

**Explanatory Meeting
for Business Results for the First Quarter ended June 30, 2021**

July 28, 2021

Hidehiko Matsui

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

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1. Regional Market Environments and Projections

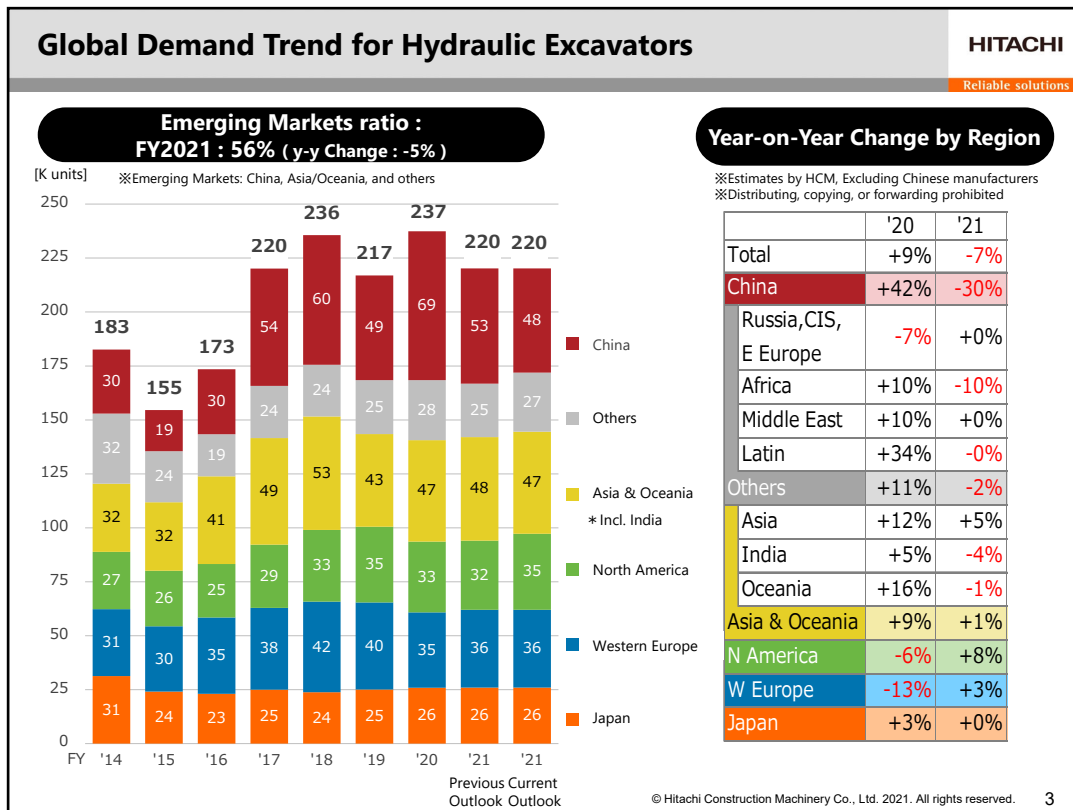
Hidehiko Matsui

Executive Officer, President, Marketing Div.

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The market environments and projections explained by Hidehiko Matsui, Executive Officer, President, Marketing Division.

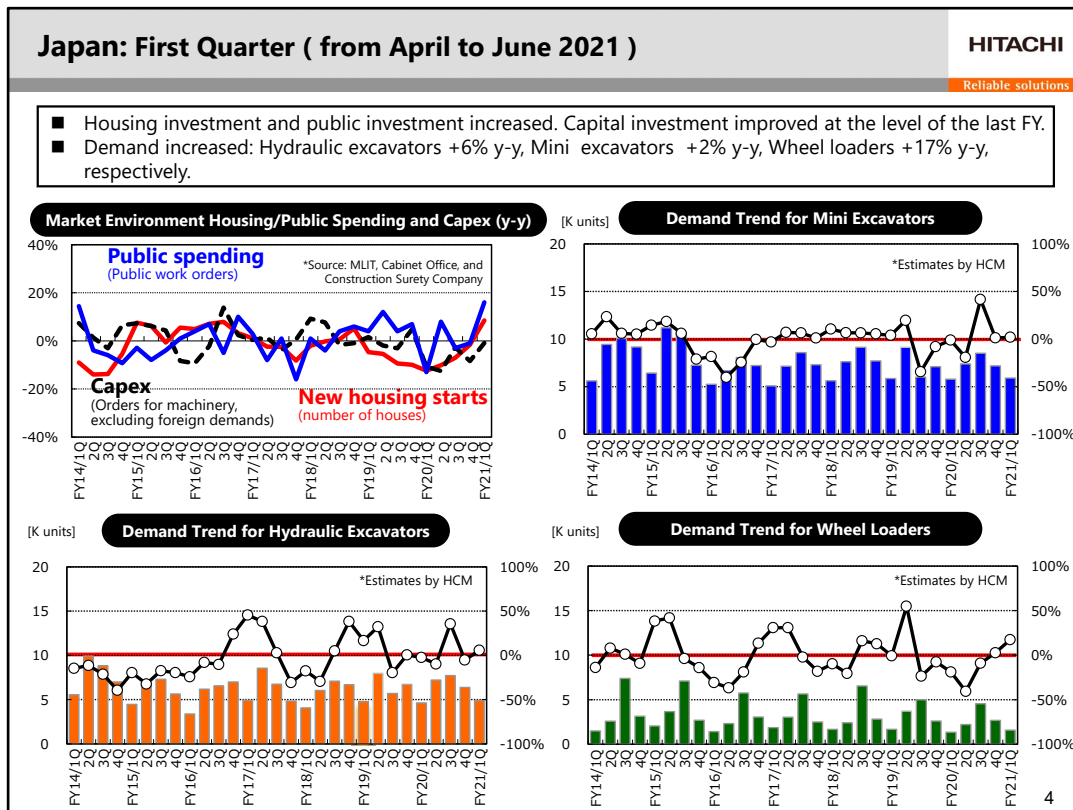


I would like to explain the forecast for global demand for hydraulic excavators.

The demand forecast for FY2021 is expected to improve in Russia, the Middle East, and some Asian regions, such as Indonesia, against a backdrop of rising crude oil and other commodity prices. Demand is also expected to increase in North America due to robust demand for housing starts. However, we assume that the pace of the decline in demand will accelerate from the previous forecast due to a reactionary decline following the sharp increase in demand from FY2020 in the Chinese market. Considering the above, we have left the total global demand for FY2021 as 220,000 units unchanged from the previous forecast.

Global demand decreased by 7% year on year, and global demand excluding China increased by 2%.

Next, I would like to explain the results of the first quarter for each region.

