

## Consolidated Financial Results for the Semi-annual Period Ended September 30, 2024 (IFRS)

October 25, 2024

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)

Stock exchange: Tokyo (Prime Market) Code number: 6305

URL: <https://www.hitachim.com/global/en/>

Representative: Masafumi Senzaki, President and Executive Officer, COO

Scheduled date for submission of the Semi-annual Securities Report: November 11, 2024

Scheduled date of commencement of payment of dividends: December 2, 2024

Supplementary materials to the financial statements have been prepared: Yes

Presentation will be held to explain the financial statements: Yes (for institutional investors, analysts and journalists)

(Rounded off to the nearest million)

### 1. Consolidated results for the Semi-annual period ended September 2024 (April 1, 2024 to September 30, 2024)

#### (1) Consolidated results

(The percentages indicated show changes from the same period of the previous fiscal year)

	Revenue		Adjusted operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	665,737	(0.0)	71,314	(13.5)	54,493	(35.7)	36,182	(42.3)	31,747	(44.8)
September 30, 2023	665,763	—	82,428	—	84,794	—	62,712	64.1	57,500	61.2

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

	Net income attributable to owners of the parent per share (basic)	Net income attributable to owners of the parent per share (diluted)
	Yen	Yen
September 30, 2024	149.26	149.26
September 30, 2023	270.38	270.38

References: Share of profits (losses) of investments accounted for using the equity method September 30, 2024: ¥542 million September 30, 2023: ¥1,177 million

"Net income attributable to owners of parent per share (basic)" and "Net income attributable to owners of parent per share (diluted)" are calculated based on "Net income attributable to owners of parent".

From the 4Q of the previous fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the 1H of the current and previous fiscal years, revenue, adjusted operating income and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income and net income attributable to owners of the parent are presented as the sum of continuing operations and discontinued operations. Since the 1H of the previous fiscal year is also presented in the same manner, these percentages of increase/decrease from the 1H of the previous fiscal year are not shown.

#### (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	1,752,544	816,346	769,751	43.9
March 31, 2024	1,835,005	814,413	763,380	41.6

### 2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	85.00	—	65.00	150.00
March 31, 2025	—	65.00			
March 31, 2025 (Projection)			—	110.00	175.00

Note: Changes involving the dividend states for the fiscal year ending March 2025: None

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

### 3. Consolidated earnings forecast for the full year ending March 2025 (April 1, 2024 to March 31, 2025)

(The percentages indicated show changes from the same period of the previous fiscal year)

	Revenue		Adjusted operating income		Income before income taxes		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2025	1,350,000	(4.0)	151,000	(10.1)	127,000	(20.9)	80,000	(14.2)	376.12

Notes: Changes in consolidated earnings forecast: Yes

From the 4Q of the previous fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, in the forecast for the fiscal year ending March 31, 2025, revenue, adjusted operating income and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income attributable to owners of the parent and net income attributable to owners of the parent per share are presented as the sum of continuing operations and discontinued operations.

#### \*Notes

(1) Important changes in the scope of the consolidation during period: None

(2) Changes in accounting policies; changes in accounting estimates

[1] Changes in accounting policies required by IFRS	None
[2] Changes in accounting policies other than those in [1]	None
[3] Changes in accounting estimates	None

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares (including treasury shares)

September 2024	215,115,038
March 2024	215,115,038

[2] Number of treasury shares

September 2024	2,410,867
March 2024	2,442,175

[3] Average number of common shares outstanding during the fiscal year (shares)

September 2024	212,695,324
September 2023	212,666,966

Review of the accompanying semi-annual consolidated financial statements by a certified public accountant or auditing firm

None

Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially.

Please refer to “1. Management Performance and Financial Conditions, (2) Outlook for the Fiscal Year Ending March 2025” of the attachment for conditions serving as assumptions for results forecasts.

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## **1. Management Performance and Financial Conditions**

### **(1) Management Results**

Under the three-year medium-term management plan “BUILDING THE FUTURE 2025,” which concludes in the fiscal year ending March 31, 2026, the Company is committed to sustainable growth and enhancement of corporate value through four management strategies: [1]Delivering innovative solutions for customer needs; [2]Enhancing value chain business; [3]Expanding business in the Americas; and [4]Strengthening human capital and corporate capabilities.

