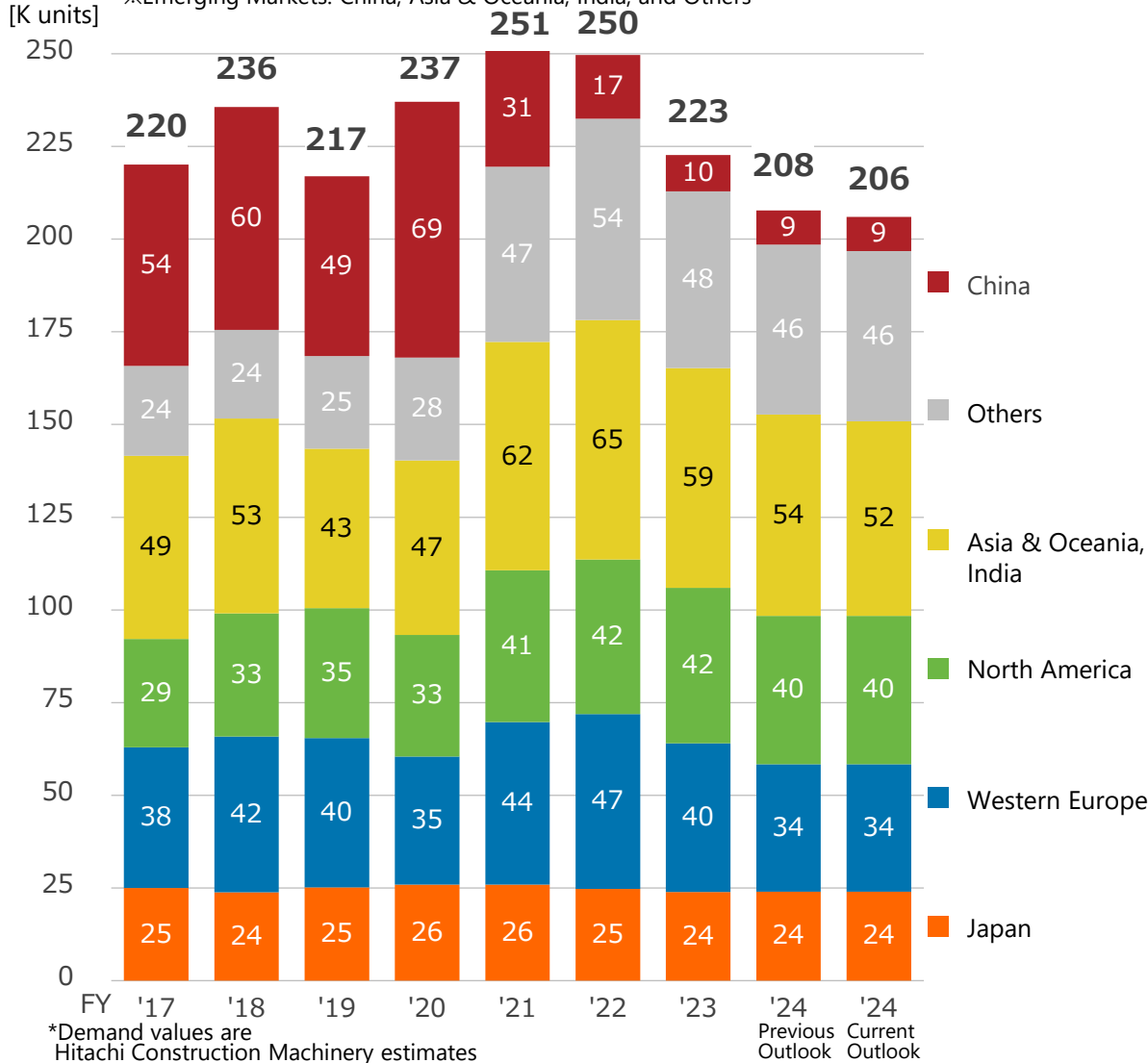
**Explanatory Meeting Material for Business Results
for the First Quarter ended June 30, 2024**

1. Regional Market Environments and Projections

Global Demand Trend for Hydraulic Excavators

**Emerging Markets ratio:
FY24 52% (y-y Change : ±0%)**

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



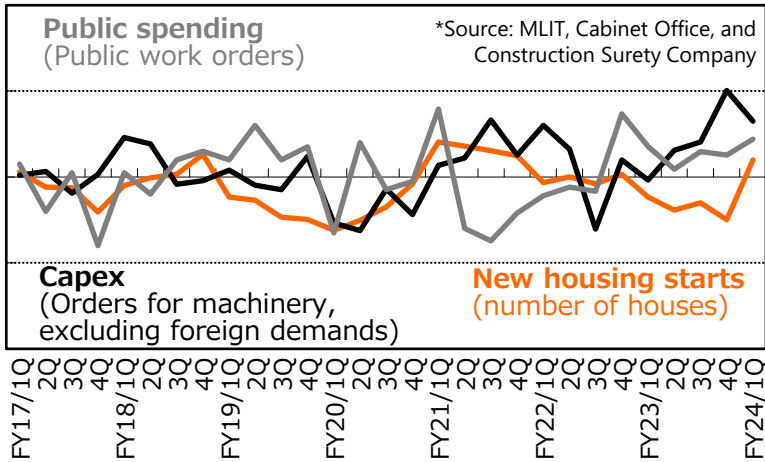
Year-on-Year Change by Region

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

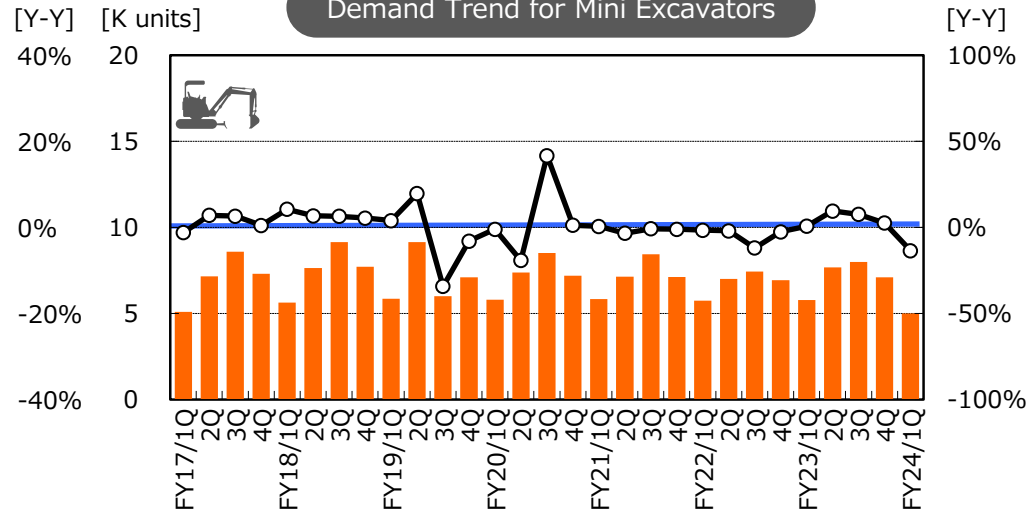
	'23	'24
Total	-11%	-7%
China	-43%	-6%
Russia, CIS, E Europe	-16%	-4%
Africa	+13%	-15%
Middle East	+10%	-13%
Latin America	-33%	+14%
Others	-12%	-4%
Asia	-17%	-8%
India	+8%	-16%
Oceania	-18%	-10%
Asia & Oceania, India	-8%	-12%
N America	+1%	-5%
W Europe	-15%	-14%
Japan	-3%	±0%

- New housing starts, Public spending and Capex increased.
- Demand for Hydraulic excavators decreased:
Hydraulic Excavators -11%, Mini Excavators -13%, Wheel Loaders +1% y-y.

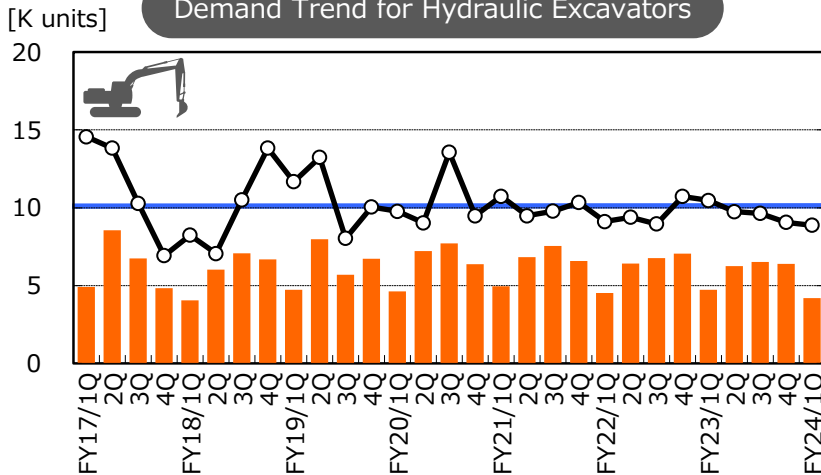
Market Environment Housing, Capex, Public Spending



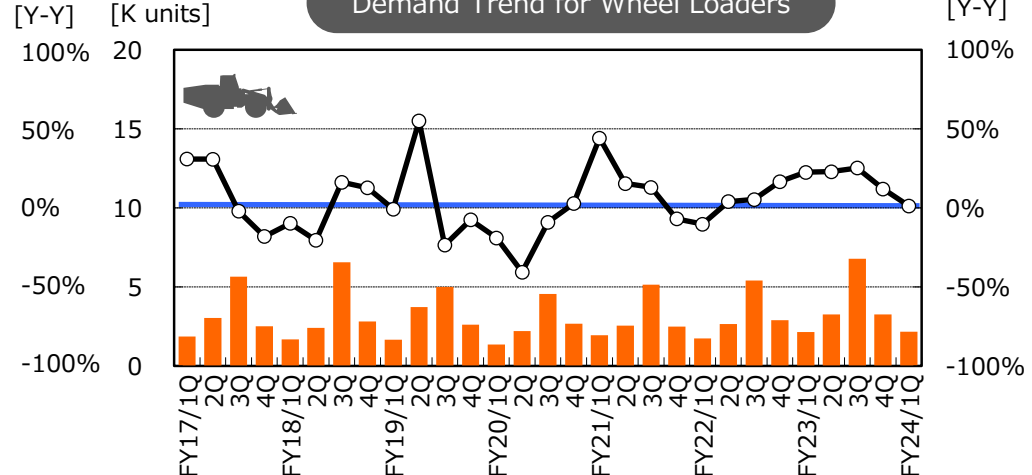
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