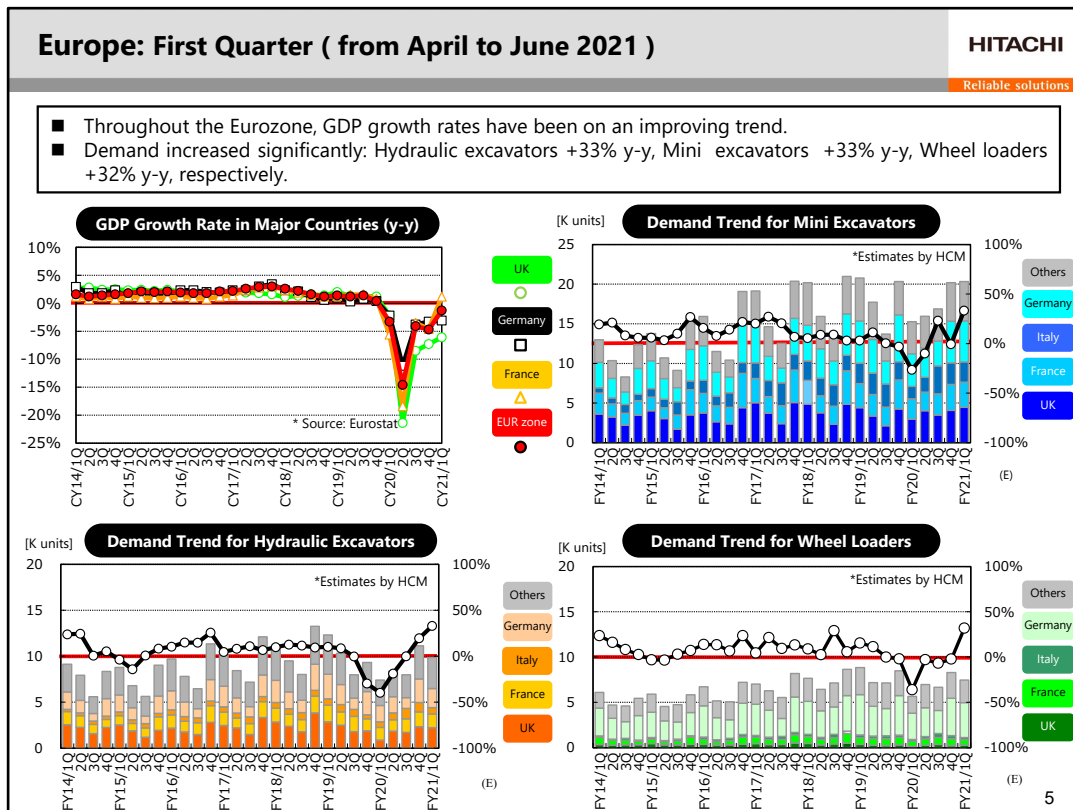


This slide explains the Japanese market.

The graph on the top left shows that public spending and new housing starts increased significantly in the first quarter, partly due to a backlash from the previous fiscal year, when public spending and new housing starts fell sharply affected by COVID-19.

In addition, capex improved to the same level as the previous year.

The graph in the lower left-hand corner shows that demand in Q1 of FY2021 for hydraulic excavators increased by 6% year on year, while sales of mini excavators in the upper right rose 2%. Wheel loaders in the lower right rose 17% due to growth in sales for snow removal work, partly owing to heavier snowfall than usual at the beginning of the year in Japan.

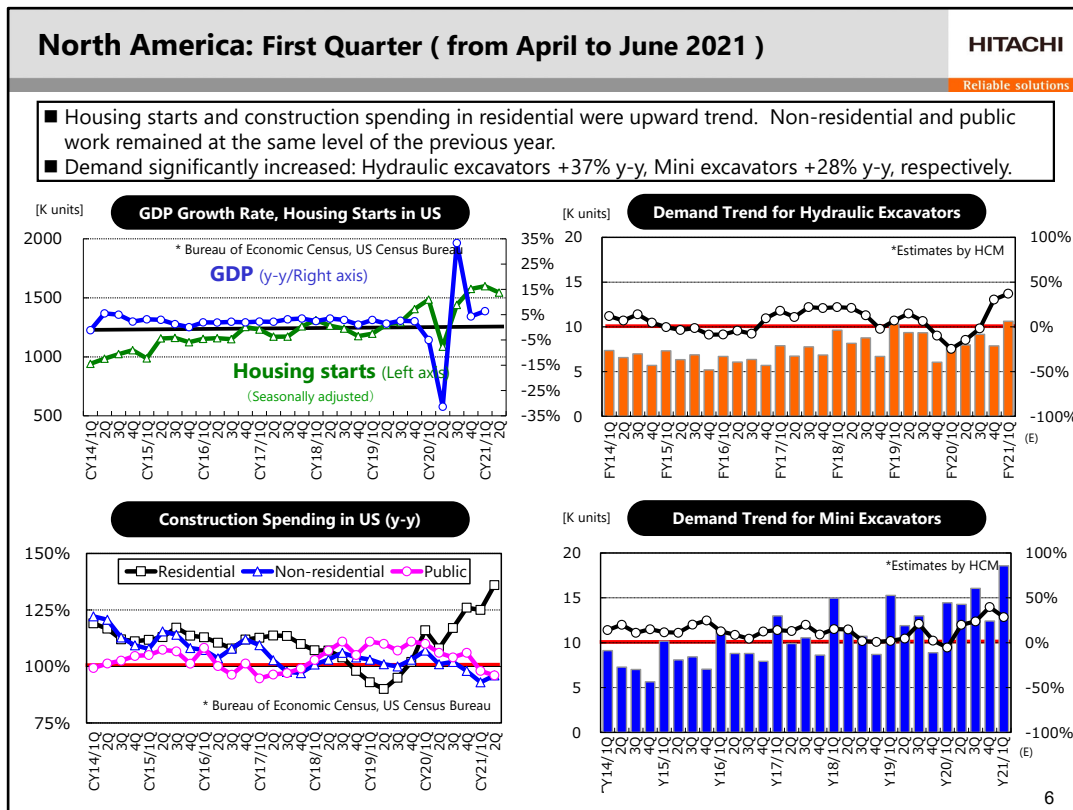


This slide explains the European market.

The graph on the top left shows that GDP growth rate in the Eurozone in Q1 of CY2021 continued to be negative year on year, but GDP in major countries is on a recovery track, partly due to an easing of COVID-19 restriction measures associated with the penetration of vaccination in their populations.

In Q1 of FY2021, demand in major countries increased significantly, partly due to a reaction to the previous fiscal year, when demand fell sharply due to the impact of COVID-19.

The graph in the lower left-hand corner shows that a significant increase in demand hydraulic excavators in the U.K. raised demand in Europe as a whole by 33% year on year. Demand for mini excavators in the upper right and demand for wheel loaders in the lower right also increased 33% and 32%, respectively. As a result, demand for all products showed a significant increase in Europe.



