

HITACHI

Reliable Solutions

Corporate Vision FY2023-3Q

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

©Hitachi Construction Machinery Co., Ltd.

1

Company Outline

2

Medium-term Management Plan BUILDING THE FUTURE 2025

3

Explanatory Meeting Material for Business Results for the Third Quarter ended December 31, 2023

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	79 companies (Japan 7, Overseas 72) 23 companies (Japan 3, Overseas 20)
Number of Employees	Consolidated : 25,430 Non-Consolidated : 5,621

(As of March 31, 2023)



**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

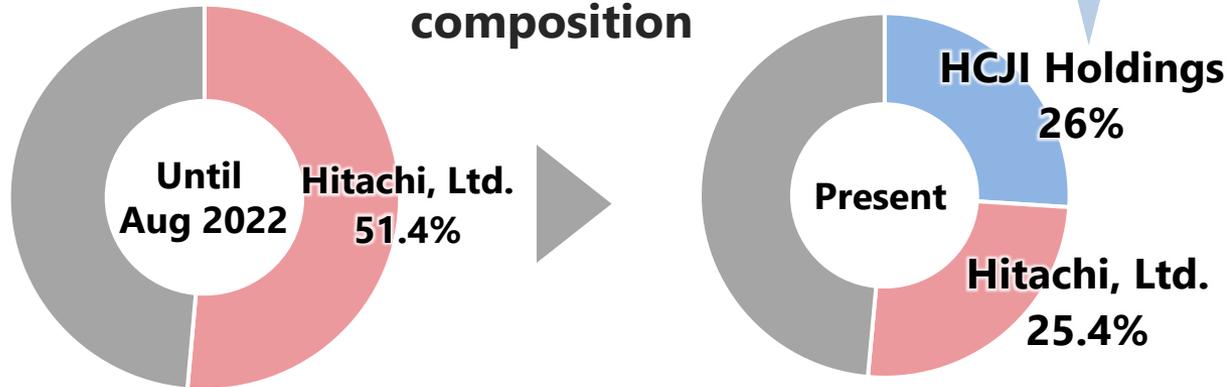
Independence from Hitachi Group

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



Mini Excavator
Mini Wheel Loader

Construction



Hydraulic Excavator
Wheel Loader
Compaction Equipment

Mining



Ultra-large Hydraulic Excavator
Rigid Dump Trucks

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

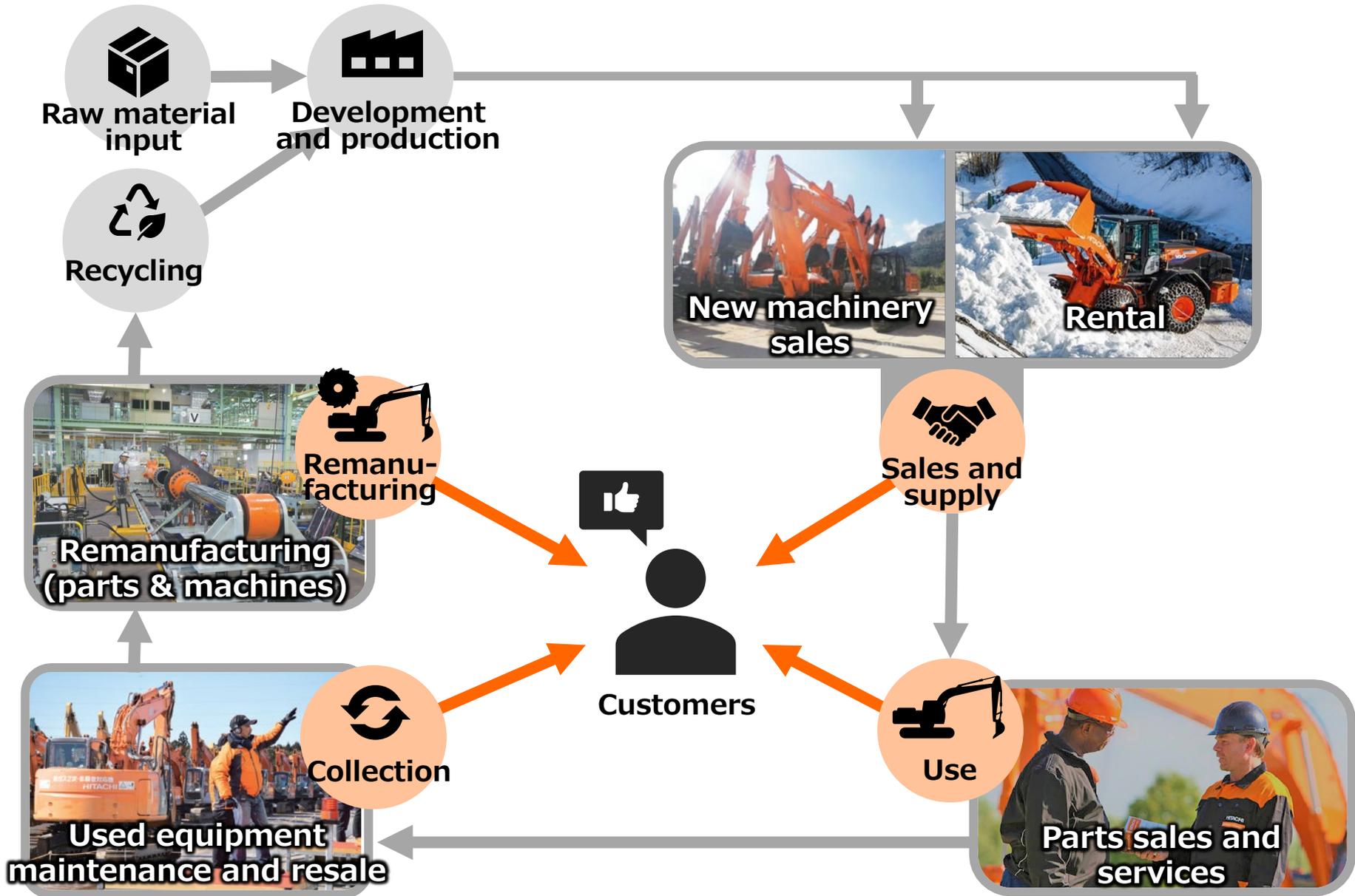
Specialized Parts & Service Business

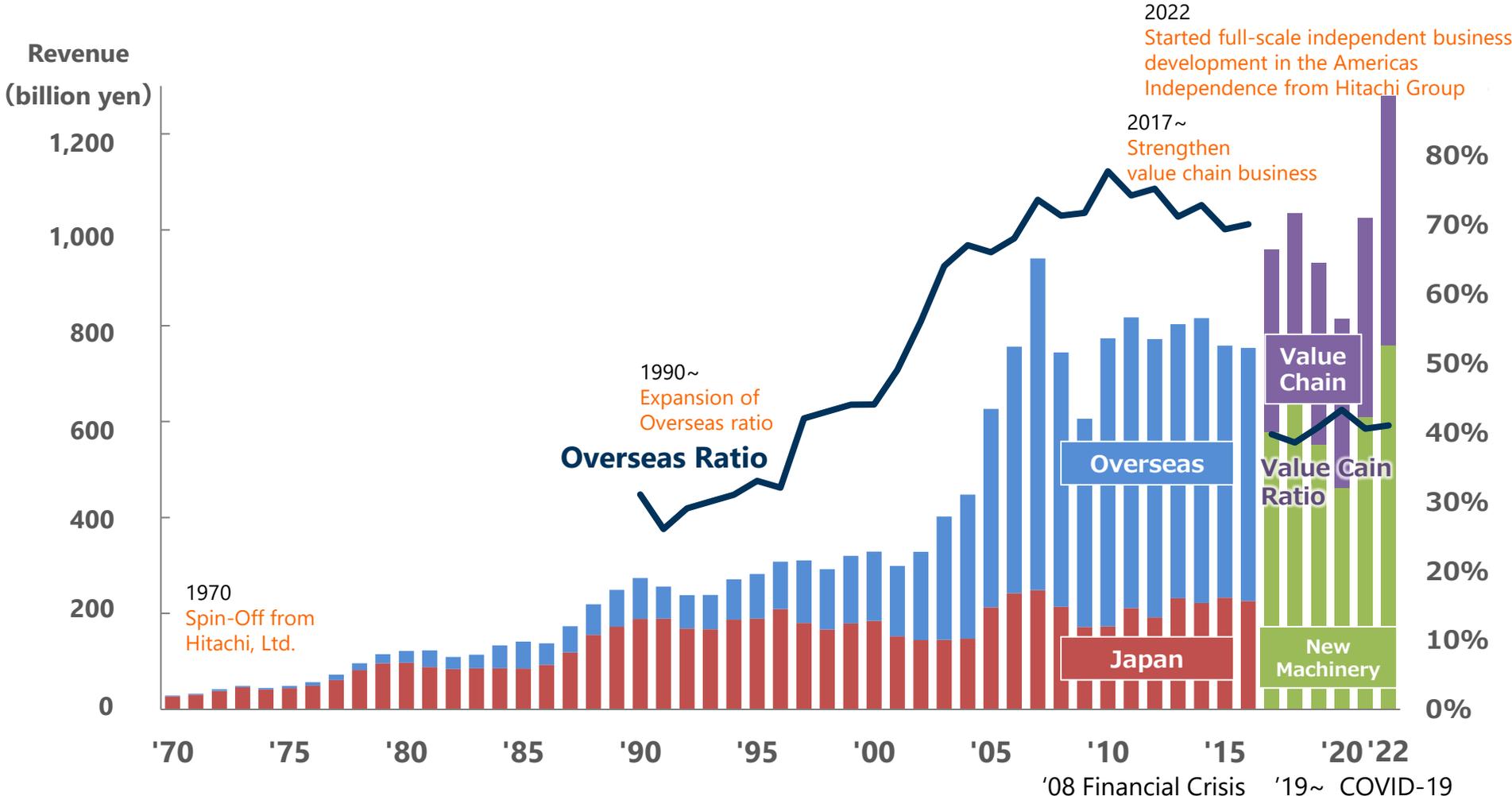




Manufacturing and sale of consumable parts for mining machinery
After-sales service business for mining machinery

Providing a "Value Chain" at various contacts with customers

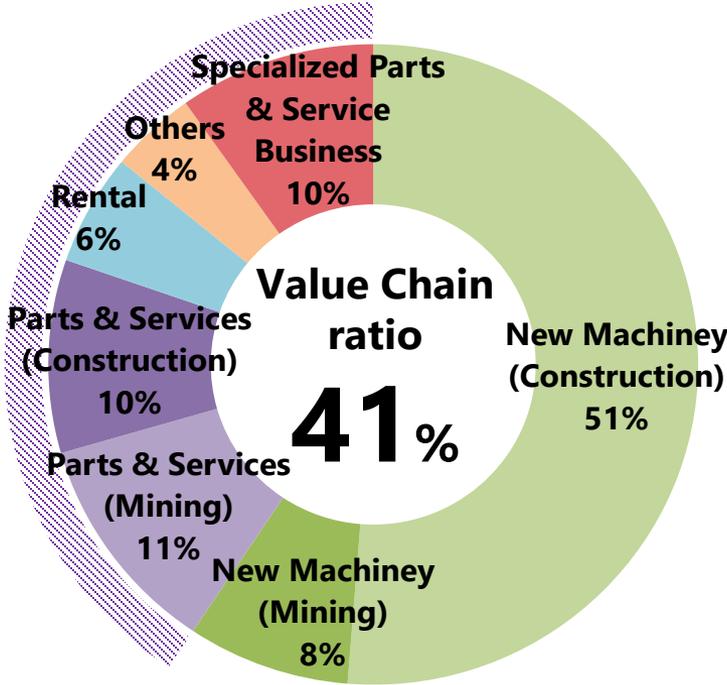




* Value chain: Businesses other than new machinery sales, such as parts and service, specialized parts & service business, rental, and used equipment