During the 1H of the fiscal year under review (April 1, 2024 to September 30, 2024), demand for hydraulic excavators generally declined. In particular, Western Europe and North America have been affected by high interest rates and other factors.

Mining demand remained challenging for small mining hydraulic excavators for Asia. On the other hand, ultra-large machinery remained relatively firm.

Under these circumstances, the mining business and the value chain business, on which we have been focusing our efforts, performed well. In the Americas business, revenue from independent development decreased from the same period of the previous year, when it grew significantly, due to a lull in inventory buildup by dealers. On the other hand, the dealers’ retail sales share to end customers steadily increased as expected.

As a result of these factors, revenue decreased slightly to ¥665,737 million (a decrease of 0.0% year on year).

As for consolidated income items, despite continued efforts to reduce costs and raise selling prices, as well as the impact of the yen's depreciation, the decrease in sales volume and increases in personnel and R&D expenses had a negative impact. As a result, adjusted operating income decreased to ¥71,314 million (a decrease of 13.5% year on year). Net income attributable to owners of the parent was ¥31,747 million (a decrease of 44.8% year on year), due to an increase in one-off financial expenses, mainly due to foreign exchange losses resulting from the appreciation of the yen at the end of the term.

As a note, from the 4Q of the fiscal year ended March 31, 2024, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations in line with IFRS accounting standards. As a result, for the 1H of the current and previous fiscal years, revenue, adjusted operating income, operating income, and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income and net income attributable to owners of the parent are presented as the sum of continuing operations and discontinued operations.

Business results by segment are described below.

#### [1] Construction Machinery Business

During the 1H of the fiscal year under review, revenue was ¥605,829 million (an increase of 0.6% year on year) and adjusted operating income was ¥64,312 million (a decrease of 13.5% year on year), respectively.

In both the construction and mining businesses, the value chain business centered on parts and services performed well, but adjusted operating income declined, mainly due to the decrease in sales volume in the main markets such as North America, Europe, and Asia as well as higher personnel and R&D expenses.

## [2] Specialized Parts & Service Business

This segment consists primarily of Bradken Pty Limited and its subsidiaries, which are engaged in the parts and services business in the after-sales of mining facilities and machinery, and H-E Parts International LLC and its subsidiaries, which provide service solutions.

During the 1H of the fiscal year under review, revenue was ¥64,474 million (a decrease of 2.8% year on year). Adjusted operating income decreased to ¥7,002 million (a decrease of 13.8% year on year), mainly due to the impact of decreased revenue and an increase in personnel expenses.

The above revenues of segments [1] and [2] are figures before intersegment adjustments.

The following table summarizes consolidated net revenue by geographic area:

(Millions of yen)

	FY2024 (April 1, 2024- September 30, 2024)		FY2023 (April 1, 2023- September 30, 2023)		Increase (Decrease)	
	Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
North America	146,595	22.0	154,651	23.2	(8,056)	(5.2)
Central and South America	23,677	3.6	18,780	2.8	4,897	26.1
The Americas	170,272	25.6	173,431	26.0	(3,159)	(1.8)
Europe	78,023	11.7	90,652	13.6	(12,629)	(13.9)
Russia-CIS	9,613	1.4	13,446	2.0	(3,833)	(28.5)
Africa	41,345	6.2	29,117	4.4	12,228	42.0
Middle East	19,933	3.0	15,487	2.3	4,446	28.7
Russia-CIS, Africa, and the Middle East	70,891	10.6	58,050	8.7	12,841	22.1
Asia	53,631	8.1	61,863	9.3	(8,232)	(13.3)
India	37,134	5.6	35,539	5.3	1,595	4.5
Oceania	141,191	21.2	128,777	19.3	12,414	9.6
Asia and Oceania	231,956	34.8	226,179	34.0	5,777	2.6
China	14,765	2.2	15,293	2.3	(528)	(3.5)
Sub-total	565,907	85.0	563,605	84.7	2,302	0.4
Japan	99,830	15.0	102,158	15.3	(2,328)	(2.3)
Total	665,737	100.0	665,763	100.0	(26)	(0.0)