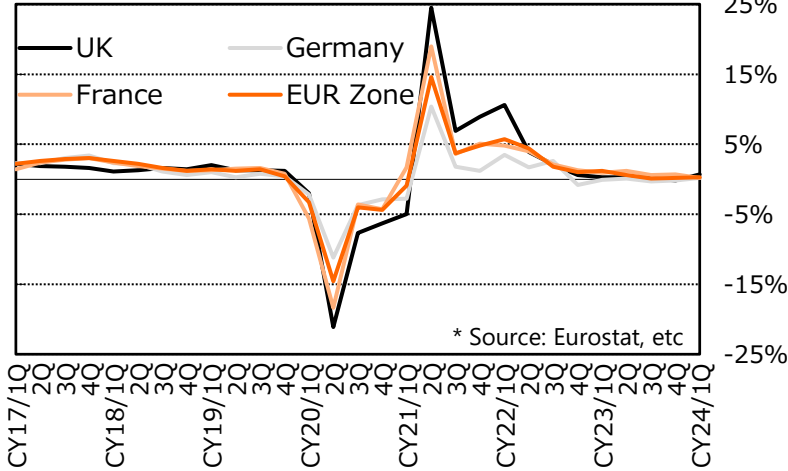


*Demand values are Hitachi Construction Machinery estimates

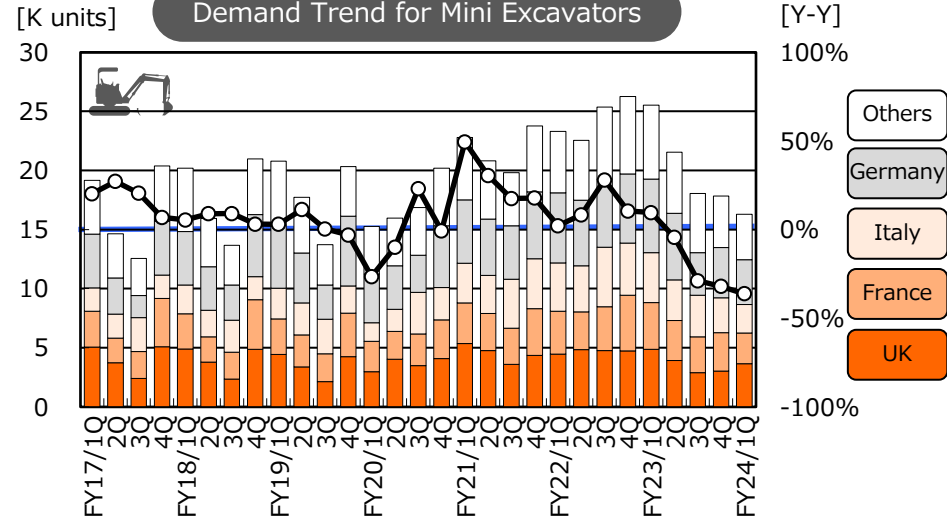
Europe: First Quarter (Apr to Jun 2024)

■ GDP in CY24 1Q has been growing at a low rate.
 ■ Demand for Hydraulic excavators decreased significantly:
 Hydraulic Excavators -31%, Mini Excavators -36%, Wheel Loaders -35% y-y.

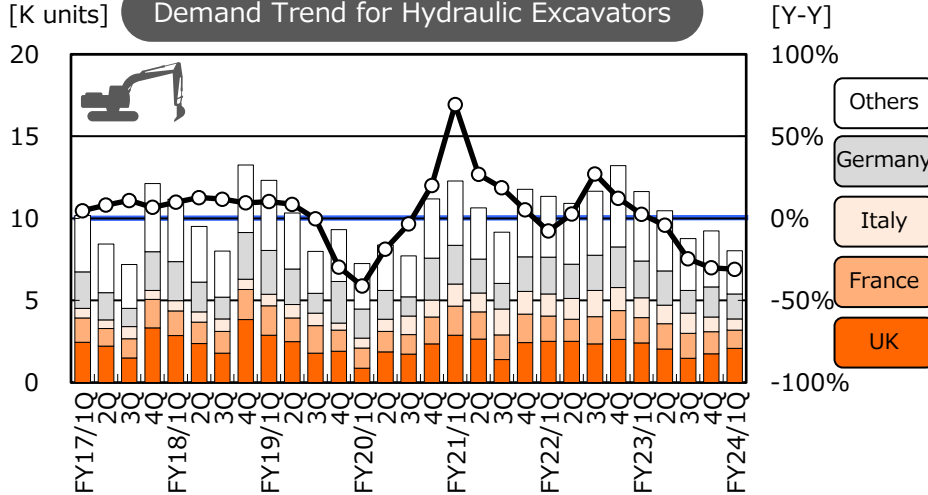
GDP Growth Rate in Major Countries



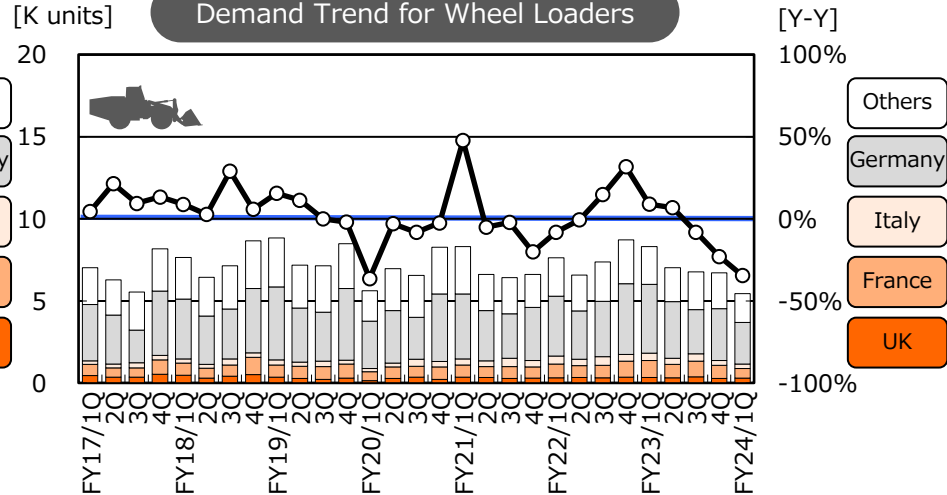
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



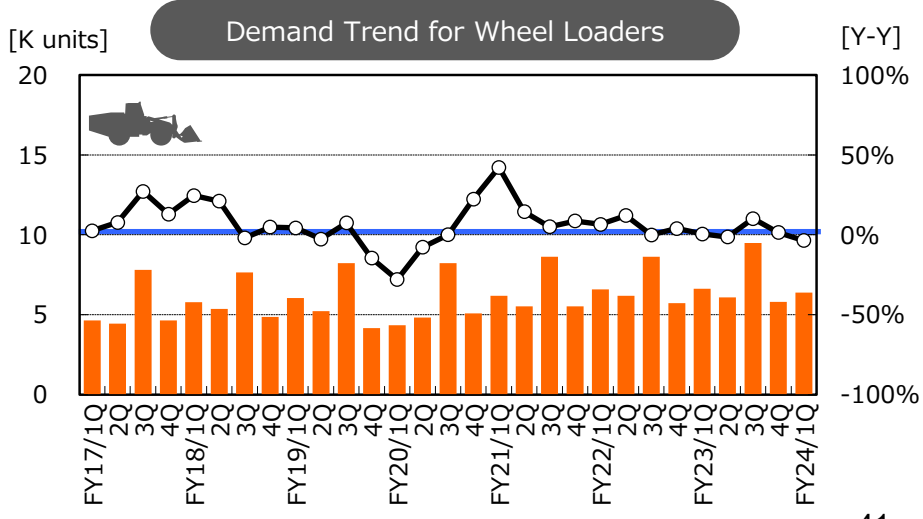
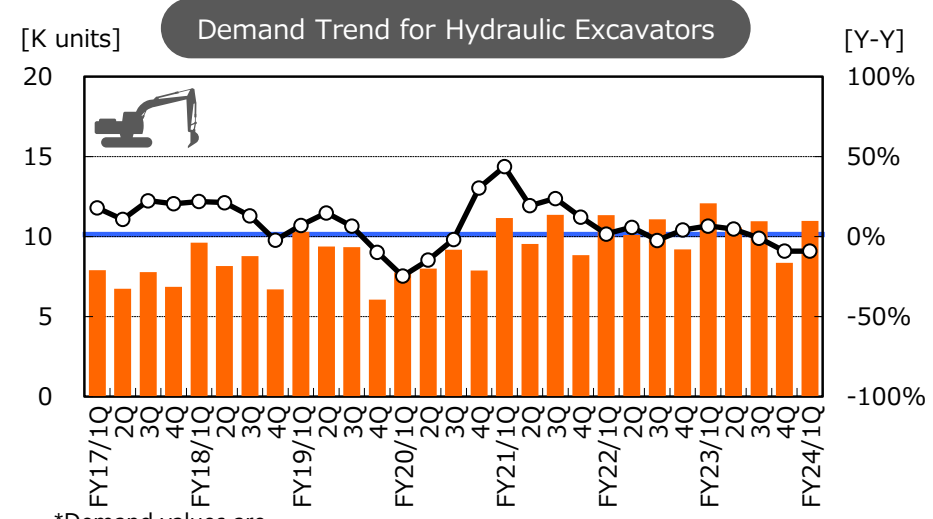
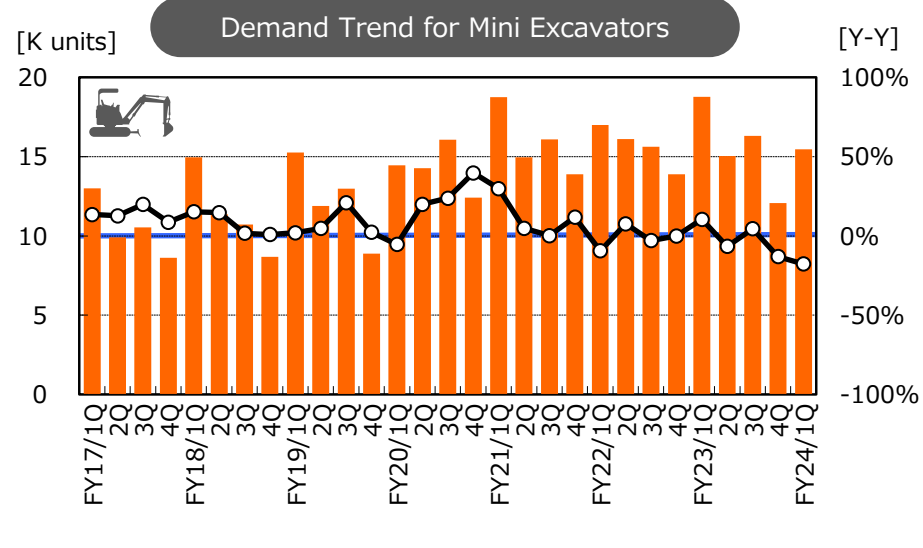
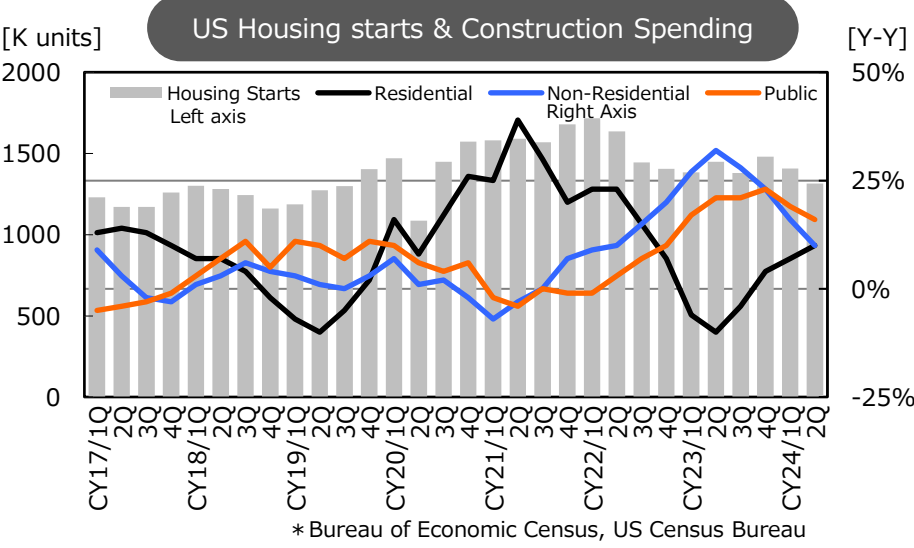
Demand Trend for Wheel Loaders



*Demand values are Hitachi Construction Machinery estimates

North America: First Quarter (Apr to Jun 2024)

■ Residential and Non-residential increased. Housing Starts decreased. Public Works significantly increased.
■ Demand for Hydraulic excavators decreased:
 Hydraulic Excavators -9%, Mini Excavators -18%, Wheel Loaders -4% y-y.

