

HITACHI

Reliable Solutions

Corporate Vision FY2024-2Q

 **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 Second Quarter ended September 30, 2024

Our Vision

Ensure a prosperous land and society for the future

We contribute toward realizing a safe and sustainable society

<p>Started the production in</p> <p>1950</p>	<p>Number of employees^{*1}</p> <p>26,230</p>	<p>Number of subsidiaries^{*1}</p> <p>86 7 in Japan / 79 overseas</p>	<p>Number of equipment with telecommunication terminals (cumulative)^{*1}</p> <p>Approx. 460K</p>
<p>Revenue^{*2}</p> <p>¥1,405.9 billion</p>	<p>Overseas revenue ratio^{*2}</p> <p>84%</p>	<p>Adjusted operating income^{*2}</p> <p>¥168.0 billion</p>	<p>Market cap^{*3}</p> <p>¥721.7 billion</p>

^{*1} As of March 31, 2024 ^{*2} FY2023

^{*3} As of October 31, 2024

- 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

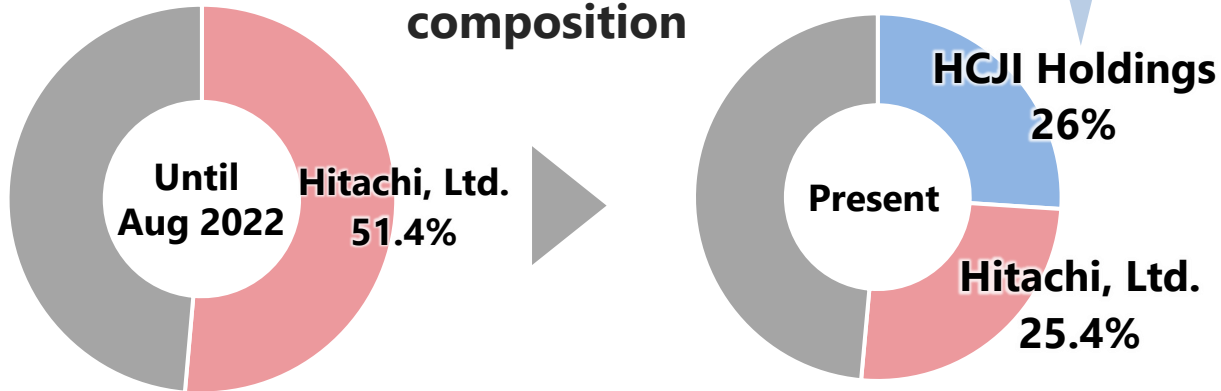
Independence from Hitachi Group

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

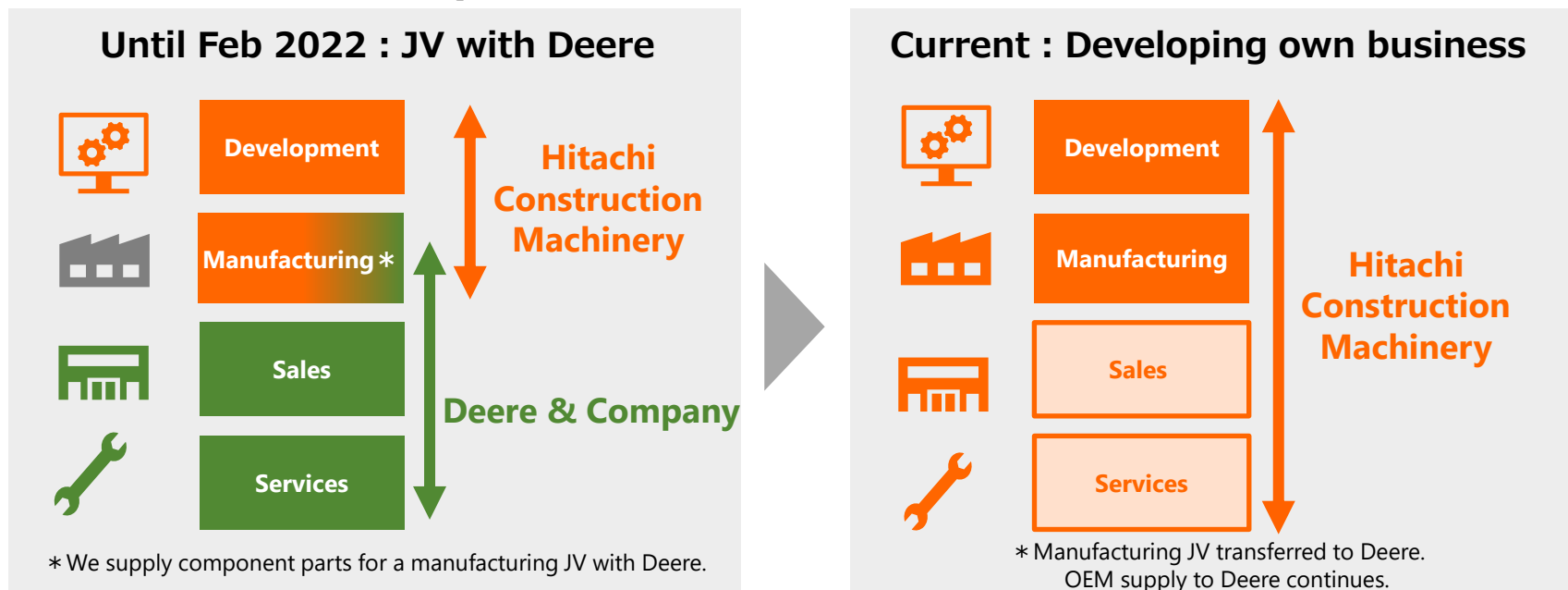


Japan Industrial Partners and ITOCHU Corporation to make a 50-50 investment

Details

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

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.

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

LANDCROS



VISION

Ensure a prosperous land and society for the future

We contribute toward realizing a safe and sustainable society



Customer **Reliable** **Open** Solutions

Solution Provider



Hydraulic excavators, wheel loaders and large dump trucks are our main products
Our greatest strength is full line of hydraulic excavators, from mini to ultra-large

Compact



Mini Excavators

Mini Wheel Loaders

Construction



Medium & Large Hydraulic Excavators

Compaction Equipment

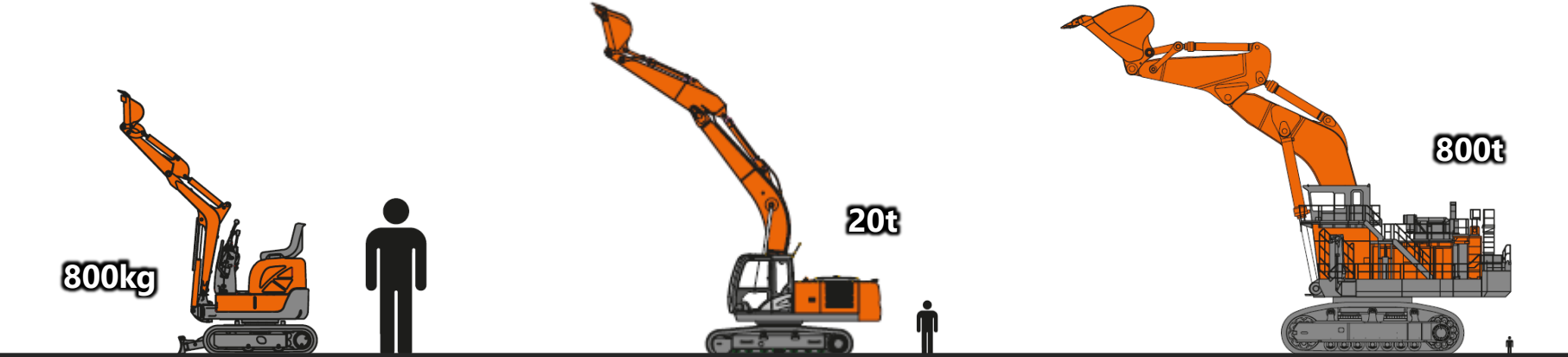
Medium & Large Wheel Loaders

Mining



Ultra-Large Hydraulic Excavators

Rigid Dump Trucks



Business Portfolio 1) New Machinery Sales

Compact



Construction



Mining



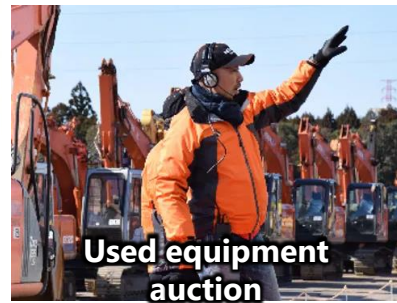
Parts & Services

Contributes to stable machine operation



Rental & Used Equipment

High quality as only a manufacturer can provide

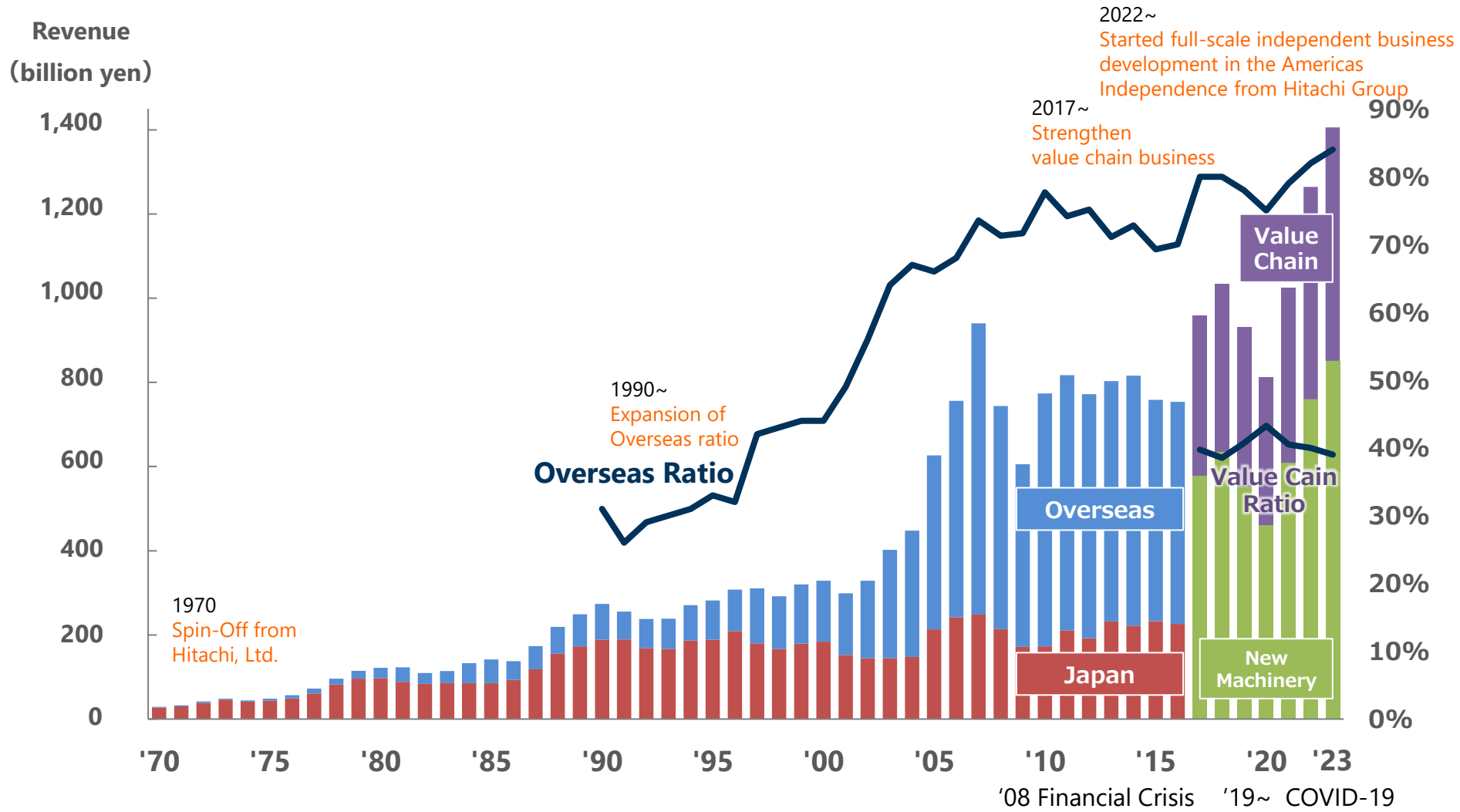


Specialized Parts & Service

Mining-specific services and solutions



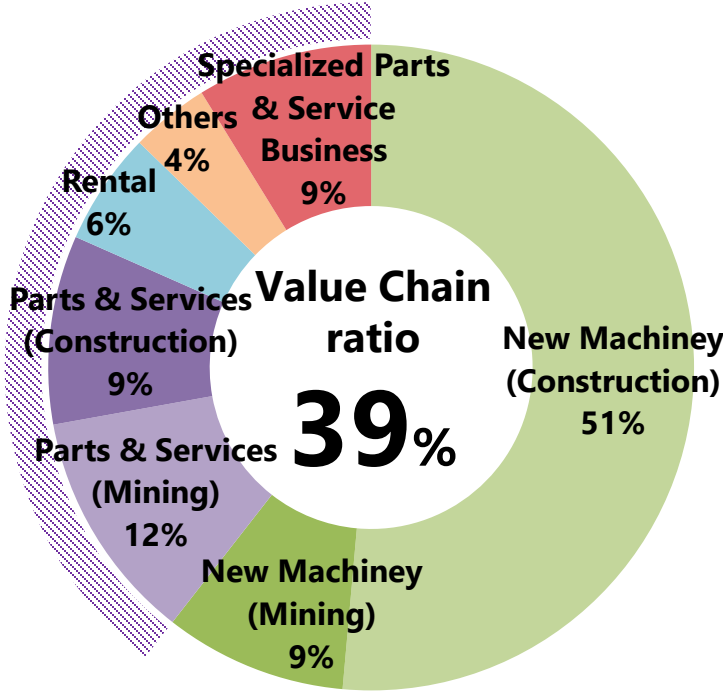
Business Scale Trend



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

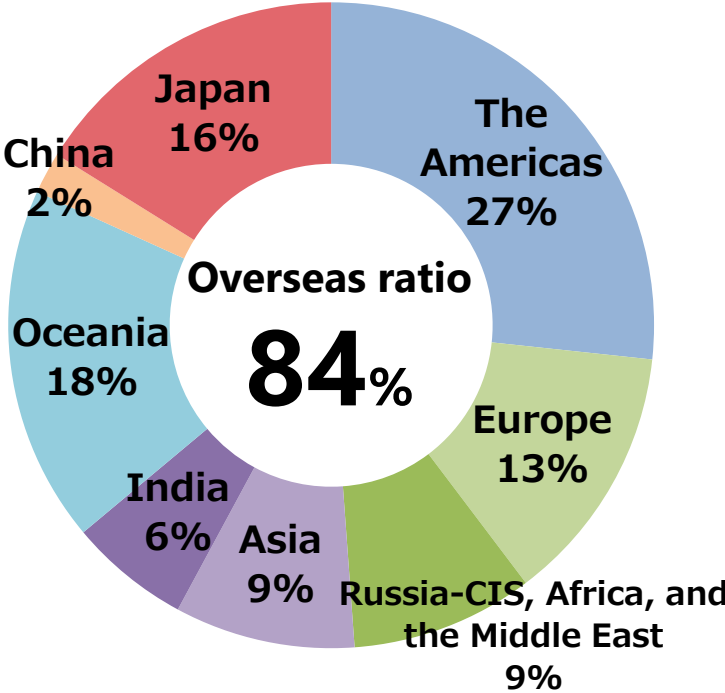
Revenue in FY2023: 1,405.9 billion yen

Revenue ratio by Business Segment



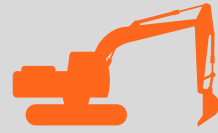
Value Chain ratio

Revenue ratio by Region



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





Product Appeal

Unique R&D and advanced production technology



Digital Solution

Providing customers with the best solutions for work efficiency and asset management



Global Network

Build deep contacts with customers based on direct sales and services

**We were able to quickly rebuild our business structure, centered on North America.
We will further strengthen our mining operations in Latin America.**

North America

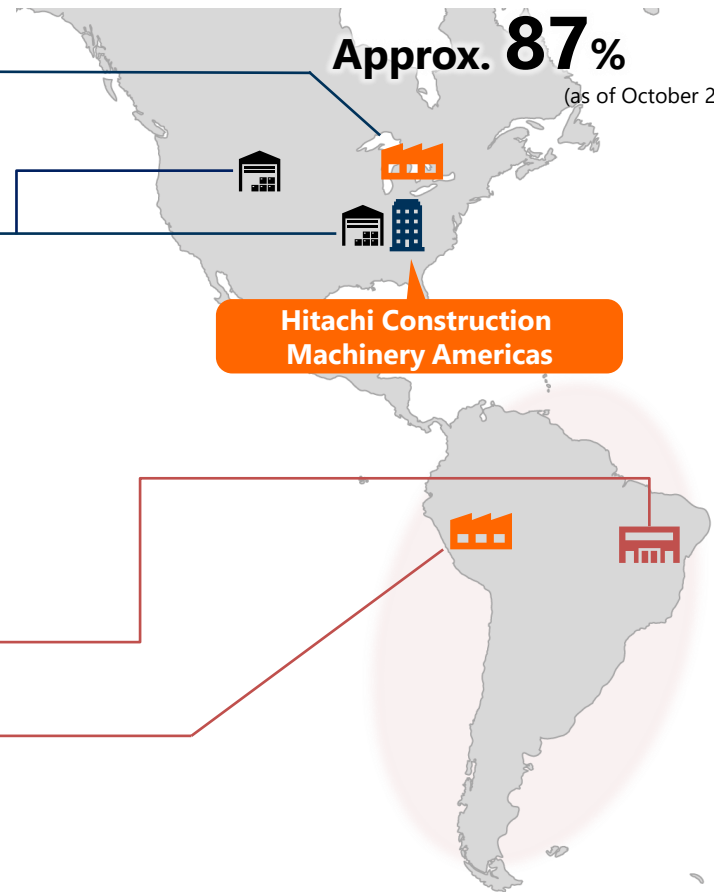
- Development of the finance business
- Hitachi Construction Machinery Trucks begins remanufacturing parts and assembling dump trucks
- Organizing parts supply networks
Eastern North America : Jackson/McDonough
Western North America : Salt Lake City
- H-E Parts strengthens its mining remanufacturing business
(Acquisition of Brake Supply's business)