(Rounded off to the nearest million)

Note: From the 4Q of the previous fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the 1H of the current and previous fiscal years, revenues are presented in amounts for continuing operations excluding discontinued operations.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

## **(2) Outlook for the Fiscal Year Ending March 2025**

Regarding demand for hydraulic excavators for the full year ending March 31, 2025, in North America, the pace of the Fed's interest rate cuts was slower than expected, and the market recovery that had been expected in the 2H of the year is now expected to be delayed until the following year or later. Meanwhile, in other regions as expected since the beginning of the fiscal year, demand is expected to decrease significantly from the previous year in Western Europe, which is affected by high interest rates, and in India, where the outlook is uncertain after elections. Demand in China is expected to remain at the same low level as the previous year. Taking these factors into consideration, we have revised our forecast for global demand for hydraulic excavators downward by 7 thousand units to approximately 199 thousand units (down 11% year on year) from our previous full-year forecast announced in July. Demand for mining machinery for the full year is expected to decline for small mining excavators for Asia, as we had previously forecast, because thermal coal prices have settled down and small and medium-sized miners are expected to be less willing to invest in mining machinery. As a result, we will maintain our previous forecast for demand for new machinery, but we expect that demand for overhauls and regular maintenance will continue to be strong due to high utilization rates.

Based on the above market conditions, we have revised down our consolidated earnings forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025) from the previous forecast announced in July. In terms of profits, we have also revised our forecasts downwards due to a decrease in the sales volume in our main markets, as well as an expected increase in overhead costs, mainly personnel cost by enhancing human capital investment and R&D expenses for sustainable development. In terms of cash flow, we have made progress in reducing working capital, and based on the results of the 1H of the year, we expect to be able to generate a reasonable amount of cash in the 2H as well, so we plan to maintain our initial plan for shareholder returns for the year.

We will continue our efforts to reduce costs and raise selling prices, and through the growth of our focused businesses in the Americas, the mining business, and the value chain business, we aim to transform ourselves into a stable profit structure that is less susceptible to the demand for new machinery.

Regarding the exchange rate assumptions for the third quarter and beyond in this forecast, we are leaving the rate for the US dollar at ¥141, but are changing it for the euro to ¥155, the Chinese yuan to ¥19.8, and the Australian dollar to ¥96.

Through the realization of our unique mission, “Meet expectations from customers, co-create innovative products, services, solutions, and together, we continue to create new values”, we will continue to earnestly strive to realize our corporate vision of “Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society”. We have also recently established a new concept, "LANDCROS" in July of this year, to reflect the Hitachi Construction Machinery Group's desire to deliver innovative solutions for every stakeholder. The entire Hitachi Construction Machinery Group will work to disseminate and promote this new concept and innovate our corporate culture.

### Consolidated Earnings Forecast for the Full Year Ending March 31, 2025

	Revenue	Adjusted operating income	Operating income	Income before income taxes	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (basic)
Previous forecast (A)	Millions of yen 1,370,000	Millions of yen 165,000	Millions of yen 161,000	Millions of yen 151,000	Millions of yen 98,000	Yen 460.74
Forecast (B)	1,350,000	151,000	150,000	127,000	80,000	376.12
Change (B)-(A)	(20,000)	(14,000)	(11,000)	(24,000)	(18,000)	—
Change (%)	(1.5)	(8.5)	(6.8)	(15.9)	(18.4)	—
(Reference) FY2023	1,405,928	168,028	162,690	160,476	93,294	438.68

(Rounded off to the nearest million)

**Notes:**

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors may cause actual results to differ materially.

### **(3) Analysis of Financial Condition**

#### **[1] Status of Assets, Liabilities, and Net Assets**

##### **(Assets)**

Current assets amounted to ¥ 1,003,559 million, a decrease of 6.9%, or ¥ 73,991 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 65,482 million in trade receivables and ¥ 8,934 million in inventories.