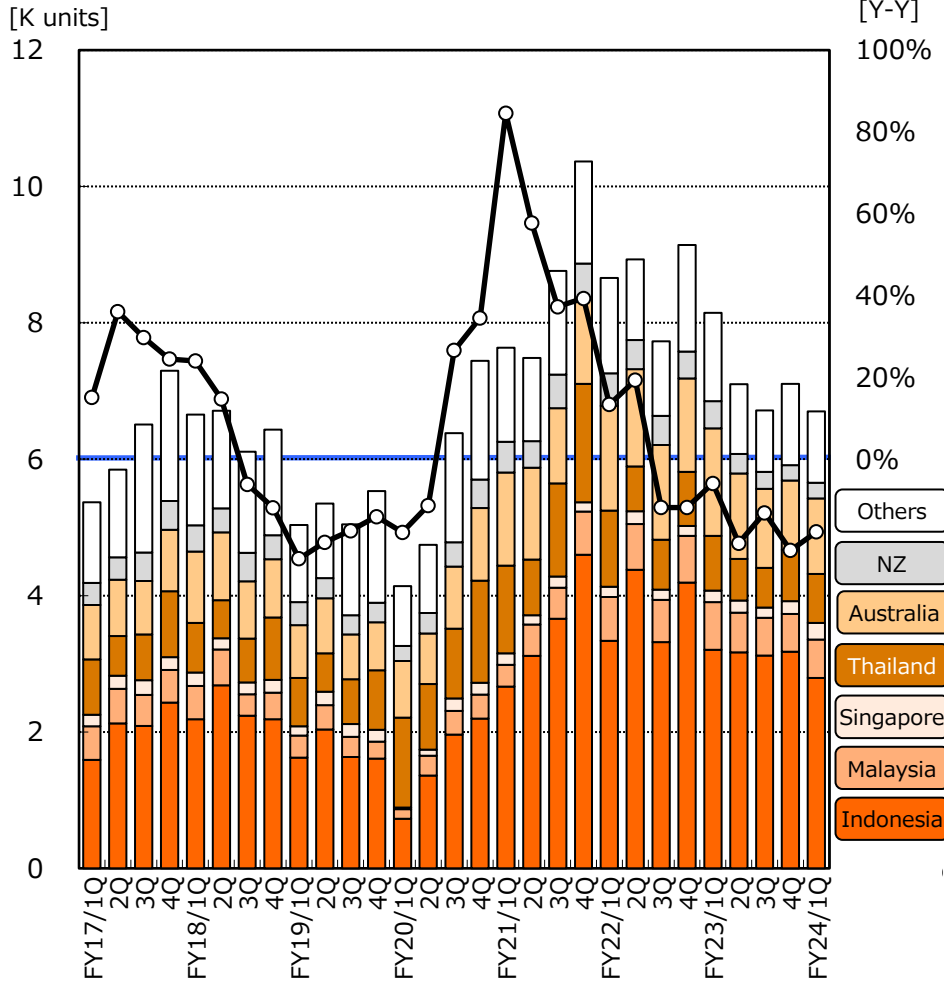


*Demand values are Hitachi Construction Machinery estimates

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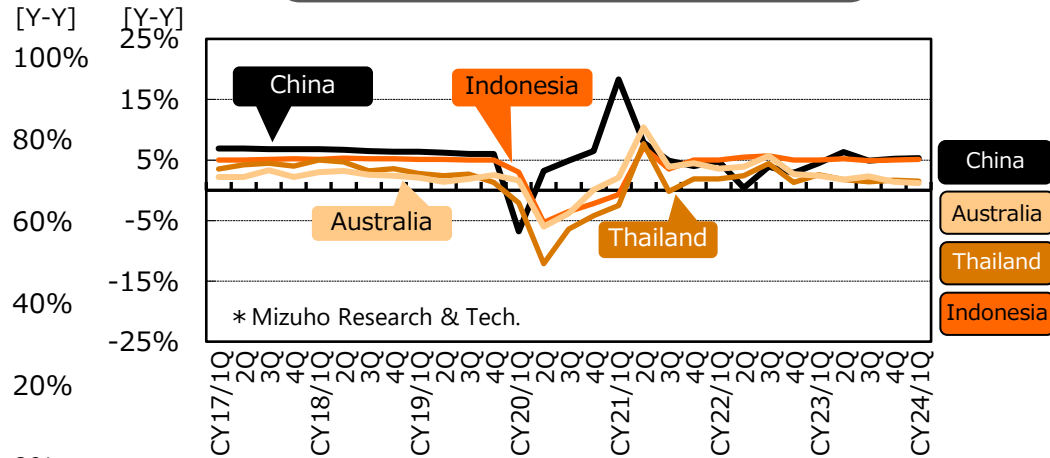
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -18% y-y.
- Demand for Hydraulic excavators in China increased +12% y-y. (Domestic :+14%, Foreign :+4%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

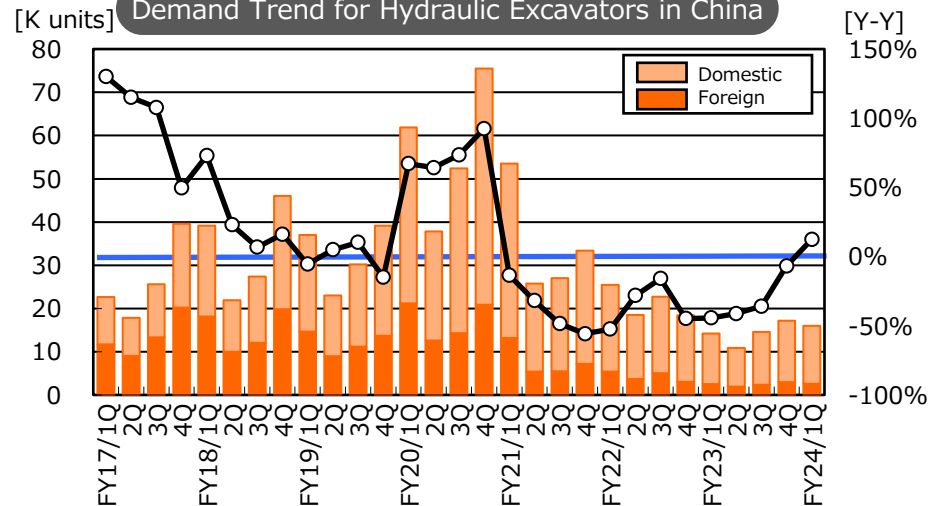


*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



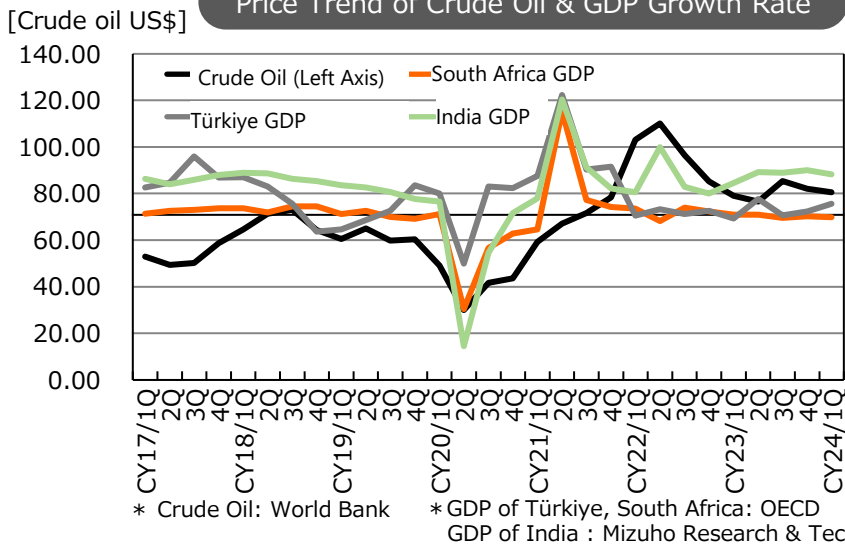
Demand Trend for Hydraulic Excavators in China



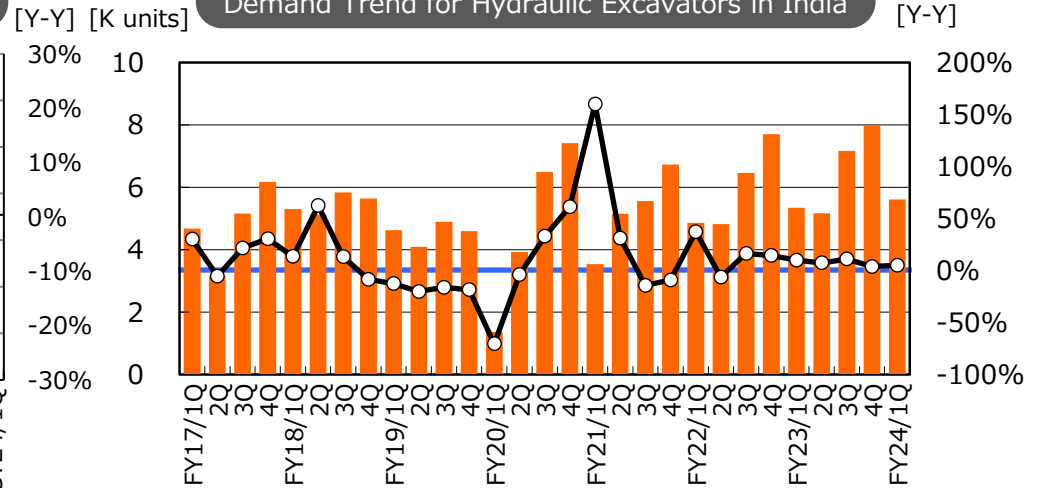
India, Middle East, Africa: First Quarter (Apr to Jun 2024)

- Demand for Hydraulic excavators increased in India +5% y-y.
- Demand for Hydraulic excavators increased in Africa +1% y-y.
- Demand for Hydraulic excavators decreased in the Middle East -13% y-y.