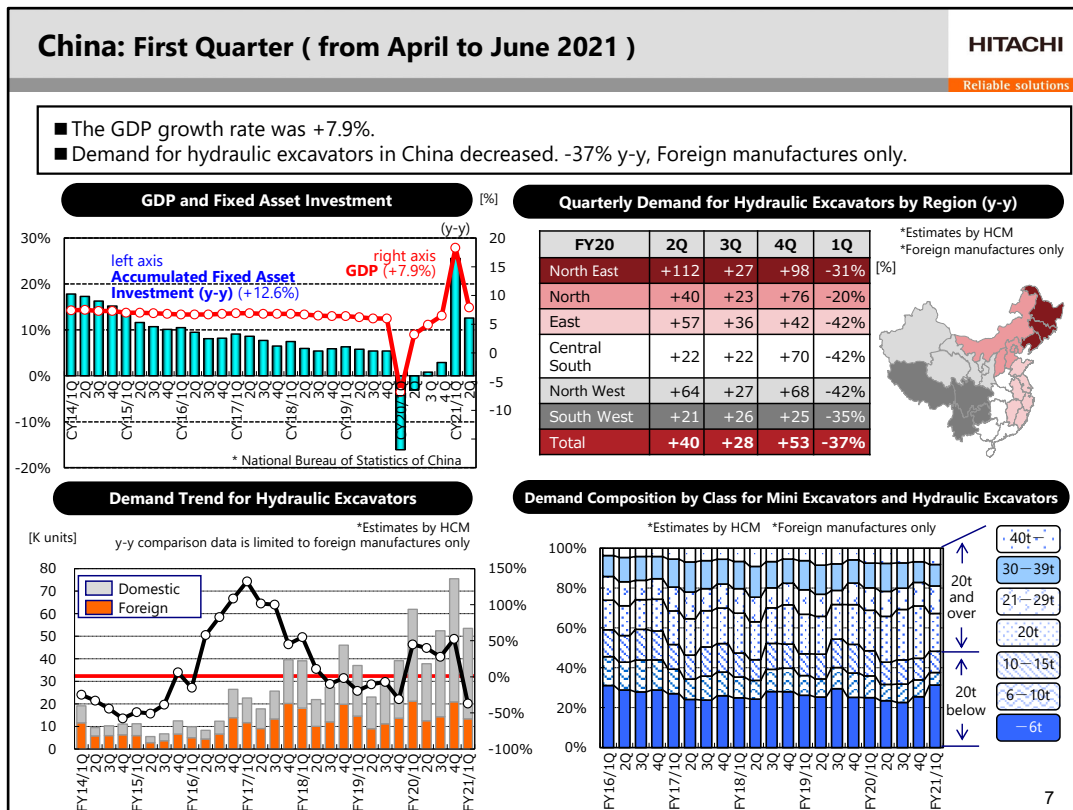
This slide explains the North American market.

The graph on the top left shows that the GDP growth rate increased year on year, and the number of housing starts remained at a high level.

The graph in the lower left-hand corner shows that the rate of residential construction spending continued to increase year on year, and the pace of increase also accelerated. Both the rates of non-residential construction spending and public construction spending remained at the same level as the previous year.

The graph on the top right shows that demand for hydraulic excavators in Q1 of FY2021 rose 37% year on year, marking the second consecutive quarter of significant growth.

The graph in the lower right-hand corner shows that demand for mini excavators kept at a high level, up 28% year on year, due to the robust housing construction market.



This slide explains the Chinese market.

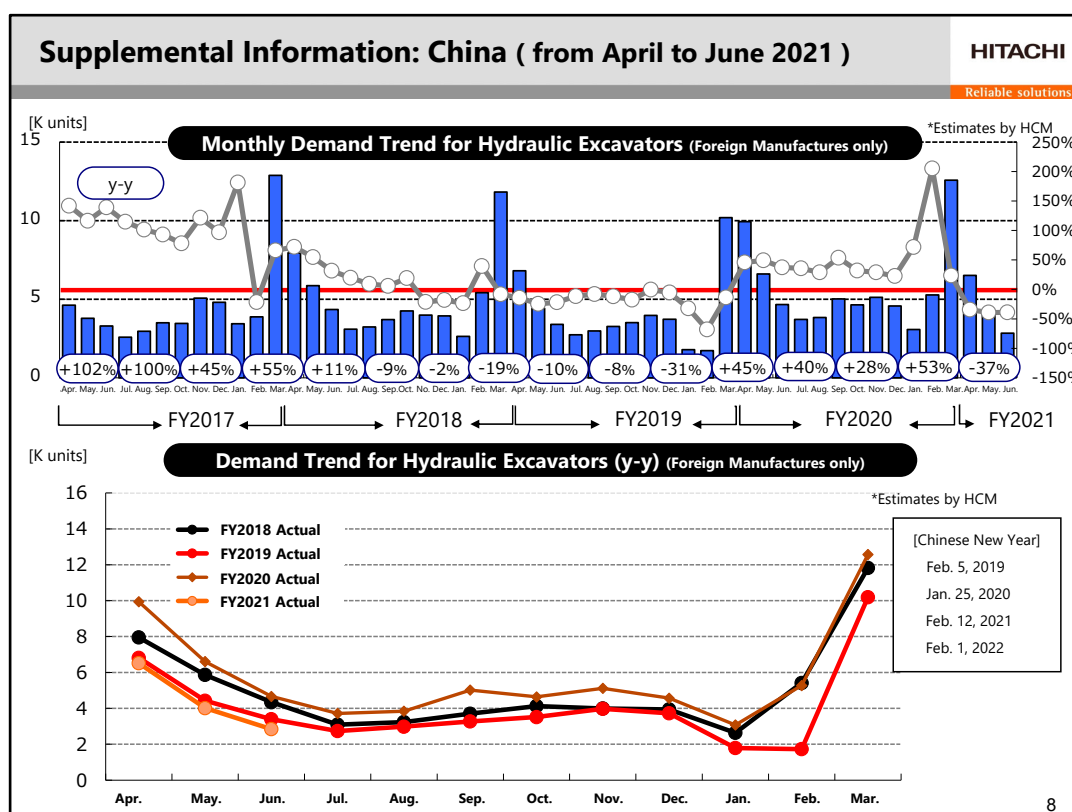
The GDP growth rate in China rose 7.9% in the April-June period in 2021. Accumulated fixed asset investment rose 12.6% year on year, significantly recovering from the previous fiscal year, which was significantly affected by COVID-19.

Total demand for hydraulic excavators, including machinery produced by Chinese manufacturers, fell 14% year on year in the first quarter.

Demand for machinery produced by Chinese manufacturers declined 1% and demand for machinery produced by non-Chinese manufacturers declined 37%.

In addition, in the trend of demand by region on the upper right, demand declined in all regions.

Please refer to the lower right chart for the demand composition by class.

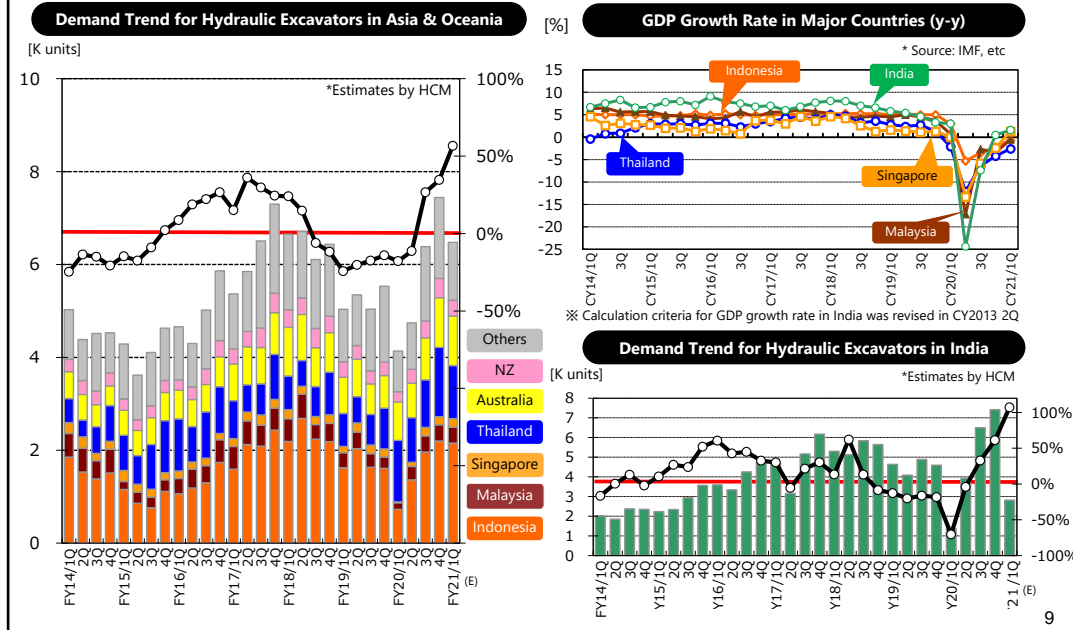


This slide is supplementary information on the Chinese market .