Non-current assets amounted to ¥ 748,985 million, a decrease of 1.1%, or ¥ 8,470 million, from the previous fiscal year-end. This was due mainly to a decrease of ¥ 4,604 million in property, plant and equipment and ¥ 2,401 million in trade receivables.

As a result, total assets decreased by 4.5%, or ¥ 82,461 million, from the previous fiscal year-end to ¥ 1,752,544 million.

##### **(Liabilities)**

Current liabilities amounted to ¥ 614,549 million, a decrease of 15.6%, or ¥ 113,199 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 57,235 million in bonds and borrowings and ¥ 46,654 million in trade and other payables.

Non-current liabilities amounted to ¥ 321,649 million, an increase of 9.8%, or ¥ 28,805 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 35,700 million in bonds and borrowings although there was a decrease of ¥ 2,898 million in lease liabilities.

As a result, total liabilities decreased by 8.3%, or ¥ 84,394 million, from the previous fiscal year-end to ¥ 936,198 million.

##### **(Equity)**

Total equity increased by 0.2%, or ¥ 1,933 million, from the previous fiscal year-end to ¥ 816,346 million. This was mainly due to retained earnings.

(English translation of “KESSAN TANSIN” originally issued in the Japanese language.)



## **[2] Analysis of the Status of Consolidated Cash Flows**

Cash and cash equivalents at the end of semi-annual period totaled ¥ 144,672 million, an increase of ¥ 1,142 million from the beginning of the fiscal year. Statement and factors relating to each cash flow category are as follows:

### **(Net cash provided by operating activities)**

Net cash provided by operating activities for the semi-annual period based on ¥ 35,092 million in net income, and included ¥ 32,266 million in depreciation, a ¥ 61,296 million decrease in trade receivables and contract assets, while a ¥ 42,558 million decrease in trade payables and a ¥ 24,408 million income tax paid as cash outflow.

As a result, net cash provided by operating activities for the semi-annual period totaled to an inflow of ¥ 64,362 million, an increase inflow of ¥ 36,213 million year on year.

### **(Net cash (provided by) used in investing activities)**

Net cash used in investing activities for the semi-annual period amounted to ¥ 23,313 million, a decrease of ¥ 3,693 million year on year. This was mainly due to an outlay of ¥ 16,981 million for capital expenditures.

As a result, free cash flows, the sum of net cash provided by operating activities and net cash used in investing activities, amounted to an inflow of ¥ 41,049 million.

### **(Net cash provided by (used in) financing activities)**

Net cash used in financing activities for the semi-annual period amounted to ¥ 36,399 million. While there was an increase of ¥ 42,245 million in proceeds from long-term debt and bond, this was mainly due to ¥ 43,007 payments on long-term debt and bond and a ¥ 17,868 million dividends paid (including dividends paid to non-controlling interests)