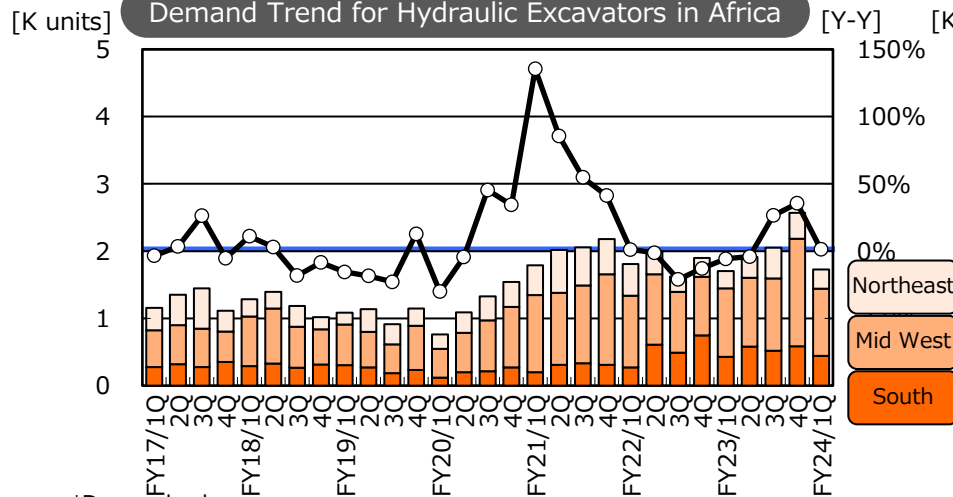
Price Trend of Crude Oil & GDP Growth Rate



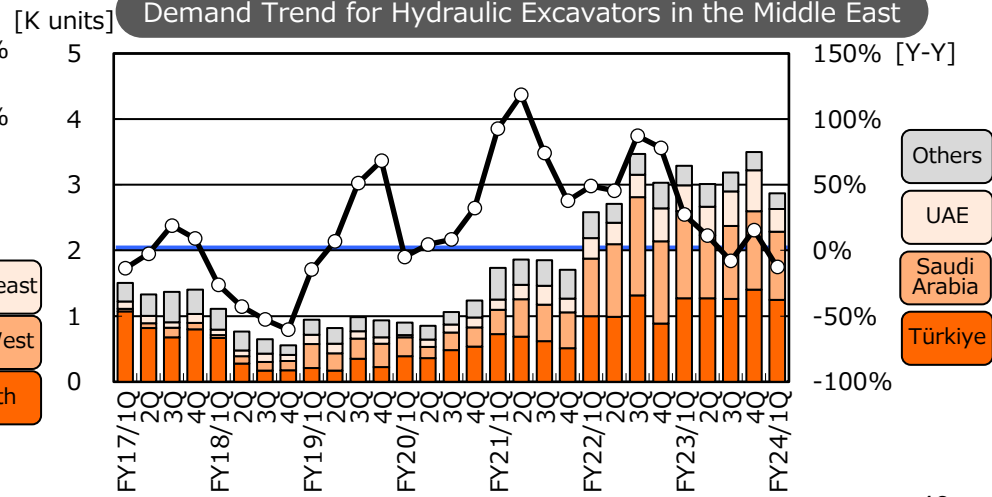
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



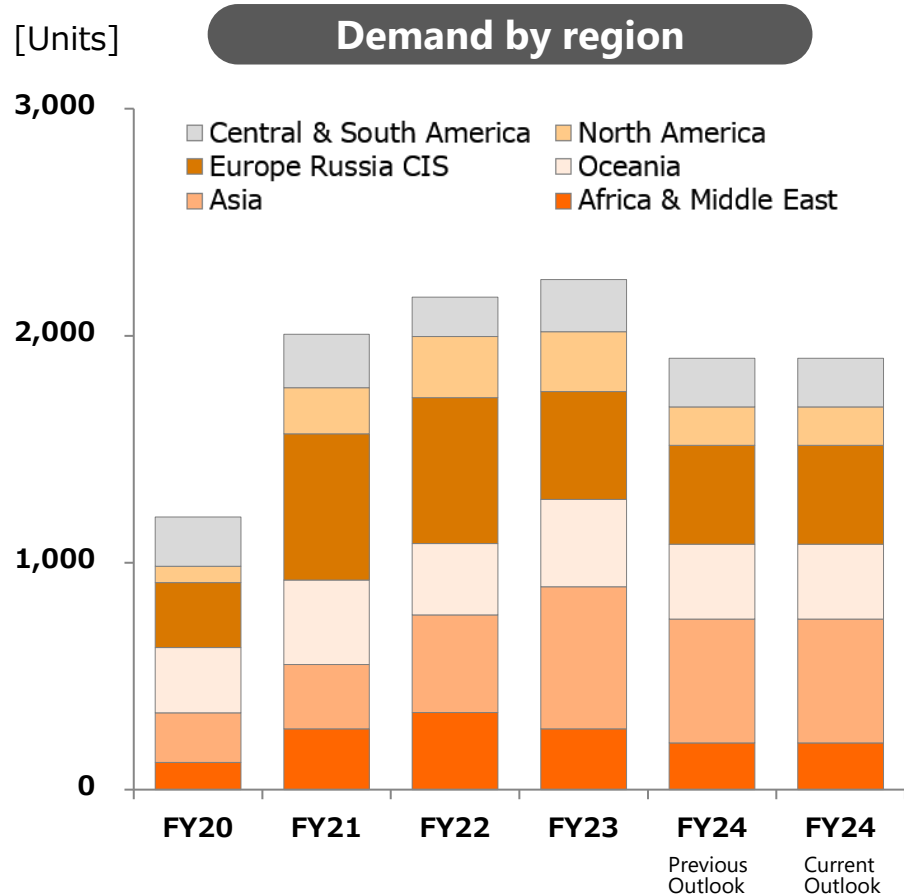
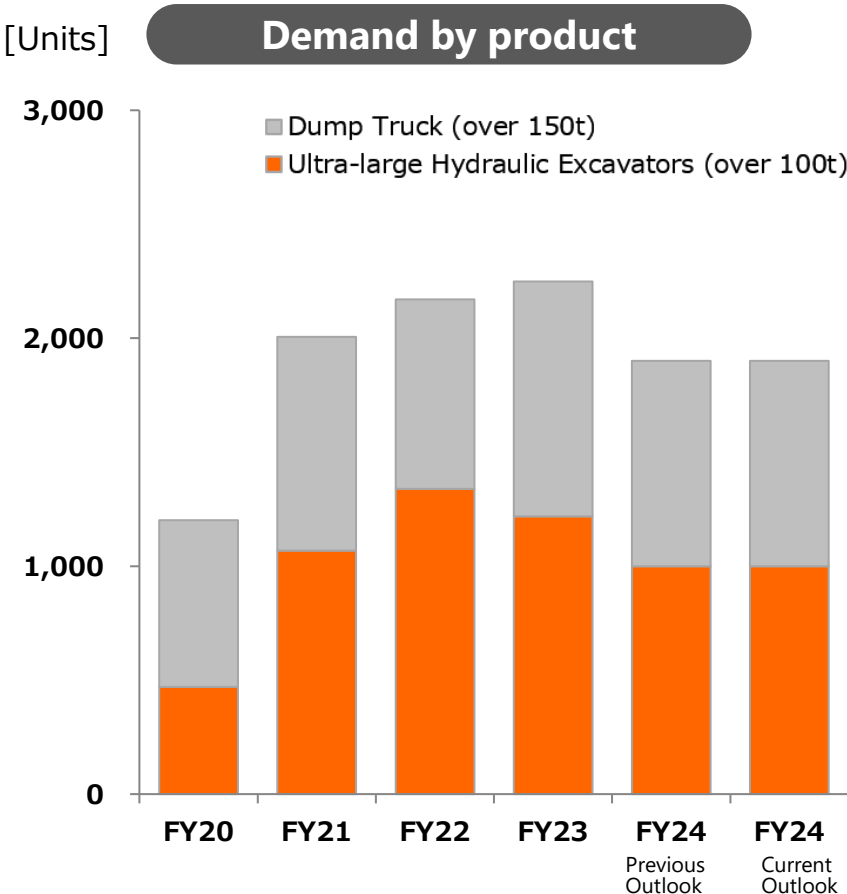
Demand Trend for Hydraulic Excavators in the Middle East