The monthly demand trend for hydraulic excavators produced for non-Chinese manufacturers only in the upper graph showed a year-on-year decrease of 37% in Q1 of FY2021.

In the first quarter of last year, since the Chinese-New-Year shopping season supposed to be included in the previous fiscal year was postponed due to COVID-19, demand in Q1 FY2020 kept an extremely high level. On the other hand, demand for construction machinery was sluggish in the first quarter of this year against a backdrop of slowing construction progress in line with rising construction material costs. As a result, demand for construction machinery declined to 37% year on year only from non-Chinese manufacturers.

- Demand for hydraulic excavators increased overall in the Asia Pacific region, +57%.
- Demand for hydraulic excavators in India was +107%.

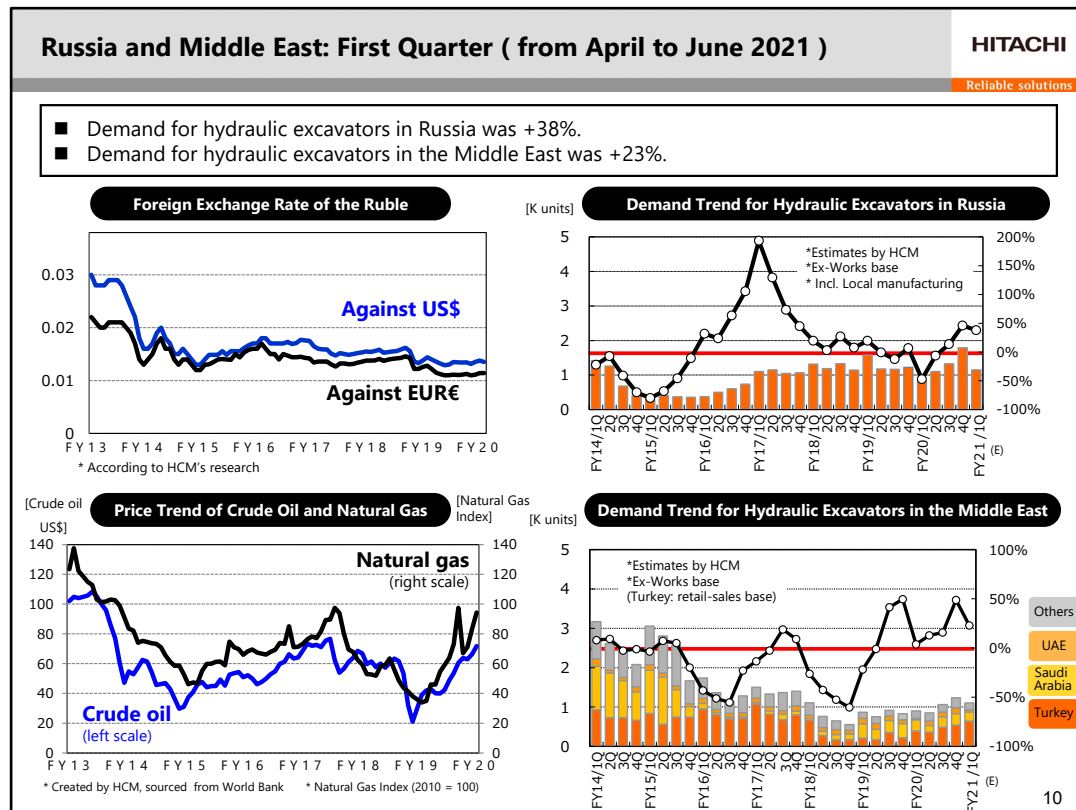


This slide explains the markets in Asia and Oceania and India.

The graph on the top right shows that India and Singapore recorded year-on-year gains in GDP growth rate in major Asian and Oceanian countries, and the pace of decline in other Southeast Asian countries also improved.

In the left graph, demand for hydraulic excavators in Asia and Oceania increased 57% year on year in Q1 of FY2021. In Southeast Asia, the number of new COVID-19 infections turned to increase again. However, demand was positive in all regions except Thailand in the same period of the previous fiscal year, and, due in part to higher prices for coal and other resources, Indonesia saw a large increase compared to the previous fiscal year, and Malaysia and Singapore also saw a significant increase.

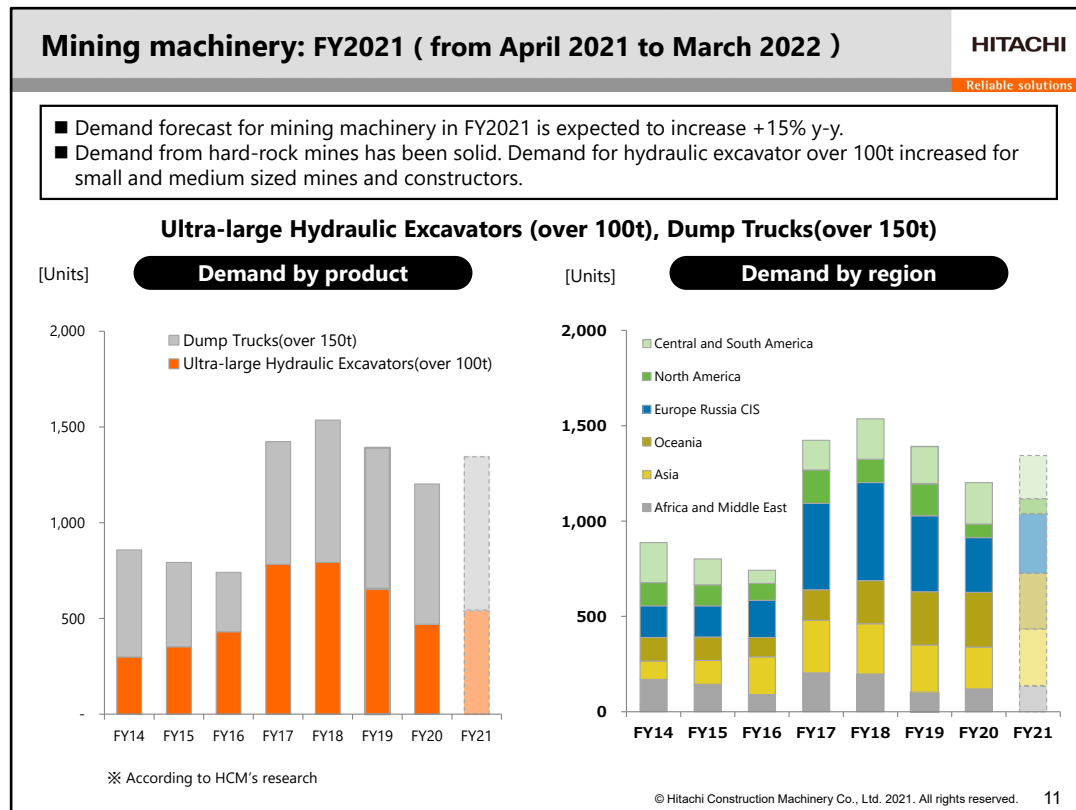
The graph in the lower right-hand corner shows that demand for hydraulic excavators in India was on a recovery trend due to economic measures by the government such as public investment, but demand declined significantly compared to the previous fiscal year due in part to the re-expansion of COVID-19 infections. However, sales increased by 107%, partly due to a reaction to the previous year, which significantly fell year on year.