As a result, cash for financing activities for the semi-annual period produced an increased outflow of ¥ 23,518 million year on year.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of Sep. 30, 2024 (A)	As of Mar. 31, 2024 (B)	(A)-(B)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	144,672	143,530	1,142
Trade receivables	239,697	305,179	(65,482)
Contract assets	539	552	(13)
Inventories	543,385	552,319	(8,934)
Income tax receivables	931	2,994	(2,063)
Other financial assets	30,560	33,538	(2,978)
Other current assets	26,379	19,590	6,789
Subtotal	986,163	1,057,702	(71,539)
Assets held for sale	17,396	19,848	(2,452)
Total current assets	1,003,559	1,077,550	(73,991)
Non-current assets			
Property, plant and equipment	466,683	471,287	(4,604)
Right-of-use-asset	65,055	66,973	(1,918)
Intangible assets	45,181	43,630	1,551
Goodwill	50,573	51,536	(963)
Investments accounted for using the equity method	22,903	23,844	(941)
Trade receivables	44,795	47,196	(2,401)
Deferred tax assets	26,404	26,222	182
Other financial assets	22,356	21,177	1,179
Other non-current assets	5,035	5,590	(555)
Total non-current assets	748,985	757,455	(8,470)
Total assets	1,752,544	1,835,005	(82,461)
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	215,276	261,930	(46,654)
Lease liabilities	11,662	11,711	(49)
Contract liabilities	14,248	14,314	(66)
Bonds and borrowings	339,067	396,302	(57,235)
Income taxes payable	11,572	15,210	(3,638)
Other financial liabilities	14,303	19,164	(4,861)
Other current liabilities	4,160	3,679	481
Subtotal	610,288	722,310	(112,022)
Liabilities held for sale	4,261	5,438	(1,177)
Total current liabilities	614,549	727,748	(113,199)
Non-current liabilities			
Trade and other payables	2,318	3,720	(1,402)
Lease liabilities	59,633	62,531	(2,898)
Contract liabilities	8,587	9,439	(852)
Bonds and borrowings	214,980	179,280	35,700
Retirement and severance benefit	21,761	22,505	(744)
Deferred tax liabilities	8,635	9,368	(733)
Other financial liabilities	873	629	244
Other non-current liabilities	4,862	5,372	(510)
Total non-current liabilities	321,649	292,844	28,805
Total liabilities	936,198	1,020,592	(84,394)
<b>Equity</b>			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	76,086	75,965	121
Retained earnings	544,230	526,307	17,923
Accumulated other comprehensive income	70,889	82,600	(11,711)
Treasury stock, at cost	(3,031)	(3,069)	38
Total Equity attribute to owners of the parent	769,751	763,380	6,371
Non-controlling interests	46,595	51,033	(4,438)
Total equity	816,346	814,413	1,933
Total liabilities and equity	1,752,544	1,835,005	(82,461)

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated cumulative semi-annual period

#### Consolidated Statements of Income

(Millions of yen)

	Six months ended Sep. 30, 2024 (A)	Six months ended Sep. 30, 2023 (B)	(A)/(B)×100 (%)
Continuing operations			
Revenue	665,737	665,763	100
Cost of sales	(455,367)	(456,358)	100
Gross profit	210,370	209,405	100
Selling, general and administrative expenses	(139,056)	(126,977)	110
Adjusted operating income	71,314	82,428	87
Other income	2,568	2,254	114
Other expenses	(3,093)	(1,796)	172
Operating income	70,789	82,886	85
Financial income	3,232	7,701	42
Financial expenses	(20,070)	(6,970)	288
Share of profits of investments accounted for using the equity method	542	1,177	46
Income before income taxes	54,493	84,794	64
Income taxes	(19,401)	(22,101)	88
Net income from continuing operations	35,092	62,693	56
Discontinued operations			
Net income from discontinued operations	1,090	19	5,737
Net income	36,182	62,712	58
Net income attributable to			
Owners of the parent	31,747	57,500	55
Non-controlling interests	4,435	5,212	85
Total net income	36,182	62,712	58
EPS attributable to owners of the parent			
Continuing operations	144.14	270.29	53
Discontinued operations	5.12	0.09	5,689
Net income per share (Basic) (yen)	149.26	270.38	55
Continuing operations	144.14	270.29	53
Discontinued operations	5.12	0.09	5,689
Net income per share (Diluted) (yen)	149.26	270.38	55

(Rounded off to the nearest million)

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended Sep. 30, 2024 (A)	Six months ended Sep. 30, 2023 (B)	(A)/(B)×100 (%)
Net income	36,182	62,712	58
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	172	1,345	13
Items that can be reclassified into net income			
Foreign currency translation adjustments	(12,567)	32,921	-
Cash flow hedges	(50)	(1,083)	5
Other comprehensive income of equity method associates	(702)	1,431	-
Other comprehensive income, net of taxes	(13,147)	34,614	-
Comprehensive income	23,035	97,326	24
Comprehensive income attributable to			
Owners of the parent	20,036	88,347	23
Non-controlling interests	2,999	8,979	33

(Rounded off to the nearest million)

**(3) Consolidated Statements of Changes in Equity**  
**Consolidated cumulative semi-annual period**  
**For the six months ended Sep. 30, 2024**