ZAXIS Finance



Market coverage rate of dealers for hydraulic excavators in North America

Approx. 87%
(as of October 2024)



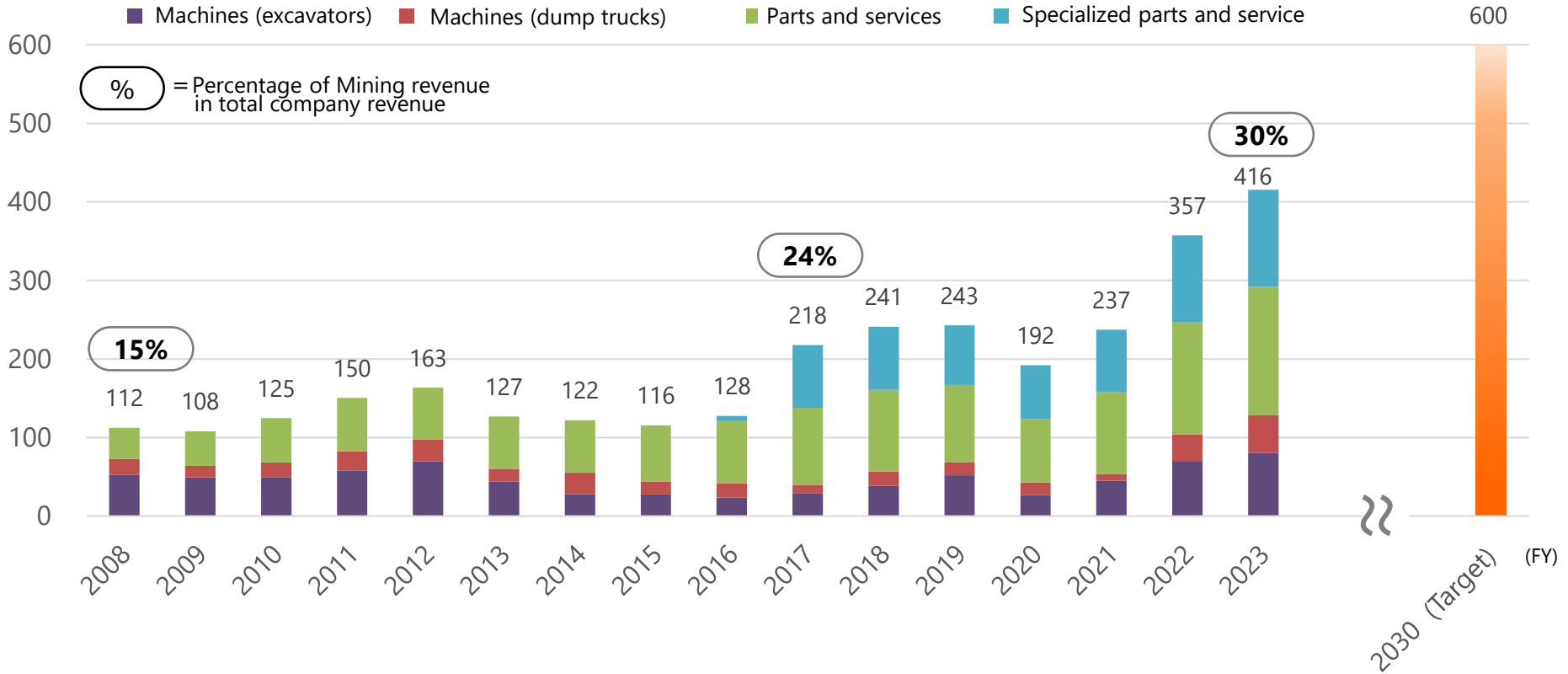
Latin America

- Establishing a sales and services company in Brazil by January 2025
- Mill liners to be produced in Peru from 2026
- Restructuring a sales and services structure in South America other than Brazil in cooperation with Marubeni
- Establishing a remanufacturing center and parts warehouse in South America

(Focused business) Sales Revenues of Mining Business

Steady growth despite market conditions. Increase in mining composition ratio contributes to improved profitability. Aiming for sales revenue of JPY600B by FY2030 through development of the Americas market, etc.

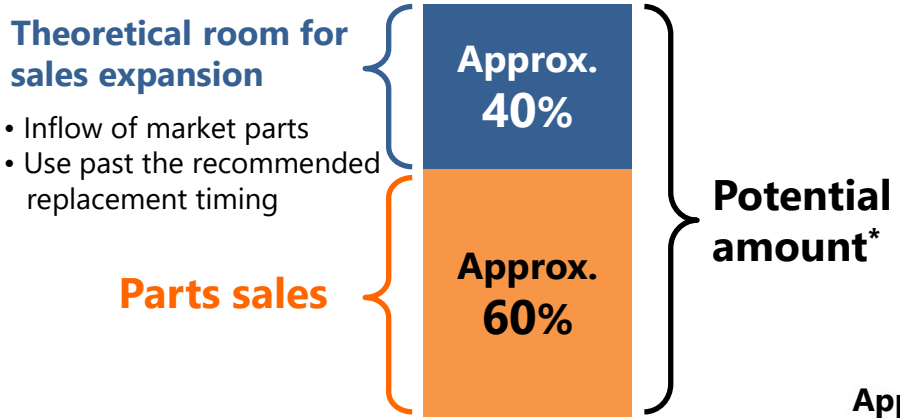
Sales revenue (billions of yen)



Aiming for the same capture ratio worldwide including the Americas as in the direct sales and services regions

$$\text{Capture ratio (\%)} = \frac{\text{Parts sales}}{\text{Potential amount}^*}$$

Global average capture ratio
FY 2023 result **Approx. 60%**



* Parts sales that can be expected, calculated based on construction machinery operating data and replacement parts lists.

Proposals from 3 brands according to the machine years of use, application, and budget

Genuine parts	Parts produced by certified suppliers	Remanufactured parts
 GENUINE PARTS	 SELECTED PARTS	 REMANUFACTURED

Aiming to reduce the environmental impact of construction and mining sites as a whole through collaboration with partners

Compact and Construction

Electric Construction machinery Lineup



2t class

(Under development in cooperation with Dimaag-AI, Inc. (U.S.))



5t class



8t class



13t class

Mining



Wired electric ultra-large excavator



Full battery dump truck



Real-time remote monitoring and analysis of air quality, dust, etc.



Environmental management solutions

Mobile Energy Storage Systems



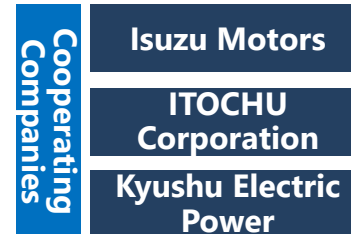
Cooperation with Alfen B.V. (Netherlands) and ITOCHU Corporation (for European Market)



Collaboration with Kyushu Electric Power (for Japanese Market)

Research sites with partners

ZERO EMISSION EV-LAB (Chiba, Japan)



⋮

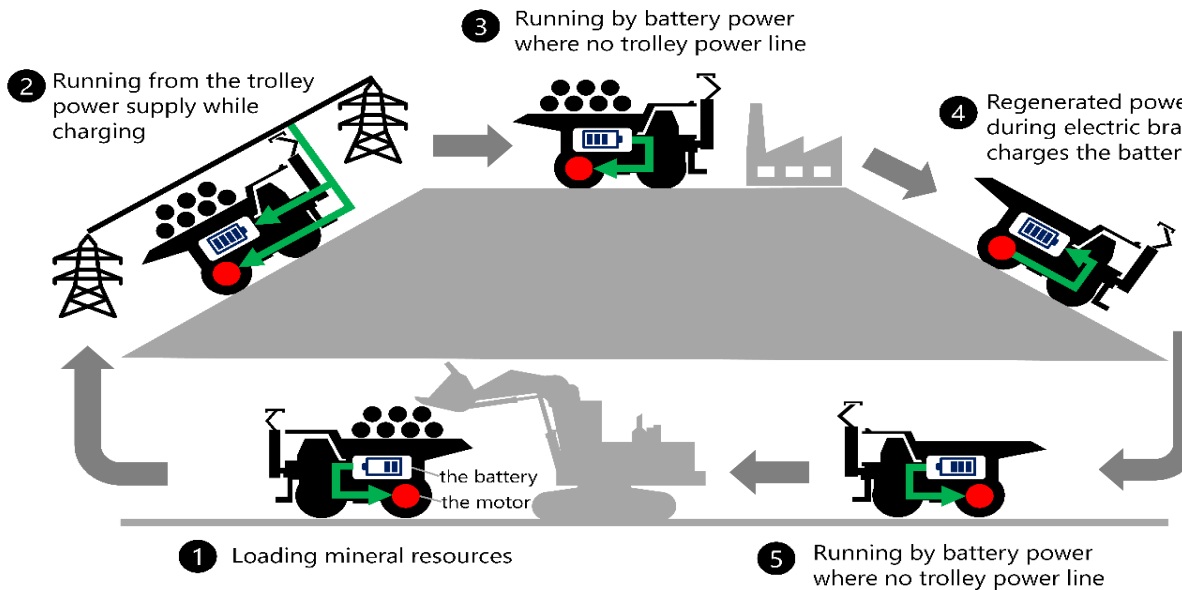


Demonstration Area

Beginning joint development of a full battery dump truck with ABB

January 2024 : Completed a prototype dump truck

June 2024 : Started PoC at customer's mine



Full battery dump truck



Digital mining promoted by ABB

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BUILDING THE FUTURE 2025**

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Explanatory Meeting Material for Business Results
for the Second Quarter ended September 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. 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

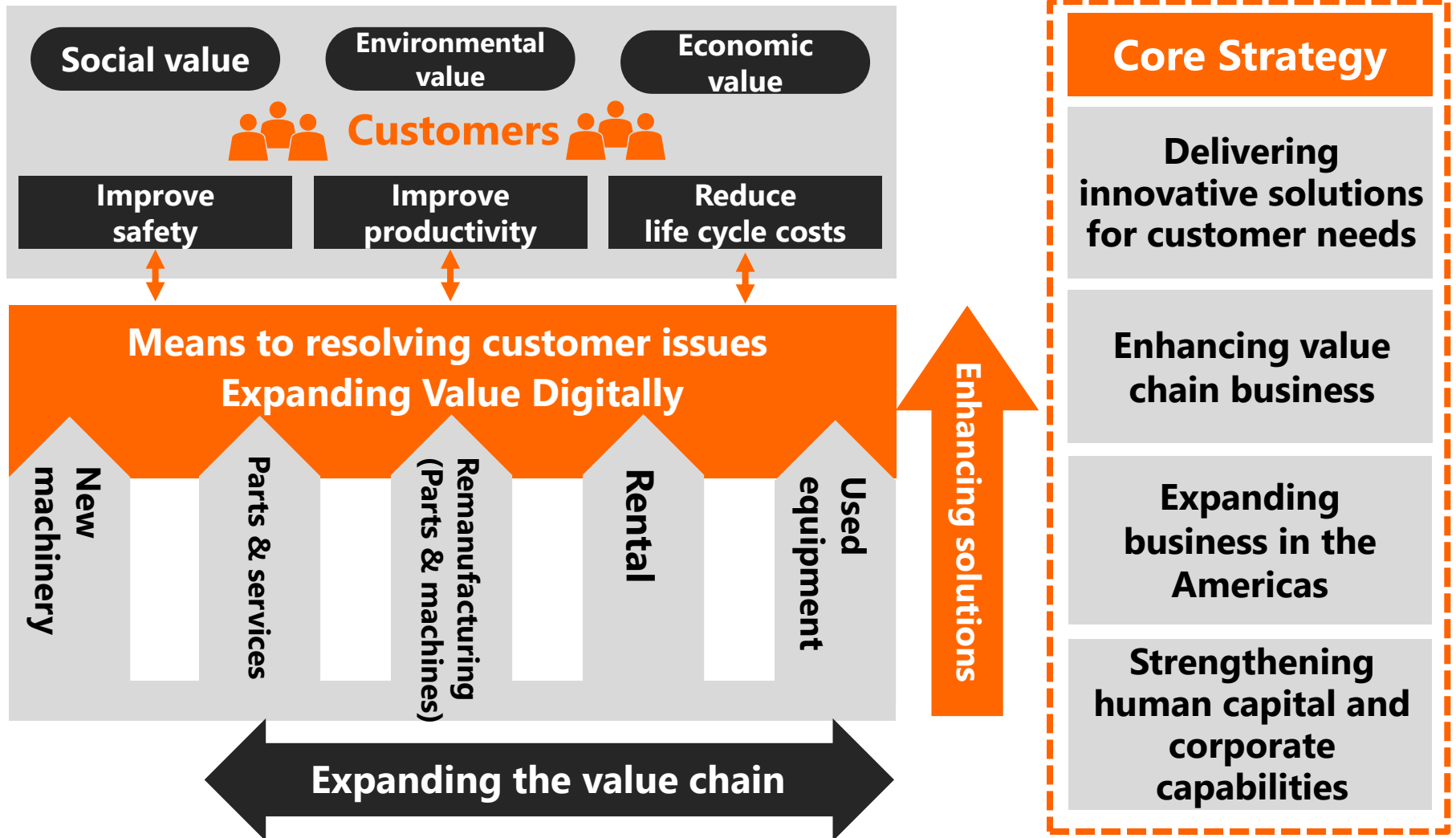
Hitachi Construction Machinery is entering a new phase of growth with various changes

Formulating our own group identity in response to business environmental changes

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



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

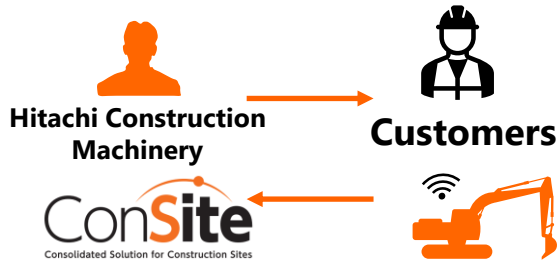
Aging of operators and a shortage of workers

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

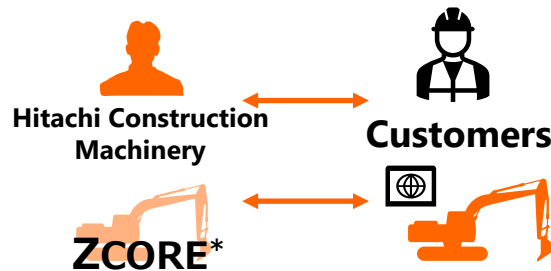
Expansion of Solution 1.0

Enhancement of Solution 2.0

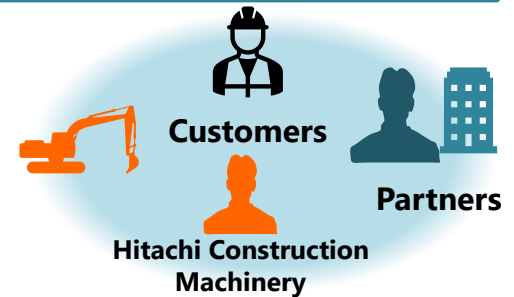
Challenge to Solution 3.0



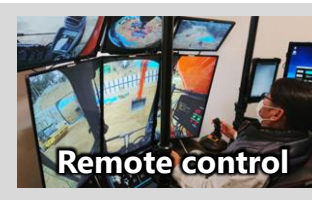
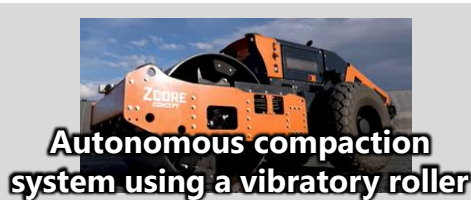
New ConSite applications



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

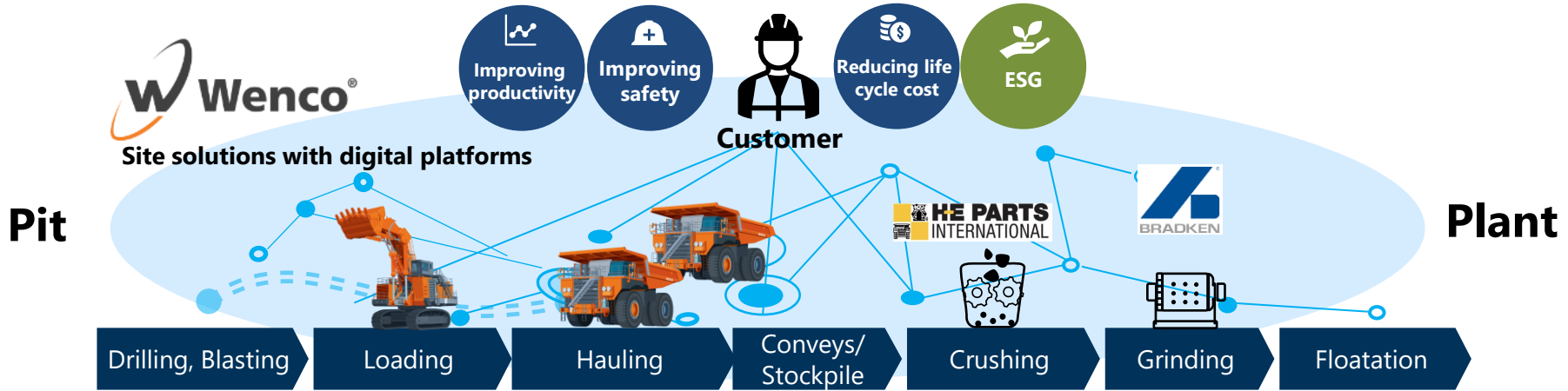
Further improvement of safety & productivity and reduction of LCC* & environmental impact

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

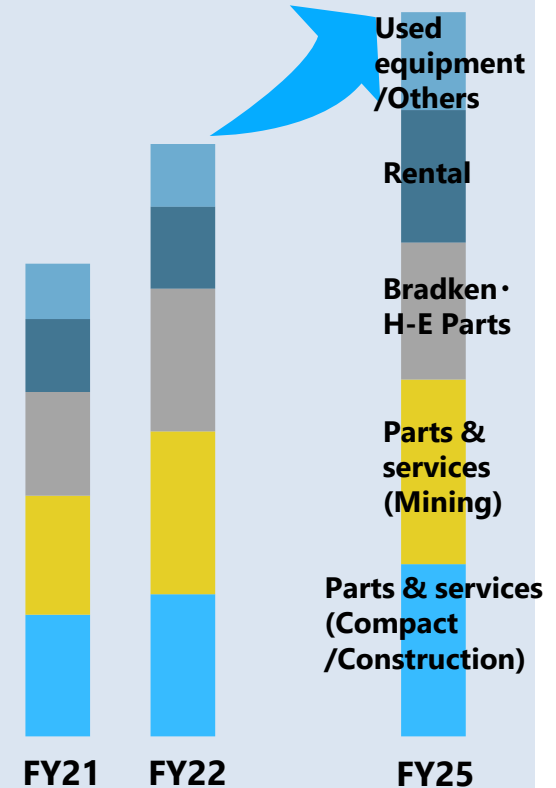
- Further strengthening of mining value chain business from pit to plant (consumable parts, etc.)
- Promoting a global expansion of high-profit businesses (remanufacturing business for mining machinery, consumable parts business in the mineral processing area, etc.)