This slide explains the Russia and Middle East market.

The graph on the top right shows that demand for hydraulic excavators in Russia for Q1 of FY2021 declined year on year. However, against a backdrop of rising resource prices, demand for hydraulic excavators in Russia maintained an increase of 38% year on year.

The graph in the lower right-hand corner shows that demand for hydraulic excavators in the Middle East remained solid, rising 23% year on year, reflecting a substantial growth in demand in Turkey continuing from the previous fiscal year.



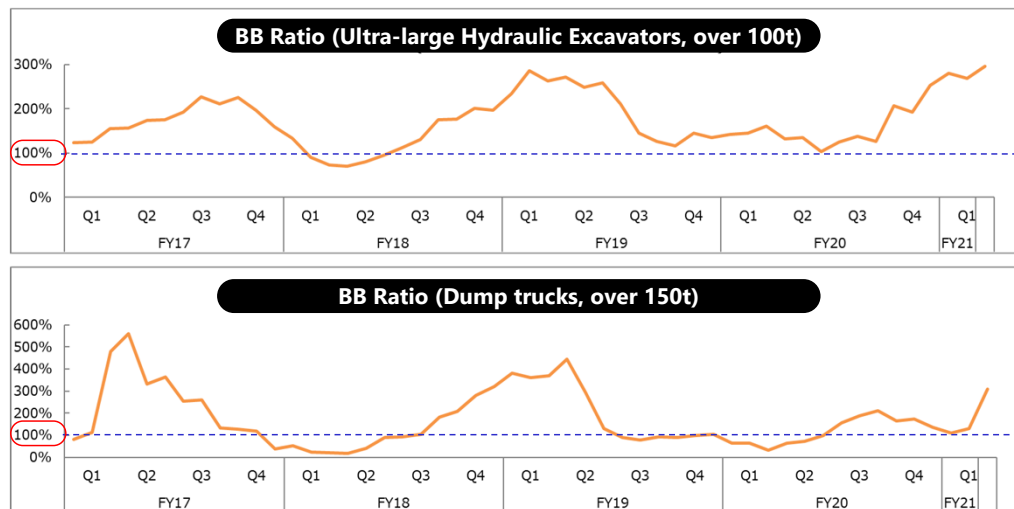
The FY2021 mining demand forecast is expected to grow by about 15% year on year against a backdrop of global economic recovery, aggressive infrastructural investment in some countries, and strong resource prices.

By type of mine, we forecast that demand from hard rock mines will remain strong and that demand from coal mines will increase in Asia, including Indonesia. By class of machinery, we forecast that both demand from small and medium-sized mines and demand for 100-ton-class excavators from mining contractors will increase.

Supplementary Information: BB Ratio

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* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment)
Non-consolidated basis (average of 6 months)

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This slide explains the BB ratio of mining machinery.

Recovery of the mining market led to an increase in orders, and the BB ratio in ultra-large hydraulic excavators and dump trucks kept above 100%.

We have also received orders for multi-year-delivery orders from international major resource companies and major regional players.

Topic 1 : Beginning Joint Development of a Full Battery Rigid Dump Truck with ABB


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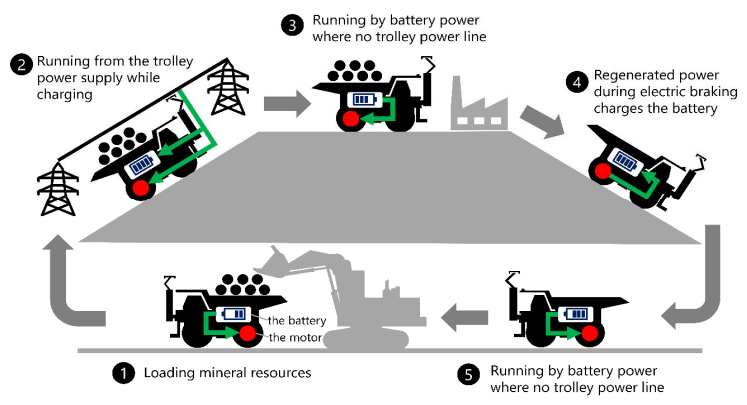
Toward realization of "Net Zero Emissions Mining," aiming to start experiments at a customer's mine by mid-2024

Limit the volume of batteries by a trolley charging system

- Control initial and lifecycle costs
- Reduce vehicle weight to maximize payload capacity.
- No need to stop for recharging; realize a high operating rate.



Rigid dump truck model with trolley



13 CLIMATE ACTION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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In recent years, the trend toward electrified mining machinery has accelerated at mine sites, as demand for ESG is increasing, we have begun joint development of full battery rigid dump truck with ABB.

By the dynamic charging system with trolley, the full battery dump truck will realize three main features.

First, limiting the battery volume will lead to lower initial and lifecycle costs.

Second, lessening the weight of the battery dump truck will lead to maximizing the payload capacity.

Third, the battery dump truck draws electrical power during operation while simultaneously charging the battery, removing the need to stop the vehicle for recharging. Therefore, it will achieve a higher rate of continuous operation.

Knowledge and know-how of both companies is effectively allowing the accelerated development of this solution. We aim to begin proof of concept (PoC) at a customer's mine by mid-2024.

Topic 2: Strengthening marketing and sales in Southeast Asia

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User testing of the excavators for civil construction use is underway from April 2021.

- Considering the best-suited specifications and structure for urban civil construction
- Reflecting the voices of local customers in product development



User testing

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INDUSTRY, INNOVATION AND INFRASTRUCTURE



Accelerating the expansion of used equipment businesses, and deepening value chain business

- Procuring local used equipment and expanding them as our guaranteed and refurbished ones
- Creating high-quality used equipment from our rental machines
- ConSite® provides manufacturer-quality maintenance and service after the sale



Thailand Vietnam Philippines
Malaysia Indonesia

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RESPONSIBLE CONSUMPTION AND PRODUCTION





Refurbished used



Guaranteed used

[Area of Coverage]

■ **Guaranteed and refurbished used equipment**
(PREMIUM USED + REFURBISHED USED)

● **Rental business** (PREMIUM RENTAL)

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We are strengthening marketing and sales for the customers of civil construction use in Southeast Asia.

User testing of excavators for civil construction use launched into the Chinese market is underway from April 2021 in Southeast Asia.

We are considering the best-suited specifications and structure for urban civil construction and making efforts to reflect the voices of local customers in product development.

Furthermore, we are procuring local used equipment and expanding them as our guaranteed and refurbished ones in Southeast Asia.

We are creating high-quality used equipment from our rental machines.

ConSite® provides the solution that increases a touch point to our customer continuously and enables the manufacturer's maintenance and quality.