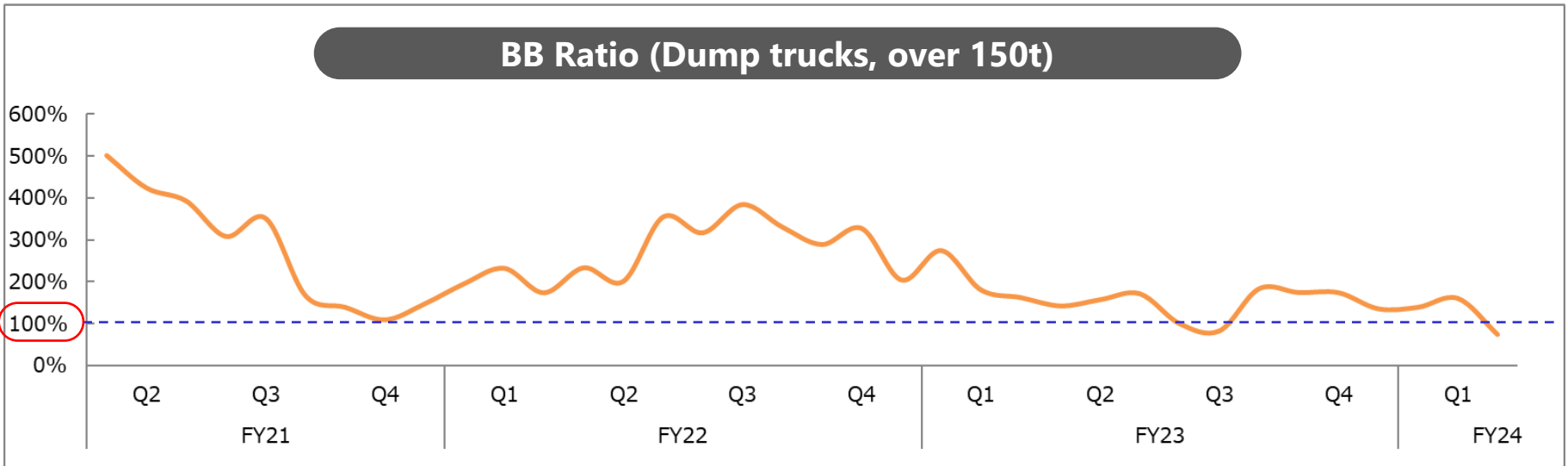
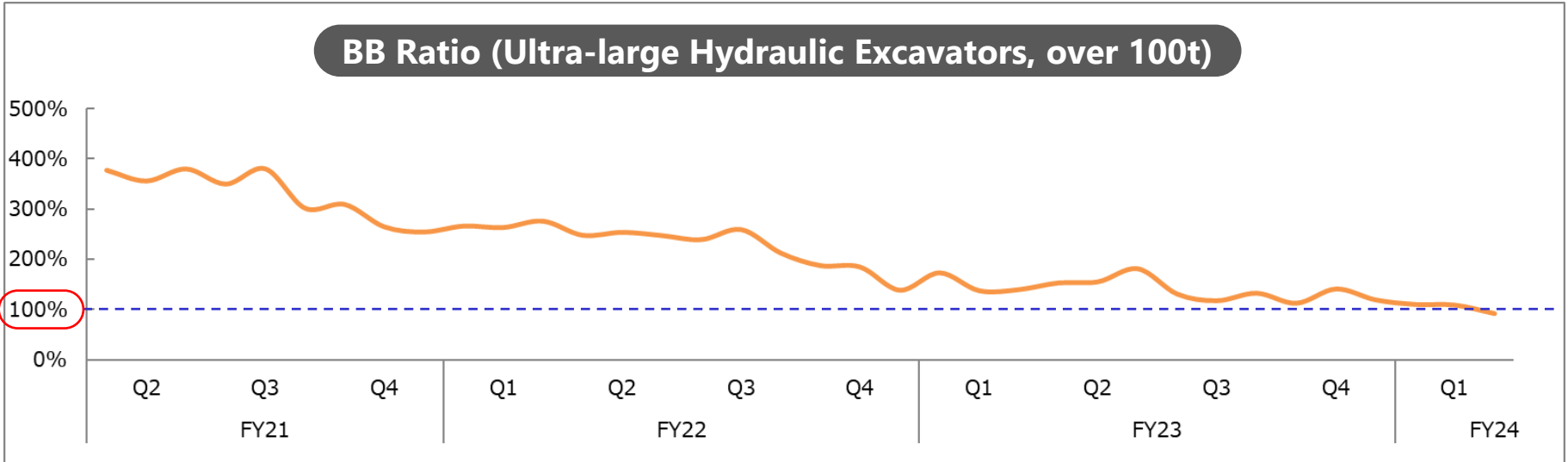
*Demand values are Hitachi Construction Machinery estimates

■ The demand forecast for mining in FY24 remains unchanged.
 ■ However previous forecast, the year-on-year comparison is revised from the previous "0 to -10%" to "-5% to -15%." due to the actual result for FY23 exceeded.

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



*Demand values are Hitachi Construction Machinery estimates



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

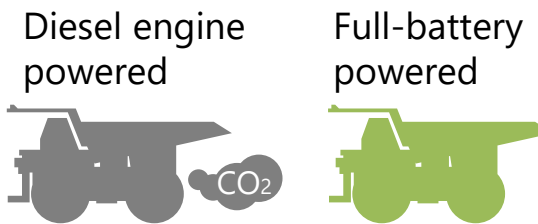
Non-consolidated basis (average of 6 months)

Topic 1 : Initiatives to realize Zero Emissions

In June 2024, we started a technological feasibility trial of the world's first ultra-large full battery dump truck at mine site.



A full battery dump truck



*20 hours of operation per day, 350 days per year

Diesel fuel	1.2 million liters	0 liters
CO2 emissions	3,000 t	0 t

Comparison of EH4000AC-3 with battery operation per year

In May 2024, we opened ZERO EMISSION EV-LAB, a research facility promoting collaborative creation with partners.



Demo area



Communication area

Building a sustainable business structure to address driver shortages through three measures



Introduced Truck Reservation System to 9 sites in Japan (June 2024~)



Keep truck waiting time within **30** minutes

Introduced Relay transportation between Kanto and Kansai (May 2024~)



Started rail transportation with containers of original design (May 2024~)



Reduces CO₂ emissions by **43** tons per year

Proof of our desire to provide innovative solutions as a true solution provider

LANDCROS



Customer **Reliable** **O**pen **S**olutions

VISION

Ensure a prosperous land and society for the future

We contribute toward realizing a safe and sustainable society

Solution Provider



2. Business Results **for the First Quarter ended June 30, 2024** (April 1, 2024 – June 30, 2024)

Summary of consolidated results

In 1Q of the year, revenue increased by 4% y-y due to business expansion in the Americas and the impact of depreciation of the yen. However, adjusted operating income decreased by 13% y-y and net income attributable to owners of the parent decreased by 22%, due to the sales decrease in Europe and Asia.

[billions of yen]

		FY2024 1Q		FY2023 1Q		change
Continuing operation						
	Revenue		328.2		315.9	4%
	Adjusted operating income *1	9.9%	32.5	11.9%	37.6	-13%
	Operating income	10.0%	32.8	12.1%	38.1	-14%
	Income before income taxes	11.9%	39.1	13.8%	43.6	-10%
	Net income from continuing operation	7.9%	26.0	10.6%	33.5	-22%
Net income from discontinued operation			0.7		0.1	827%
Net income attributable to owners of the parent		7.5%	24.6	9.9%	31.4	-22%
EBIT *2		12.9%	42.4	14.6%	46.1	-8%
FX rate	Rate (YEN/USD)		155.9		137.4	18.5
	Rate (YEN/EUR)		167.9		149.5	18.4
	Rate (YEN/RMB)		21.5		19.6	1.9
	Rate (YEN/AUD)		102.7		91.8	11.0

*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"

Revenue by geographic region (consolidated)

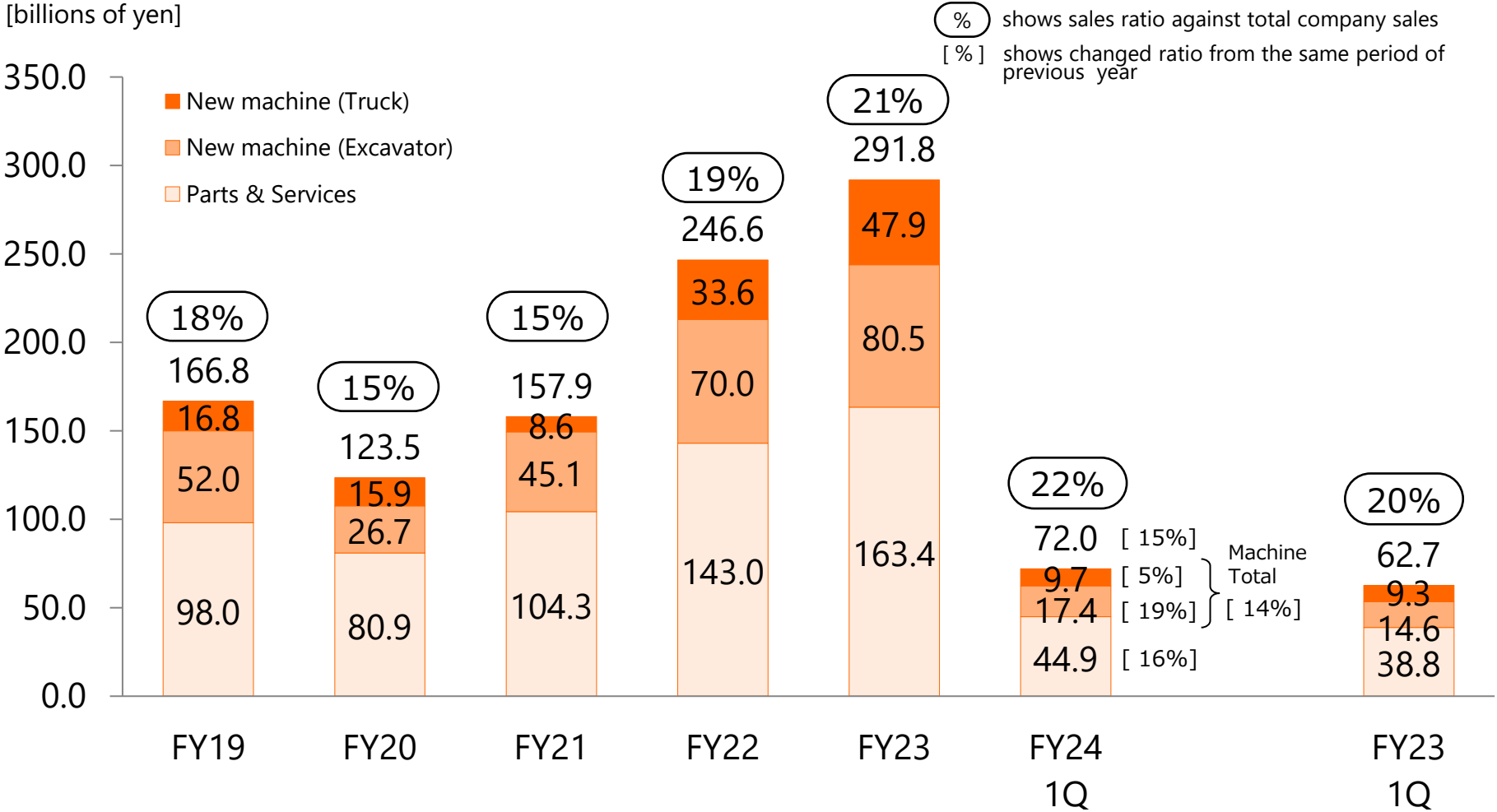
There was a market slowdown in Europe and Asia; however, revenue increased in the Americas, Oceania etc.

[billions of yen]

		FY2024 1Q		FY2023 1Q		change	
						amount	%
Japan		42.6	13%	44.2	14%	-1.6	-4%
Asia		23.7	7%	27.8	9%	-4.1	-15%
India		19.0	6%	16.1	5%	3.0	18%
Oceania		68.8	21%	61.0	19%	7.8	13%
Europe		38.4	12%	44.1	14%	-5.6	-13%
	N. America	81.5	25%	77.7	25%	3.8	5%
	L. America	13.0	4%	9.0	3%	4.0	45%
The Americas (Developing own business)		94.5 (53.4)	29% (16%)	86.7 (51.9)	27% (16%)	7.8 (1.4)	9% (3%)
Russia-CIS		4.6	1%	8.2	3%	-3.7	-44%
M. East		11.3	3%	7.5	2%	3.8	51%
Africa		18.2	6%	11.7	4%	6.4	55%
China		7.1	2%	8.5	3%	-1.4	-16%
Total		328.2	100%	315.9	100%	12.4	4%
Overseas ratio		87%		86%			

* FY2023 & FY2024 revenue presented only continuing operation retroactively.

Revenue of mining increased in all the categories, trucks, excavators, parts and services.