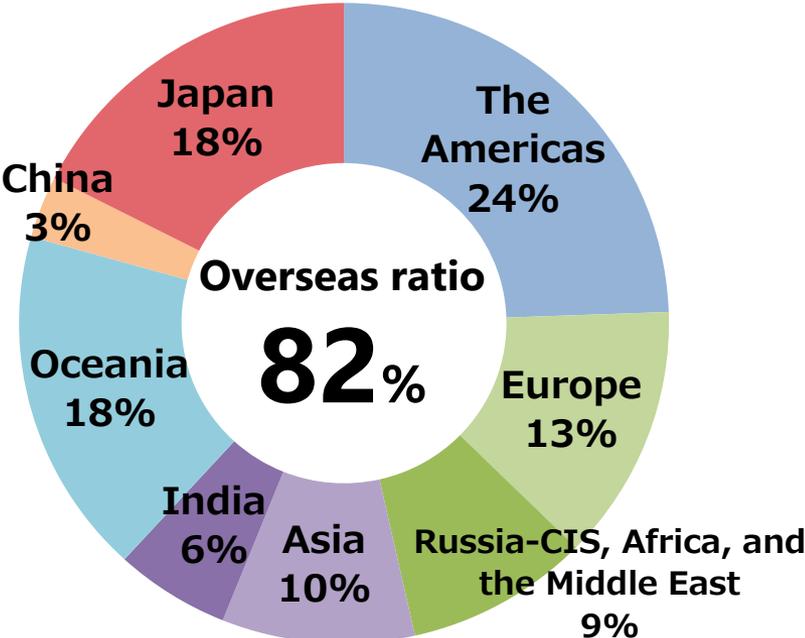
Revenue in FY2022: 1,279.5 billion yen

Revenue ratio by Business Segment



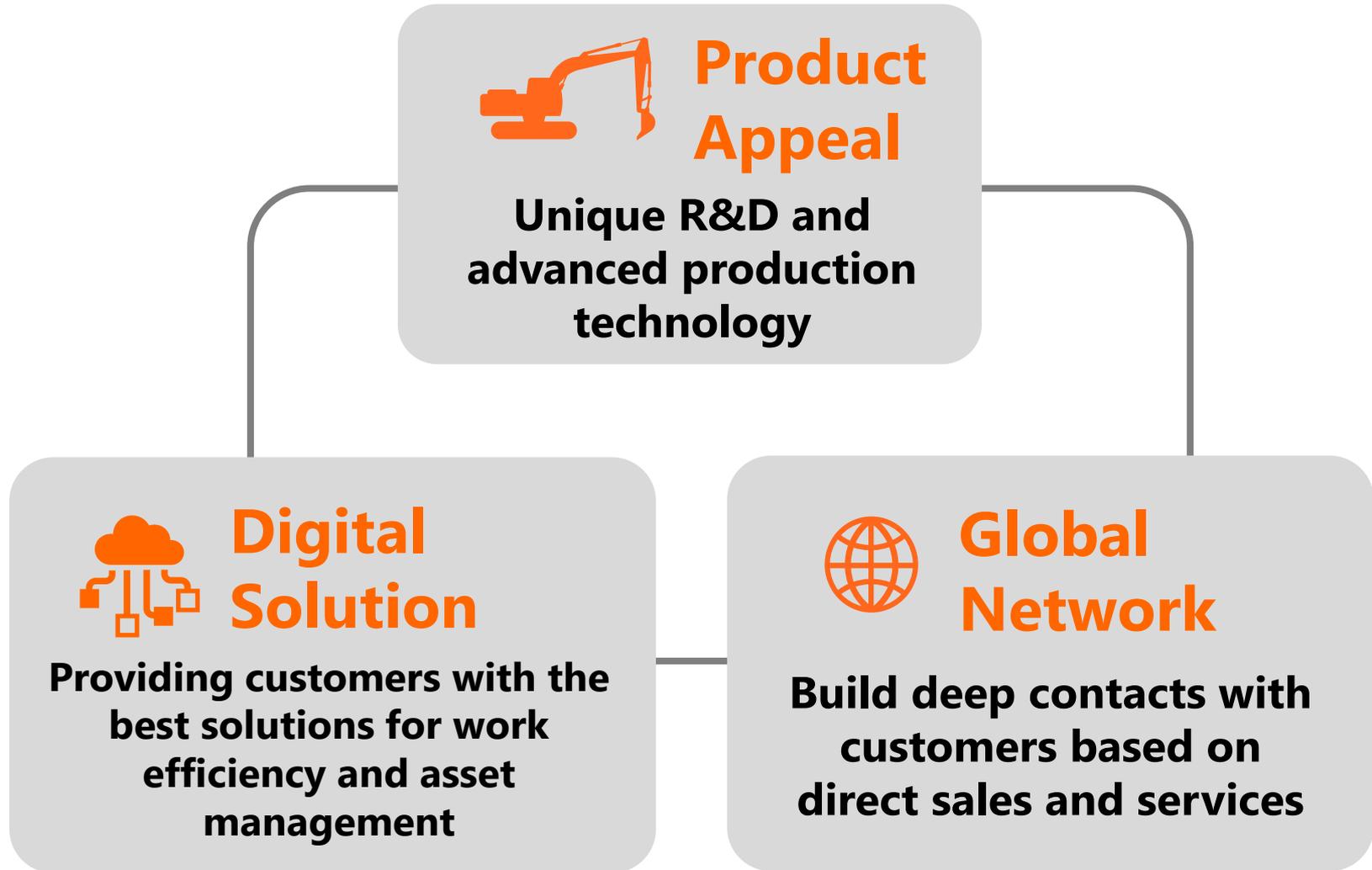
Value Chain ratio

Revenue ratio by Region

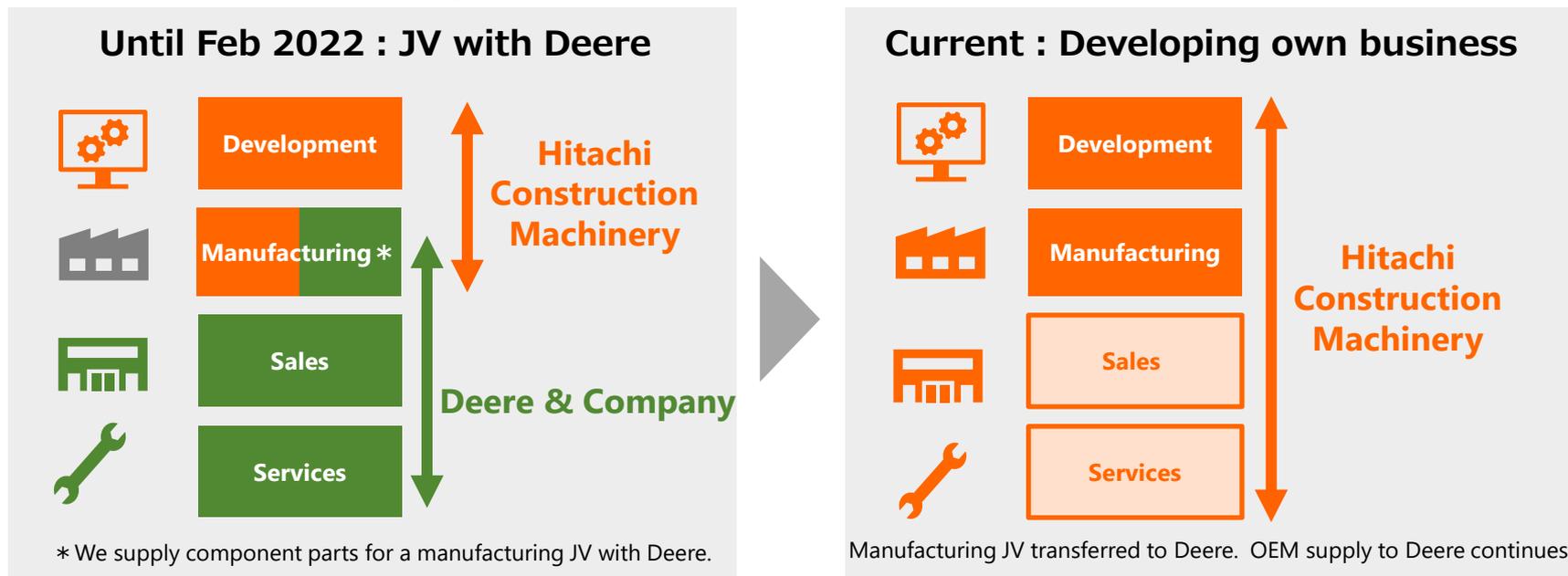


 **Production Base**  **Sales & Service Office**  **R&D Base**  **Remanufacturing Base ***
*Remanufacturing of parts and bodies





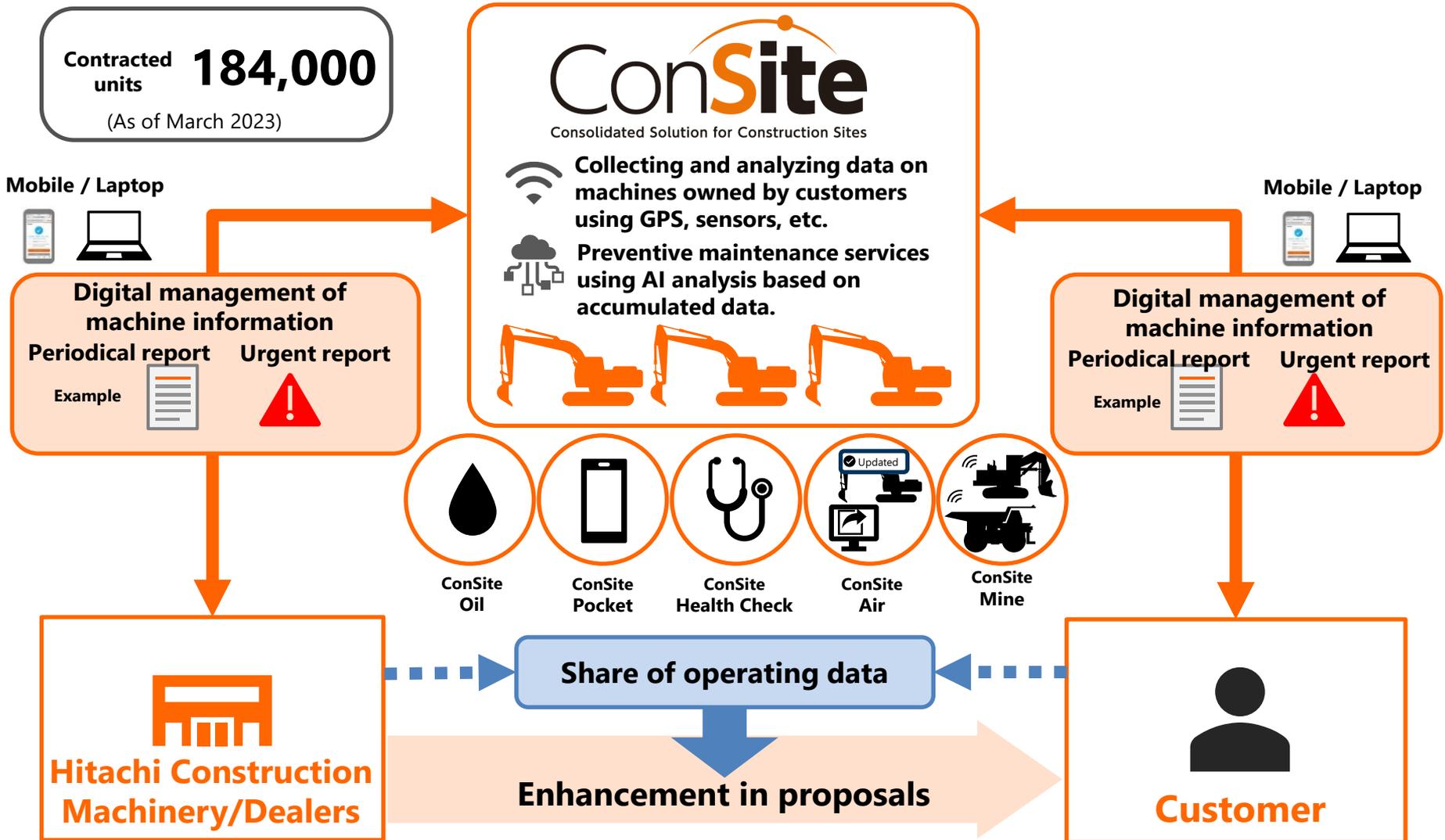
Dissolution of JV with Deere & Company, a major U.S. agricultural machinery manufacturer. Shifting to a business structure that integrates all processes from development to sales and services on its own



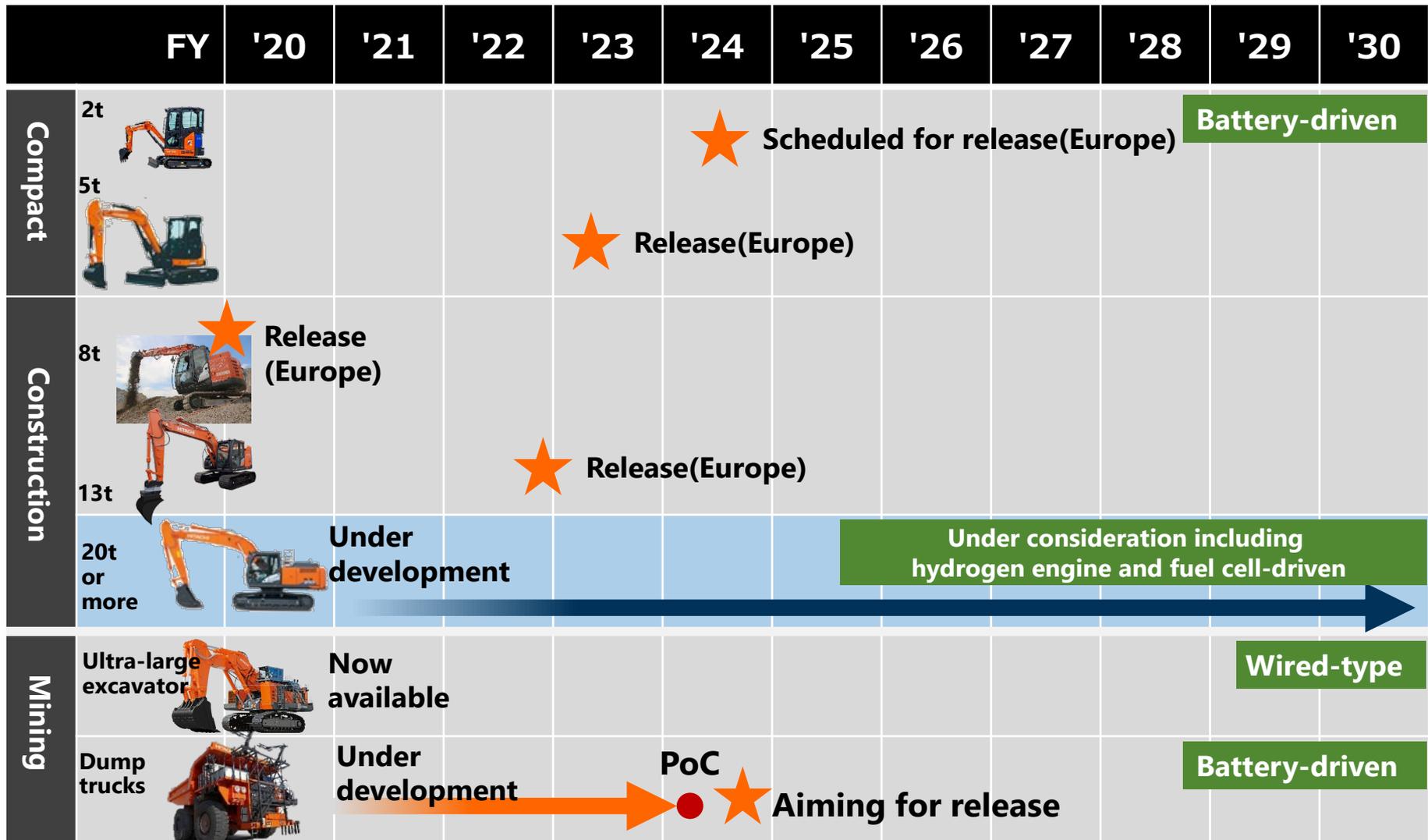
Expanding Opportunities through developing own business

- 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

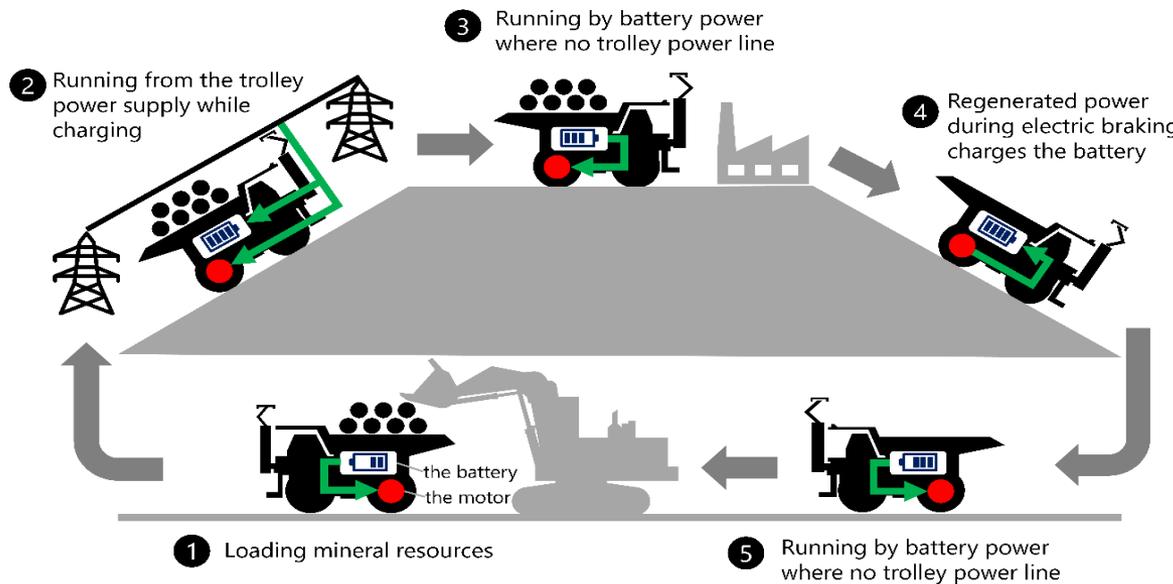


Expand lineup and accelerate development speed through open innovation



Beginning Joint Development of a Fully Electric Dump Truck with ABB

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



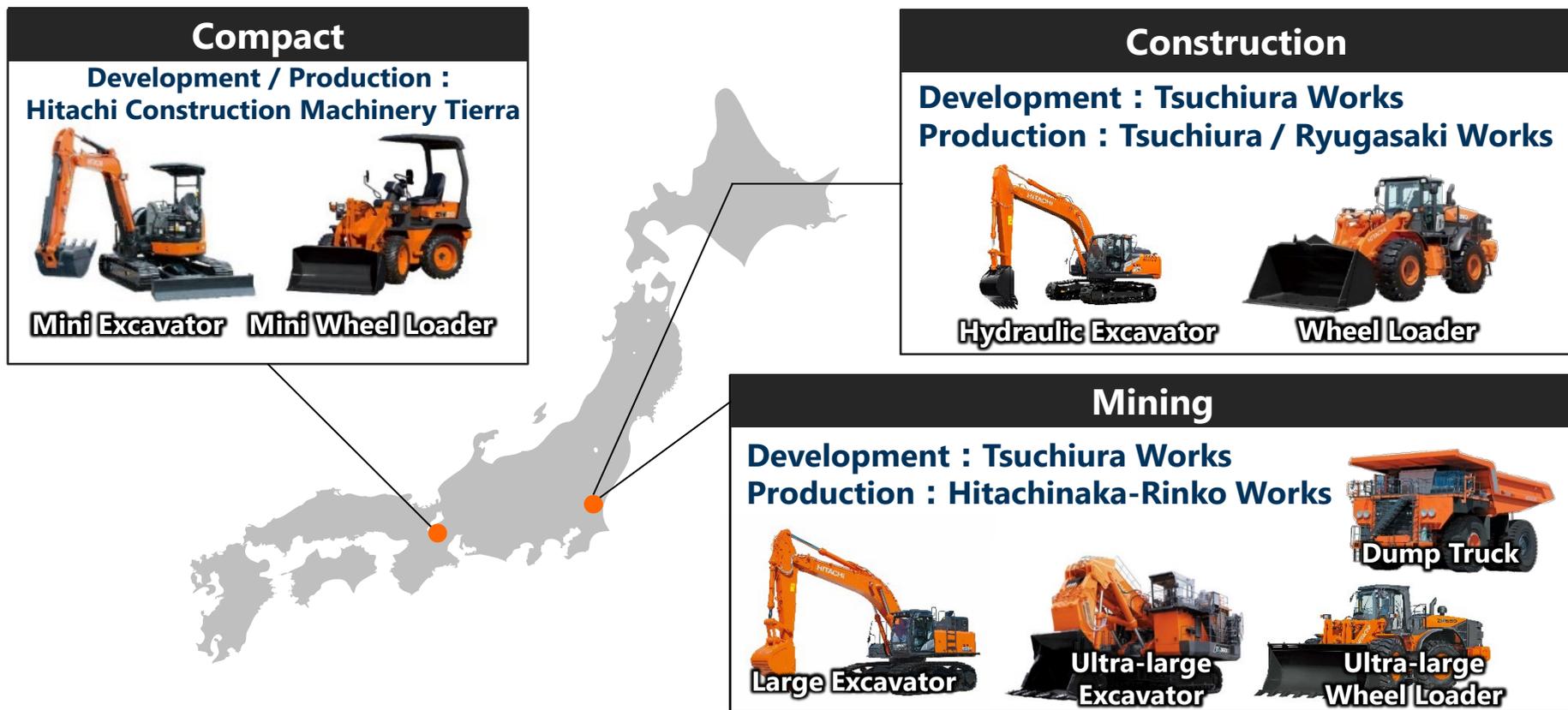
Rigid dump truck model with trolley



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 Third Quarter ended December 31, 2023