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

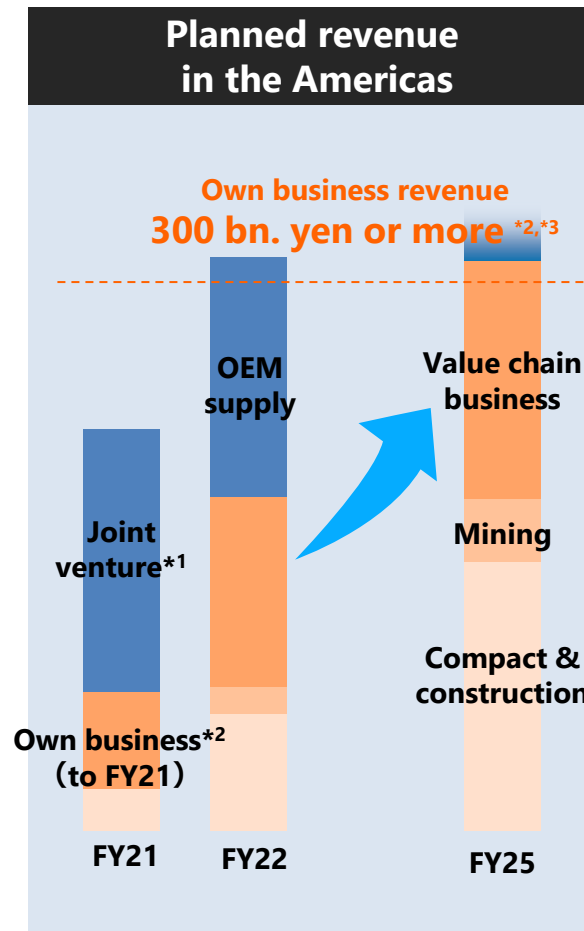
- Establishing an own sales network in Central & South America
- Diversifying sales channels
- Enhancing finance business

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

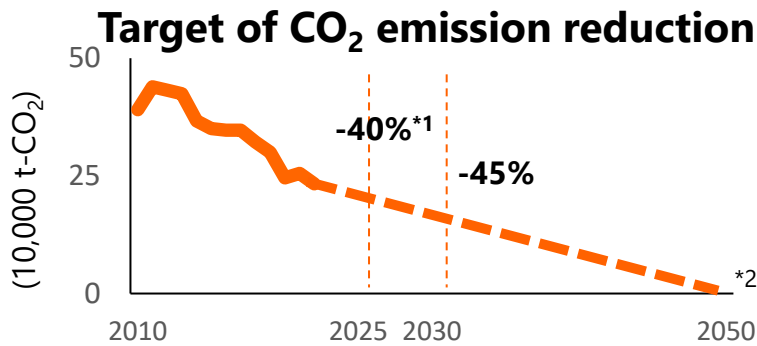
- Global collaboration and strengthening of open innovation
- Transforming the corporate culture through agile development
- Responding to paradigm shifts in construction machinery

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

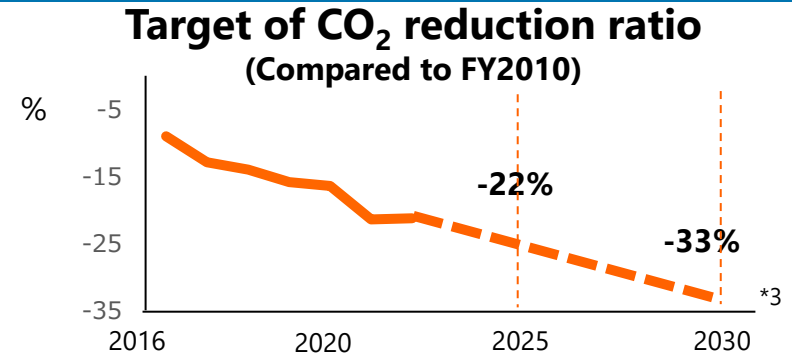
*2: Graph image is for illustrative purposes only; actual results through FY2022

- 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



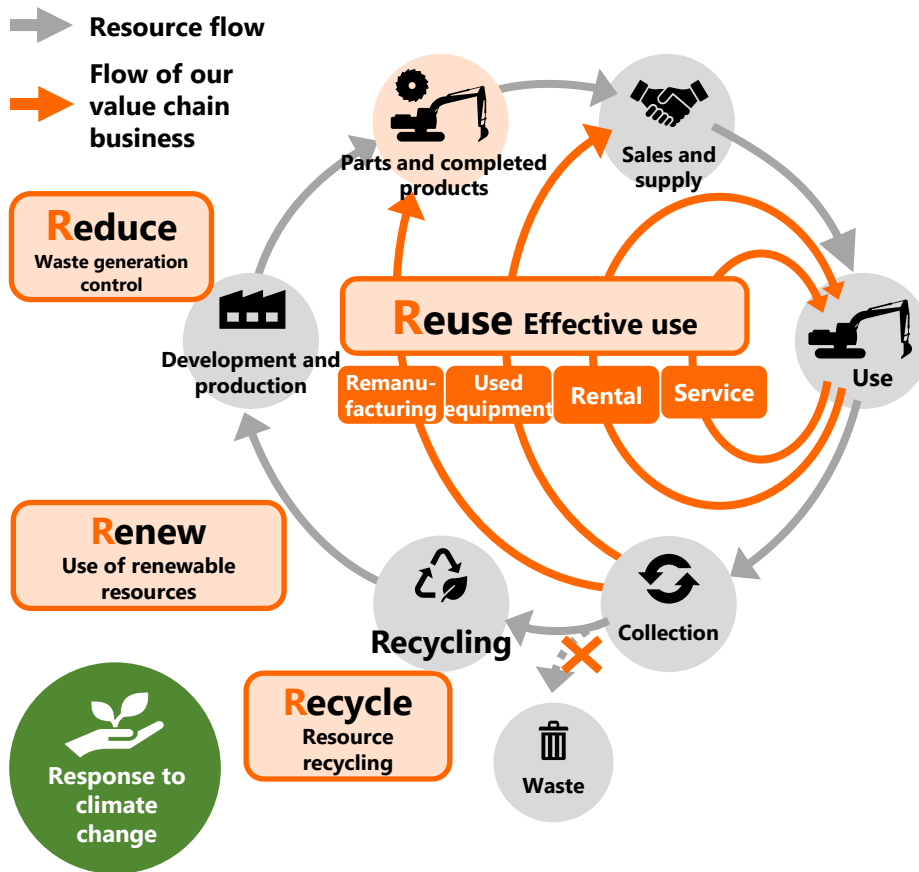
Electrified products



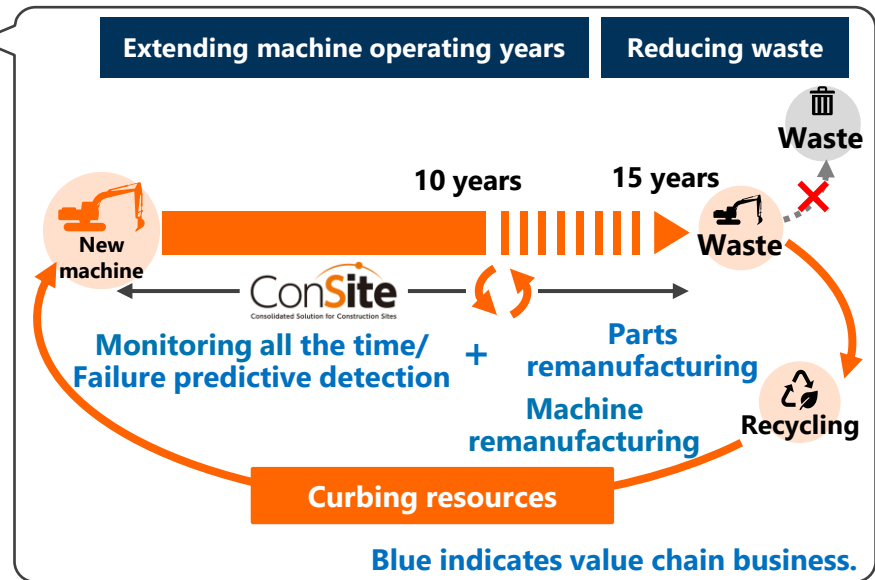
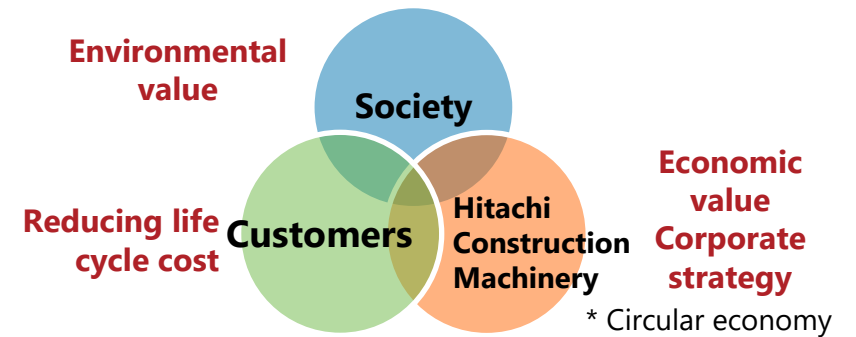
Remanufacturing business

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*



5. 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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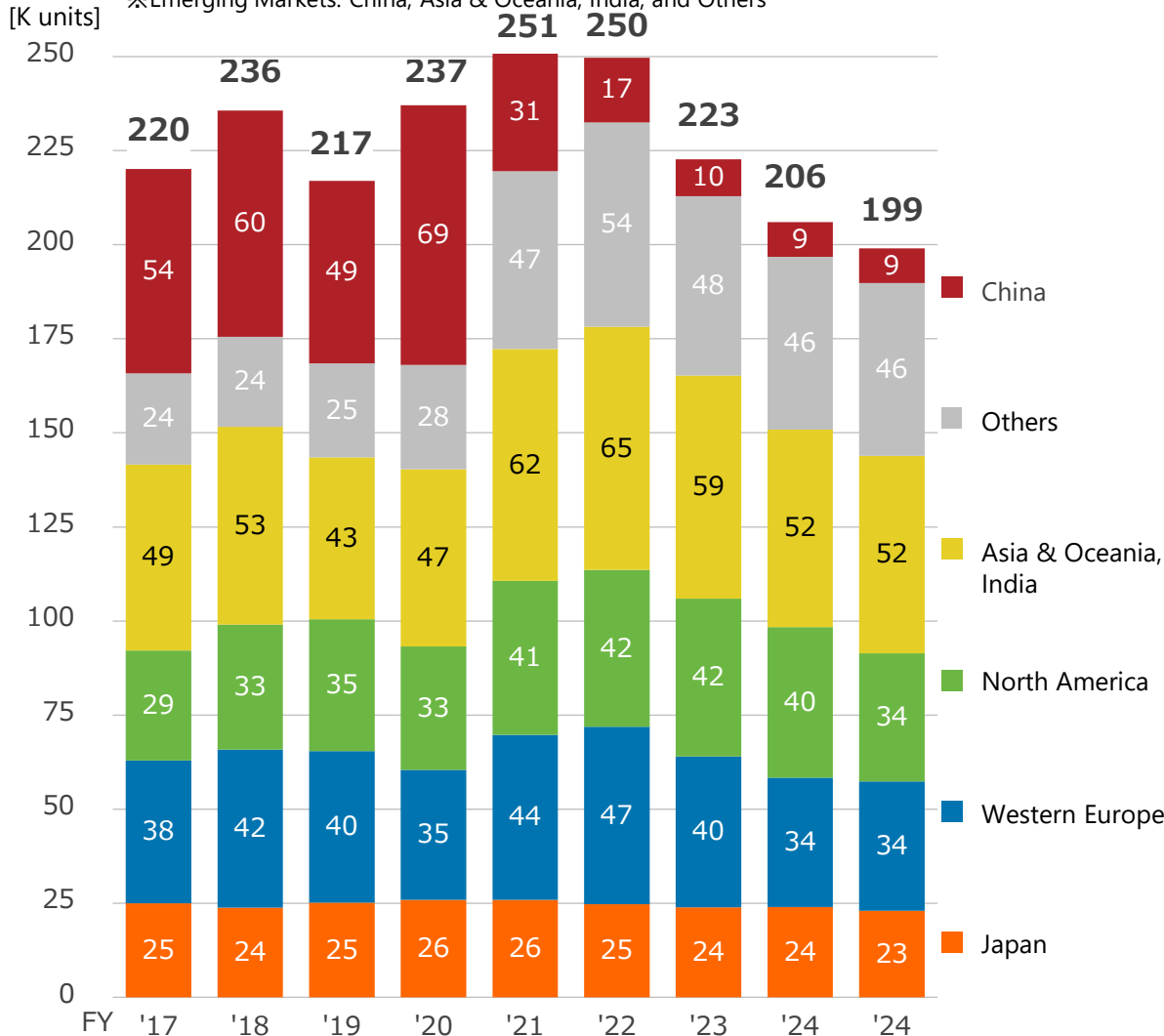
**Explanatory Meeting Material for Business Results
for the Second Quarter ended September 30, 2024**

1. Regional Market Environments and Projections

Global Demand Trend for Hydraulic Excavators

**Emerging Markets ratio:
FY24 54% (y-y Change : +2%)**

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



*Demand values are Hitachi Construction Machinery estimates

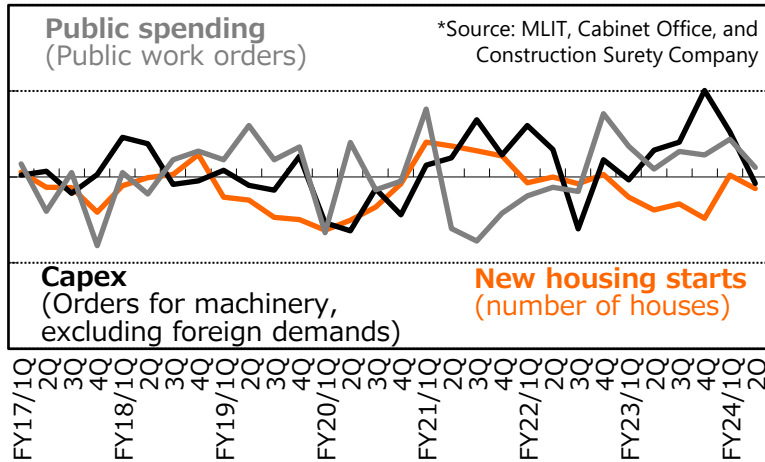
Year-on-Year Change by Region

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

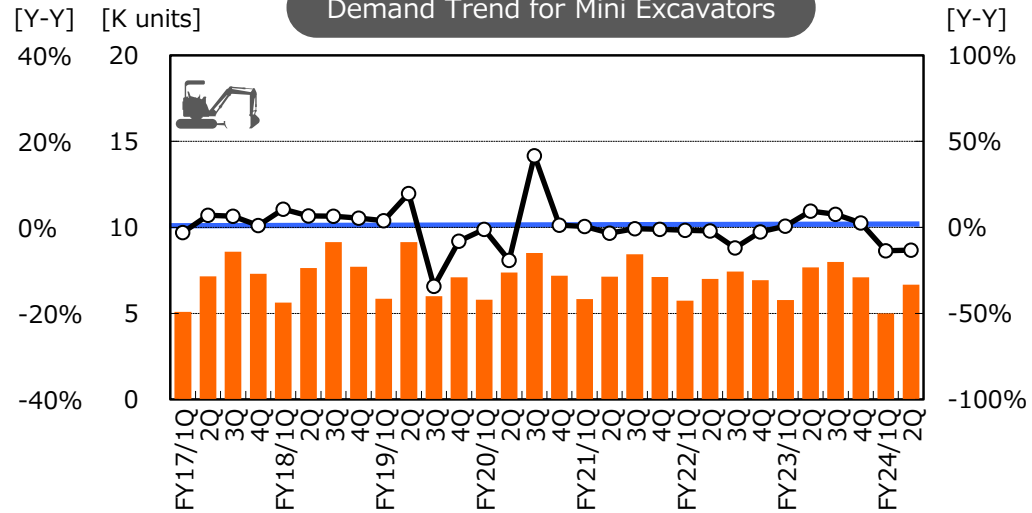
	'23	'24
Total	-11%	-11%
China	-43%	-6%
Russia, CIS, E Europe	-16%	-4%
Africa	+13%	-15%
Middle East	+10%	-13%
Latin America	-33%	+14%
Others	-12%	-4%
Asia	-17%	-8%
India	+8%	-16%
Oceania	-18%	-10%
Asia & Oceania, India	-8%	-12%
N America	+1%	-19%
W Europe	-15%	-14%
Japan	-3%	-4%

- New Housing Starts and Capex slightly decreased, Public Spending slightly increased.
- Demand for hydraulic excavators was narrowing decrease margin:
Hydraulic Excavators -2%, Mini Excavators -13%, Wheel Loaders -7% y-y.