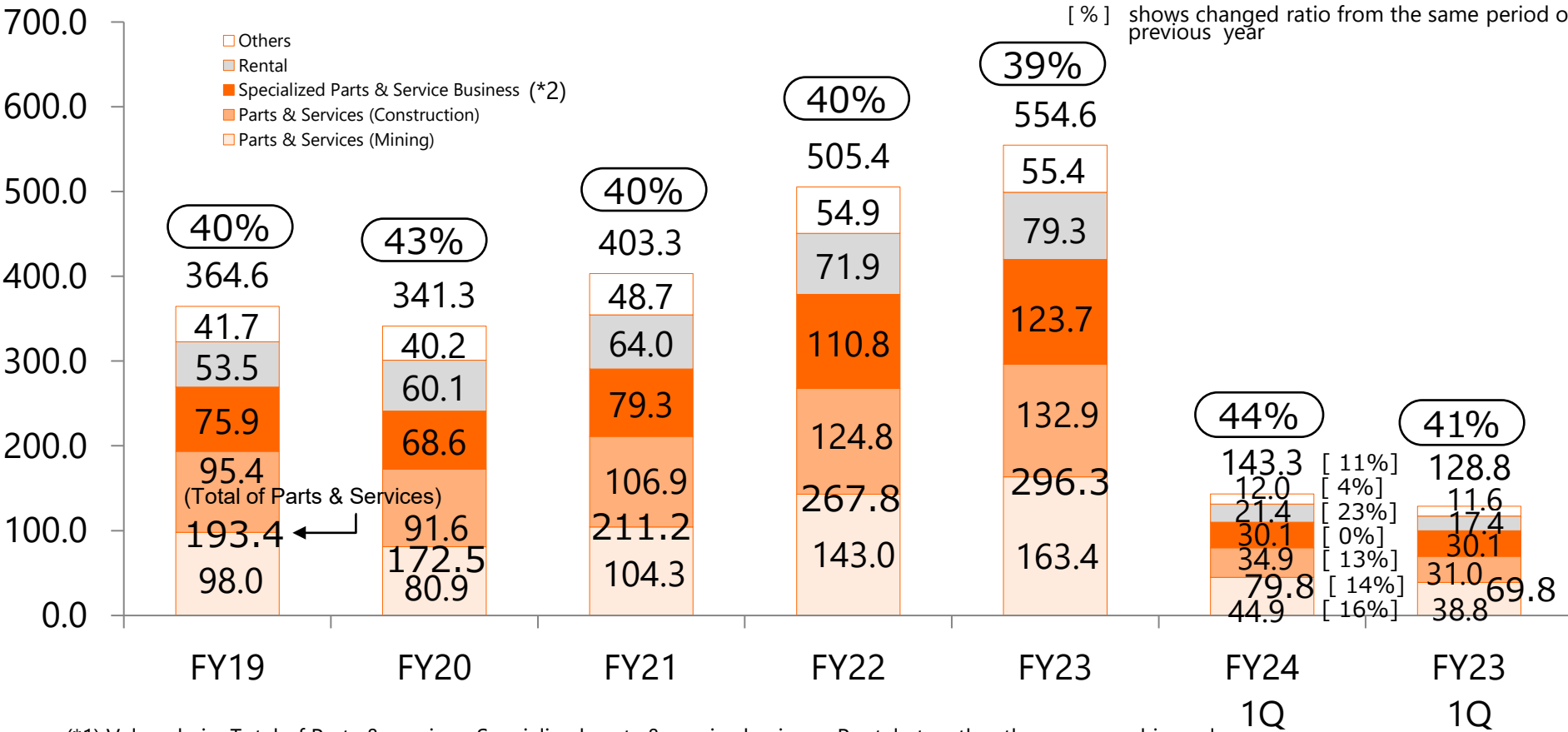


Value chain*1 revenue

Revenue of the value chain business increased in all the categories including parts and service which significantly increased.

[billions of yen]

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



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

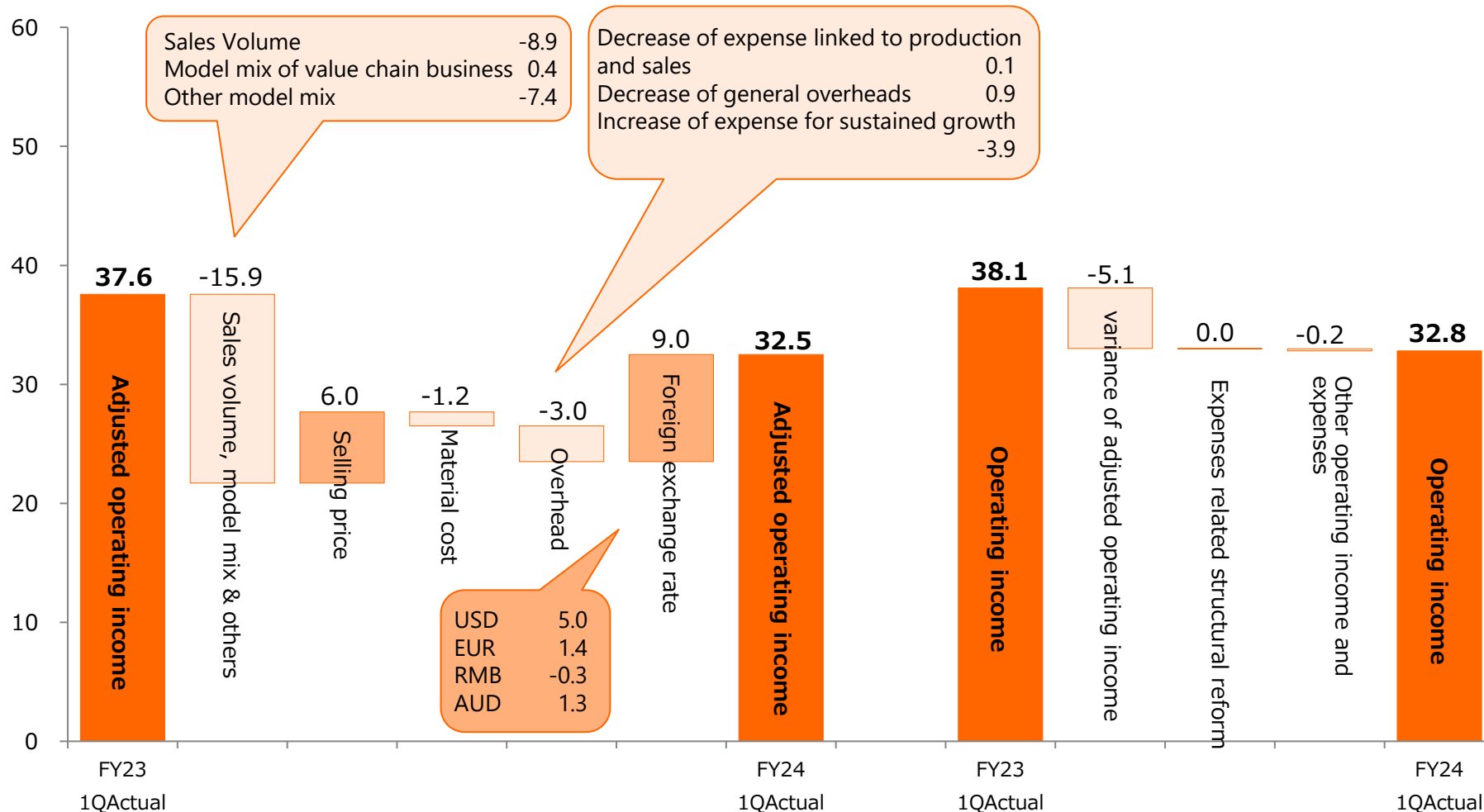
(*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

From FY2019, revenue presented only continuing operation retroactively.

Comparison of consolidated income

Adjusted operating income decreased due to the impact of sales volume decrease, region and model mix and so on, although the increase in material and overhead cost was absorbed by the sales price increase.

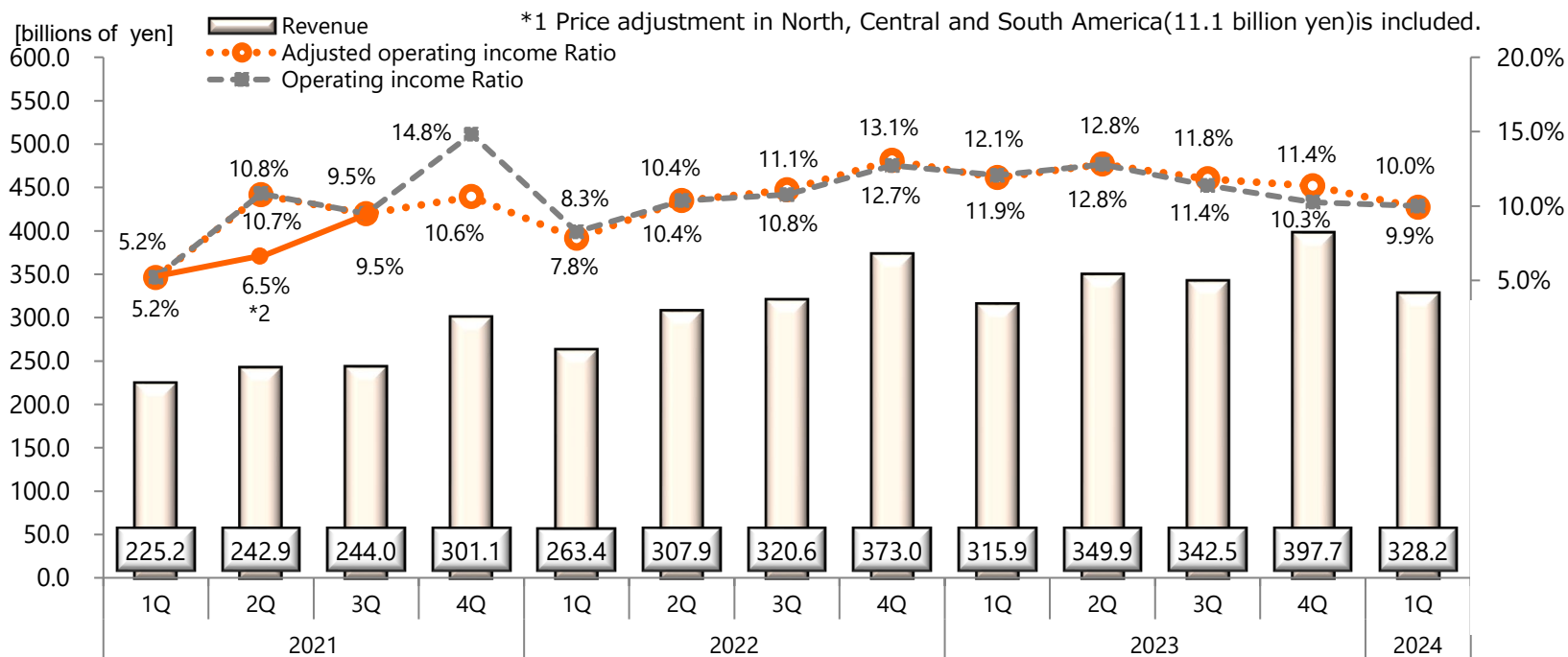
[billions of yen]



* FY2023 & FY2024 Adjusted operating income and operating income presented only continuing operation.