- 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

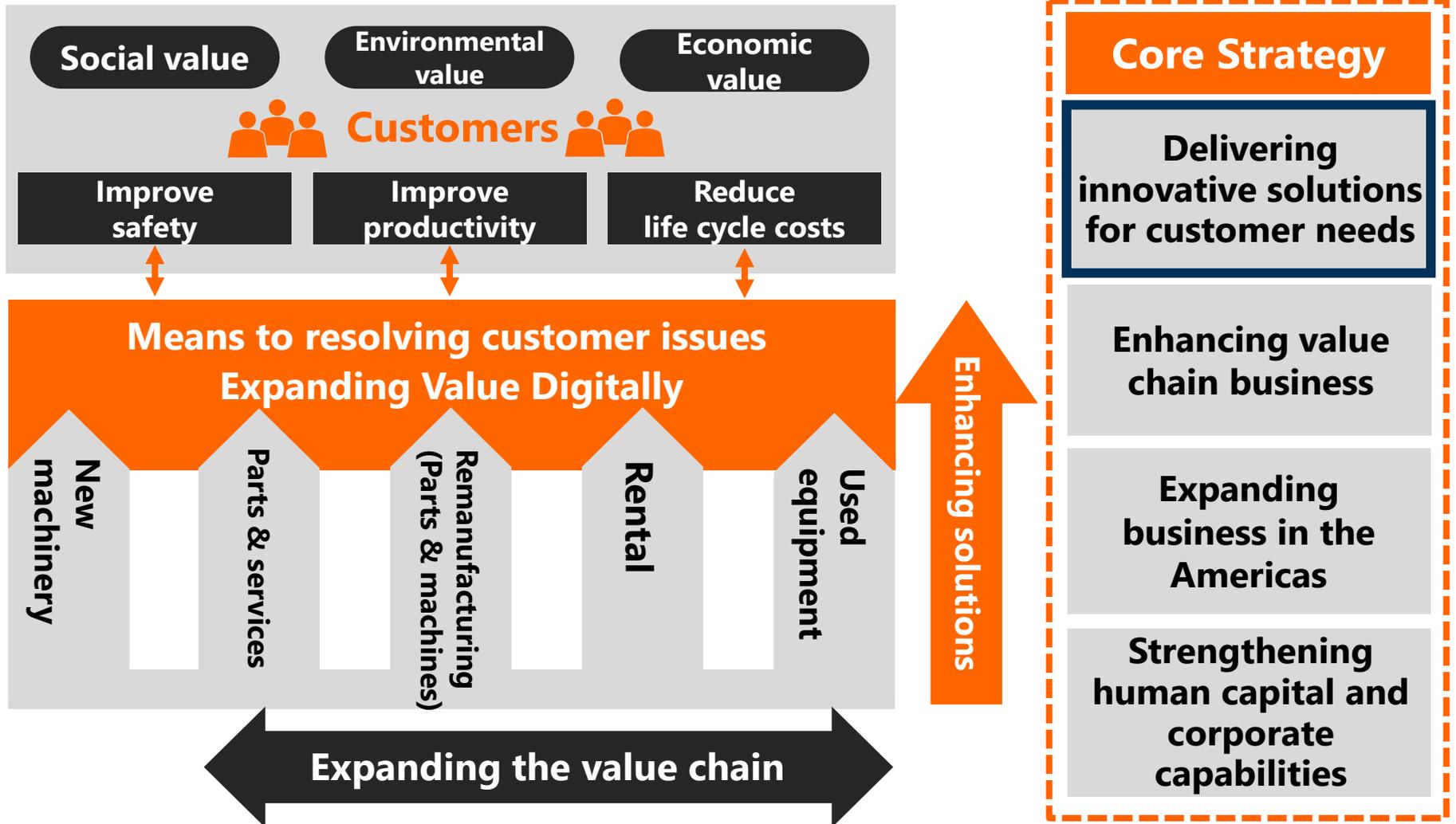
Formulating our own group identity in response to business environmental changes

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



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

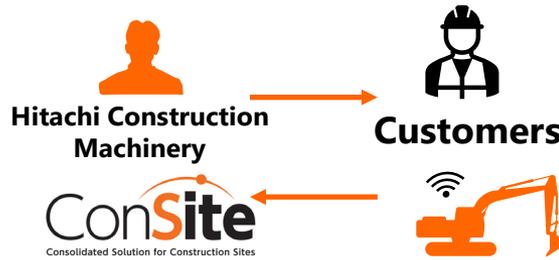
Aging of operators and a shortage of workers

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

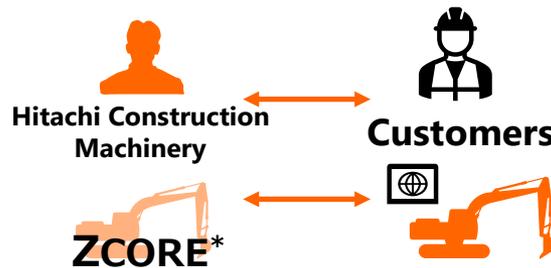
Expansion of Solution 1.0

Enhancement of Solution 2.0

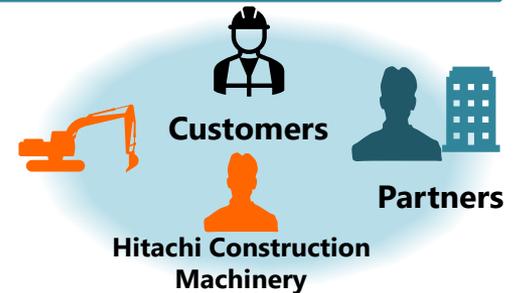
Challenge to Solution 3.0



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

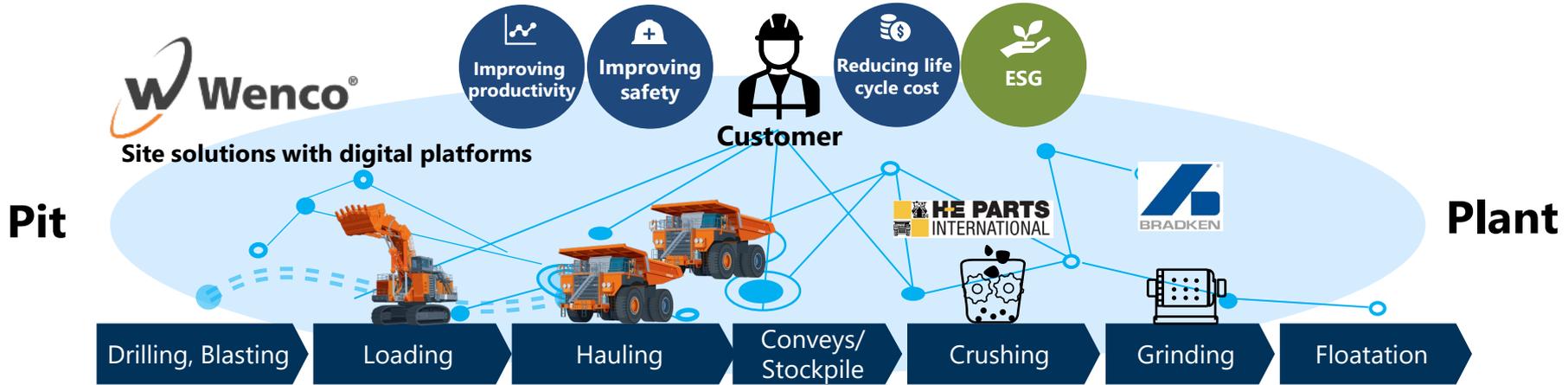
Further improvement of safety & productivity and reduction of LCC* & environmental impact

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



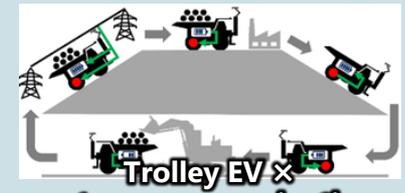
ConSite Mine



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

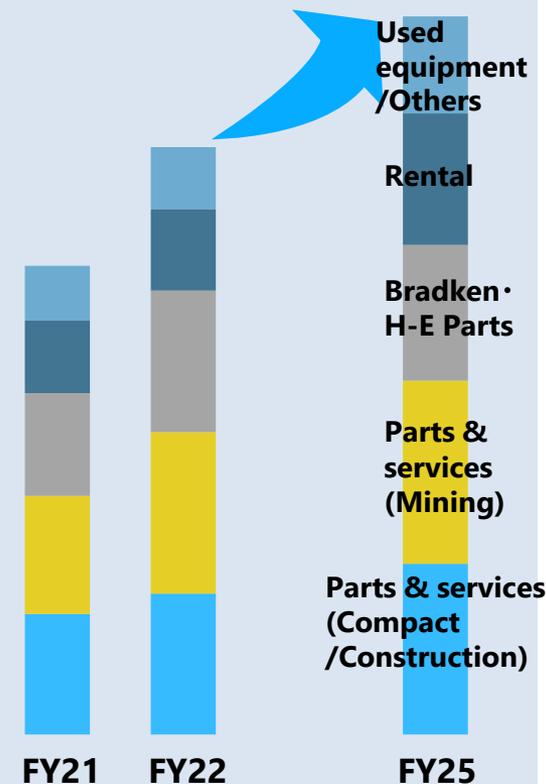
- Further strengthening of mining value chain business from pit to plant (consumable parts, etc.)
- Promoting a global expansion of high-profit businesses (remanufacturing business for mining machinery, consumable parts business in the mineral processing area, etc.)

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

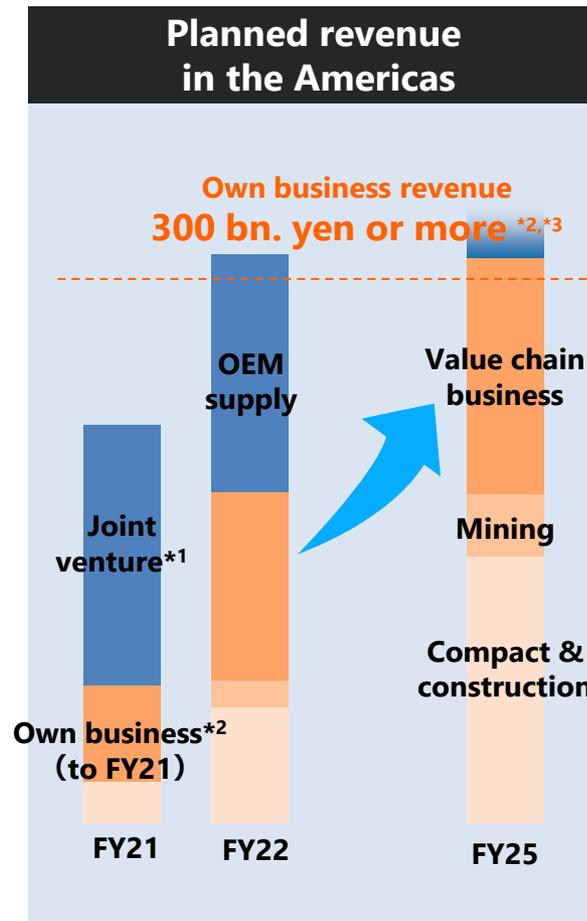
- Establishing an own sales network in Central & South America
- Diversifying sales channels
- Enhancing finance business

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

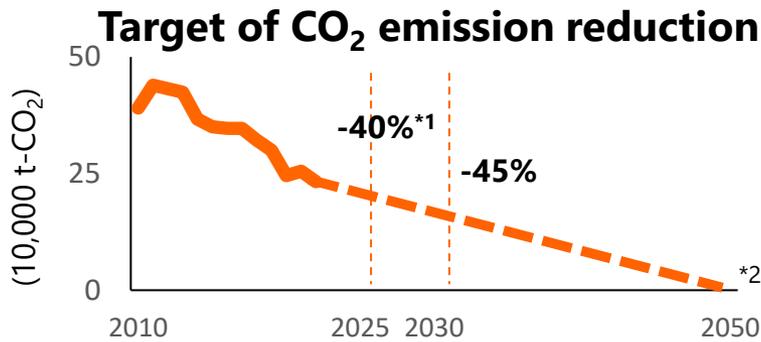
- Global collaboration and strengthening of open innovation
- Transforming the corporate culture through agile development
- Responding to paradigm shifts in construction machinery

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

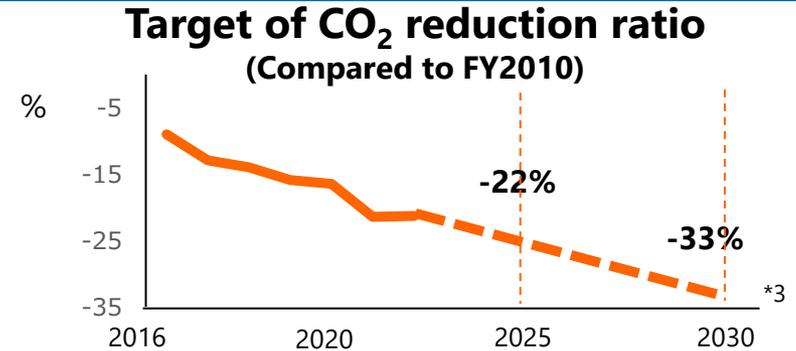
*2: Graph image is for illustrative purposes only; actual results through FY2022

- 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



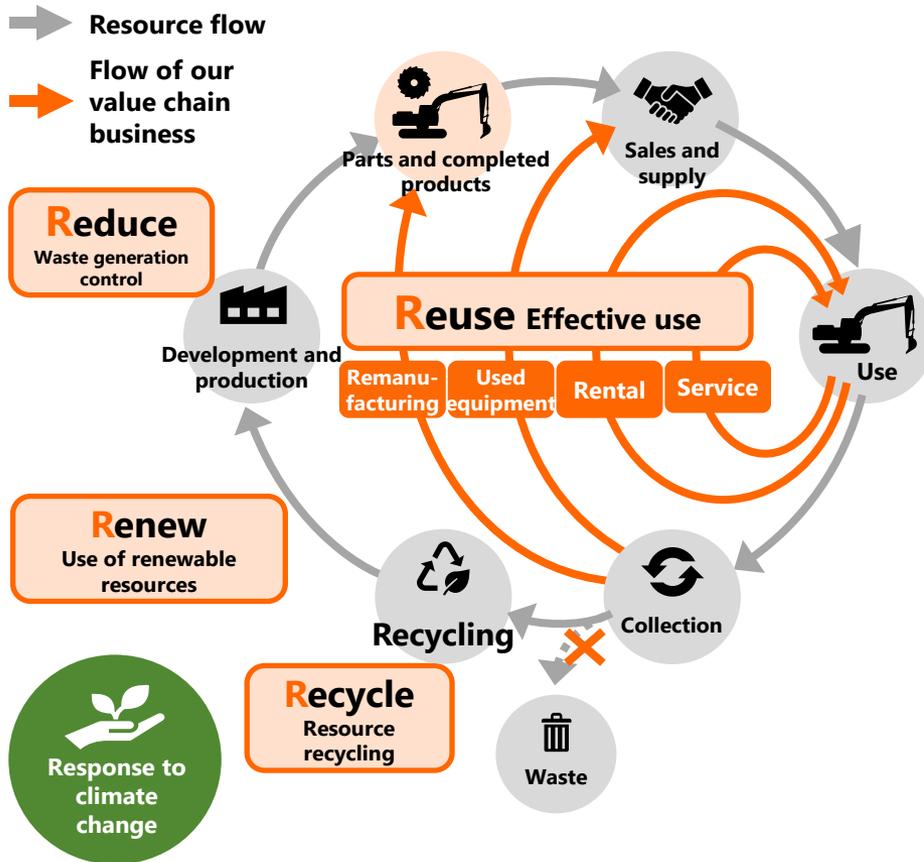
Electrified products



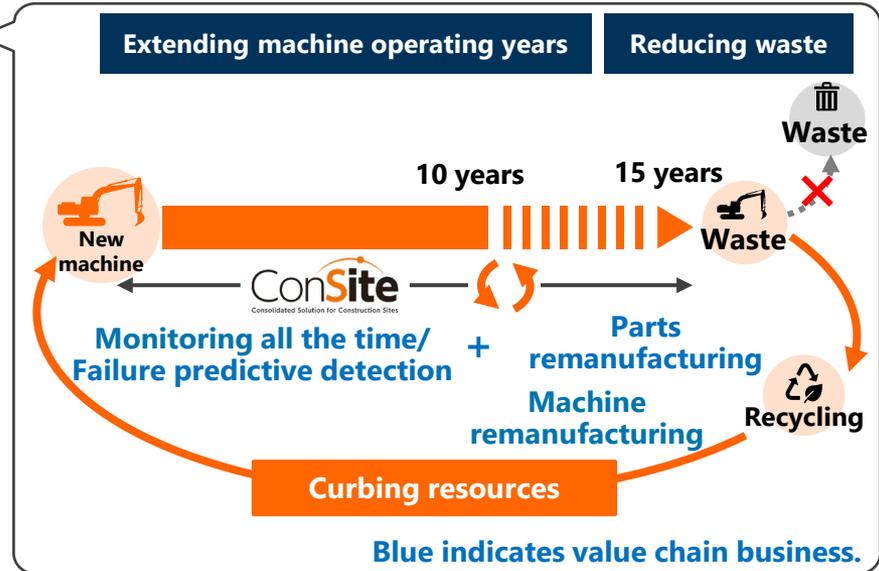
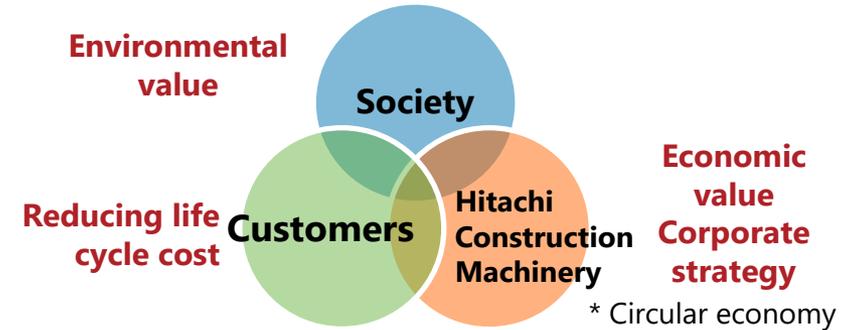
Remanufacturing business