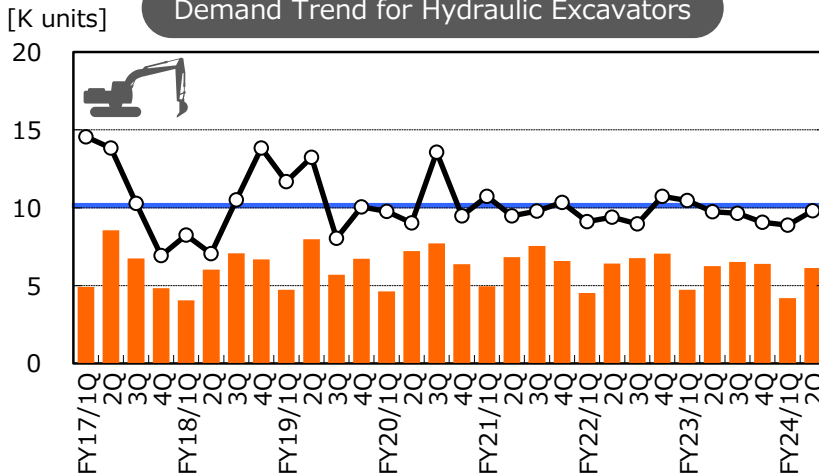
Market Environment Housing, Capex, Public Spending



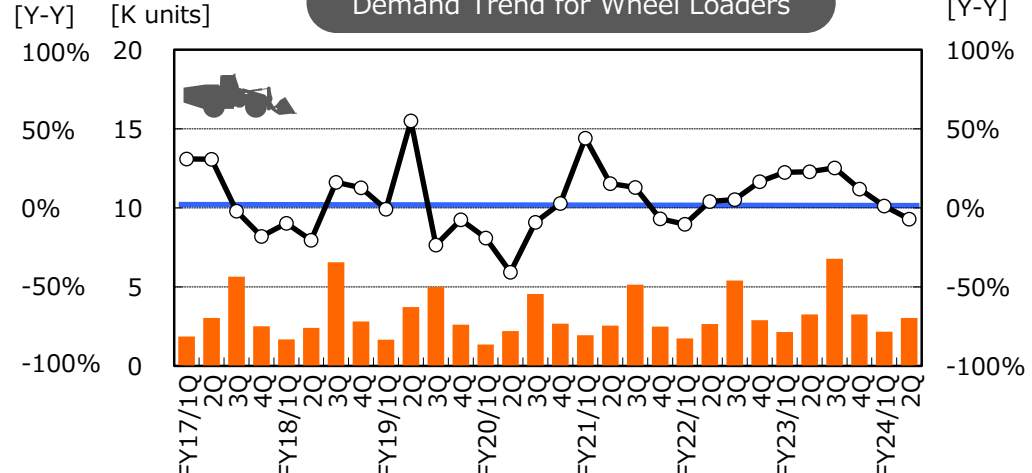
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

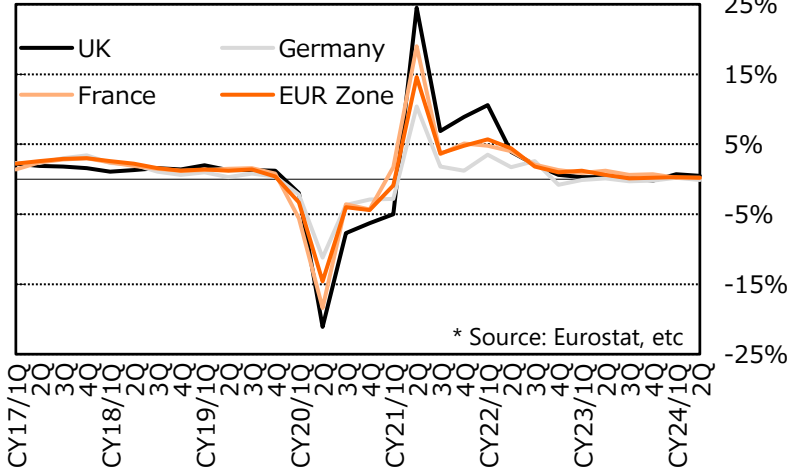


*Demand values are Hitachi Construction Machinery estimates

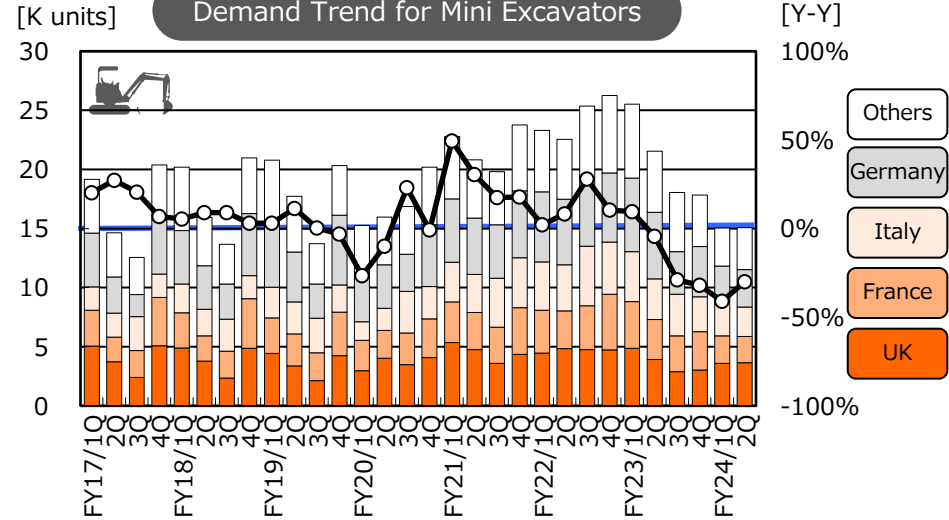
Europe: Second Quarter (July to Sep 2024)

- GDP in CY24 2Q has been growing at a low rate.
- Demand for hydraulic excavators decreased significantly:
Hydraulic Excavators -22%, Mini Excavators -30%, Wheel Loaders -21% y-y.

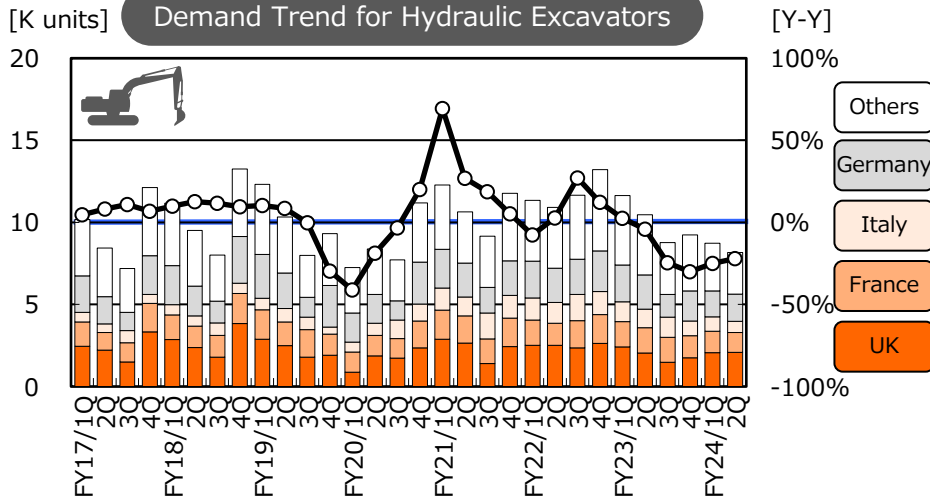
GDP Growth Rate in Major Countries



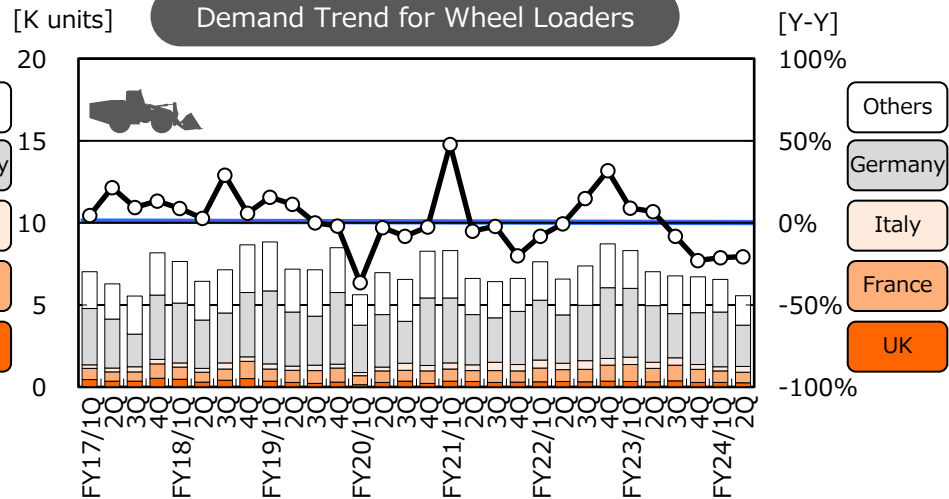
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



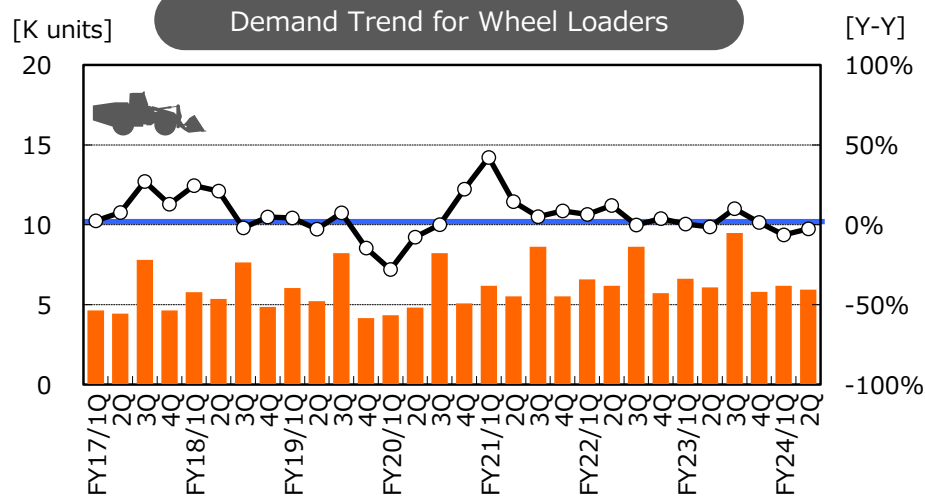
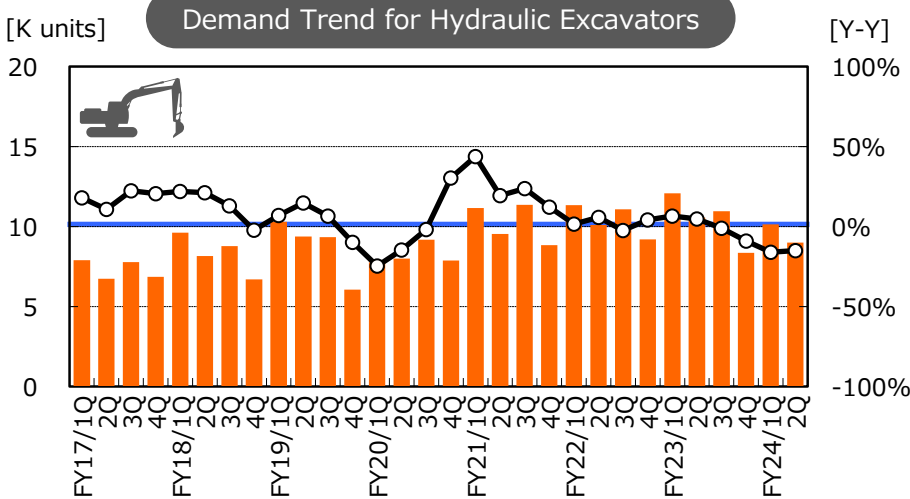
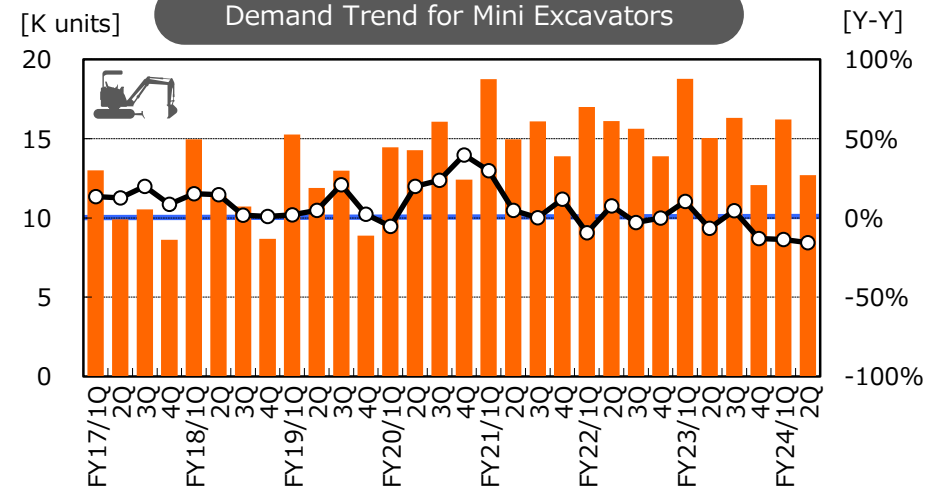
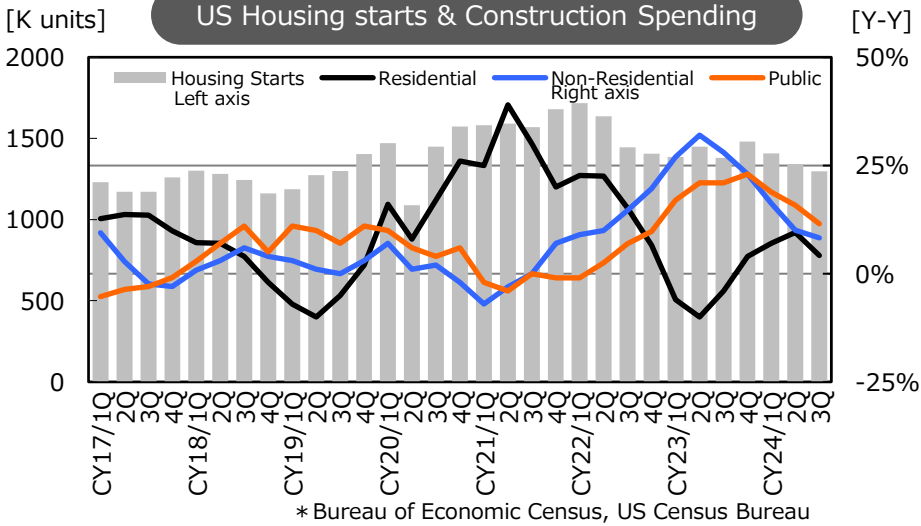
Demand Trend for Wheel Loaders



*Demand values are Hitachi Construction Machinery estimates

North America: Second Quarter (July to Sep 2024)

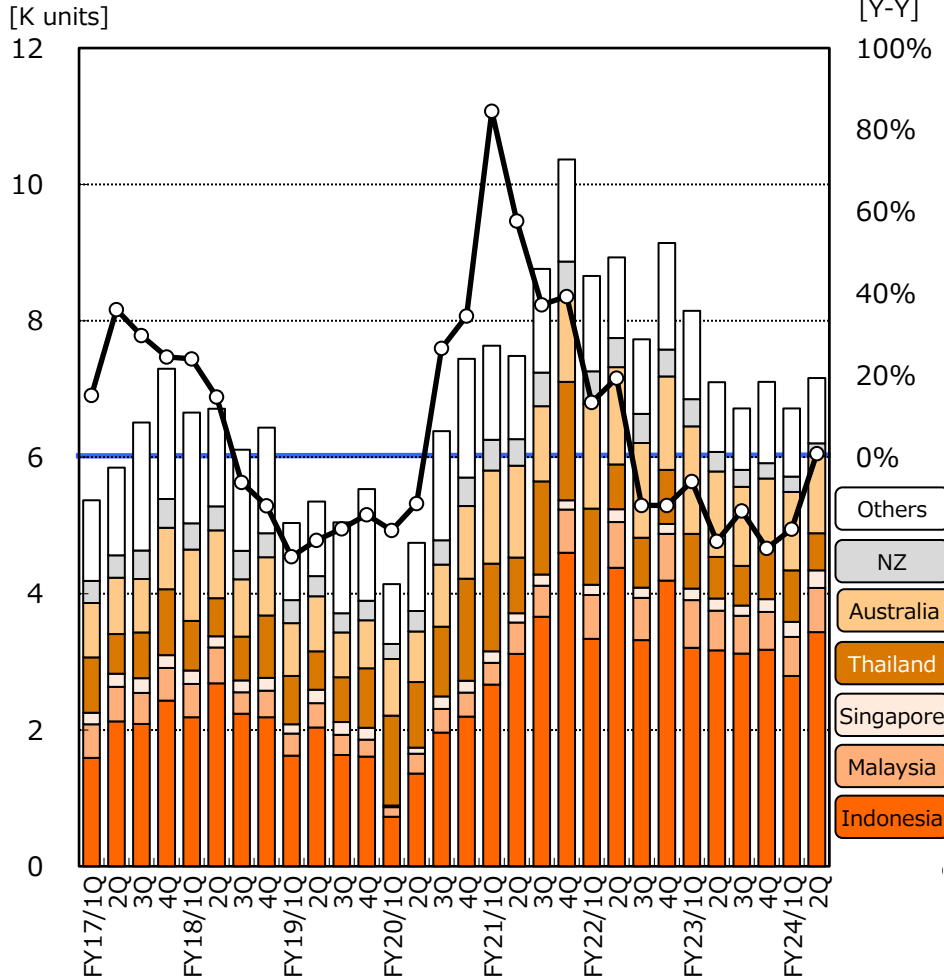
- Although Residential and Non-Residential, Public Works increased, the margin of increase was narrowing. Housing Starts decreased.
- Demand for hydraulic excavators decreased: Hydraulic Excavators -15%, Mini Excavators -16%, Wheel Loaders -3% y-y.