Topic 3: Strengthening of Solution Linkage® Series

Launch of Solution Linkage® Point Cloud

Possible to create 3D point cloud data from photos by drone with processing in the cloud

Easily create 3D point cloud data from photos by drone

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INDUSTRY, INNOVATION
AND INFRASTRUCTURE

ICT and IoT solutions "Solution Linkage®" solve the customer's issues of "improving safety," "increasing productivity," and "reducing lifecycle costs".

Solution Linkage® Series				
<p style="color: #e67e22; font-weight: bold; margin: 0;">Solution Linkage® Assist</p> <p style="font-size: 8px; margin: 0;">ICT construction machinery</p>	<p style="color: #e67e22; font-weight: bold; margin: 0;">Solution Linkage® Cloud</p> <p style="font-size: 8px; margin: 0;">Applications portal</p>	<p style="color: #e67e22; font-weight: bold; margin: 0;">Solution Linkage® Mobile</p> <p style="font-size: 8px; margin: 0;">Operation management of dump trucks and others</p>	<p style="color: #e67e22; font-weight: bold; margin: 0;">Solution Linkage® Survey</p> <p style="font-size: 8px; margin: 0;">Calculation of earthwork volume by smartphone</p>	<p style="color: #e67e22; font-weight: bold; margin: 0;">Solution Linkage® Wi-Fi</p> <p style="font-size: 8px; margin: 0;">Building an internet environment on sites</p>

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We launched "Solution Linkage® Point Cloud," a service that creates 3D point cloud data from photos taken by drones in the cloud.

By freely combining equipment owned by the customer, 3D point cloud data can be created in a short time and at low cost, and can be used to record daily construction progress.

In addition to the sales of ICT construction machinery, we will contribute to customers' issues of "improving safety," "increasing productivity," and "reducing lifecycle costs" by providing the "Solution Linkage®" series that supports ICT construction according to customers' needs.

Topic 4: Please Cheer for Nakayama's Success!

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Yukie Nakayama, Japanese Representative of Clay Target Shooting at Tokyo 2020. She Will Compete in Trap Women and Trap Mixed.



Please cheer for Nakayama!



Profile

Joined the company in 1997. After playing softball until high school, switched to clay target shooting when she joined the company. Participating in clay target shooting for 24 years and now competing in her fifth Olympics.

Our information magazine 「TIERRA+」 Vol.134

["Recommendations for watching clay target shooting"](#)

Introducing the appeal of clay target shooting events. Please take a look. (Japanese Only)

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Lastly, we would like to introduce the Tokyo Olympics currently being held. Yukie Nakayama, a member of our company, will represent Japan in the clay target shooting competition in the two events of trap women and trap mixed.

This will be her fifth participation in the Olympics, and we would like to ask for your warm support.

Please look at the latest issue of our information magazine "TIERRA+," which features the appeal of clay target shooting events.

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2. Business Results for the First Quarter ended June 30, 2021
(April 1, 2021 - June 30, 2021)

Keiichiro Shiojima
Executive Officer, CFO

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Our Financial Results in Q1 FY2021 are explained by Keiichiro Shiojima, Executive Officer, CFO.

Summary of consolidated results

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In the first quarter of the current fiscal year, despite the impact of COVID-19, revenue increased by 34% y-y and adjusted operating income increased by 303%, partly due to the impact of yen depreciation of 14.5 billion yen.

(billions of yen)

	FY2021 1Q		FY2020 1Q		change	
Revenue	228.1		170.2		34%	
Adjusted operating income *1	5.2%	11.8	1.7%	2.9	303%	
Operating income	5.2%	11.9	1.5%	2.5	374%	
Income before income taxes	5.3%	12.0	1.1%	1.8	572%	
Net income attributable to owners of the parent	3.1%	7.1	0.1%	0.2	-	
EBIT *2	5.5%	12.7	1.6%	2.7	369%	
FX rate	Rate (YEN/US\$)		109.5		107.6	1.9
	Rate (YEN/EURO)		132.0		118.5	13.5
	Rate (YEN/RMB)		17.0		15.2	1.8
	Rate (YEN/AU\$)		84.3		70.7	13.7

*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

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

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Total revenue of FY2021 Q1 increased 34% year on year to ¥228.1 billion, partly due to the impact of the yen's depreciation, which raised the yen by ¥14.5 billion.

Adjusted operating income increased 303% year on year to ¥11.8 billion, resulting in a profit margin of 5.2%, and operating income increased to ¥11.9 billion, resulting in a profit margin of 5.2%.

Profit attributable to owners of the parent was ¥7.1 billion.

In the first quarter, the yen depreciated against all main currencies from the previous year: by ¥1.9 against the U.S. dollar, by ¥13.5 against the euro, by ¥1.8 against the Chinese yuan, and by ¥13.7 against the Australian dollar.

Revenue by geographic region (consolidated)

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Revenue increased in each region except China y-y; consolidated revenue increased by 58.0 billion yen.

[billions of yen]

	FY2021 1Q		FY2020 1Q		change	
					amount	%
Japan	43.2	19%	39.9	23%	3.3	8%
Asia	16.3	7%	9.2	5%	7.1	77%
India	9.9	4%	4.8	3%	5.1	107%
Oceania	39.7	17%	33.1	19%	6.6	20%
Europe	31.4	14%	13.5	8%	17.9	132%
N.America	42.1	18%	27.9	16%	14.2	51%
L.America	4.7	2%	2.8	2%	1.9	67%
Russia-CIS	7.6	3%	4.3	3%	3.3	77%
M.East	6.5	3%	3.3	2%	3.2	95%
Africa	9.3	4%	6.2	4%	3.1	49%
China	17.5	8%	25.1	15%	-7.5	-30%
Total	228.1	100%	170.2	100%	58.0	34%
Overseas ratio	81%		77%			

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Total revenue in the first quarter increased by ¥58 billion year on year.

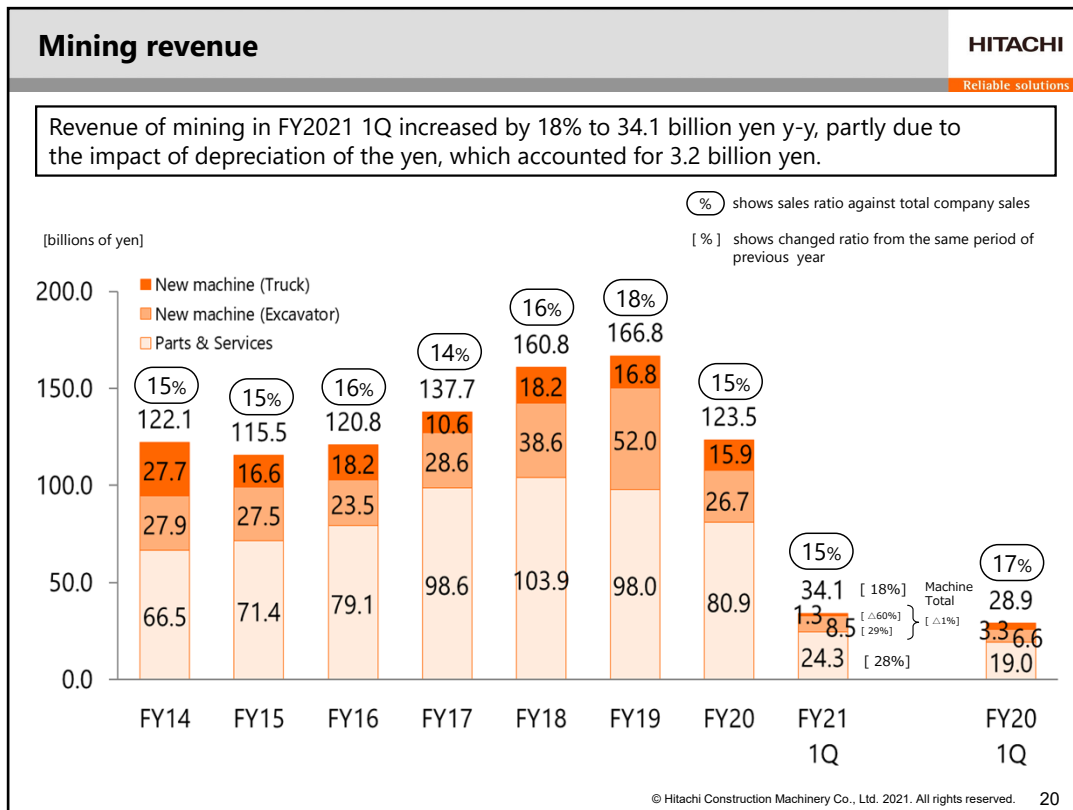
We analyze that ¥14.5 billion was included in this figure as the impact of the yen's depreciation. By region, sales increased year on year in all regions other than China.