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*



5. Targets of the Medium-term Management Plan

KPI		Medium-term Management Plan FY2025 targets	Reference FY2022 results	
Growth	• Value chain ratio	50% or more	40.6%	
	• Own business revenue in the Americas	300.0 billion yen or more	182.0 billion yen	
	• R&D/Revenue ratio	3% or more	1.9%	
Profitability	• Adjusted operating income ratio	13% or more	10.6%	
	• EBITDA margin*1	18% or more	14.2%	
Safety	• Net D/E ratio	0.40 or less	0.60	
Efficiency	• Operating cash flow margin*1	10% or more	-2.0%	
	• ROE	13% or more	11.0%	
	• ROIC*1*3	9% or more	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	33.3%	
ESG	• Reducing environmental impact and CO ₂ (total)	Production (Scope 1+2)	-40% VS. FY2010	Scheduled to be published in "Integrated Report 2023"
		Product (Scope 3)	-22% VS. FY2010	
	• Diversity, equity & inclusion	• Localization ratio of GM or higher in overseas group companies*1	75%	72%*4
		• Ratio of managers by gender (consolidated)*1	Women 13% Men 15%	Women 10.4%*5 Men 14.9%

*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 2022

*5: As of June 2022

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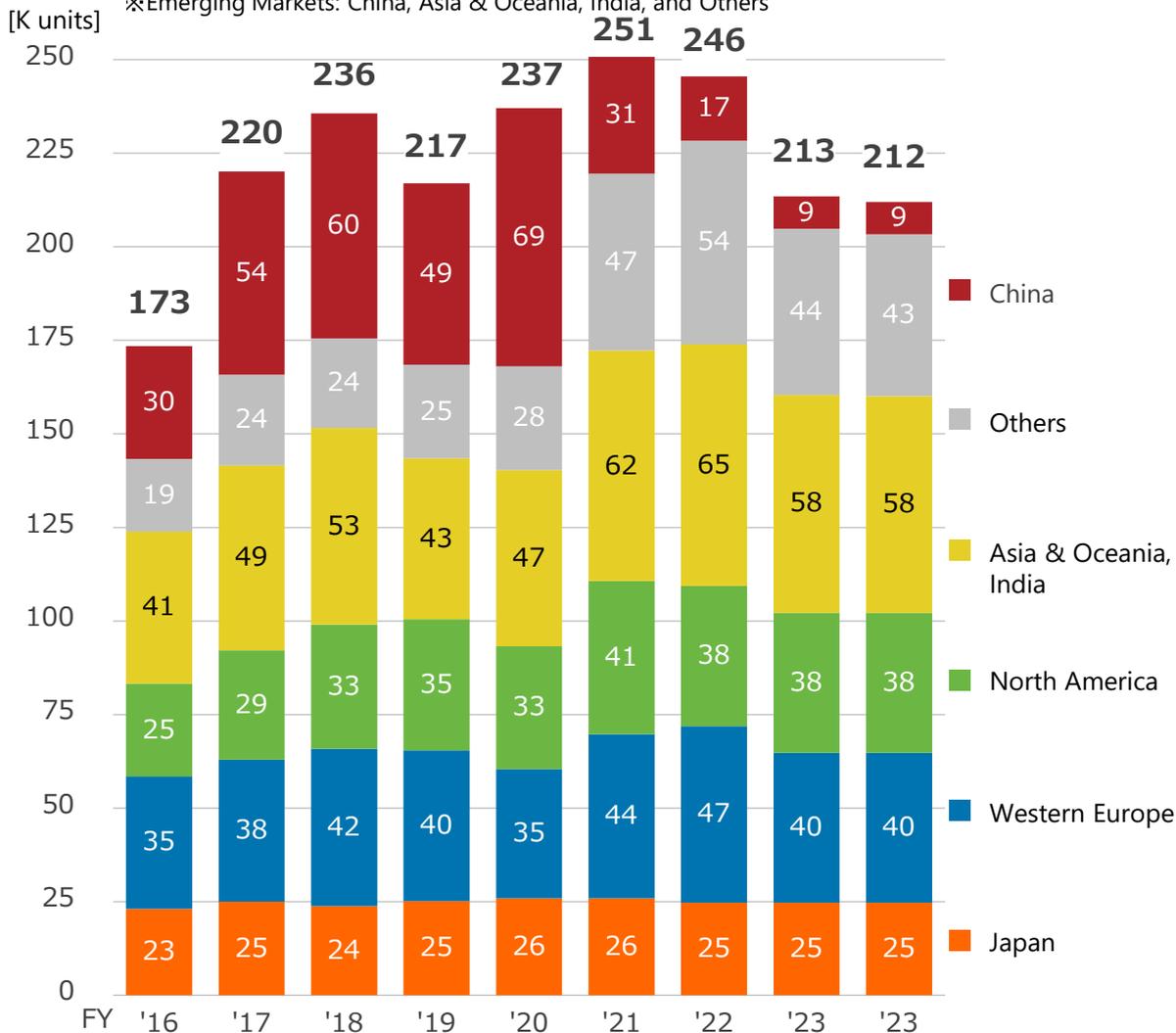
**Explanatory Meeting Material for Business Results
for the Third Quarter ended December 31, 2023**

1. Regional Market Environments and Projections

Global Demand Trend for Hydraulic Excavators

Emerging Markets ratio:
FY23 52% (y-y Change : -4%)

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



*Demand values are Hitachi Construction Machinery estimates

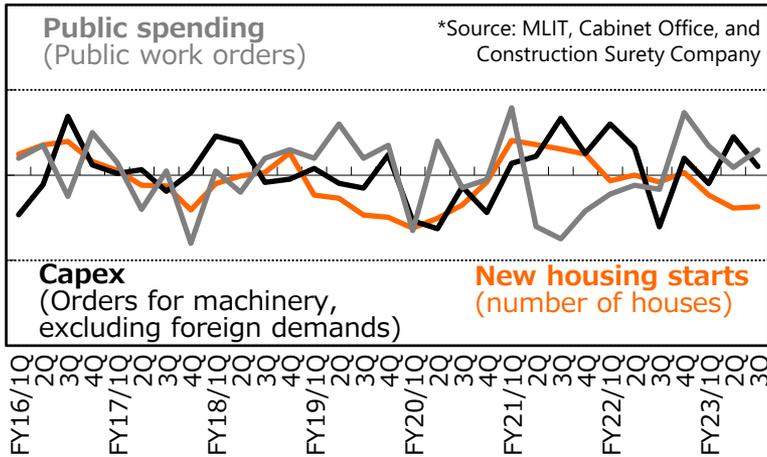
Year-on-Year Change by Region

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

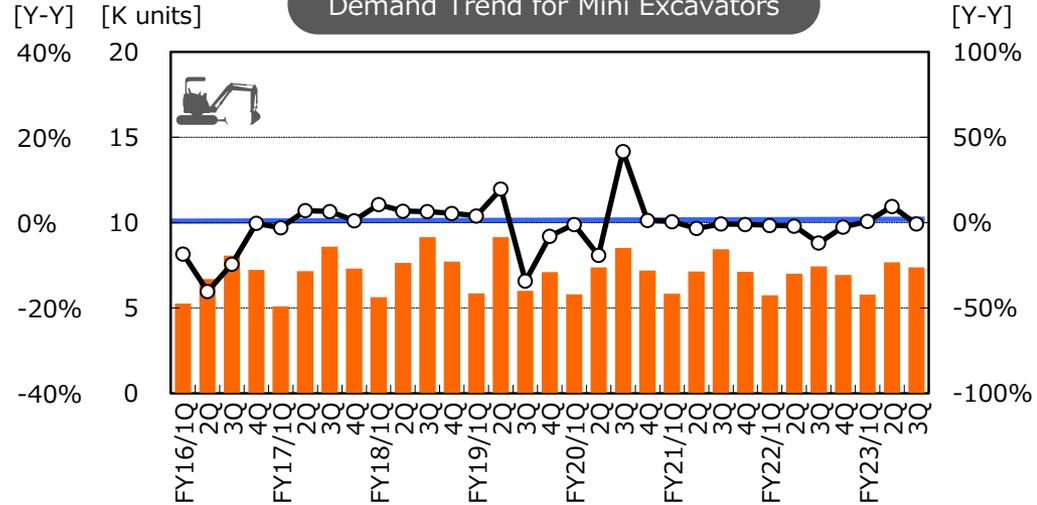
	'22	'23
Total	-2%	-14%
China	-45%	-50%
Russia, CIS, E Europe	+2%	-20%
Africa	-9%	-17%
Middle East	+65%	-2%
Latin America	+18%	-33%
Others	+15%	-20%
Asia	-2%	-18%
India	+14%	±0%
Oceania	+9%	-12%
Asia & Oceania, India	+5%	-11%
N America	-8%	±0%
W Europe	+7%	-15%
Japan	-4%	±0%

- New housing starts decreased, Capex increased slightly, Public spending increased.
- Demand for Hydraulic excavators increased slightly:
Hydraulic Excavators +1%, Mini Excavators -1%, Wheel Loaders +14% y-y.

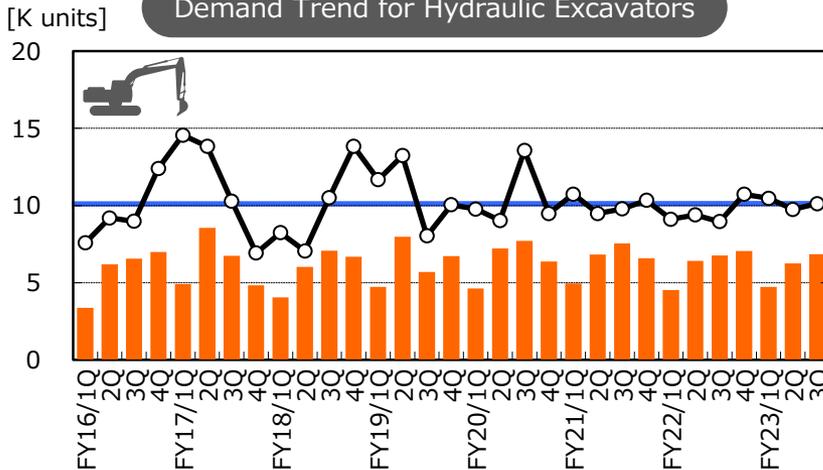
Market Environment Housing, Capex, Public Spending



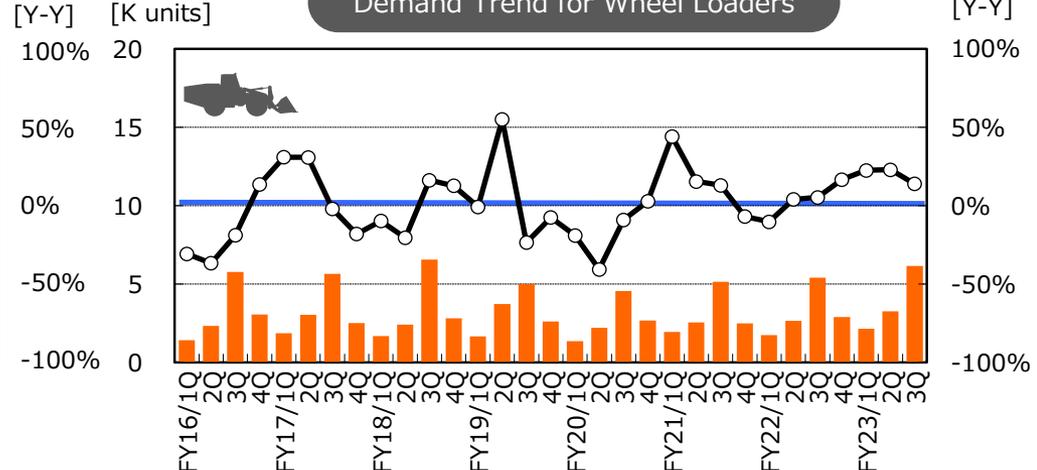
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

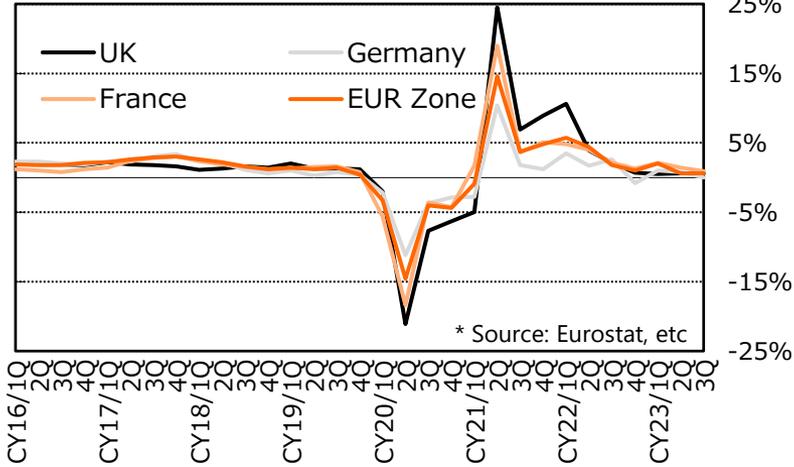


*Demand values are Hitachi Construction Machinery estimates

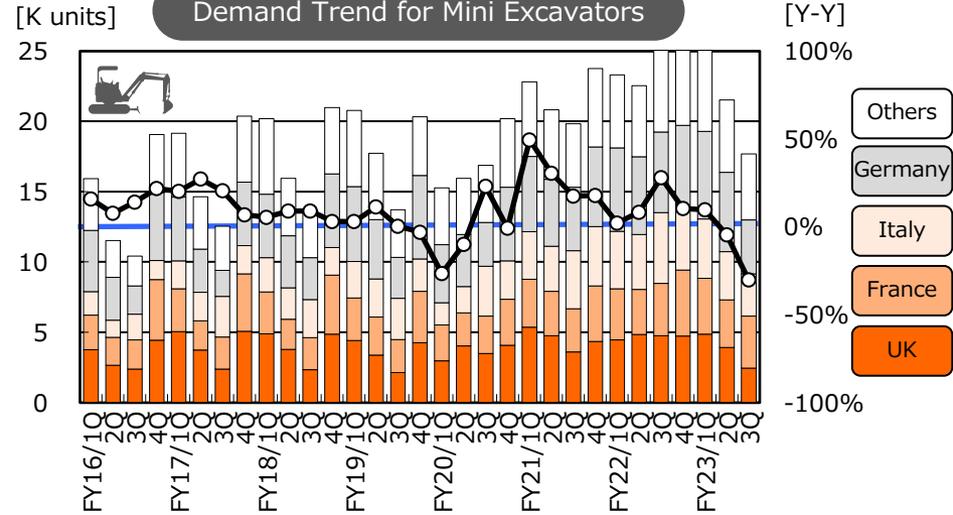
Europe: Third Quarter (Oct to Dec 2023)

- GDP in CY23 3Q has been growing at a low rate.
- Demand for Hydraulic excavators decreased significantly:
Hydraulic Excavators -31%, Mini Excavators -30%, Wheel Loaders -19% y-y.