*Demand values are Hitachi Construction Machinery estimates

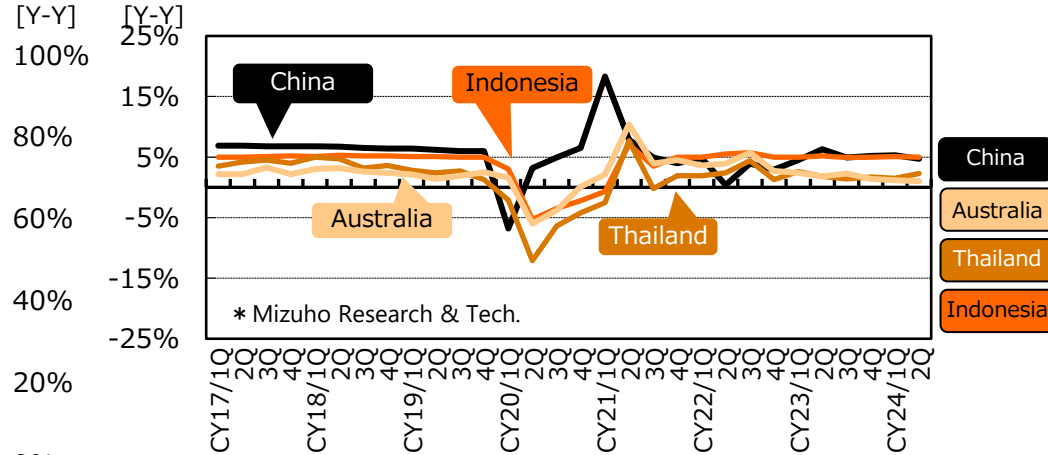
- Demand for hydraulic excavators in the Asia & Oceania region decreased +1% y-y.
- Demand for hydraulic excavators in China increased +5% y-y. (Domestic :+8%, Foreign :-6%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

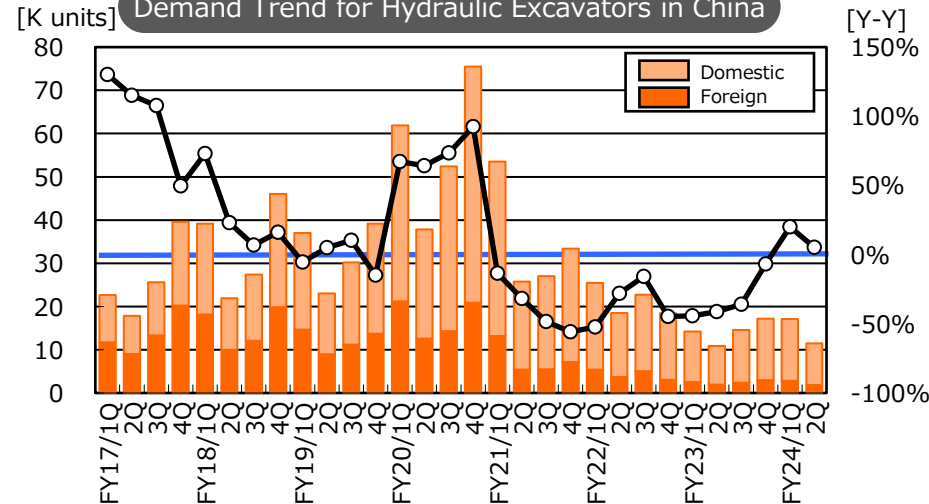


*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



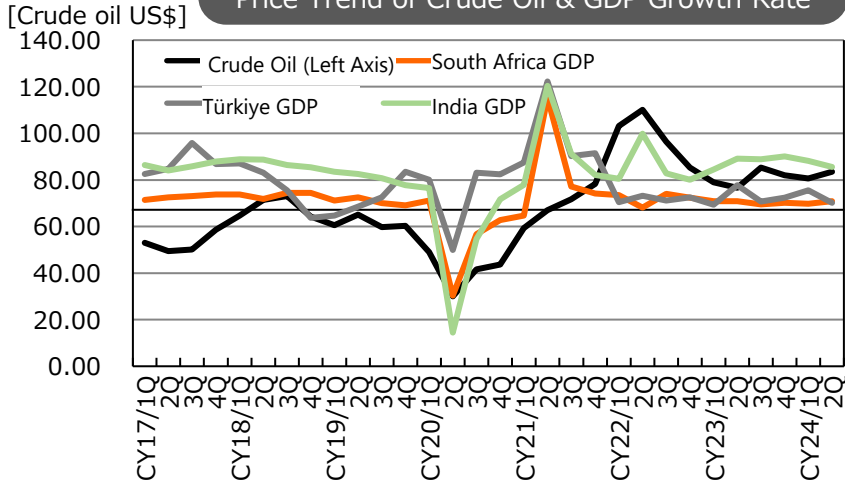
Demand Trend for Hydraulic Excavators in China



India, Middle East, Africa: Second Quarter (July to Sep 2024)

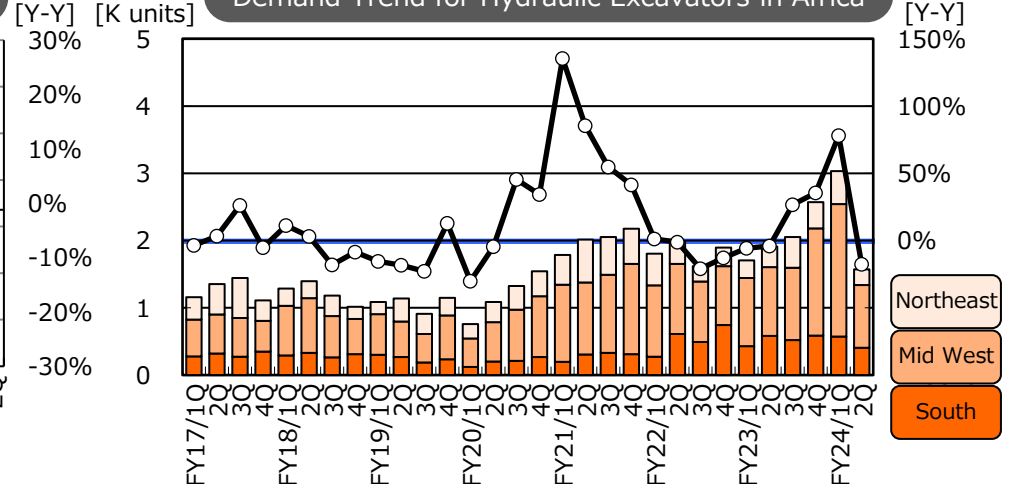
- Demand for hydraulic excavators increased in India -1% y-y.
- Demand for hydraulic excavators increased in Africa -18% y-y.
- Demand for hydraulic excavators decreased in the Middle East -4% y-y.

Price Trend of Crude Oil & GDP Growth Rate



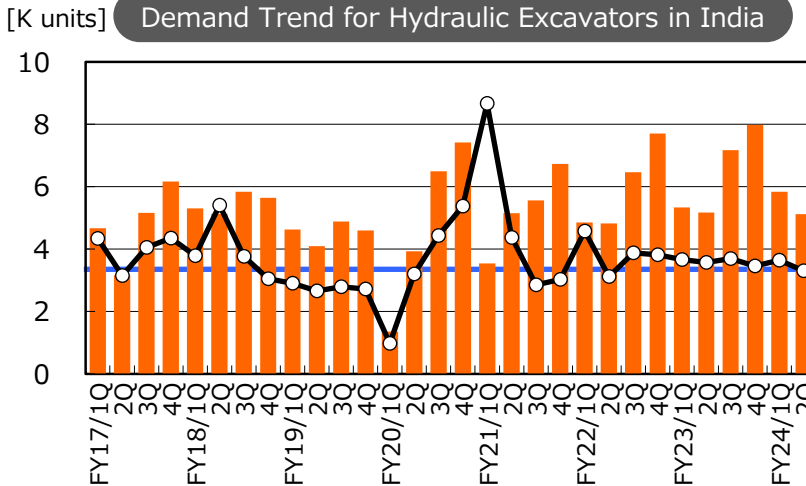
* GDP of Türkiye, South Africa: OECD
 * GDP of India : Mizuho Research & Tech.
 * Crude Oil: World Bank

Demand Trend for Hydraulic Excavators in Africa

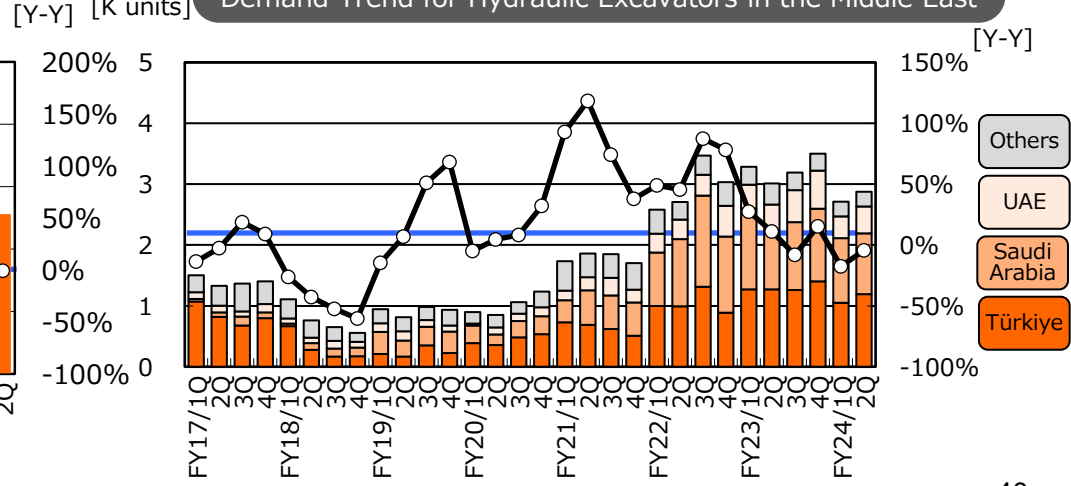


*Demand values are Hitachi Construction Machinery estimates

Demand Trend for Hydraulic Excavators in India

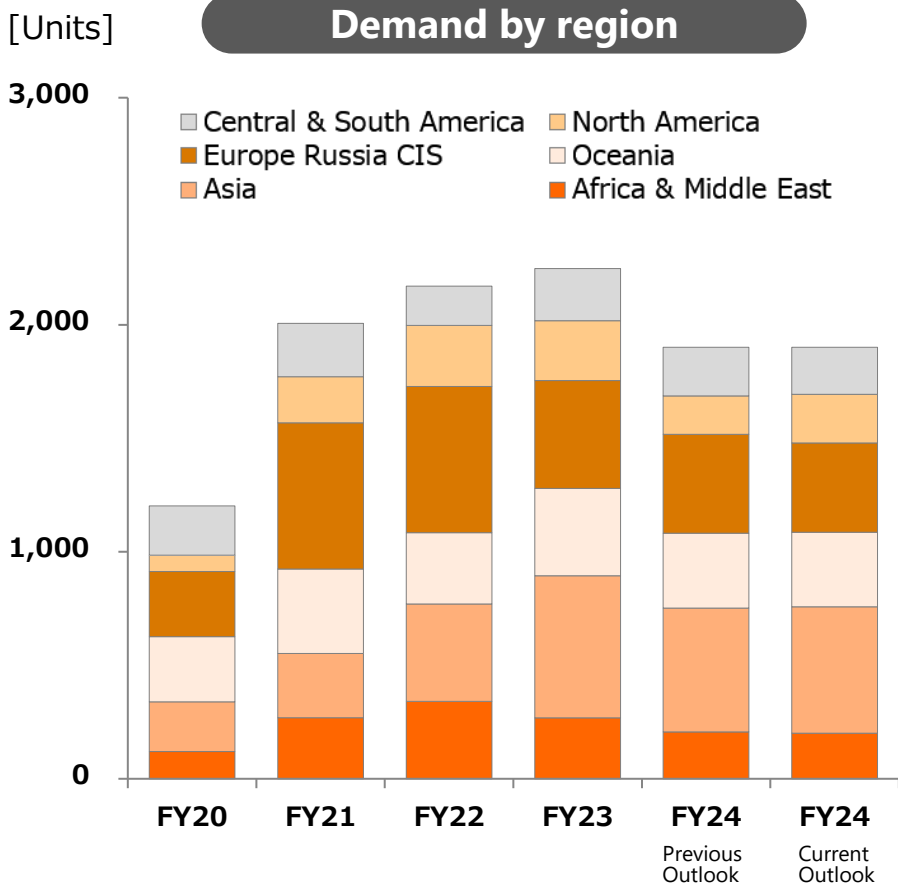
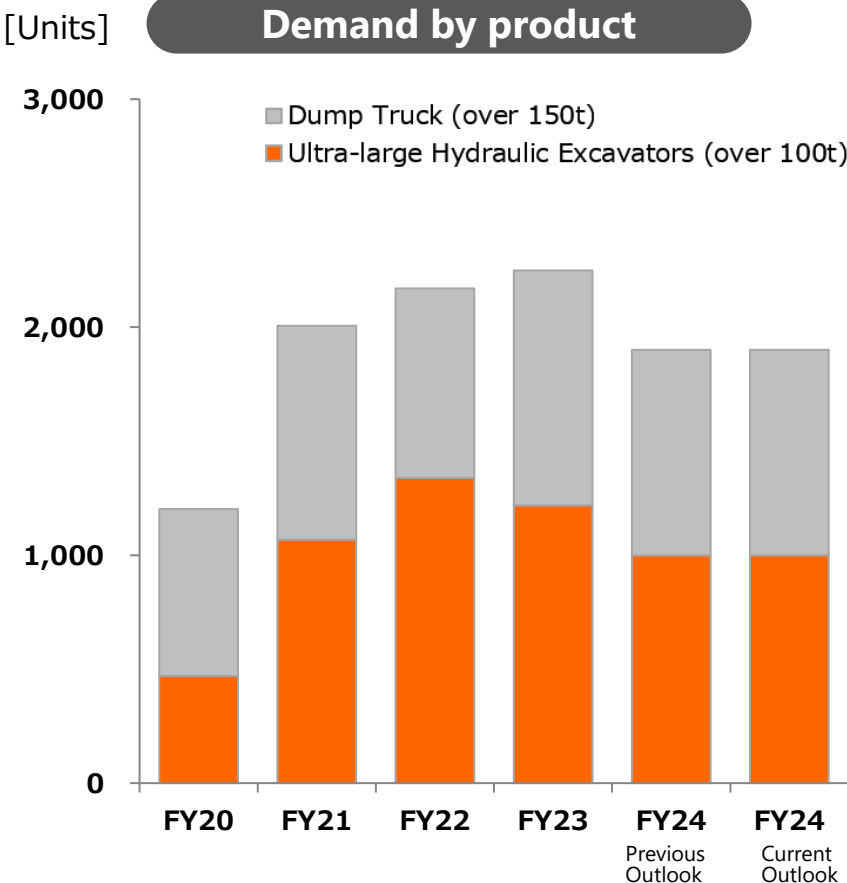