In China, demand declined due to a sense of surplus in the number of units in operation, resulting in a significant 30% decrease in sales compared to the previous year.

Meanwhile, sales in North America and Europe increased significantly year on year, reflecting a recovery in market conditions, as COVID-19 has tended to converge.

Sales also increased significantly in India and Asia, where the impact of the COVID-19 second wave is still feared.

As a result, the overseas revenue ratio rose 4 percentage points year on year to 81%.

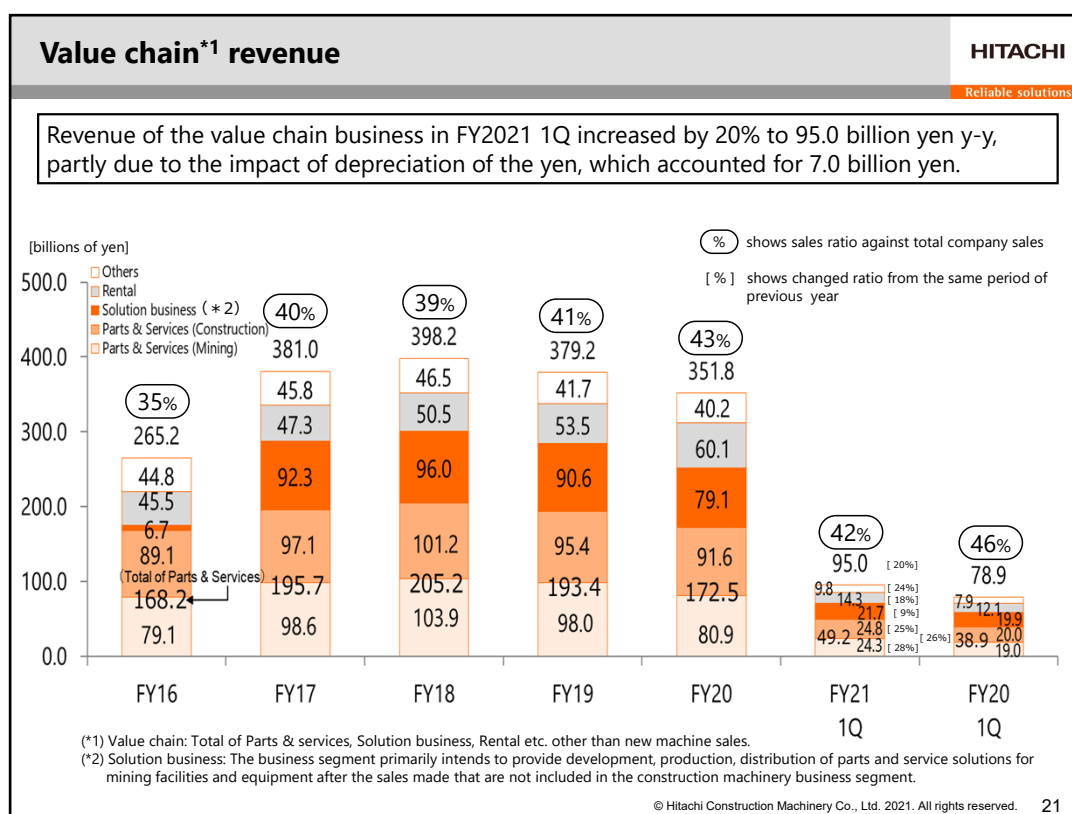


Mining revenues for Q1 of FY2021 increased by 18% year on year to ¥34.1 billion as shown in the second bar graph from the right side, partly due to the impact of the yen's depreciation.

Sales of hydraulic excavators increased by 29% year on year due to contributions from Oceania, Russia, and the CIS region. However, sales of dump trucks declined by 60% due to fewer deliveries in the Oceania region during the quarter.

Meanwhile, mining parts and service sales rose 28% year on year.

Mining revenue accounted for 15% of consolidated revenue, down 2 percentage points from the previous year.



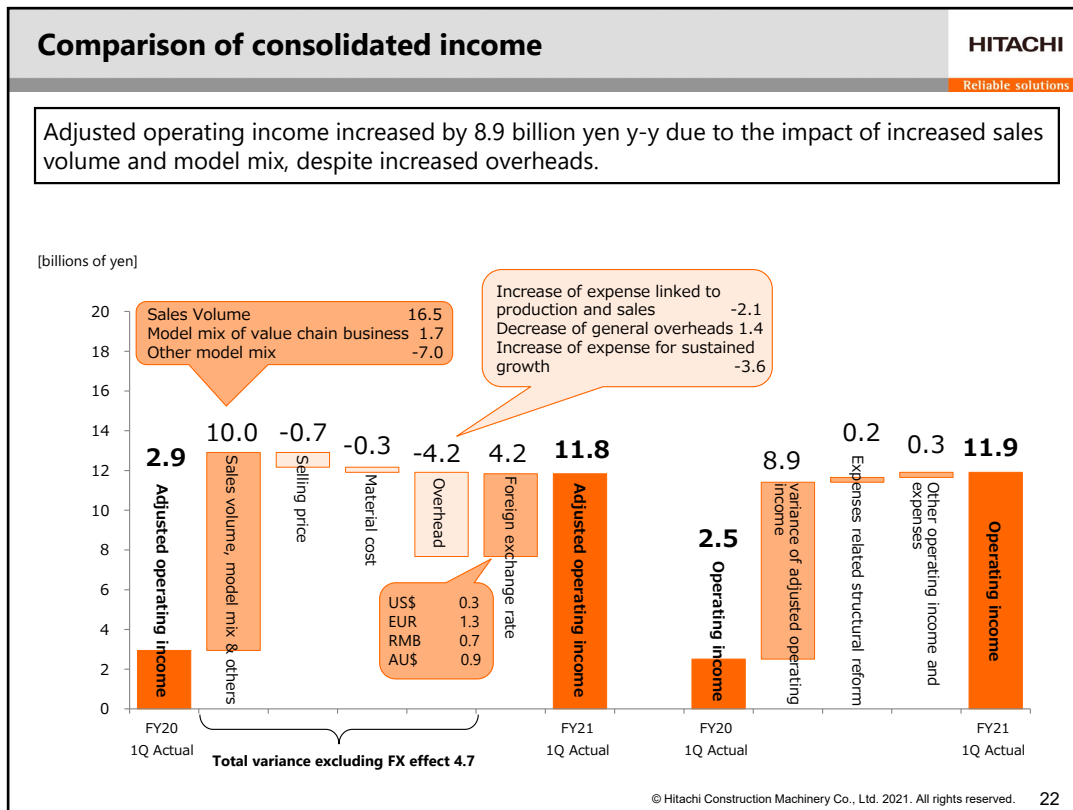
Look at the second bar chart from the right.