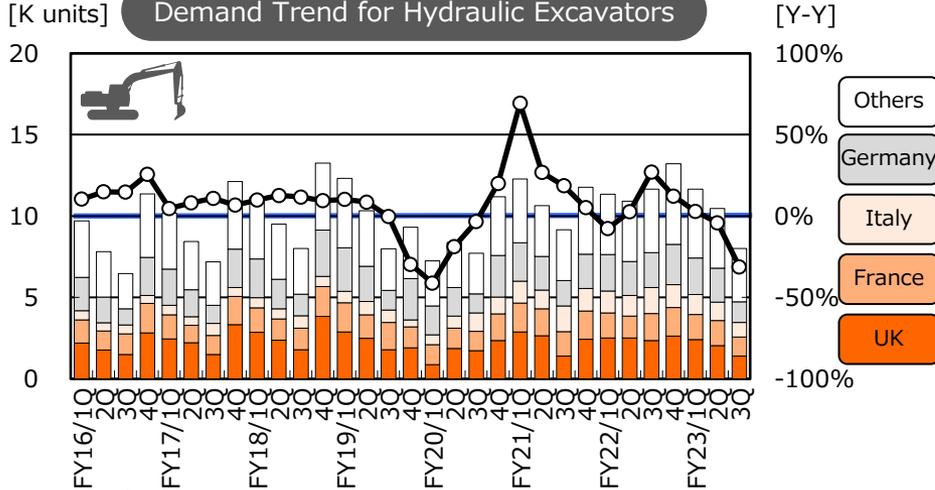
GDP Growth Rate in Major Countries



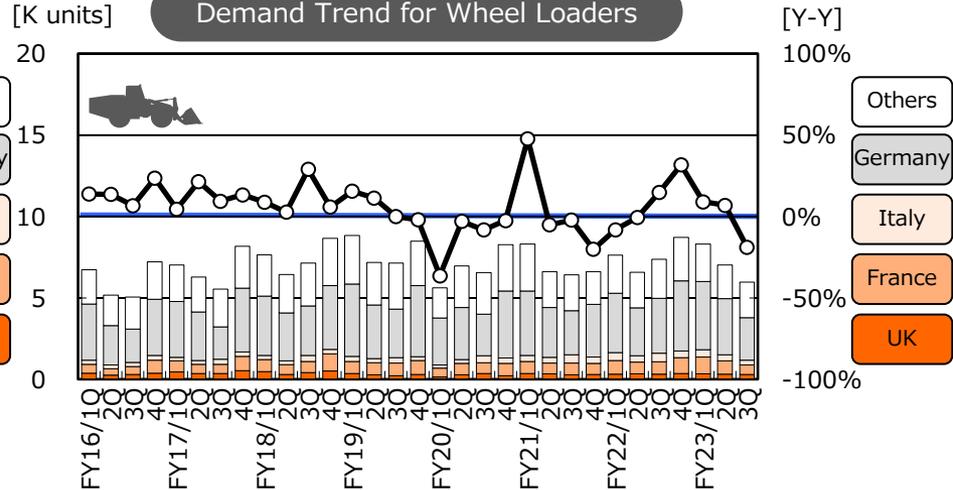
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



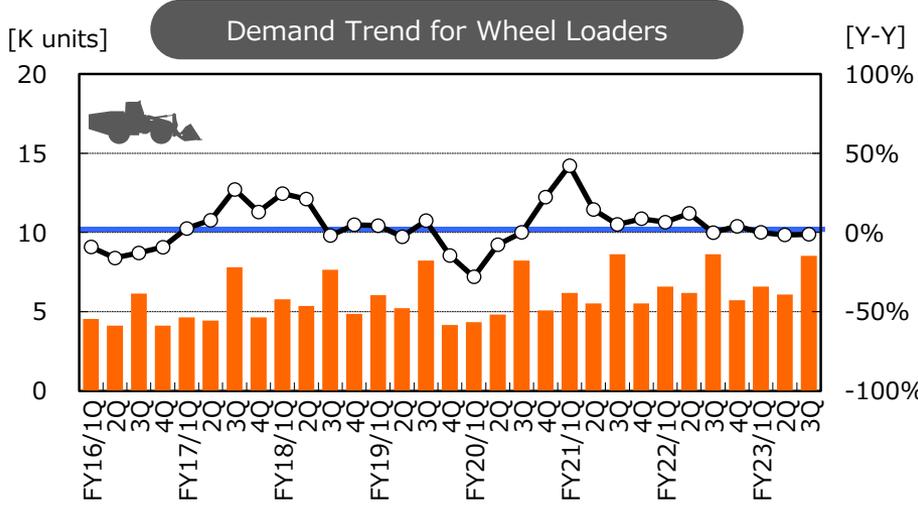
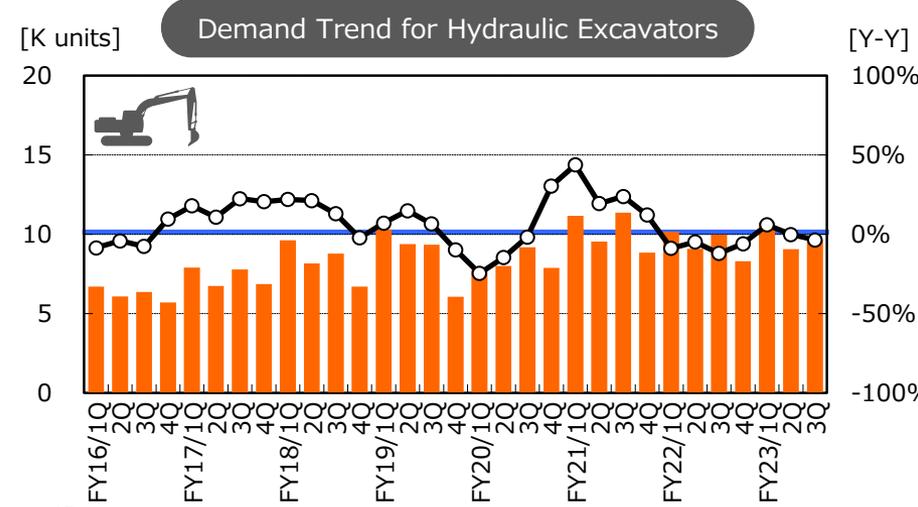
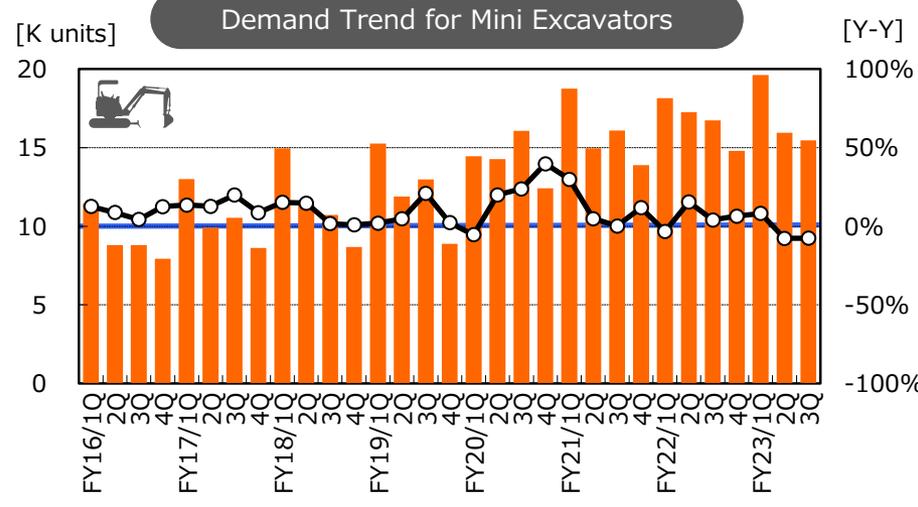
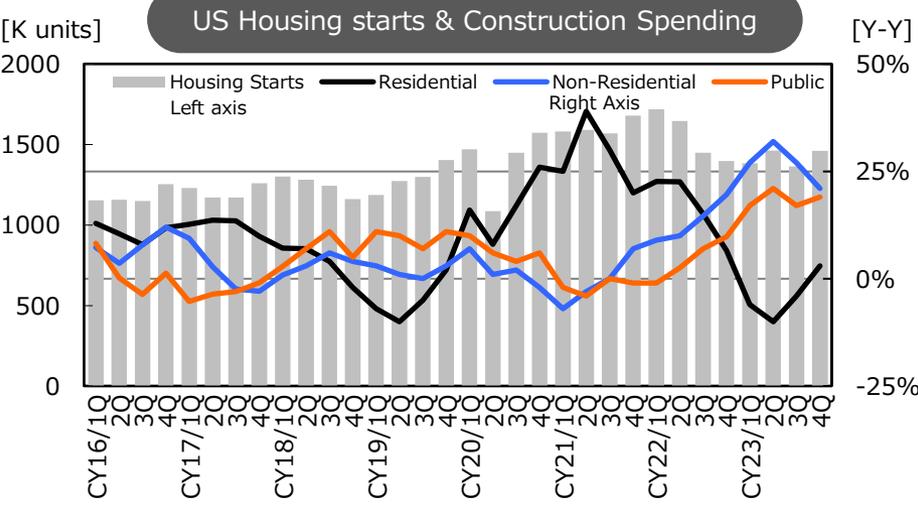
Demand Trend for Wheel Loaders



*Demand values are Hitachi Construction Machinery estimates

North America: Third Quarter (Oct to Dec 2023)

- Residential and Housing Starts increased. Non-residential and Public Works significantly increased.
- Demand for Hydraulic excavators decreased:
Hydraulic Excavators -4%, Mini Excavators -8%, Wheel Loaders -1% y-y.

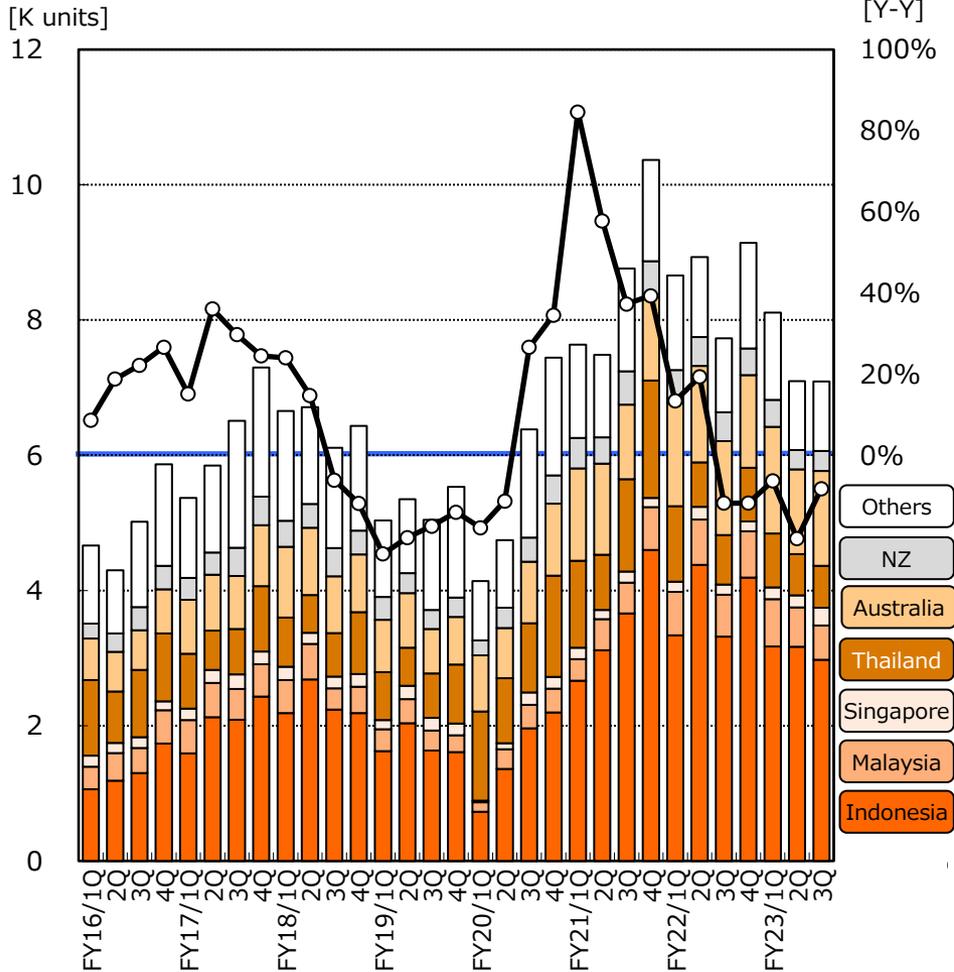


*Demand values are Hitachi Construction Machinery estimates

Asia Pacific & China: Third Quarter (Oct to Dec 2023)

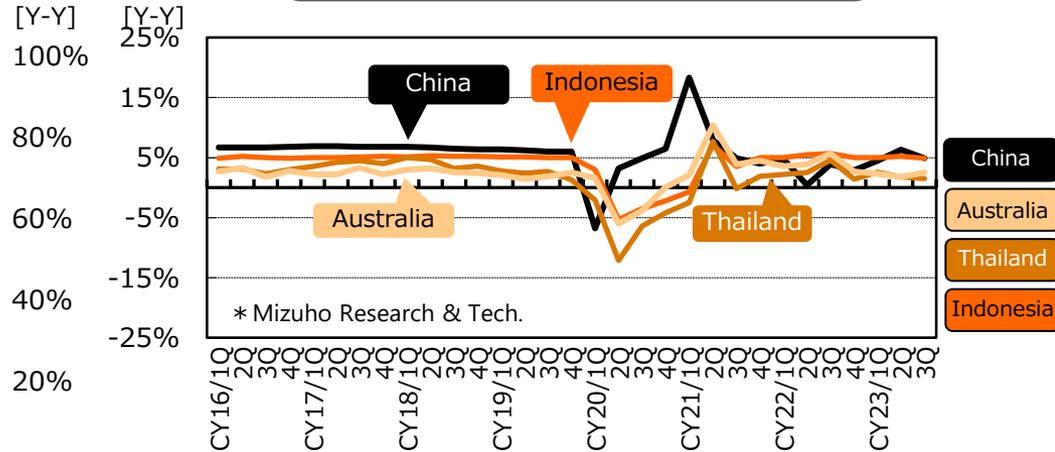
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -8% y-y.
- Demand for Hydraulic excavators in China decreased -43% y-y. (Domestic :-40%, Foreign :-54%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

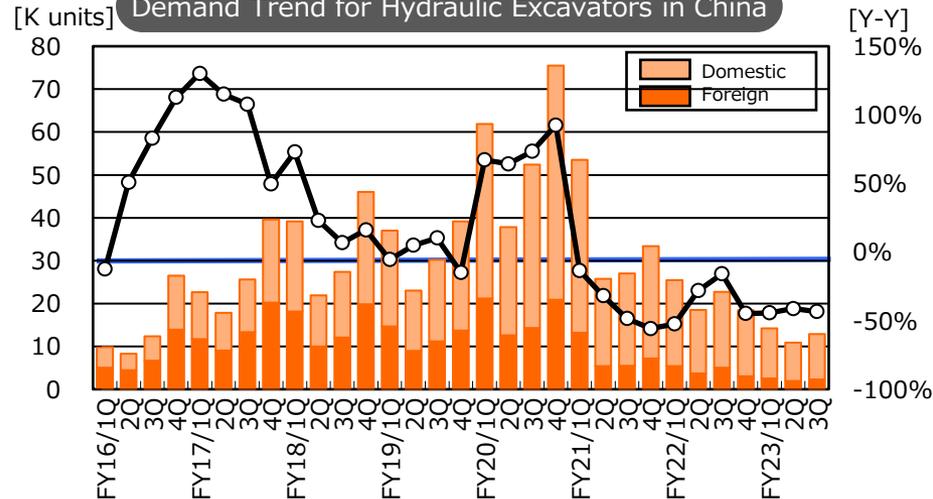


*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



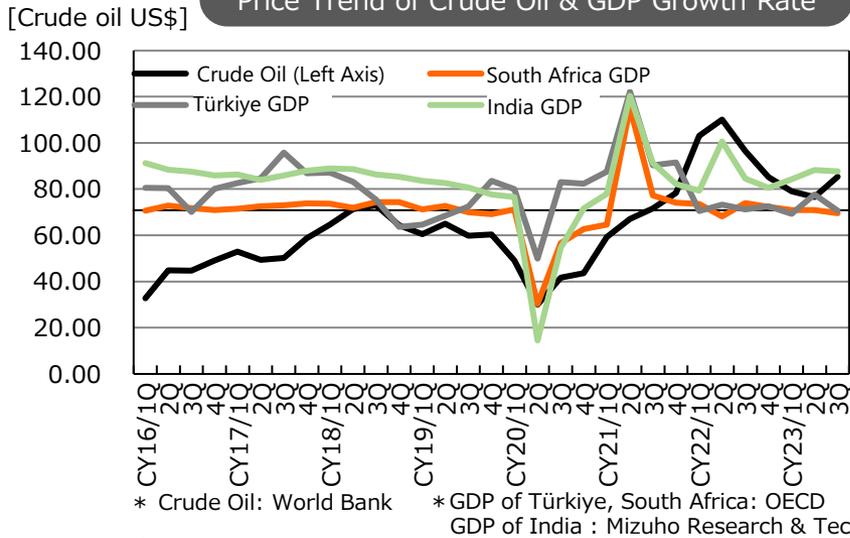
Demand Trend for Hydraulic Excavators in China



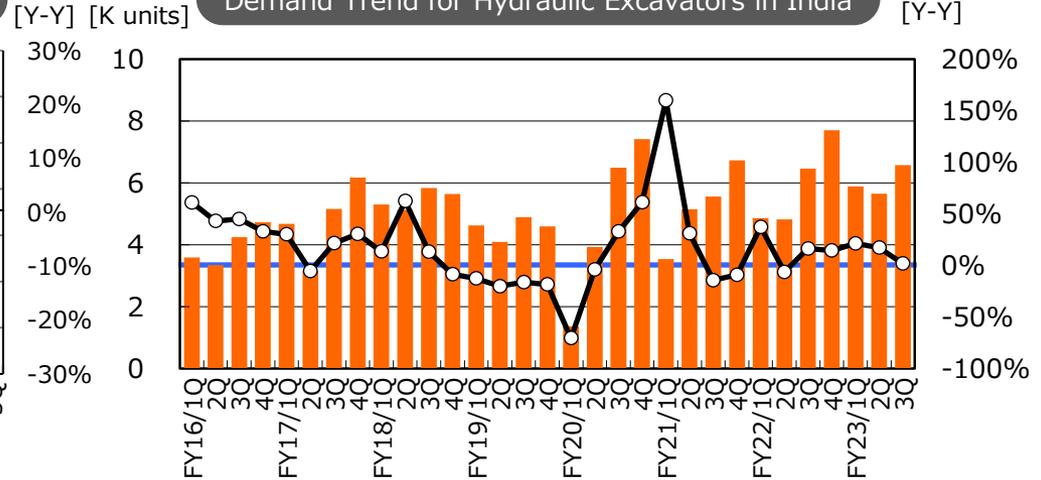
India, Middle East, Africa: Third Quarter (Oct to Dec 2023)

- Demand for Hydraulic excavators increased in India +2% y-y.
- Demand for Hydraulic excavators decreased in Africa -19% y-y.
- Demand for Hydraulic excavators decreased in the Middle East -29% y-y.