Demand Trend for Hydraulic Excavators in the Middle East

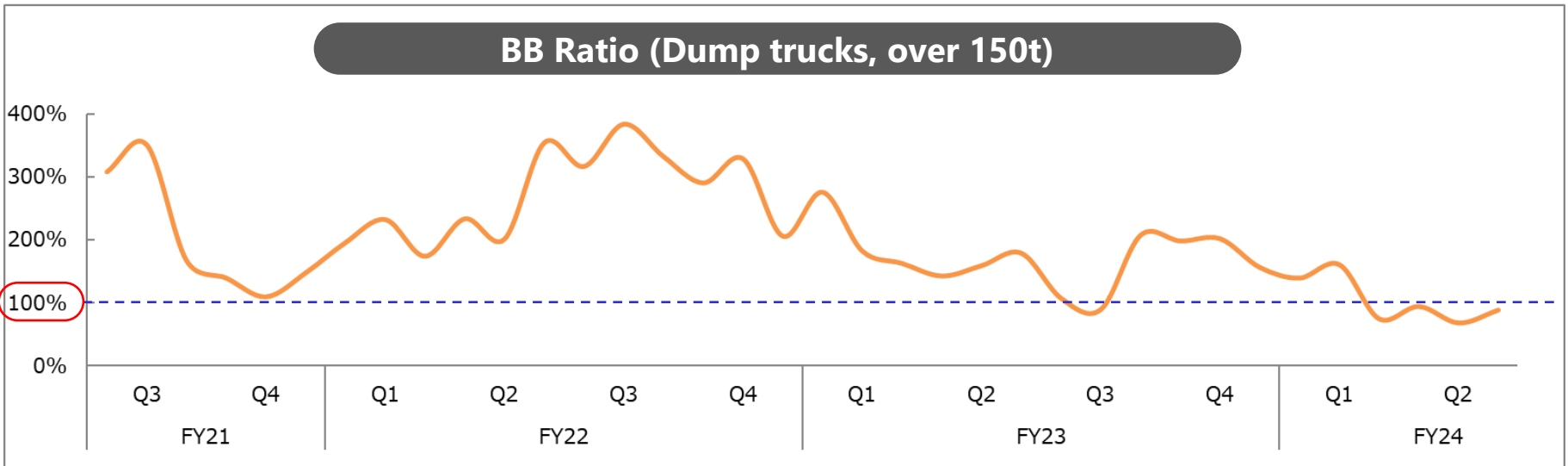
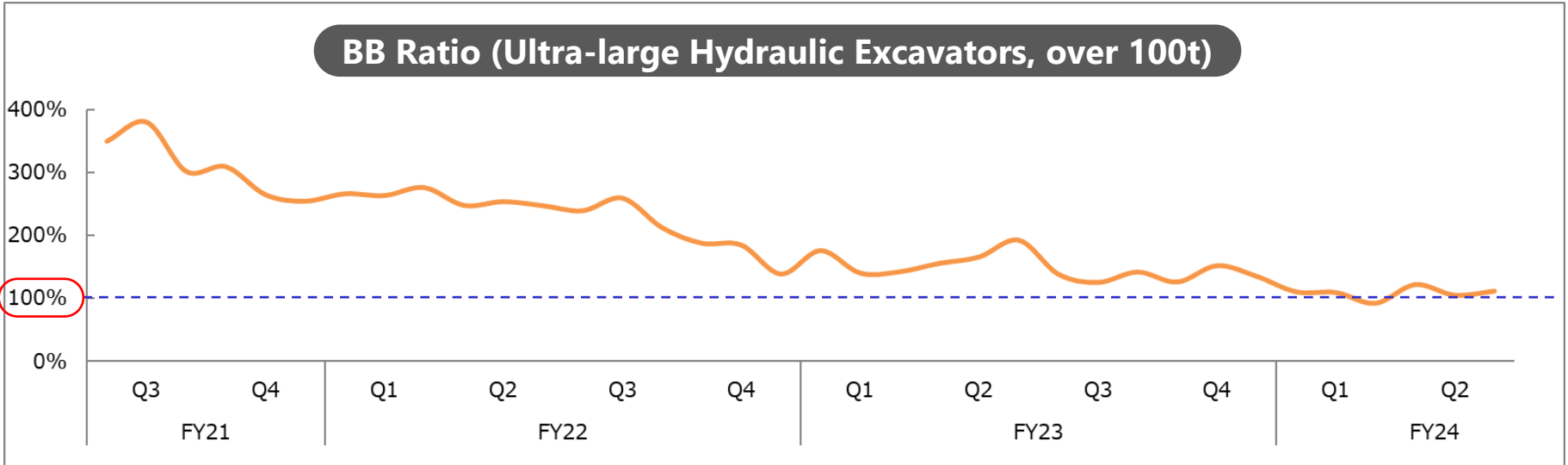


■ The demand forecast for mining in FY24 remains unchanged. (“-5% to -15%” y-y)
 ■ Demand in China remains steady, centered around the 100t class excavators, and decrease in demand in Indonesia has bottomed out.

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)

Begin operation of Salt Lake City Parts Warehouse in Western North America (October 2024)

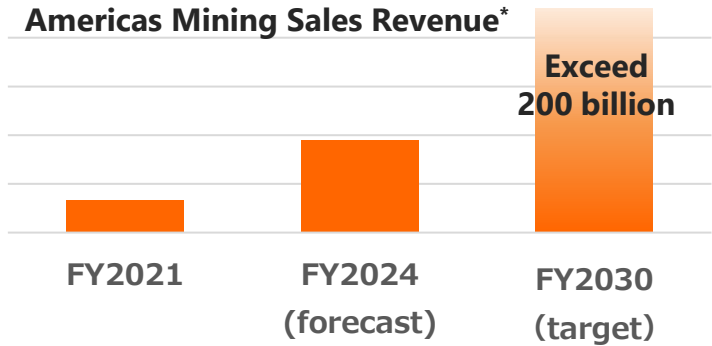
- In the Eastern North American region, consolidate from two locations into the Jackson Parts Warehouse to improve efficiency



Establish a joint venture with Marubeni for sales and service of mining machinery in Brazil (scheduled for January 2025)

- Expanding the mining business in South America, starting with Brazil with its wealth of delivery records of ultra-large hydraulic excavators

<p>Hitachi Construction Machinery</p>	<p>Marubeni</p>
<p>Impeccable maintenance service based on operational data</p>	<p>Business know-how customer network</p>
	<p>A track record of 80 deliveries</p>



*Total of Main Bodies (Excavators, Dump Trucks) + Parts & Services + Specialized Parts & Service Business

Exhibiting at MINExpo 2024, the World's Largest Mining Machinery Trade Show (September 2024)

- First exhibition after own operation in the Americas, and started spread of the new concept "LANDCROS"
- Panel discussions with customers and industry stakeholders to explore "Open Solutions"



Started operation of mining machinery component remanufacturing plant in Kazakhstan (October 2024)

- Hitachi Construction Machinery, certified as a remanufacturing plant, is also strengthening the parts & service business in the Central Asia market
- Aiming to reduce lead times and establish a resource-recycling business model through the use of recycled parts

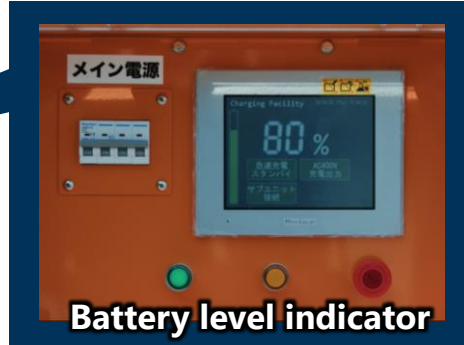


Start sales of battery-powered excavators and mobile energy storage system in Japan (September 2024)

- Leveraging our expertise as the market leader in Europe*, provide solutions to achieve zero emissions at work sites



ZE85 (8-ton class) and mobile energy storage system



Battery level indicator



ZX55U-6EB (5-ton class)

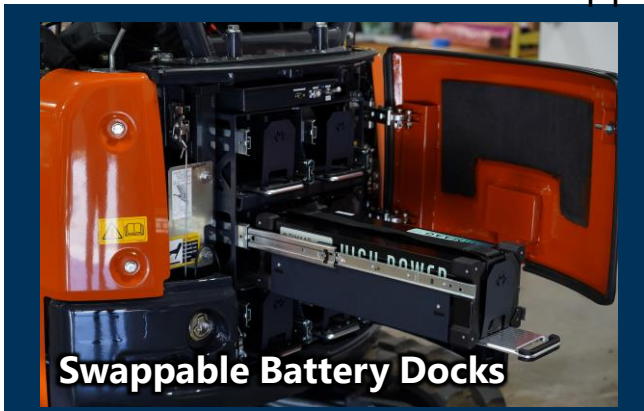


ZE135 (13-ton class)

*Source: Off-Highway Research, CY23 Crawler excavators of 7-ton and over class

Development of 1.7-ton class battery-powered excavator with U.S.-based Dimaag-AI (September 2024)

- The versatile high-power swappable battery modules and chargers can be used for various Electric Vehicles and Industrial applications



Swappable Battery Docks



1.7-ton class prototype

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

Summary of consolidated results

In 2Q of the year, revenue remained at the same level. However, adjusted operating income decreased by 13% y-y due to region and model mix, increase in policy overhead. Net income attributable to owners of the parent decreased by 45% due to deterioration in the financial profit and loss from the impact of appreciation of the yen at the end of September.

[billions of yen]

		FY2024 1Q-2Q		FY2023 1Q-2Q		change
Continuing operation						
	Revenue		665.7		665.8	-0%
	Adjusted operating income *1	10.7%	71.3	12.4%	82.4	-13%
	Operating income	10.6%	70.8	12.4%	82.9	-15%
	Income before income taxes	8.2%	54.5	12.7%	84.8	-36%
	Net income from continuing operation	5.3%	35.1	9.4%	62.7	-44%
Net income from discontinued operation			1.1		0.0	-
Net income attributable to owners of the parent		4.8%	31.7	8.6%	57.5	-45%
EBIT *2		9.2%	61.2	13.5%	90.0	-32%
FX rate	Rate (YEN/USD)		152.7		140.9	11.8
	Rate (YEN/EUR)		166.0		153.5	12.5
	Rate (YEN/RMB)		21.1		19.7	1.4
	Rate (YEN/AUD)		101.3		93.3	8.1
Cash dividend per share (yen) *3			65		85	-20

*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)

Although revenue in Oceania and Africa increased y-y, revenue in Europe, Asia, and North America decreased. Consolidated revenue remained at the same level y-y.

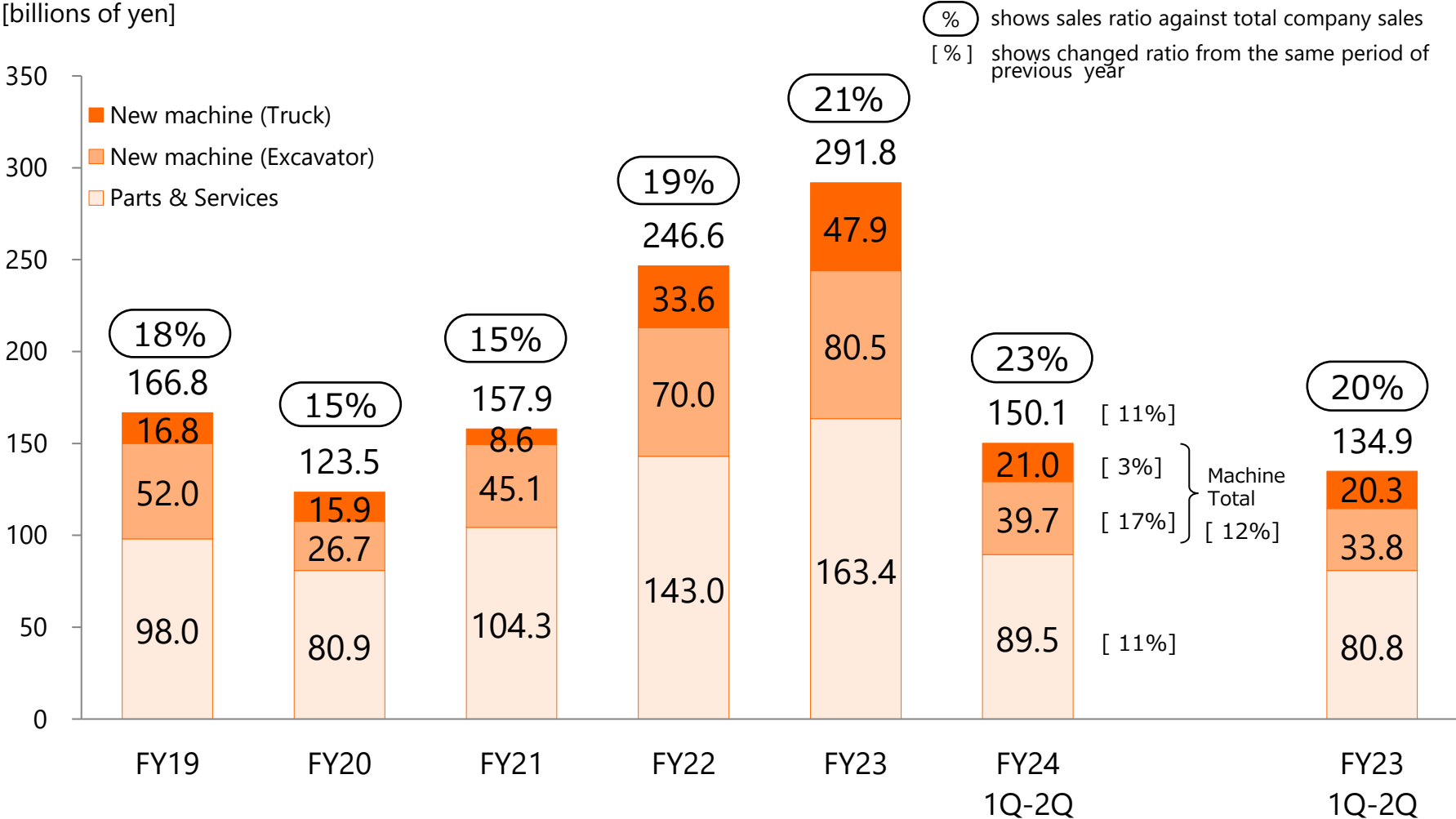
[billions of yen]

		FY2024 1Q-2Q		FY2023 1Q-2Q		change	
						amount	%
Japan		99.8	15%	102.2	15%	-2.3	-2%
Asia		53.6	8%	61.9	9%	-8.2	-13%
India		37.1	6%	35.5	5%	1.6	4%
Oceania		141.2	21%	128.8	19%	12.4	10%
Europe		78.0	12%	90.7	14%	-12.6	-14%
	N. America	146.6	22%	154.7	23%	-8.1	-5%
	L. America	23.7	4%	18.8	3%	4.9	26%
The Americas		170.3	26%	173.4	26%	-3.2	-2%
(Developing own business)		(94.6)	(14%)	(99.2)	(15%)	(-4.5)	(-5%)
Russia-CIS		9.6	1%	13.4	2%	-3.8	-29%
M. East		19.9	3%	15.5	2%	4.4	29%
Africa		41.3	6%	29.1	4%	12.2	42%
China		14.8	2%	15.3	2%	-0.5	-3%
Total		665.7	100%	665.8	100%	-0.0	-0%
Overseas ratio		85%		85%			

* FY2023 & FY2024 revenue presented only continuing operation retroactively.

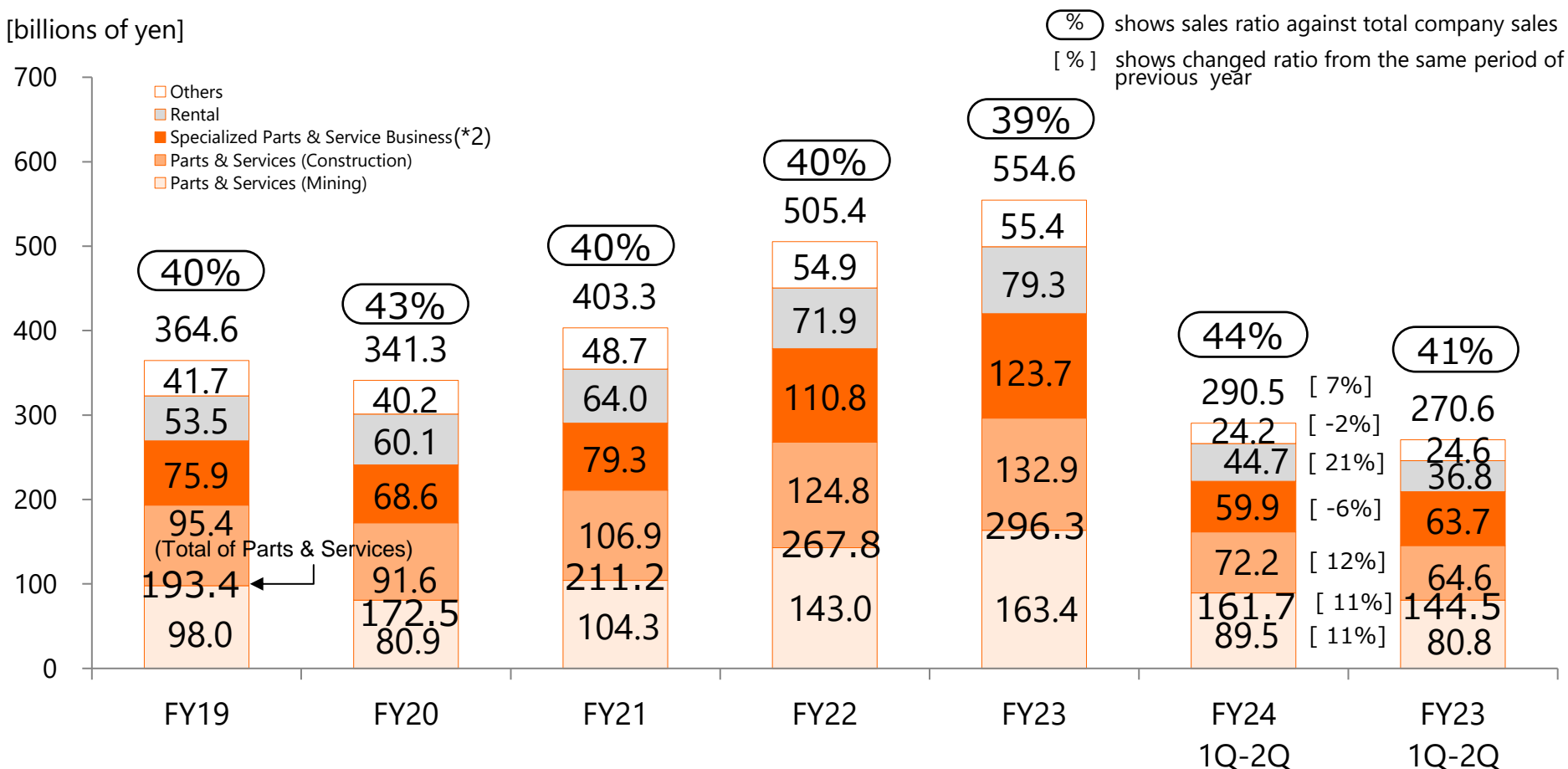
Revenue of mining increased in all the categories, trucks, excavators and parts & services.