Summary of quarterly consolidated revenue and operating income (ratio)

	2021				2022				2023				2024
	1Q	2Q *1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	225.2	242.9	244.0	301.1	263.4	307.9	320.6	373.0	315.9	349.9	342.5	397.7	328.2
Adjusted operating income	11.7	26.1	23.1	32.0	20.6	31.9	35.5	48.7	37.6	44.9	40.5	45.1	32.5
Operating income	11.7	26.3	23.2	44.7	21.8	31.9	34.5	47.5	38.1	44.8	39.0	40.8	32.8



*2 Price adjustment in North, Central and South America(11.1 billion yen) is excepted.

FX rate	2021				2022				2023				2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Rate (YEN/USD)	109.5	110.1	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6	155.9
Rate (YEN/EUR)	132.0	129.8	130.1	130.4	138.1	139.3	144.3	142.1	149.5	157.3	159.1	161.3	167.9
Rate (YEN/RMB)	17.0	17.0	17.8	18.3	19.6	20.2	19.9	19.3	19.6	19.9	20.4	20.6	21.5
Rate (YEN/AUD)	84.3	80.9	82.9	84.0	92.6	94.5	92.9	90.6	91.8	94.7	96.3	97.7	102.7

From FY2021, revenue, adjusted operating income and operating income presented only continuing operation retroactively.

Consolidated statement of financial position

HITACHI

Reliable Solutions

Inventories increased with the impact of depreciation of the yen; however, trade receivables reduced.

[billions of yen]

	(A) FY24-1Q	(B) Mar '2024	(C) FY23-1Q	(A)-(B) change		(D) FY24-1Q	(E) Mar '2024	(F) FY23-1Q	(D)-(E) change
Cash and cash equivalents	156.2	143.5	107.9	12.7	Trade and other payables	265.3	289.4	264.9	-24.1
Trade receivables	276.8	305.7	299.5	-28.9	Bonds and borrowings	619.2	575.6	564.8	43.6
Inventories	601.0	552.3	525.1	48.7	Total liabilities	1,042.4	1,020.6	985.5	21.8
Total current assets	1,120.2	1,077.6	981.6	42.7	(Equity attributable to owners of the parent ratio)	(42.3%)	(41.6%)	(40.6%)	(0.7%)
Total non-current assets	784.3	757.5	753.7	26.8	Total equity	862.1	814.4	749.7	47.7
Total assets	1,904.5	1,835.0	1,735.3	69.5	Total liabilities and equity	1,904.5	1,835.0	1,735.3	69.5
Trade receivables incl. non-current	323.9	352.9	341.7	-29.1					
Inventories by products									
Unit	262.8	229.7	179.8	33.2	Interest-bearing debt	(32.5%)	(31.4%)	(32.5%)	(1.1%)
Parts	180.1	172.8	170.0	7.3	Cash and Cash equivalents	156.2	143.5	107.9	12.7
Raw materials, WIP and etc	158.2	149.9	175.4	8.3	Net interest-bearing debt	(24.3%)	(23.5%)	(26.3%)	(0.8%)
Total inventories	601.0	552.3	525.1	48.7	Debt	463.0	432.1	456.9	30.9
On hand days(divided by revenue)				[Days]					
Trade receivables	83	92	94	-8	Net D/E Ratio	0.57	0.57	0.65	0.00
Inventories	155	143	144	11					
Trade payables	42	44	44	-3					
Net working capital	193	187	189	6					

Operating cash flow was positive, free cash flow was negative; however, it improved from the same period of the previous year.

[billions of yen]

	FY2024 1Q		FY2023 1Q		change	
Net income (includes discontinued operations)		26.7		33.6		-6.9
Depreciation and amortization	45.0	18.3	50.1	16.6	-5.1	1.8
(Increase)decrease in trade/lease receivables		43.3		18.6		24.7
(Increase)decrease in inventories	12.7	-17.7	-34.9	-46.3	47.5	28.6
Increase(decrease) in trade payables		-12.9		-7.2		-5.7
Others, net		-49.4		-27.7		-21.6
Net cash provided by (used in) operating activities		8.3		-12.5		20.8
Cash flow margin for operating activities		2.5%		-4.0%		6.5%
Net cash provided by (used in) investing activities		-12.5		-16.3		3.8
Free cash flows		-4.2		-28.8		24.6
Net cash provided by (used in) financing activities		7.7		20.9		-13.2

Summary of consolidated earnings forecast

HITACHI

Reliable Solutions

The consolidated income statement for FY2024 is unchanged from the previous forecast as of April 2024 and revenue is expected to decrease by 3% y-y, and adjusted operating income by 2% y-y. Net income attributable to owners of the parent is expected to increase by 5% y-y.

(billions of yen)

	FY2024		FY2023		change	
	Forecast		Actual		amount	%
Continuing operation						
Revenue	1,370.0	(12.0%)	1,405.9	(12.0%)	-35.9	-3%
Adjusted operating income	165.0	(11.8%)	168.0	(11.6%)	-3.0	-2%
Operating income	161.0	(11.0%)	162.7	(11.4%)	-1.7	-1%
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	0.7		-11.8		12.5	-
Net income attributable to owners of the parent	98.0	(7.2%)	93.3	(6.6%)	4.7	5%
EBIT	165.4		167.5		-2.1	
Currency	1Q Actual	2Q-4Q Forecast	Total Forecast	FY2023 Actual	change	
Rate (YEN/USD)	155.9	141.0	143.9	144.8	-0.9	
Rate (YEN/EUR)	167.9	152.0	155.6	157.0	-1.4	
Rate (YEN/RMB)	21.5	20.1	20.4	20.1	0.3	
Rate (YEN/AUD)	102.7	95.0	96.9	95.0	1.9	
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

Consolidated revenue for this fiscal year is unchanged from the previous forecast as of April 2024 as the sales in Africa and Oceania are expected to increase, despite the sales decrease in Europe and Asia.

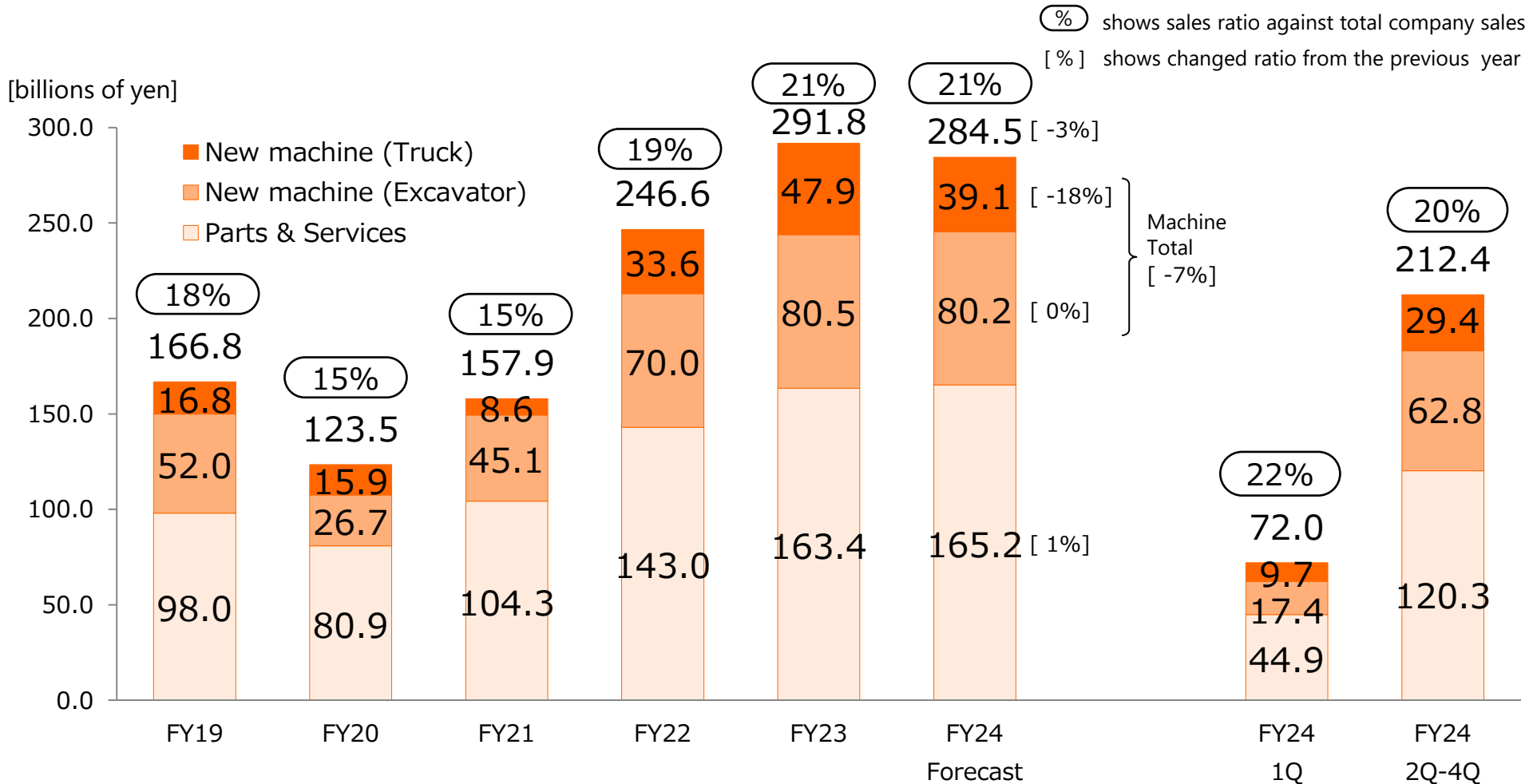
(billions of yen)

		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		227.1	17%	226.9	16%	0.2	0%
Asia		115.4	8%	127.0	9%	-11.6	-9%
India		86.3	6%	85.0	6%	1.3	2%
Oceania		260.3	19%	251.1	18%	9.2	4%
Europe		140.2	10%	182.9	13%	-42.7	-23%
America	N. America	351.5	26%	334.4	24%	17.1	5%
	L. America	37.4	3%	40.9	3%	-3.4	-8%
		388.9	28%	375.2	27%	13.7	4%
(Developing own business)		(252.8)	(18%)	(217.5)	(15%)	(35.3)	(16%)
Russia-CIS		20.0	1%	23.4	2%	-3.5	-15%
M. East		33.4	2%	34.7	2%	-1.4	-4%
Africa		68.2	5%	70.4	5%	-2.1	-3%
China		30.2	2%	29.2	2%	1.0	3%
Total		1,370.0	100%	1,405.9	100%	-35.9	-3%
Overseas ratio		83%		84%			

* FY2023 & FY2024 revenue presented only continuing operation retroactively.