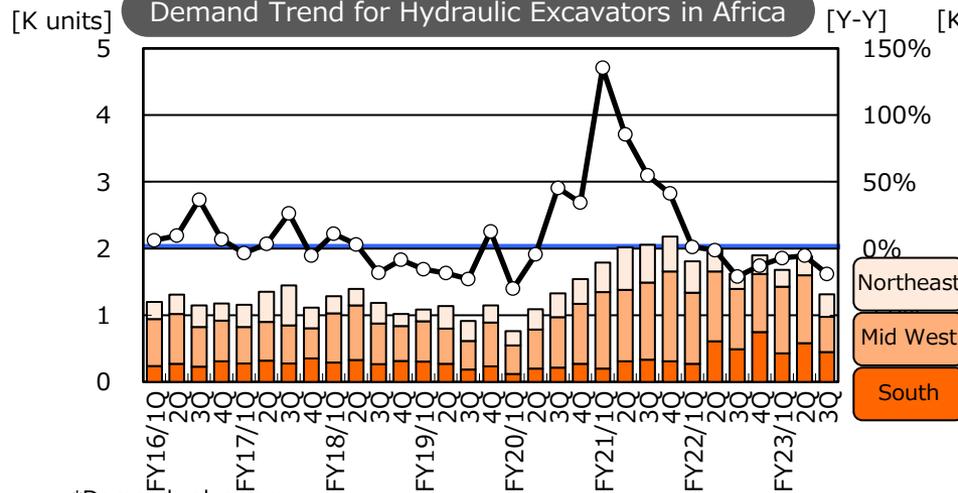
Price Trend of Crude Oil & GDP Growth Rate



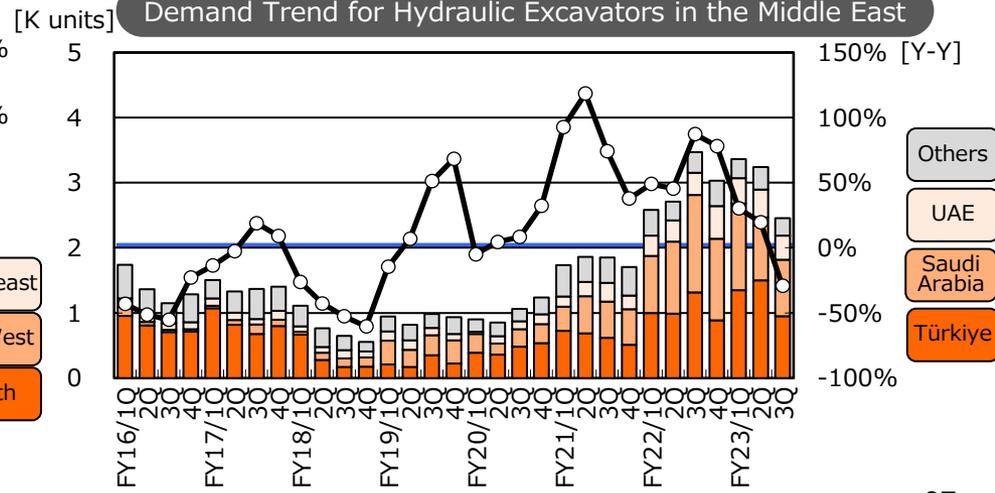
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



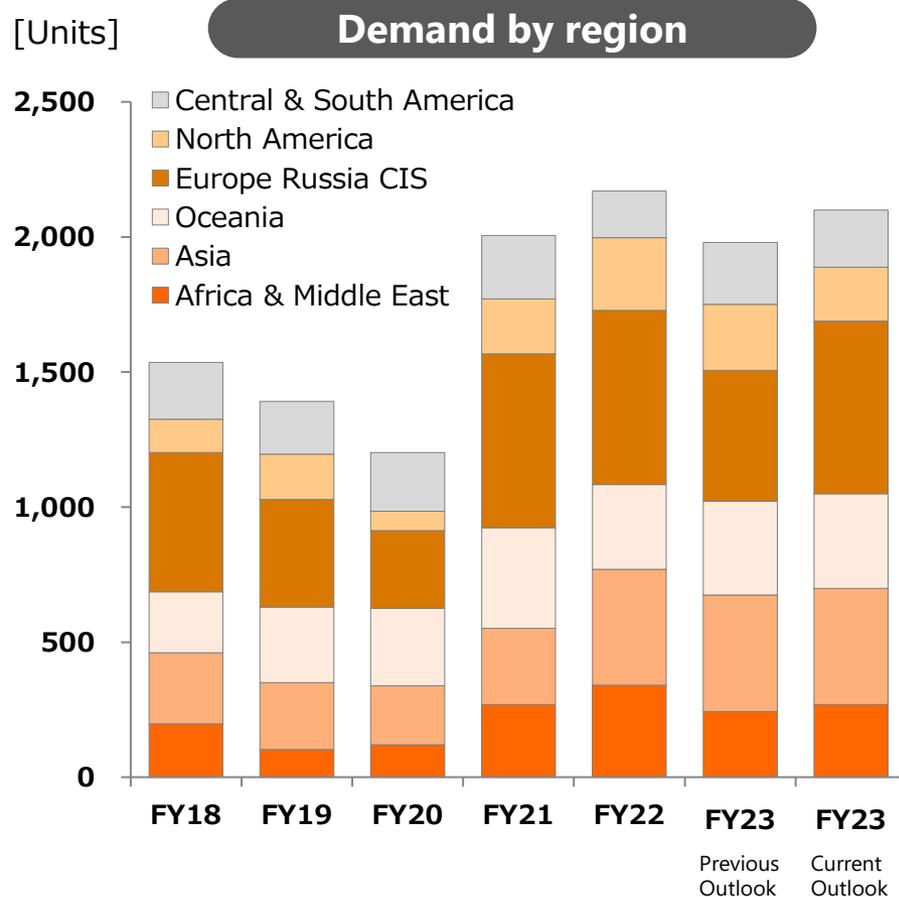
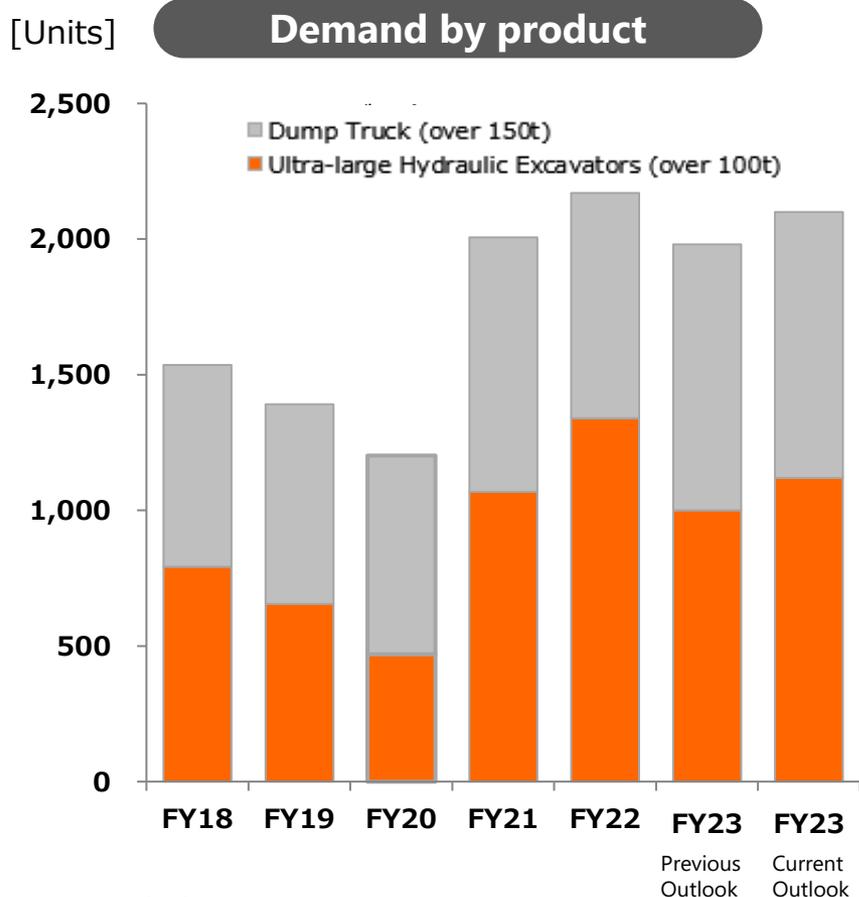
Demand Trend for Hydraulic Excavators in the Middle East



*Demand values are Hitachi Construction Machinery estimates

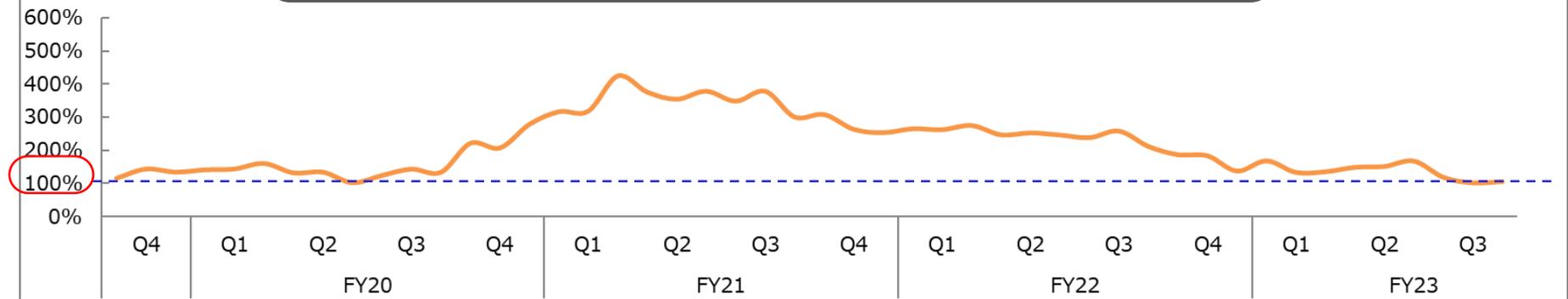
- Demand for ultra-large hydraulic excavators increased mainly in Asia, CIS, and Middle East for 100t class.
- FY23 demand forecast have been revised from "flat to -10%" to "flat to -5%" y-y.

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



*Demand values are Hitachi Construction Machinery estimates

BB Ratio (Ultra-large Hydraulic Excavators, over 100t)



BB Ratio (Dump trucks, over 150t)



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

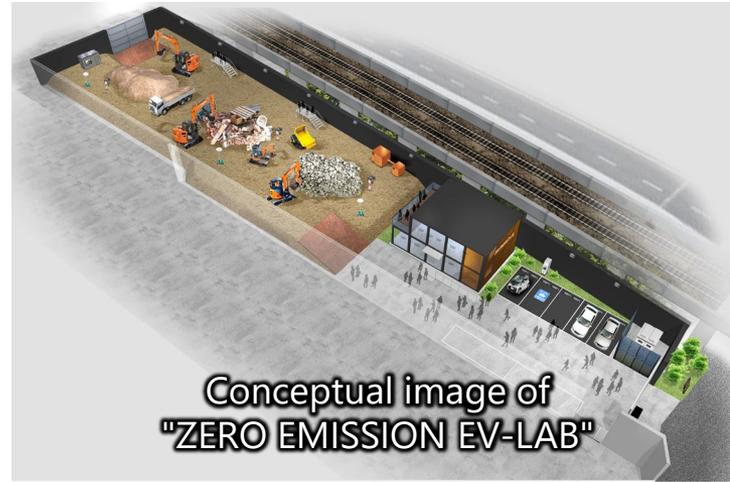
Non-consolidated basis (average of 6 months)

Collaborative creation with partners all over the world to achieve zero emissions at construction sites

- Demonstration of battery-powered construction machinery and mobile energy storage systems on construction sites in Europe (February 2024~)
- Establishment of a research facility "ZERO EMISSION EV-LAB" in the city of Ichikawa, Chiba Prefecture, Japan (May 2024~)



Battery-powered construction machinery and mobile energy storage system



Conceptual image of "ZERO EMISSION EV-LAB"

Marketing of ZAXIS-7G series hydraulic excavators in Southeast Asia (February 2024~)

- Equipped with the latest hydraulic system and meeting customers' needs mainly for heavy work such as large-scale infrastructure construction and mining
- Improvement of service quality with a variety of ConSite menus, contributing to the stable operation of machinery



ZAXIS-7G series

Toward realization of net zero emissions, acceleration of the development of the full battery dump truck

- On completion of the test machine in January 2024, technological feasibility trials to begin in mid-2024 at a mine in Zambia



Full battery rigid dump truck

Photographer :Daisuke Yoshinari

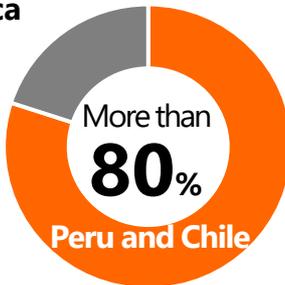


Conceptual image

Expansion of business in South America at touch points from mining to processing

- On purchase of the Peruvian foundry in December 2023, production of mill liners to start in 2026

Market for large mill liners in South America



Mineral processing equipment (mills) (left)
Mill liners installed inside the mills (right)

2. Business Results **for the Third Quarter ended December 31, 2023** (April 1, 2023 - December 31, 2023)

Summary of consolidated results

In the 3Q of the year, revenue increased by 13% y-y, adjusted operating income increased by 41% y-y, and net income attributable to owners of the parent increased by 65%, supported by firm sales growth worldwide, especially in the Americas.

[billions of yen]

		FY2023 1Q-3Q		FY2022 1Q-3Q		change
Revenue		1,020.4		902.7		13%
Adjusted operating income *1		12.0%	122.8	9.7%	87.2	41%
Operating income		11.9%	121.7	9.7%	87.4	39%
Income before income taxes		10.8%	109.9	7.8%	70.8	55%
Net income attributable to owners of the parent		7.0%	71.1	4.8%	43.1	65%
EBIT *2		11.6%	118.0	8.3%	74.8	58%
FX rate	Rate (YEN/US\$)	143.2		137.0		6.2
	Rate (YEN/EURO)	155.2		140.5		14.8
	Rate (YEN/RMB)	19.9		19.9		0.1
	Rate (YEN/AU\$)	94.2		93.4		0.8

*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 interest and taxes," and is calculated by excluding "interest income" and "interest expenses" from "income before income taxes."

Revenue by geographic region (consolidated)

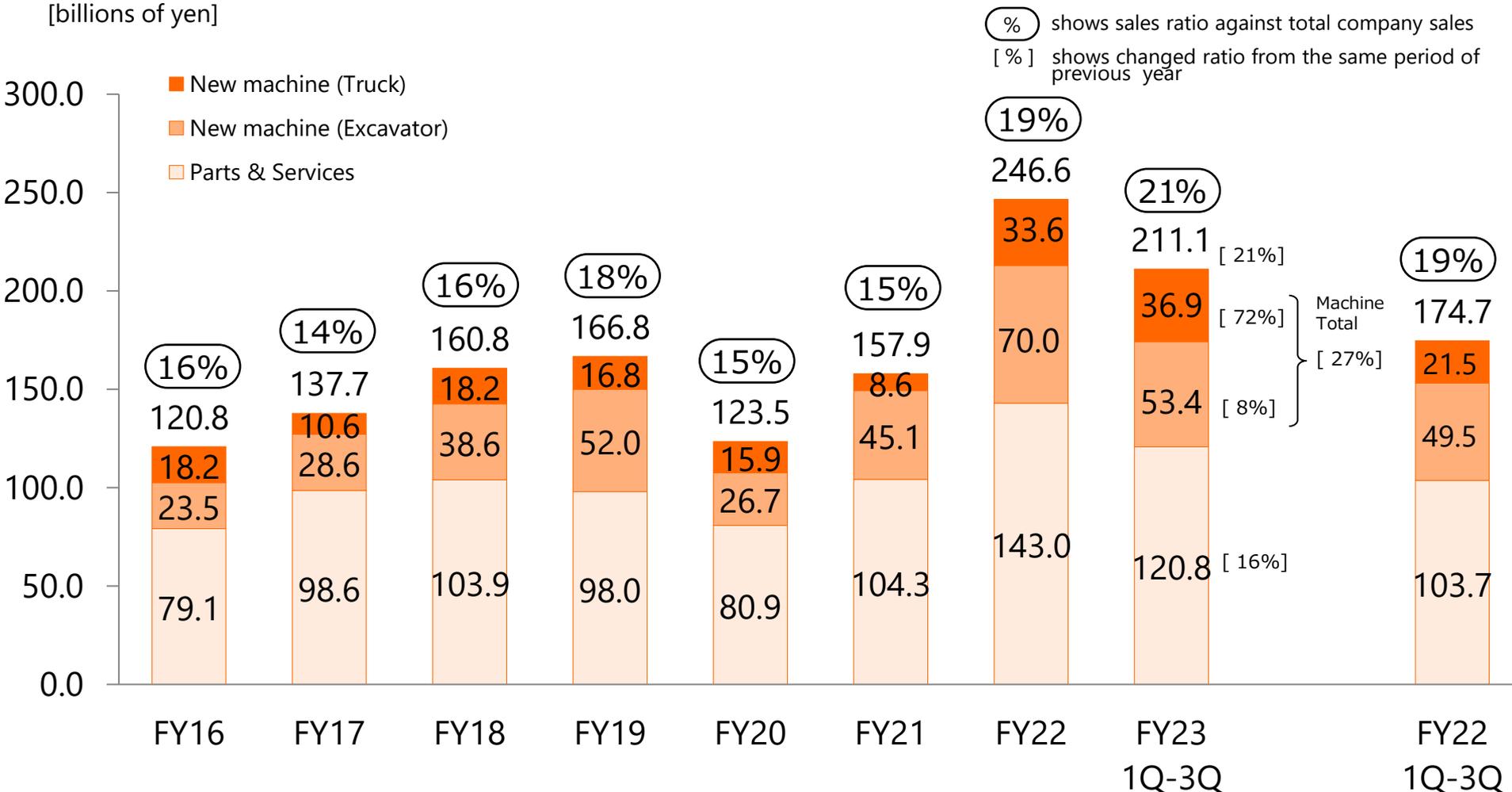
Although revenue in Russia-CIS and China decreased y-y, own deploying business in the Americas increased significantly. Including the effect of depreciation of the yen, consolidated total revenue increased by 117.6 billion yen.