[billions of yen]



Revenue of the value chain business increased in parts & services and rental significantly.

[billions of yen]



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

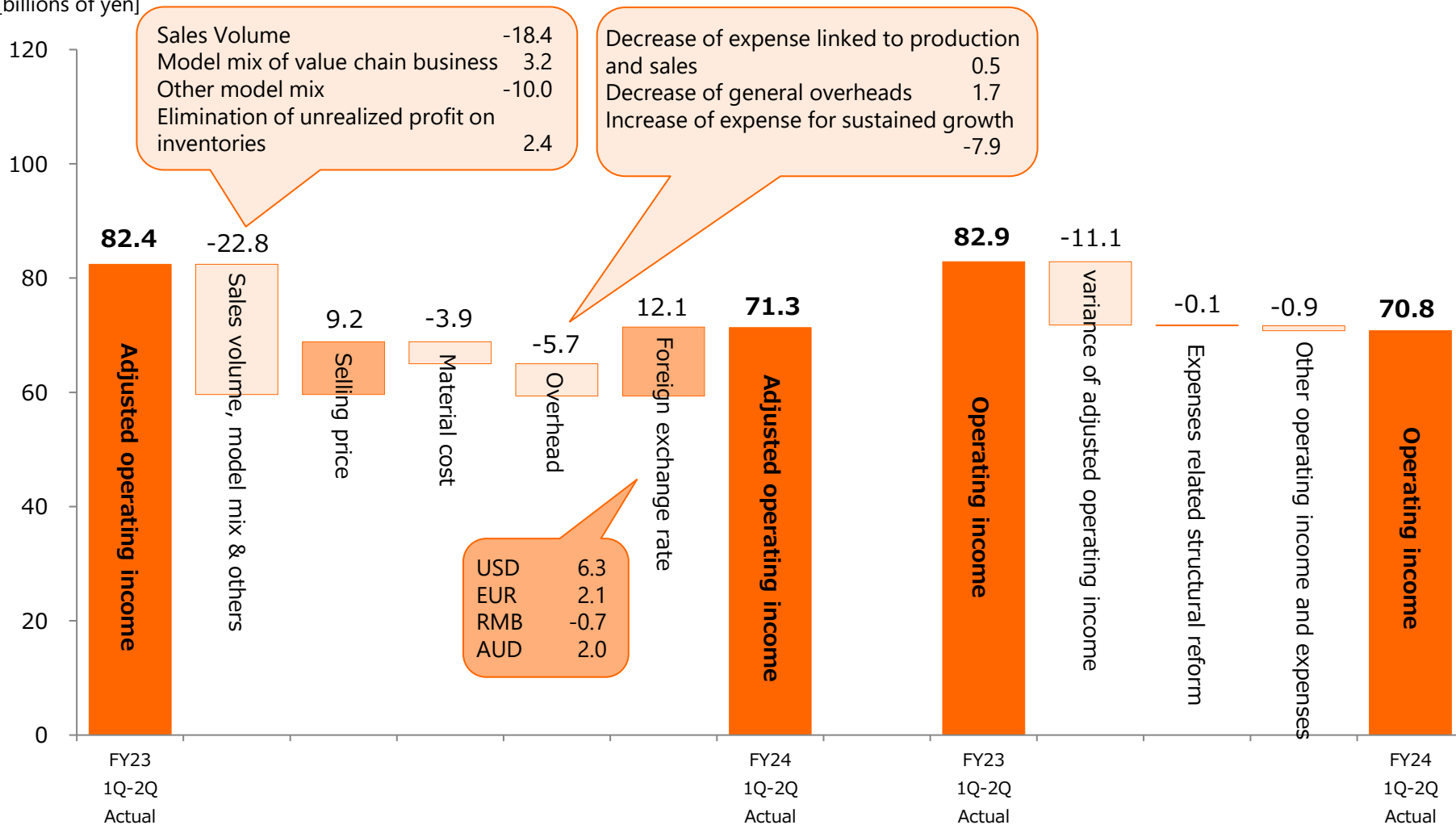
(*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

From FY2019, revenue presented only continuing operation retroactively.

Comparison of consolidated income

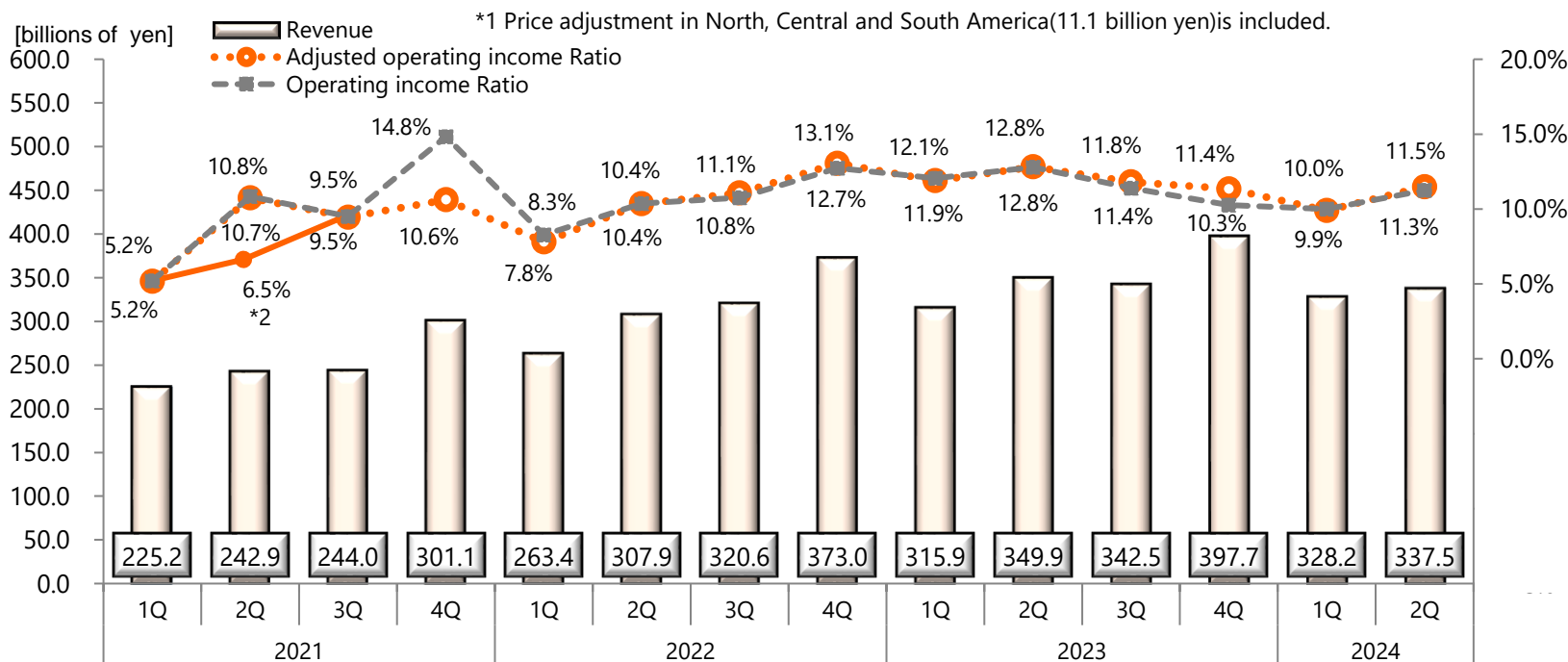
Adjusted operating income decreased due to the impact of sales volume decrease, region and model mix, and so forth, although the increase in material and overhead costs was absorbed by the sales price increase.

[billions of yen]



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	2Q
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	337.5
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	38.8
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	38.0



*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	2Q
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	149.4
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	164.0
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	20.8
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	100.0

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

Consolidated statement of financial position

HITACHI

Reliable Solutions

Total assets decreased by 82.5 billion yen from the end of last fiscal year due to a decrease in trade receivables and inventories, an effect of appreciation of the yen.

[billions of yen]

	(A) FY24-2Q	(B) Mar '2024	(C) FY23-2Q	(A)-(B) change		(D) FY24-2Q	(E) Mar '2024	(F) FY23-2Q	(D)-(E) change
Cash and cash equivalents	144.7	143.5	104.7	1.1	Trade and other payables	240.4	289.4	291.9	-49.0
Trade receivables	240.2	305.7	285.0	-65.5	Bonds and borrowings	554.0	575.6	537.0	-21.5
Inventories	543.4	552.3	552.0	-8.9	Total liabilities	936.2	1,020.6	981.3	-84.4
Total current assets	1,003.6	1,077.6	1,000.1	-74.0	(Equity attributable to owners of the parent ratio)	(43.9%)	(41.6%)	(41.8%)	(2.3%)
Total non-current assets	749.0	757.5	760.7	-8.5	Total equity	816.3	814.4	779.5	1.9
Total assets	1,752.5	1,835.0	1,760.8	-82.5	Total liabilities and equity	1,752.5	1,835.0	1,760.8	-82.5
Trade receivables incl. non-current	285.0	352.9	329.4	-67.9					
Inventories by products									
Unit	219.2	229.7	201.9	-10.4		(31.6%)	(31.4%)	(30.5%)	(0.2%)
Parts	169.2	172.8	172.8	-3.6	Interest-bearing debt	554.0	575.6	537.0	-21.5
Raw materials, WIP and etc	155.0	149.9	177.2	5.1	Cash and Cash equivalents	144.7	143.5	104.7	1.1
Total inventories	543.4	552.3	552.0	-8.9	Net interest-bearing debt	(23.4%)	(23.5%)	(24.6%)	(-0.2%)
On hand days(divided by revenue)				[Days]	Debt	409.4	432.1	432.4	-22.7
Trade receivables	74	92	87	-18					
Inventories	141	143	147	-2	Net D/E Ratio	0.53	0.57	0.59	-0.03
Trade payables	33	44	45	-11					
Net working capital	178	187	184	-9					

Operating cash flow and free cash flow were positive and improved significantly y-y.

[billions of yen]

	FY2024 1Q-2Q		FY2023 1Q-2Q		change	
Net income		36.2		62.7		-26.5
Depreciation and amortization	73.0	36.9	95.6	32.9	-22.5	4.0
(Increase)decrease in trade/lease receivables		63.6		33.0		30.7
(Increase)decrease in inventories	28.1	7.0	-33.7	-67.6	61.8	74.5
Increase(decrease) in trade payables		-42.6		0.9		-43.4
Others, net		-36.7		-33.7		-3.1
Net cash provided by (used in) operating activities		64.4		28.1		36.2
Cash flow margin for operating activities		9.7%		4.2%		5.4%
Net cash provided by (used in) investing activities		-23.3		-27.0		3.7
Free cash flows		41.0		1.1		39.9
Net cash provided by (used in) financing activities		-36.4		-12.9		-23.5

Summary of consolidated earnings forecast

Consolidated revenue for this fiscal year is changed downward from the previous one as of July and revenue is expected to decrease by 4% y-y, adjusted operating income by 10% y-y, and net income attributable to owners of the parent by 14% y-y.

(billions of yen)

	FY2024		FY2023		change	
	Forecast		Actual		amount	%
Continuing operation						
Revenue	<1,370.0>	1,350.0	1,405.9		-55.9	-4%
Adjusted operating income	<12.0%> <165.0>	(11.2%) 151.0	(12.0%) 168.0		(-0.8%) -17.0	-10%
Operating income	<11.8%> <161.0>	(11.1%) 150.0	(11.6%) 162.7		(-0.5%) -12.7	-8%
Income before income taxes	<11.0%> <151.0>	(9.4%) 127.0	(11.4%) 160.5		(-2.0%) -33.5	-21%
Net income from continuing operation	<106.4>	89.0	116.3		-27.3	-23%
Net income from discontinued operation	<0.7>	0.0	-11.8		11.8	-
Net income attributable to owners of the parent	<7.2%> <98.0>	(5.9%) 80.0	(6.6%) 93.3		(-0.7%) -13.3	-14%
EBIT	<165.4>	139.8	167.5		-27.6	

Currency	1Q-2Q	3Q-4Q	Year	FY2023	change
	Actual	Forecast	Forecast		
Rate (YEN/USD)	152.7	141.0	145.5	144.8	0.7
Rate (YEN/EUR)	166.0	155.0	159.9	157.0	2.9
Rate (YEN/RMB)	21.1	19.8	20.4	20.1	0.2
Rate (YEN/AUD)	101.3	96.0	98.7	95.0	3.6
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%.

Consolidated revenue forecast by geographic region

The forecast is changed downward from the previous one as of July in North America and Oceania.

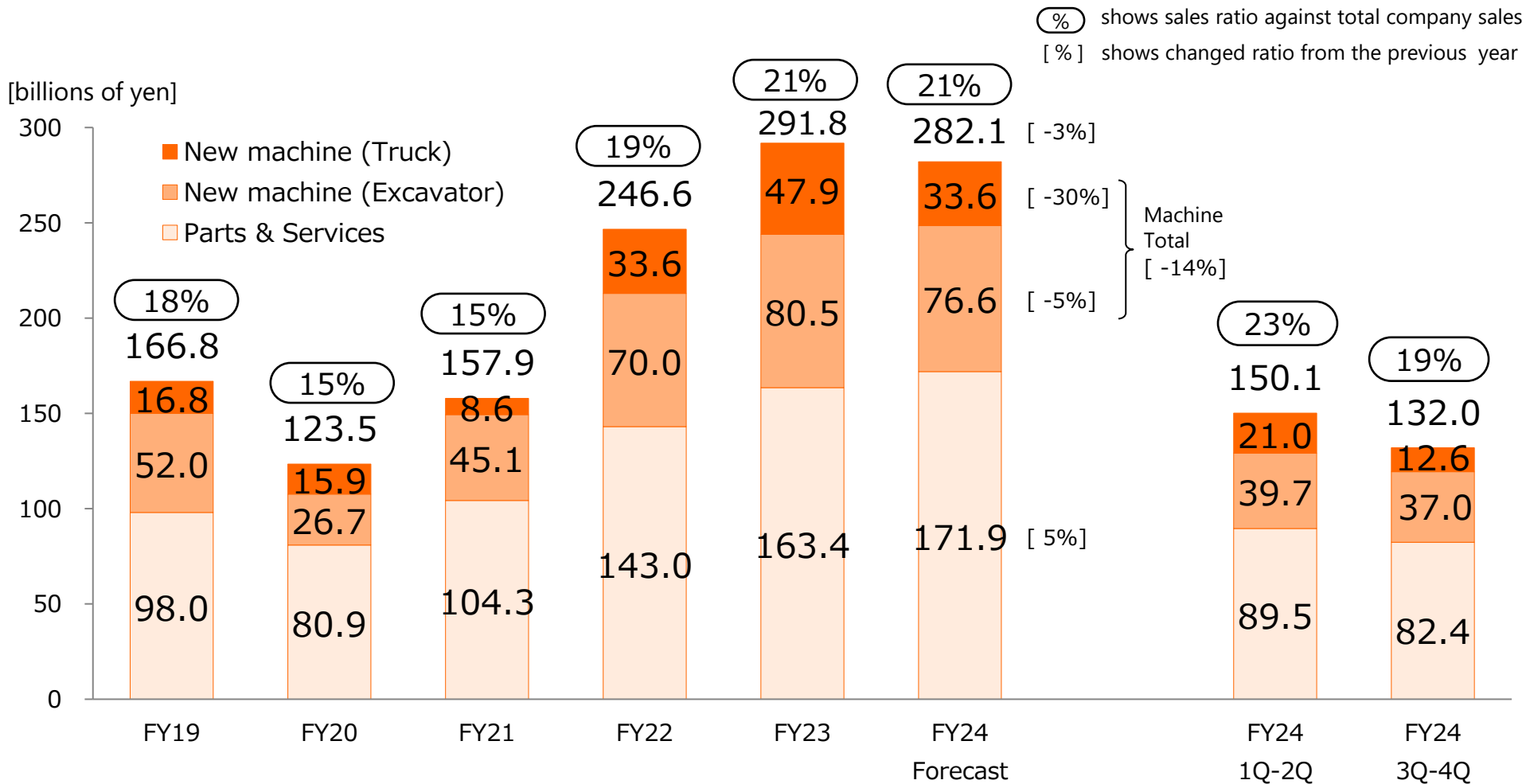
(billions of yen)

		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		223.0	17%	226.9	16%	-3.9	-2%
Asia		117.6	9%	127.0	9%	-9.5	-7%
India		86.9	6%	85.0	6%	1.9	2%
Oceania		257.1	19%	251.1	18%	6.0	2%
Europe		146.4	11%	182.9	13%	-36.4	-20%
America	N. America	320.6	24%	334.4	24%	-13.8	-4%
	L. America	41.4	3%	40.9	3%	0.5	1%
		362.0	27%	375.2	27%	-13.3	-4%
(Developing own business)		(224.6)	(17%)	(217.5)	(15%)	(7.2)	(3%)
Russia-CIS		22.2	2%	23.4	2%	-1.2	-5%
M. East		30.7	2%	34.7	2%	-4.1	-12%
Africa		73.6	5%	70.4	5%	3.2	5%
China		30.5	2%	29.2	2%	1.3	4%
Total		1,350.0	100%	1,405.9	100%	-55.9	-4%
Overseas ratio		83%		84%			

* FY2023 & FY2024 revenue presented only continuing operation retroactively.