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	75,965	526,307	(396)	8,660	(194)
Net income			31,747			
Other comprehensive income				-	172	29
Comprehensive income		-	31,747	-	172	29
Acquisition of treasury stock						
Dividends to stockholders of the Company			(13,824)			
Share-based payment transactions		104				
Change in liabilities for written put options over non-controlling interests		17				
Transaction with owners	-	121	(13,824)	-	-	-
Balance at end of period	81,577	76,086	544,230	(396)	8,832	(165)

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	74,530	82,600	(3,069)	763,380	51,033	814,413
Net income				31,747	4,435	36,182
Other comprehensive income	(11,912)	(11,711)		(11,711)	(1,436)	(13,147)
Comprehensive income	(11,912)	(11,711)	-	20,036	2,999	23,035
Acquisition of treasury stock			(2)	(2)		(2)
Dividends to stockholders of the Company				(13,824)	(7,421)	(21,245)
Share-based payment transactions			40	144		144
Change in liabilities for written put options over non-controlling interests				17	(16)	1
Transaction with owners	-	-	38	(13,665)	(7,437)	(21,102)
Balance at end of period	62,618	70,889	(3,031)	769,751	46,595	816,346

**For the six months ended Sep. 30, 2023**

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	75,724	463,174	(666)	7,182	(206)
Net income			57,500			
Other comprehensive income				-	1,345	(1,040)
Comprehensive income	-	-	57,500	-	1,345	(1,040)
Acquisition of treasury stock						
Dividends to stockholders of the Company			(12,759)			
Share-based payment transactions		47				
Transfer to retained earnings			39			(39)
Change in liabilities for written put options over non-controlling interests		(30)				
Transaction with owners	-	17	(12,720)	-	(39)	-
Balance at end of period	81,577	75,741	507,954	(666)	8,488	(1,246)

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	36,301	42,611	(3,094)	659,992	41,048	701,040
Net income				57,500	5,212	62,712
Other comprehensive income	30,542	30,847		30,847	3,767	34,614
Comprehensive income	30,542	30,847	-	88,347	8,979	97,326
Acquisition of treasury stock			(3)	(3)		(3)
Dividends to stockholders of the Company				(12,759)	(6,028)	(18,787)
Share-based payment transactions			31	78		78
Transfer to retained earnings		(39)		-		-
Change in liabilities for written put options over non-controlling interests				(30)	(118)	(148)
Transaction with owners	-	(39)	28	(12,714)	(6,146)	(18,860)
Balance at end of period	66,843	73,419	(3,066)	735,625	43,881	779,506

(English translation of "KESSAN TANSIN originally issued in the Japanese language.)

#### (4) Consolidated Statements of Cash Flows

##### Consolidated cumulative semi-annual period

(Millions of yen)

	Six months ended Sep. 30, 2024 (A)	Six months ended Sep. 30, 2023 (A)
Net income	35,092	62,693
Net income from discontinued operations	1,090	19
Depreciation	32,266	28,732
Amortization of intangible asset	4,601	4,119
Impairment losses	63	98
Income tax expense	19,468	22,042
Equity in net earnings of associates	(542)	(1,177)
(Gain) loss on sales of property, plant and equipment	(484)	(289)
Financial income	(3,232)	(7,711)
Financial expense	20,089	6,977
(Increase) decrease in trade receivables and contract assets	61,296	28,217
(Increase) decrease in lease receivables	2,348	4,750
(Increase) decrease in inventories	6,974	(67,571)
(Increase) decrease in trade payables	(42,558)	872
(Increase) decrease in retirement and severance benefit	(363)	192
Other	(42,027)	(13,732)
<b>Subtotal</b>	<b>94,081</b>	<b>68,231</b>
Interest received	2,827	1,605
Dividends received	867	606
Interest paid	(9,005)	(6,792)
Income tax paid	(24,408)	(35,501)
<b>Net cash provided by (used in) operating activities</b>	<b>64,362</b>	<b>28,149</b>
Capital expenditures	(16,981)	(19,665)
Proceeds from sale of property, plant and equipment	821	546
Acquisition of intangible assets	(6,175)	(4,224)
Acquisition of investments in securities and other financial assets(including investments in associates)	(975)	(3,717)
Sales of investments in securities and other financial assets (including investments in associates)	-	99
Increase (decrease) in short-term loan receivables, net	(29)	(15)
Collection of long-term loan receivables	40	10
Other	(14)	(40)
<b>Net cash (provided by) used in investing activities</b>	<b>(23,313)</b>	<b>(27,006)</b>
(Increase) decrease in short-term debt, net	(5,657)	1,918
Proceeds from long-term debt and bond	42,245	33,791
Payments on long-term debt and bond	(43,007)	(26,354)
Payments on lease payables	(8,487)	(5,958)
Dividends paid to owners of the parent	(13,815)	(12,753)
Dividends paid to non-controlling interests	(4,053)	(3,522)
Payments for acquisition of shares of subsidiaries from non-controlling interests	(3,623)	-
Other	(2)	(3)
<b>Net cash (provided by) used in financing activities</b>	<b>(36,399)</b>	<b>(12,881)</b>
Effect of exchange rate changes on cash and cash equivalents	(3,508)	4,426
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,142</b>	<b>(7,312)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>143,530</b>	<b>111,992</b>
<b>Cash and cash equivalents at end of period</b>	<b>144,672</b>	<b>104,680</b>