[billions of yen]

		FY2023		FY2022		change	
		1Q-3Q		1Q-3Q		amount	%
Japan		159.9	16%	156.0	17%	3.9	3%
Asia		94.9	9%	82.0	9%	12.9	16%
India		58.6	6%	50.6	6%	8.0	16%
Oceania		190.8	19%	170.0	19%	20.8	12%
Europe		127.3	12%	109.1	12%	18.3	17%
	N. America	252.4	25%	197.3	22%	55.1	28%
	L. America	29.9	3%	24.3	3%	5.6	23%
The Americas		282.3	28%	221.6	25%	60.7	27%
Developing own business		(162.3)	(16%)	(124.7)	(14%)	(37.6)	(30%)
Russia-CIS		17.1	2%	29.1	3%	-12.0	-41%
M. East		21.5	2%	18.5	2%	3.0	16%
Africa		46.5	5%	36.9	4%	9.7	26%
China		21.3	2%	29.1	3%	-7.7	-27%
Total		1,020.4	100%	902.7	100%	117.6	13%
Overseas ratio		84%		83%			

Revenue of mining increased by 21% to 211.1 billion yen y-y due to a significant increase in new machinery as well as parts and services sales.

[billions of yen]



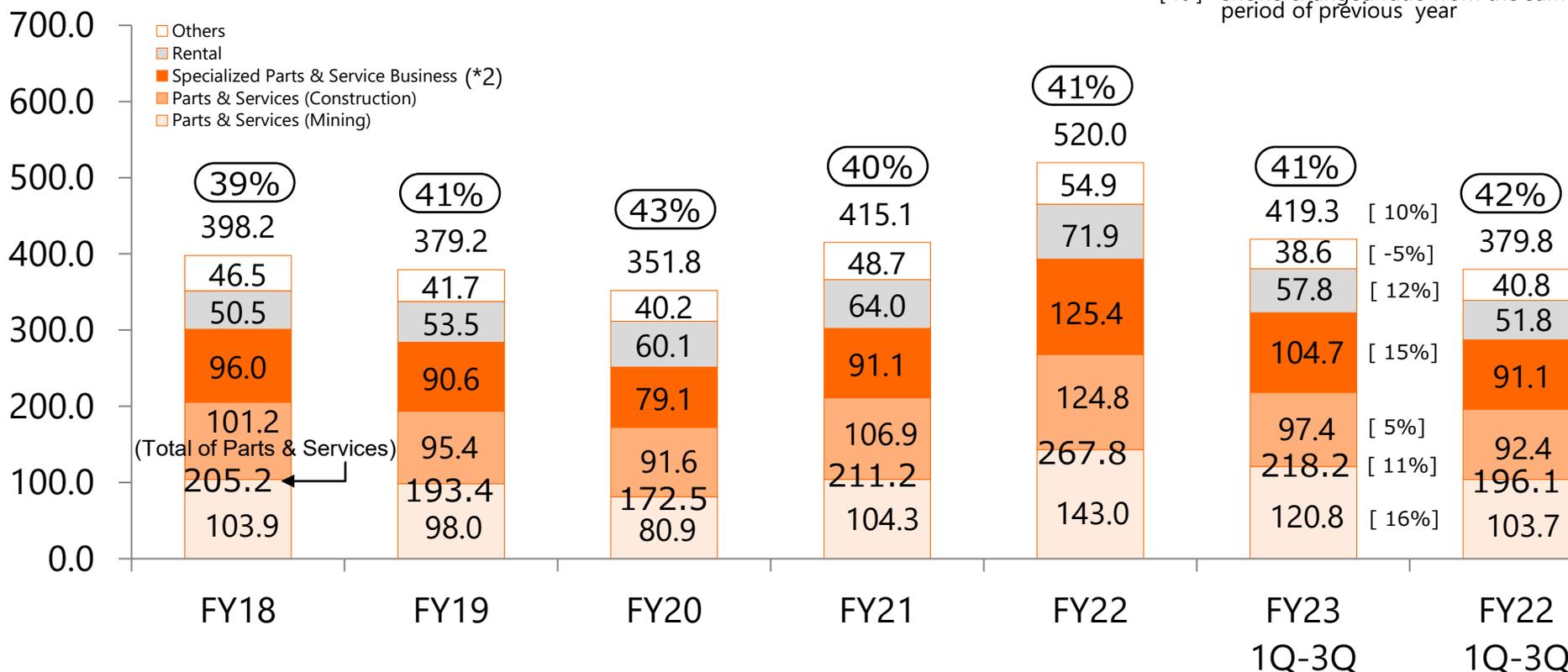
Value chain*1 revenue

Revenue of the value chain business increased by 10% y-y to 419.3 billion yen due to expanding sales volume, especially parts and services as well as specialized parts & service business and rental.

[billions of yen]

(%) shows sales ratio against total company sales

[%] shows changed ratio from the same period of previous year

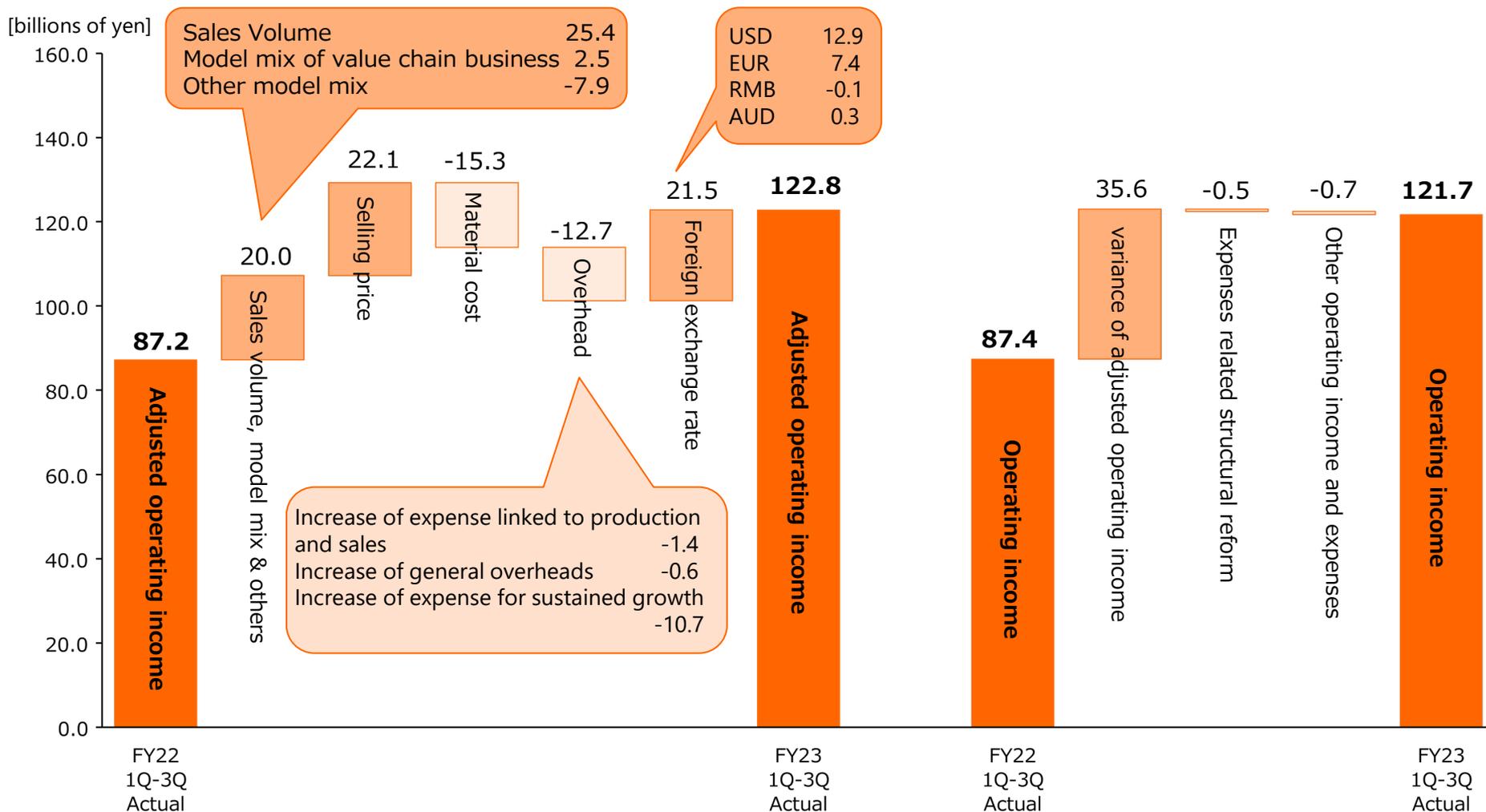


(*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

(*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.

Comparison of consolidated income

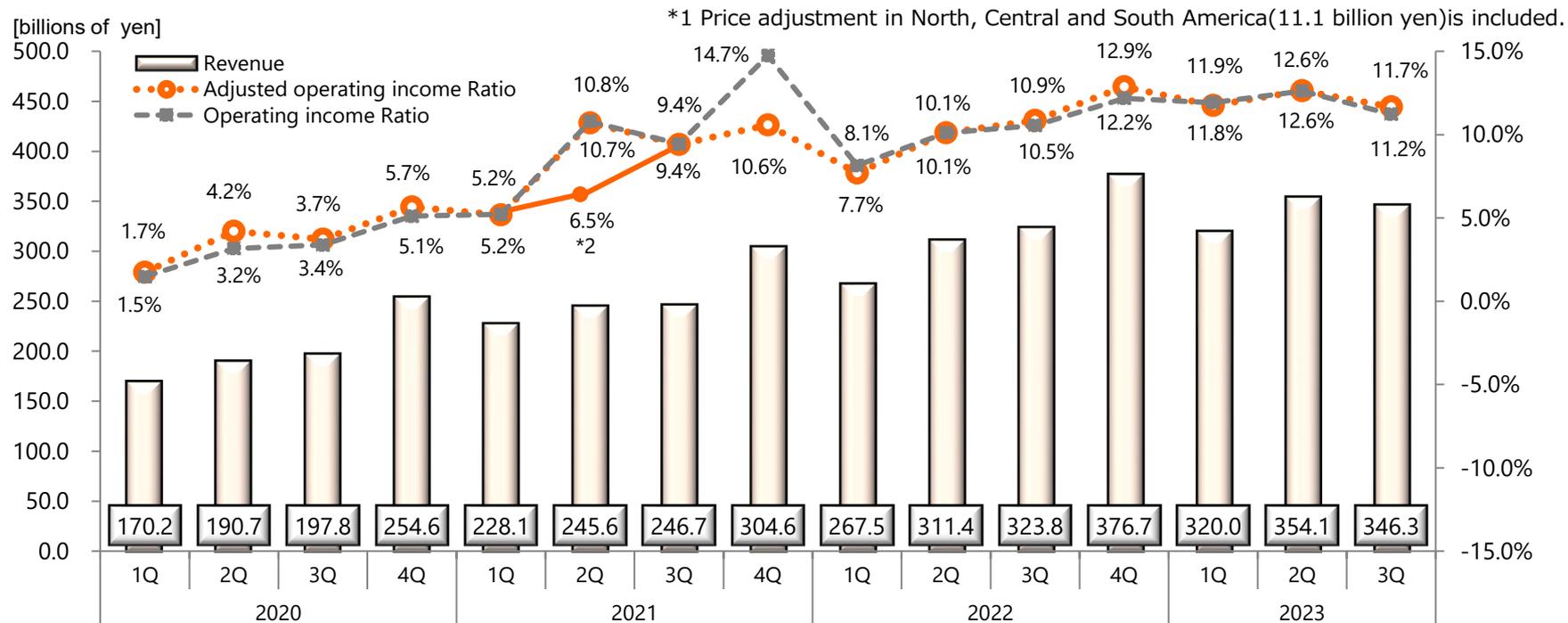
Adjusted operating income increased by 35.6 billion yen y-y due to the impact of an increase in sales volume, a sales price increase of more than the material cost impact, and currency impact.



Summary of quarterly consolidated revenue and operating income (ratio)

[billions of yen]

	2020				2021				2022				2023		
	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	170.2	190.7	197.8	254.6	228.1	245.6	246.7	304.6	267.5	311.4	323.8	376.7	320.0	354.1	346.3
Adjusted operating income	2.9	8.0	7.4	14.4	11.8	26.3	23.2	32.2	20.6	31.5	35.1	48.5	37.6	44.8	40.4
Operating income	2.5	6.0	6.7	13.0	11.9	26.5	23.3	44.9	21.8	31.5	34.2	45.9	38.2	44.7	38.9



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

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

Consolidated statement of financial position

Total assets increased by 147.0 billion yen from the end of last fiscal year due to an increase in inventories and the effect of depreciation of the yen.

[billions of yen]									
	(A)	(B)	(C)	(A)-(B)		(D)	(E)	(F)	(D)-(E)
	FY23-3Q	Mar '2023	FY22-3Q	change		FY23-3Q	Mar '2023	FY22-3Q	Change
Cash and cash equivalents	113.9	112.0	112.6	2.0	Trade and other payables	275.9	274.5	269.5	1.3
Trade receivables	259.0	305.3	248.7	-46.3	Bonds and borrowings	584.0	507.5	500.1	76.5
Inventories	569.8	450.8	456.1	119.1	Total liabilities	1,005.3	926.0	906.9	79.3
Total current assets	1,012.0	908.9	870.6	103.1	(Equity attributable to owners of the parent ratio)	(40.7%)	(40.6%)	(39.9%)	(0.2%)
Total non-current assets	761.9	718.1	716.5	43.8	Total equity	768.7	701.0	680.3	67.7
Total assets	1,774.0	1,627.0	1,587.2	147.0	Total liabilities and equity	1,774.0	1,627.0	1,587.2	147.0
Trade receivables incl. non-current	302.2	344.6	288.3	-42.3					
Inventories by products									
Unit	227.6	142.5	141.7	85.1		(32.9%)	(31.2%)	(31.5%)	(1.7%)
Parts	168.7	158.6	151.6	10.1	Interest-bearing debt	584.0	507.5	500.1	76.5
Raw materials, WIP and etc	173.5	149.6	162.7	23.9	Cash and Cash equivalents	113.9	112.0	112.6	2.0
Total inventories	569.8	450.8	456.1	119.1		(26.5%)	(24.3%)	(24.4%)	(2.2%)
On hand days(divided by revenue)				[Days]	Net interest-bearing debt	470.1	395.5	387.4	74.6
Trade receivables	79	98	87	-19					
Inventories	149	129	138	20	Net D/E Ratio	0.65	0.60	0.61	0.05
Trade payables	44	47	50	-2					
Net working capital	180	176	170	4					

Although operating cash flow was positive at 28.6 billion yen, free cash flow was negative at 16.3 billion yen.

[billions of yen]

	FY2023 1Q-3Q		FY2022 1Q-3Q		change	
Net income		79.0		45.7		33.3
Depreciation and amortization	129.9	50.9	92.4	46.8	37.5	4.1
(Increase)decrease in trade/lease receivables		53.6		34.3		19.4
(Increase)decrease in inventories	-41.5	-97.4	-29.4	-81.8	-12.2	-15.6
Increase(decrease) in trade payables		2.3		18.1		-15.9
Payments for performance of guarantee obligation		0.0		-53.5		53.5
Others, net		-59.7		-55.5		-4.2
Net cash provided by (used in) operating activities		28.6		-46.0		74.6
Cash flow margin for operating activities		2.8%		-5.1%		7.9%
Net cash provided by (used in) investing activities		-44.9		-29.4		-15.5
Free cash flows		-16.3		-75.3		59.1
Net cash provided by (used in) financing activities		15.9		94.7		-78.8

Summary of consolidated earnings forecast

This year's forecast is changed from the previous one as of October and revenue is expected to increase by 9% y-y, adjusted operating income by 26% y-y, and net income attributable to owners of the parent by 25% y-y.

note : < > shows previous forecast as of October 2023

[billions of yen]

	FY2023		FY2022	change	
	Forecast		Actual	amount	%
Revenue	<1,360.0>	1,400.0	1,279.5	120.5	9%
Adjusted operating income	<11.8%> <160.0>	(12.2%) 171.0	(10.6%) 135.7	(1.6%) 35.3	26%
Operating income	<11.5%> <156.0>	(11.2%) 157.0	(10.4%) 133.3	(0.8%) 23.7	18%
Income before income taxes	<11.1%> <151.0>	(10.1%) 142.0	(8.8%) 112.7	(1.3%) 29.3	26%
Net income attributable to owners of the parent	<7.2%> <98.0>	(6.3%) 88.0	(5.5%) 70.2	(0.8%) 17.8	25%
EBIT	<161.2>	152.7	119.0	33.7	

Currency	1Q-3Q	4Q	Total	FY2022	change
	Actual	Forecast	Forecast	Actual	
Rate (YEN/USD)	143.2	140.0	142.2	135.4	6.8
Rate (YEN/EUR)	155.2	150.0	153.5	141.0	12.5
Rate (YEN/RMB)	19.9	19.5	19.7	19.7	0.0
Rate (YEN/AUD)	94.2	95.0	94.4	92.7	1.7
Cash dividend per share (yen) *1	to be determined			110	-

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

Consolidated revenue for this fiscal year is expected to increase by 120.5 billion yen y-y due to expanding own deploying business in the Americas and the impact of the yen's depreciation despite the reduction in Russia CIS and China sales.