Mining revenue forecast

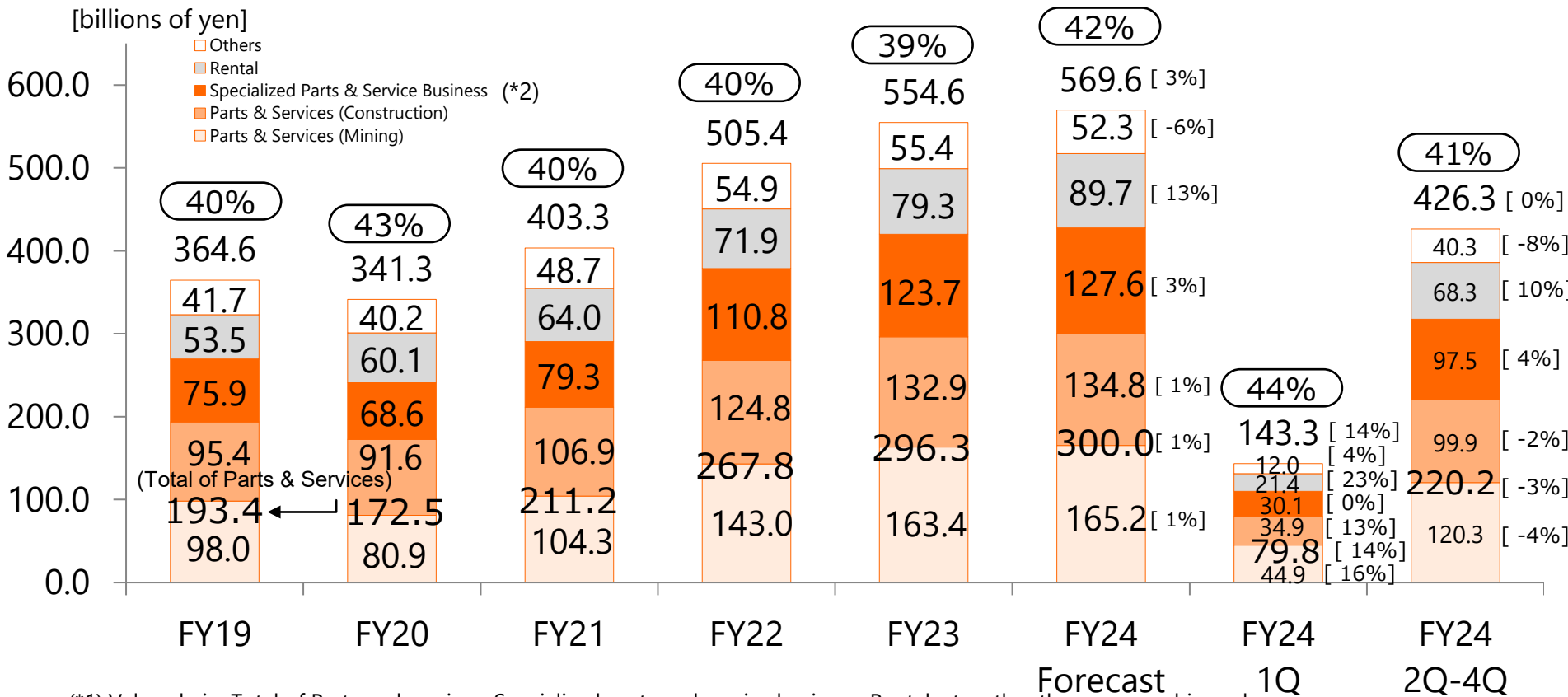
Machine sales are expected to decrease in the Americas and Oceania, parts and services in Asia, compared with the previous forecast as of April 2024.



Value chain*1 revenue forecast

Revenue of used equipment and rental is expected to decrease, compared with the previous forecast as of April 2024.

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



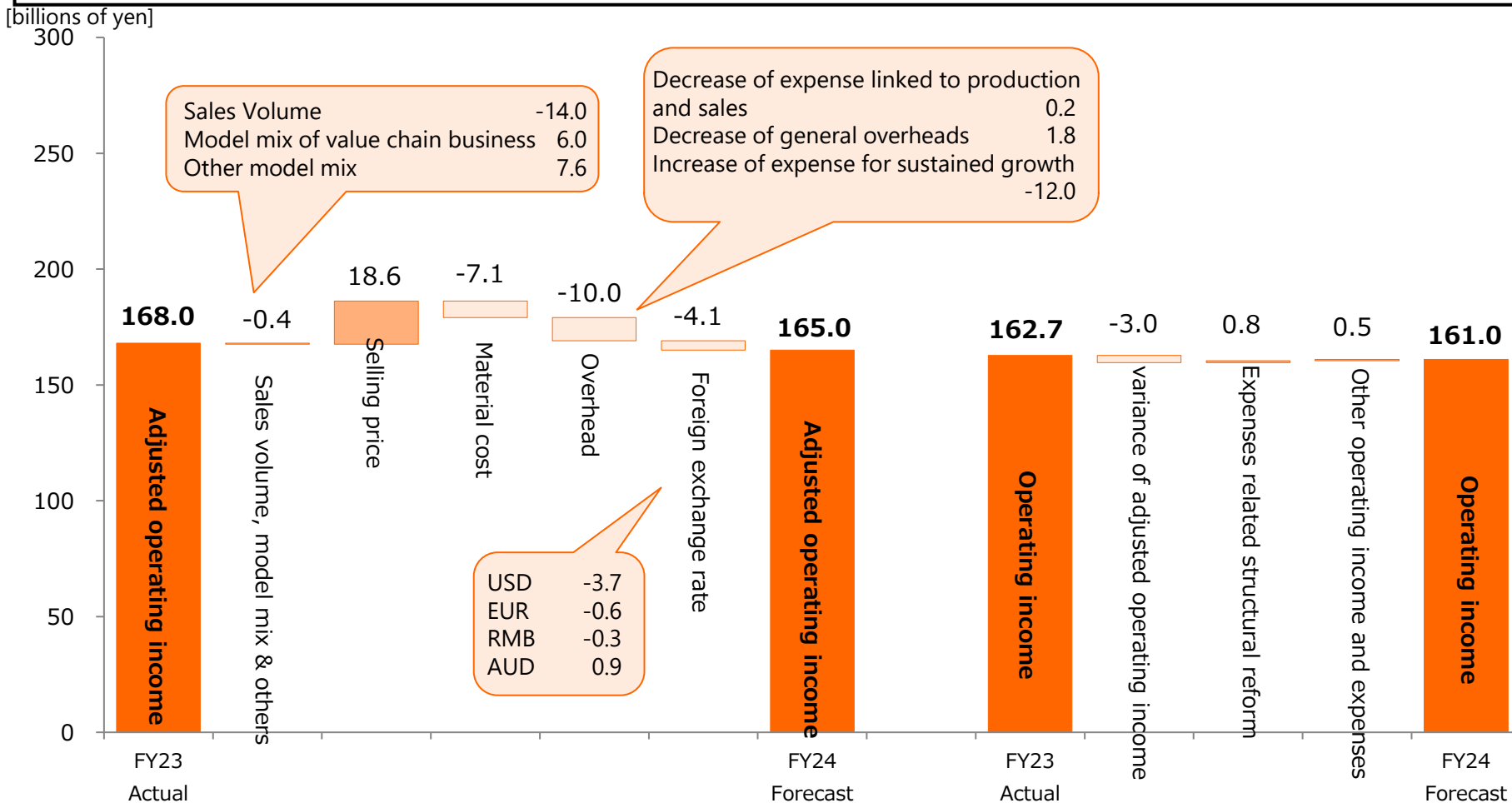
(*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales.

(*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 1.1 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 the value chain business and sales price increase.



* FY2023 & FY2024 Adjusted operating income and operating income presented only continuing operation.

Appendix 1: FX rate and FX sensitivity

The forecast exchange rate of major currencies for this fiscal year is unchanged from the previous announcement as of April 2024.

FX rate and FX sensitivity

(billions of yen)

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY24			FY23 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
USD	155.9	141.0	143.9	144.8	Impact by 1 yen depreciation	2.5	1.5
EUR	167.9	152.0	155.6	157.0	Impact by 1 yen depreciation	0.6	0.3
RMB	21.5	20.1	20.4	20.1	Impact by 0.1 yen depreciation	0.1	0.0
AUD	102.7	95.0	96.9	95.0	Impact by 1 yen depreciation	2.0	0.3

Appendix 2: Detail of mining revenue

(billions of yen)

		FY24 Forecast			FY23 Actual			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	8.4	29.9	38.3	7.9	28.3	36.2	0.5	1.6	2.0
	Dump Truck	3.9	4.2	8.1	2.4	8.5	10.9	1.5	-4.3	-2.8
	Total	12.3	34.1	46.4	10.3	36.8	47.1	1.9	-2.7	-0.8
Europe, Africa and Middle East	Excavator	6.4	22.8	29.2	7.3	27.0	34.3	-0.9	-4.2	-5.1
	Dump Truck	11.1	23.8	34.9	5.1	30.5	35.6	6.0	-6.7	-0.7
	Total	17.5	46.6	64.2	12.5	57.5	70.0	5.1	-10.9	-5.8
Asia & Oceania	Excavator	30.4	88.5	118.9	25.9	94.2	120.1	4.5	-5.6	-1.1
	Dump Truck	9.8	36.7	46.5	13.4	37.4	50.8	-3.6	-0.7	-4.4
	Total	40.1	125.3	165.4	39.3	131.6	170.9	0.9	-6.3	-5.5
China	Excavator	1.7	5.0	6.7	0.3	2.2	2.5	1.4	2.7	4.2
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	Total	1.8	5.0	6.8	0.3	2.2	2.5	1.5	2.8	4.3
Japan	Excavator	0.3	1.4	1.8	0.3	0.6	0.9	-0.0	0.8	0.8
	Dump Truck	0.0	0.0	0.0	0.0	0.4	0.4	-0.0	-0.4	-0.4
	Total	0.3	1.4	1.8	0.3	1.0	1.3	-0.0	0.5	0.4
Total	Excavator	47.2	147.6	194.8	41.7	152.3	194.0	5.5	-4.6	0.8
	Dump Truck	24.8	64.8	89.6	20.9	76.8	97.8	3.9	-12.1	-8.2
	Total	72.0	212.4	284.5	62.7	229.1	291.8	9.4	-16.7	-7.3

Appendix 3: Segment information

The amortizations of PPA are included in the adjusted operating income of the specialized Parts & Service Business : 0.3 billion yen in FY2024 1Q, and 1.2 billion yen in the forecast for FY2024.

[billions of yen]

FY2024 1Q Actual	Reportable segment				Adjustments*1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	298.1		31.8		-1.7	328.2
Adjusted operating income	9.8%	29.1	10.8%	3.4	-	9.9% 32.5

[billions of yen]

FY2024 Forecast	Reportable segment				Adjustments*1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	1,242.4		129.3		-1.7	1,370.0
Adjusted operating income	11.9%	147.8	13.3%	17.2	-	12.0% 165.0

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

**We have chosen to align our activities with 10 of the 17 SDG's.
Topics in this explanatory material are shown together with their
corresponding SDG icon.**



END

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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