(English translation of "KESSAN TANSIN" originally issued in the Japanese language.)

## **(5) Notes on Consolidated Financial Statements**

(Notes on the Preconditions for a Going Concern)

There are no relevant items.

(Segment Information)

### 1) Overview of business segments

The operating segments of the Group are the components for which separate financial information is available and that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The reportable segments are determined based on the operating segment.

Taking into consideration the nature of products and services as well as categories, types of customers, and economic characteristics in a comprehensive manner, the company determines to classify two reportable segments as follows: The Construction Machinery Business Segment primarily intends to provide customers with a series of total life cycle solutions related to construction machinery such as the manufacture and sale of hydraulic excavators, ultra-large hydraulic excavators, and wheeled loaders, as well as the sale of parts related to these products. The Specialized Parts Service Business Segment primarily intends to provide services, production, and distribution parts that are not included in the Construction Machinery Business Segment.

Due to the reclassification of non-core business that was previously included in the Specialized Parts & Service business segment to discontinued operations, we only have presented amounts of continuing operations excluding amounts of discontinued operations.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)



2) Revenue, profit or loss, and other items of business segments

For the six months ended Sep. 30, 2024

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	605,806	59,931	665,737	-	665,737
Intersegment transactions	23	4,543	4,566	(4,566)	-
Total revenues	605,829	64,474	670,303	(4,566)	665,737
Adjusted operating income	64,312	7,002	71,314	-	71,314
Operating income	64,006	6,783	70,789	-	70,789
Financial income	-	-	-	3,232	3,232
Financial expenses	-	-	-	(20,070)	(20,070)
Share of profits of investments accounted for using the equity method	542	-	542	-	542
Income (loss) before income taxes	64,548	6,783	71,331	(16,838)	54,493

Note (\*1): Adjustments represent eliminations of intersegment transactions and amounts of companies that do not belong to any operating segment.

Note (\*2): Intersegment transactions are recorded at the same prices used in arm's length transactions.

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

For the six months ended Sep. 30, 2023

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	602,015	63,748	665,763	-	665,763
Intersegment transactions	28	2,587	2,615	(2,615)	-
Total revenues	602,043	66,335	668,378	(2,615)	665,763
Adjusted operating income	74,308	8,120	82,428	-	82,428
Operating income	74,705	8,181	82,886	-	82,886
Financial income	-	-	-	7,701	7,701
Financial expenses	-	-	-	(6,970)	(6,970)
Share of profits of investments accounted for using the equity method	1,177	-	1,177	-	1,177
Income (loss) before income taxes	75,882	8,181	84,063	731	84,794

Note (\*1): Adjustments represent eliminations of intersegment transactions and amounts of companies that do not belong to any operating segment.

Note (\*2): Intersegment transactions are recorded at the same prices used in arm's length transactions.

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)