[billions of yen]

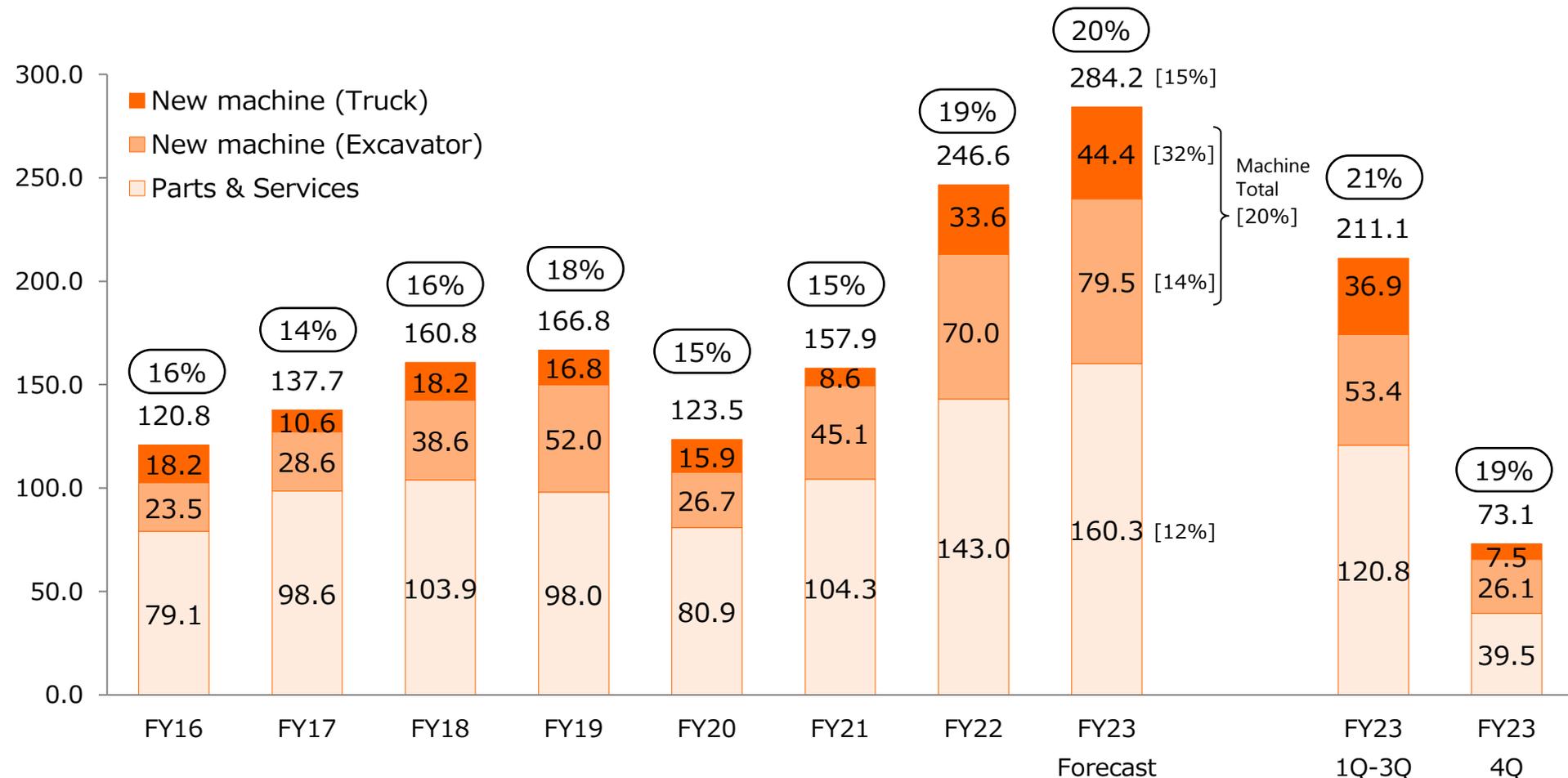
		FY2023 Forecast		FY2022 Actual		change	
						amount	%
Japan		226.2	16%	224.0	18%	2.2	1%
Asia		125.2	9%	122.7	10%	2.6	2%
India		74.3	5%	73.1	6%	1.2	2%
Oceania		251.7	18%	225.4	18%	26.3	12%
Europe		176.9	13%	164.9	13%	12.0	7%
America	N. America	345.4	25%	274.1	21%	71.2	26%
	L. America	38.4	3%	38.3	3%	0.1	0%
		383.8	27%	312.5	24%	71.3	23%
(Developing own business)		(238.7)	(17%)	(182.0)	(14%)	(56.7)	(31%)
Russia-CIS		29.5	2%	37.4	3%	-7.9	-21%
M. East		33.4	2%	25.0	2%	8.4	34%
Africa		66.0	5%	54.7	4%	11.3	21%
China		33.0	2%	40.0	3%	-7.0	-18%
Total		1,400.0	100%	1,279.5	100%	120.5	9%
Overseas ratio		84%		82%			

Mining revenue forecast

Revenue of mining in this fiscal year is expected to increase by 15% to 284.2 billion yen y-y.

[billions of yen]

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

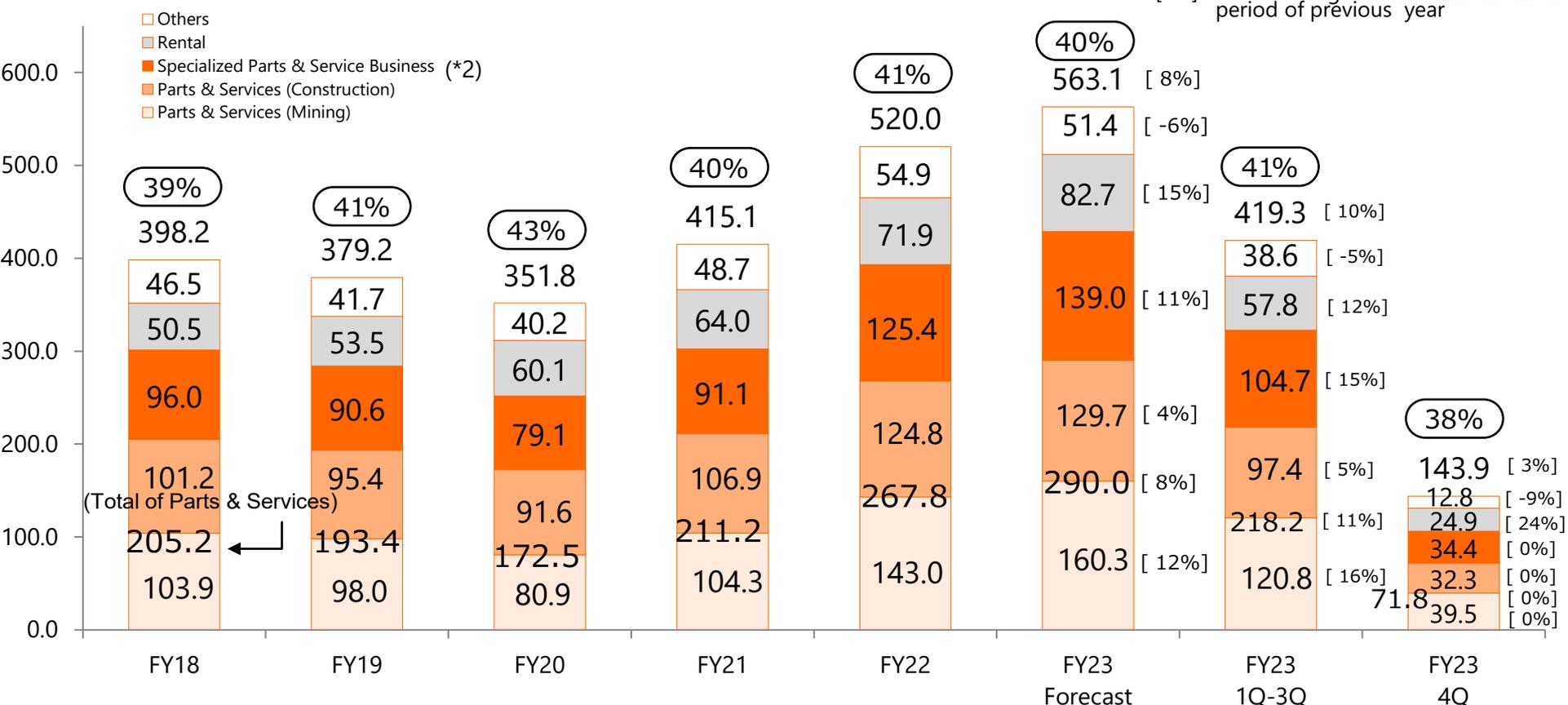


Value chain*1 revenue forecast

Revenue of the value chain in this fiscal year is expected to increase by 8% to 563.1 billion yen y-y.

[billions of yen]

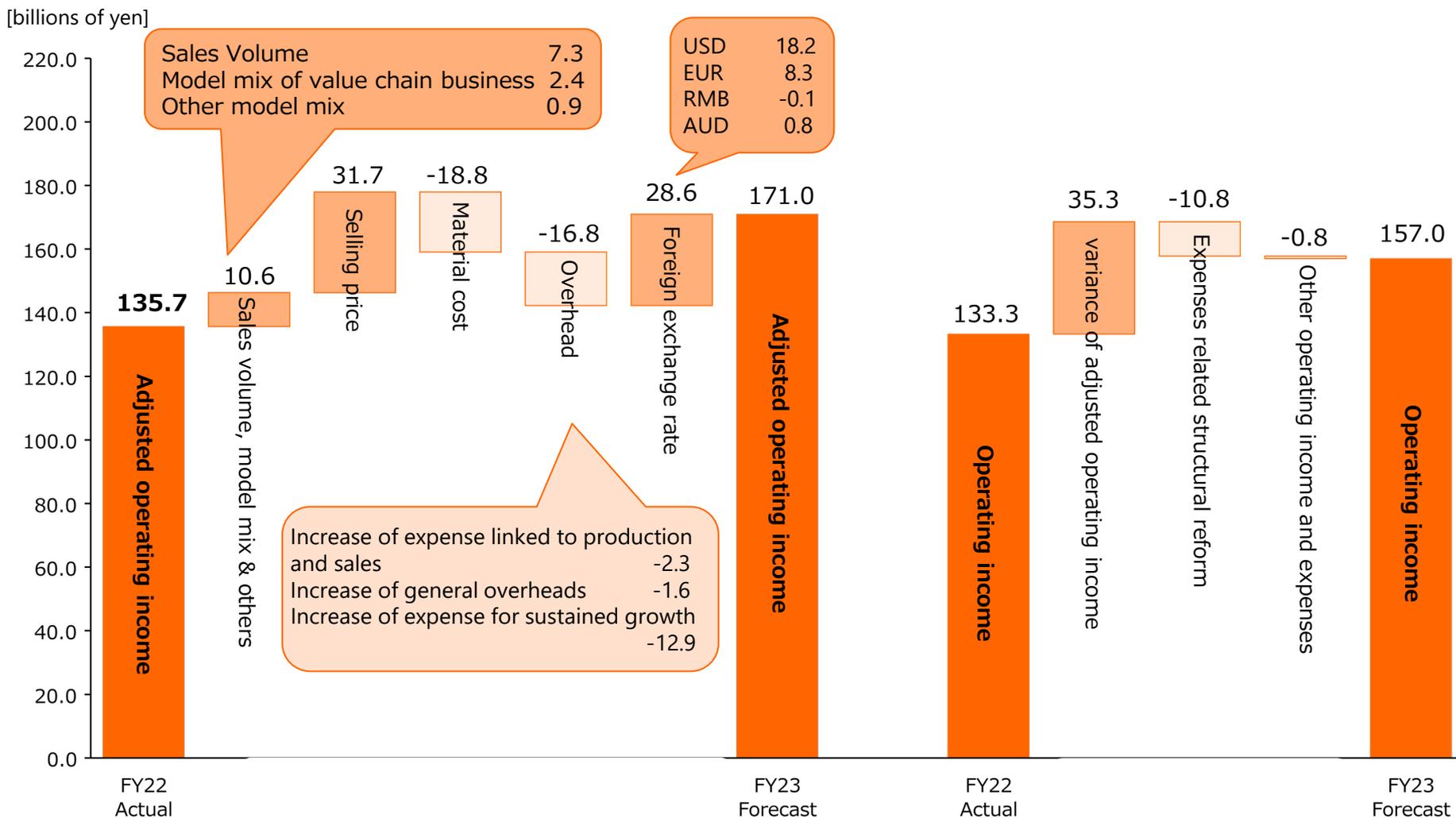
(%) shows sales ratio against total company sales
 [%] shows changed ratio from the same period of previous year



(*1) Value chain: Total of Parts and services, Specialized parts and 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.

Comparison of consolidated income forecast

Adjusted operating income increased by 35.3 billion yen y-y due to an increase in sales volume, a sales price increase of more than the material cost impact, and currency impact.



Appendix 1: FX rate and FX sensitivity

The forecast exchange rate of major currencies for the 4Q of this fiscal year is changed from the previous announcement, USD by 5 yen and EUR by 5 yen.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (4Q)		
	FY23			FY22 Actual	Condition	Revenue	Adjusted operating income
	1Q-3Q Actual	4Q Forecast	Total Forecast				
USD	143.2	140.0	142.2	135.4	Impact by 1 yen depreciation	1.0	0.7
EUR	155.2	150.0	153.5	141.0	Impact by 1 yen depreciation	0.3	0.1
RMB	19.9	19.5	19.7	19.7	Impact by 0.1 yen depreciation	0.1	0.0
AUD	94.2	95.0	94.4	92.7	Impact by 1 yen depreciation	0.6	0.1

Appendix 2: Detail of mining revenue

(billions of yen)

		FY23 Forecast			FY22 Actual			Change		
		1-3Q	4Q	Year	1-3Q	4Q	Year	1-3Q	4Q	Year
America	Excavator	23.3	12.2	35.5	20.9	11.8	32.7	2.4	0.4	2.8
	Dump Truck	7.5	2.0	9.5	3.2	0.9	4.1	4.3	1.1	5.4
	Total	30.8	14.2	45.0	24.2	12.7	36.8	6.7	1.5	8.2
Europe, Africa and Middle East	Excavator	22.1	13.4	35.4	26.9	8.8	35.7	-4.8	4.5	-0.3
	Dump Truck	23.0	8.9	32.0	17.1	9.9	27.0	5.9	-1.0	5.0
	Total	45.1	22.3	67.4	44.0	18.7	62.7	1.1	3.6	4.7
Asia & Oceania	Excavator	90.1	27.3	117.4	72.3	25.5	97.8	17.9	1.8	19.6
	Dump Truck	42.9	7.4	50.3	32.7	14.1	46.8	10.2	-6.7	3.5
	Total	133.1	34.7	167.7	105.0	39.6	144.6	28.1	-5.0	23.1
China	Excavator	1.1	1.3	2.4	0.6	0.6	1.3	0.5	0.6	1.1
	Dump Truck	0.0	0.0	0.0	0.1	0.0	0.1	-0.1	-0.0	-0.1
	Total	1.1	1.3	2.4	0.7	0.6	1.4	0.4	0.6	1.0
Japan	Excavator	0.6	0.7	1.3	0.8	0.2	1.0	-0.2	0.4	0.2
	Dump Truck	0.4	0.0	0.4	0.0	0.0	0.0	0.4	-0.0	0.3
	Total	1.0	0.7	1.6	0.8	0.2	1.1	0.2	0.4	0.6
Total	Excavator	137.2	54.8	192.0	121.5	47.0	168.5	15.7	7.8	23.5
	Dump Truck	73.8	18.3	92.2	53.2	24.9	78.1	20.7	-6.6	14.1
	Total	211.1	73.1	284.2	174.7	71.9	246.6	36.4	1.2	37.6

Appendix 3: Segment information

The amortizations of PPA are included in the adjusted operating income of the specialized parts and service business. The amount of 0.8 billion yen is included in the FY2023 3Q, and the amount of 1.1 billion yen is included in the forecast for FY2023.

[billions of yen]

FY2023 1Q-3Q Actual	Reportable segment				Adjustments *2	Total
	Construction Machinery Business		Specialized Parts & Service Business *1			
Revenue	915.7		109.0		-4.3	1,020.4
Adjusted operating income	12.2%	111.7	10.2%	11.1	-	12.0% 122.8

[billions of yen]

FY2023 Forecast	Reportable segment				Adjustments *2	Total
	Construction Machinery Business		Specialized Parts & Service Business *1			
Revenue	1,260.9		143.4		-4.3	1,400.0
Adjusted operating income	12.4%	156.0	10.4%	15.0	-	12.2% 171.0

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

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

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

**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

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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