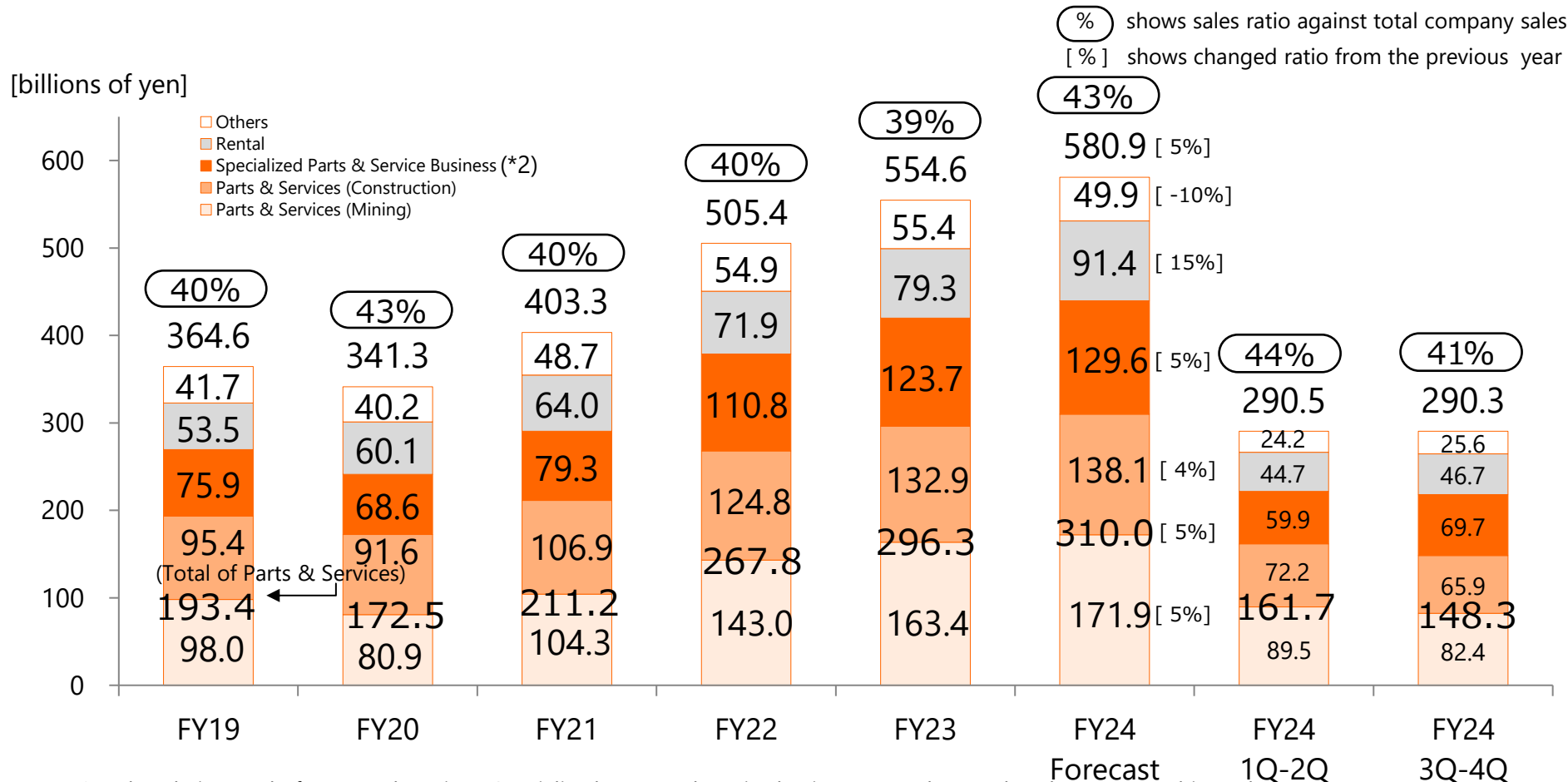
Mining revenue forecast

Revenue forecast of parts and service is changed upward from the previous one as of July .
 Revenue forecast of mining trucks and excavators is changed downward.



Value chain*1 revenue forecast

Value chain revenue forecast is changed upward from the previous one as of July. Revenue from parts & services, specialized parts & service business, and rental is expected to increase.



(*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.

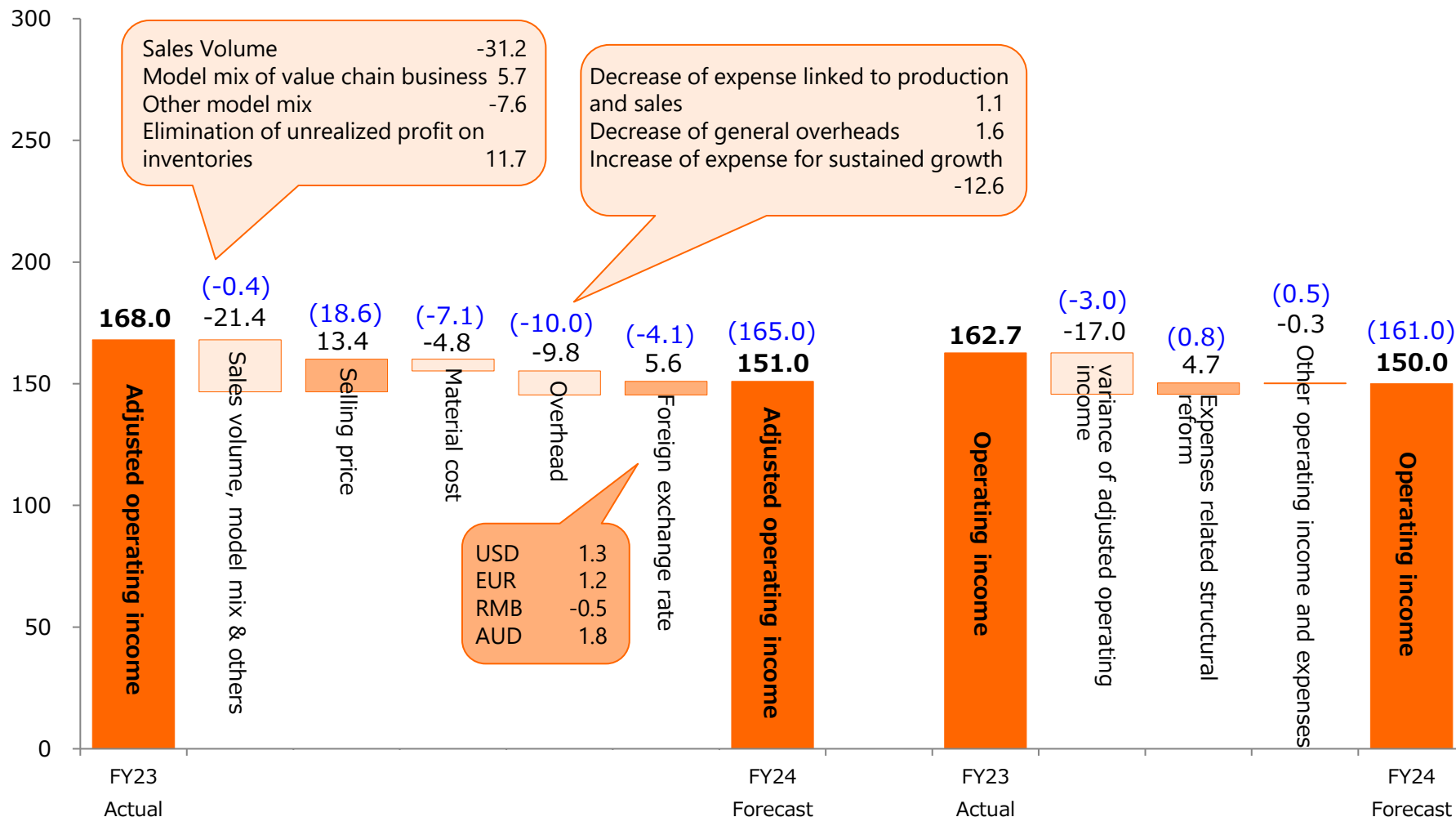
From FY2019, revenue presented only continuing operation retroactively.

Comparison of consolidated income forecast

Adjusted operating income decreased due to the impact of sales volume decrease, model mix, and decrease in sales price up from the previous forecast as of July, despite the growth of the value chain business.

[billions of yen]

note : () shows forecast as of July 2024





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English edition will be soon : <https://www.hitachicm.com/global/en/sustainability/download/>

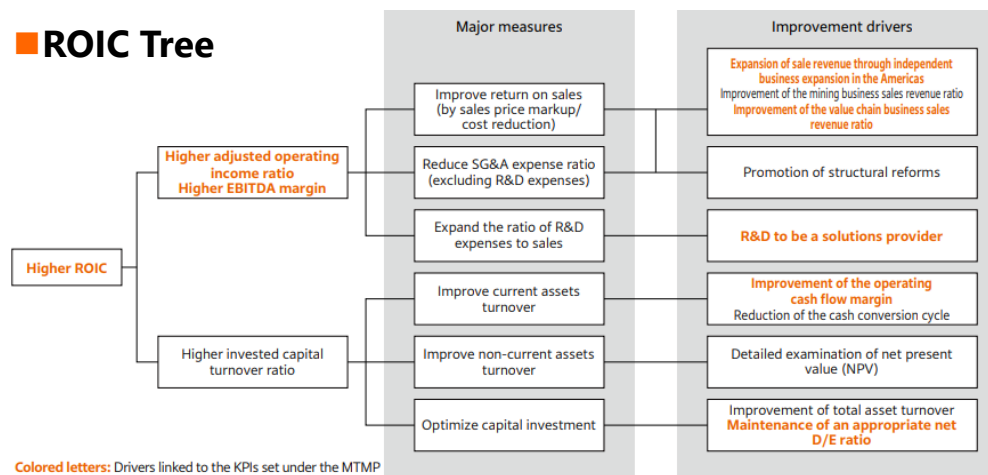
■ CFO Message

Based on the recognition that we can increase our corporate value by improving our capital productivity, we will work for the full implementation of our financial and capital strategies in line with the medium-term management plan.

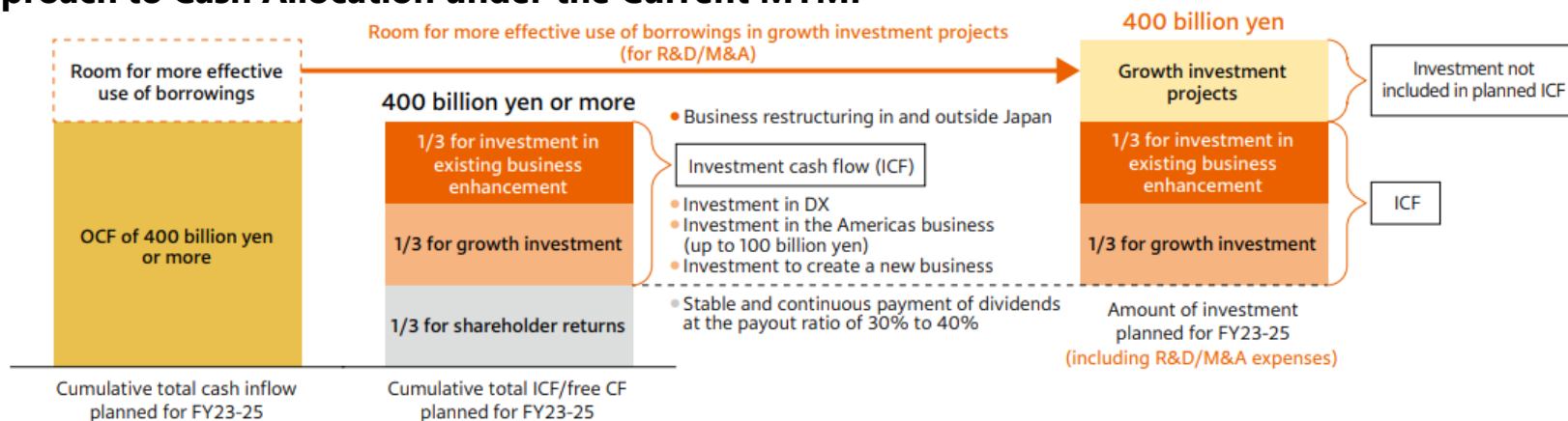
Vice President and Executive Officer,
 Director and CFO,
 President of Financial Strategy Group
Keiichiro Shiojima



■ ROIC Tree



■ Approach to Cash Allocation under the Current MTMP



Appendix 1: FX rate and FX sensitivity

The forecast exchange rate of major currencies for this fiscal year is changed from the previous announcement as of July 2024. EUR and AUD for depreciation of the yen, CNY for appreciation of the yen.

FX rate and FX sensitivity

(billions of yen)

Currency	FX rate				FX sensitivity (3Q-4Q)		
	FY24			FY23 Actual	Condition	Revenue	Adjusted operating income
	1Q-2Q Actual	3Q-4Q Forecast	Total Forecast				
USD	152.7	141.0	145.5	144.8	Impact by 1 yen depreciation	1.8	1.1
EUR	166.0	155.0	159.9	157.0	Impact by 1 yen depreciation	0.4	0.2
RMB	21.1	19.8	20.4	20.1	Impact by 0.1 yen depreciation	0.1	0.0
AUD	101.3	96.0	98.7	95.0	Impact by 1 yen depreciation	1.3	0.2

Appendix 2: Detail of mining revenue

(billions of yen)

		FY23 Actual			FY24 Forecast			Change		
		1-2Q	3-4Q	Year	1-2Q	3-4Q	Year	1-2Q	3-4Q	Year
America	Excavator	15.1	21.0	36.1	14.1	22.1	36.2	1.0	-1.1	-0.1
	Dump Truck	6.8	3.5	10.4	4.0	7.0	10.9	2.9	-3.4	-0.5
	Total	22.0	24.5	46.5	18.1	29.1	47.1	3.9	-4.5	-0.6
Europe, Africa and Middle East	Excavator	14.3	17.5	31.8	13.7	20.6	34.3	0.6	-3.1	-2.5
	Dump Truck	24.1	15.8	39.8	12.7	22.9	35.6	11.4	-7.2	4.2
	Total	38.3	33.3	71.6	26.4	43.6	70.0	12.0	-10.3	1.7
Asia & Oceania	Excavator	65.0	51.4	116.5	60.9	59.1	120.1	4.1	-7.7	-3.6
	Dump Truck	20.7	18.9	39.5	28.4	22.5	50.8	-7.7	-3.6	-11.3
	Total	85.7	70.3	156.0	89.3	81.6	170.9	-3.6	-11.3	-14.9
China	Excavator	3.4	3.4	6.8	0.7	1.8	2.5	2.7	1.6	4.3
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	Total	3.5	3.5	7.0	0.7	1.8	2.5	2.8	1.6	4.5
Japan	Excavator	0.6	0.4	1.0	0.5	0.4	0.9	0.2	-0.0	0.1
	Dump Truck	0.0	0.0	0.0	0.0	0.4	0.4	0.0	-0.4	-0.4
	Total	0.6	0.4	1.0	0.5	0.8	1.3	0.2	-0.4	-0.3
Total	Excavator	98.5	93.8	192.2	89.8	104.2	194.0	8.6	-10.4	-1.8
	Dump Truck	51.7	38.2	89.9	45.0	52.7	97.8	6.6	-14.5	-7.9
	Total	150.1	132.0	282.1	134.9	156.9	291.8	15.2	-24.9	-9.7

Appendix 3: Segment information

The amortizations of PPA are included in the adjusted operating income of the specialized parts & service business : 0.6 billion yen in FY2024 2Q, and 1.2 billion yen in the forecast for FY2024.

[billions of yen]

FY2024 1Q-2Q Actual	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Specialized Parts & Service Business		
Revenue	605.8	64.5	-4.6	665.7
Adjusted operating income	10.6% 64.3	10.9% 7.0	-	10.7% 71.3

[billions of yen]

FY2024 Forecast	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Specialized Parts & Service Business		
Revenue	1,220.4	134.2	-4.6	1,350.0
Adjusted operating income	11.0% 133.8	12.8% 17.2	-	11.2% 151.0

*1: 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

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

1.Capital Expenditure (Based on completion)

[billion of yen]

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 1Q-2Q Actual	FY2024 3Q-4Q Forecast	FY2024 Forecast
Capital Expenditure	45.3	75.1	58.7	24.0	43.2	67.2
Assets held for operating lease	44.3	44.2	50.3	29.2	54.1	83.3
Total	89.6	119.3	109.0	53.3	97.2	150.5

2.Depreciation (tangible and intangible fixed assets)

[billion of yen]

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 1Q-2Q Actual	FY2024 3Q-4Q Forecast	FY2024 Forecast
Capital Expenditure	36.9	40.5	43.7	24.1	23.7	47.7
Assets held for operating lease	17.9	21.6	23.5	12.8	13.7	26.5
Total	54.8	62.1	67.2	36.9	37.3	74.2

3.R&D expenses

[billion of yen]

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 1Q-2Q Actual	FY2024 3Q-4Q Forecast	FY2024 Forecast
Total of consolidation	25.5	24.4	31.4	17.2	18.2	35.4

**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.**



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

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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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