As you can see, value chain sales revenue for the first quarter was ¥95 billion, up 20% year on year.

We have analyzed the impact of the yen's depreciation as a factor behind a 9% increase in sales, and we see an 11% increase in sales on a local currency basis compared to the previous year.

Revenues from the top and second sections of the bar charts and the gray-colored rental business increased 18% year on year due to the benefits of measures taken to date, and parts and service business revenues also increased 26%.

Value chain revenues accounted for 42% of consolidated revenues, down 4 percentage points from the prior year.



On the left-hand side of the figure, adjusted operating profit was a factor behind a ¥8.9 billion year-on-year increase.

As I have explained, sales increased in all regions other than China, resulting in an increase of ¥10 billion in terms of sales volume and model mix.

On the other hand, in order to meet the increase in volume accompanying the recovery in demand, and also for the purpose of expanding the rental business, overhead expenses, mainly expenses linked to production and sales expenses, increased by ¥4.2 billion. However, this was absorbed by the impact of the yen's depreciation of ¥4.2 billion, and adjusted operating income increased by ¥8.9 billion year on year to ¥11.8 billion.

Operating income increased by 9.4 billion year on year to ¥11.9 billion.

Consolidated statement of income

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SG&A expenses increased by 7.6 billion yen to 44.2 billion yen y-y.

[billions of yen]

	FY2021 1Q		FY2020 1Q		change	
					amount	%
Revenue		228.1		170.2	58.0	34%
Cost of Sales	(75.4%)	172.1	(76.7%)	130.6	41.5	32%
SGA expenses	(19.4%)	44.2	(21.5%)	36.6	7.6	21%
Adjusted operating income *1	(5.2%)	11.8	(1.7%)	2.9	8.9	303%
Other Income/expenses		0.1		-0.4	0.5	-
Operating income	(5.2%)	11.9	(1.5%)	2.5	9.4	374%
Financial income/expenses		-1.1		-0.8	-0.2	29%
Share of profits of investments accounted for using the equity method		1.2		0.1	1.1	-
Income before income taxes	(5.3%)	12.0	(1.1%)	1.8	10.2	572%
Income taxes		4.2		0.6	3.6	602%
Net income	(3.4%)	7.8	(0.7%)	1.2	6.7	557%
Net income attributable to owners of the parent	(3.1%)	7.1	(0.1%)	0.2	6.9	-

*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

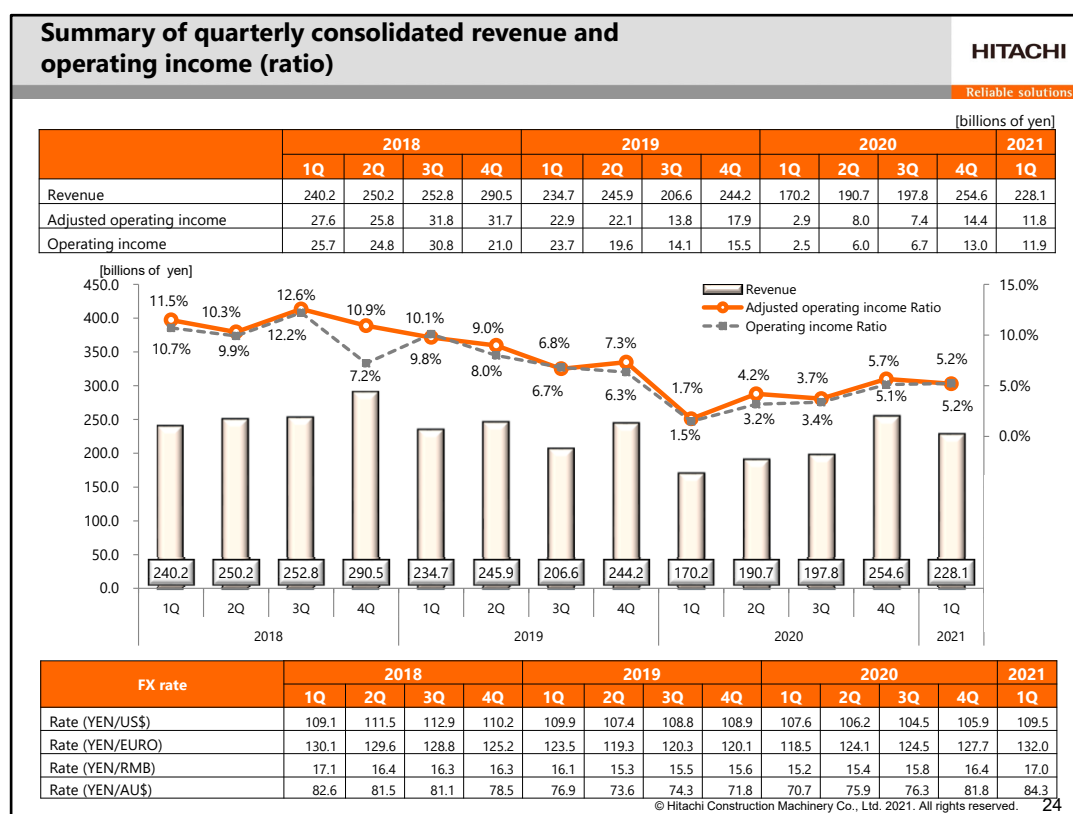
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The following is a brief explanation of non-operating income and loss.

Finance income and expenses deteriorated by ¥200 million from the previous fiscal year due to the impact of foreign exchange losses caused by the depreciation of the yen.

On the other hand, the share of profits of investments accounted for using the equity method increased by ¥1.1 billion year on year.

Quarterly profit attributable to owners of the parent increased by 6.9 billion year on year to ¥7.1 billion.



See FY2021 Q1 on the right-hand side.

Compared to Q1 of FY2020, revenue in Q1 of FY2021 totaled ¥228.1 billion, a substantial increase of ¥58 billion, including the impact of the yen's depreciation of ¥14.5 billion, in addition to an increase in volume.

Adjusted operating income was 5.2% for Q1, as shown in the line graph.

Consolidated statement of financial position

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Total current assets decreased by 4.8 billion yen y-y due to a decrease of 16.0 billion yen in trade receivables.

					(billions of yen)				
	(A) FY21-1Q	(B) Mar '2021	(C) FY20-1Q	(A)-(B) change		(D) FY21-1Q	(E) Mar '2021	(F) FY20-1Q	(D)-(E) change
Cash and cash equivalents	72.7	80.3	71.0	-7.7	Trade and other payables	191.9	199.2	166.6	-7.3
Trade receivables	195.2	211.2	176.2	-16.0	Bonds and borrowings	328.3	329.5	343.9	-1.2
Inventories	308.3	297.8	310.3	10.5	Total liabilities	646.8	651.3	626.5	-4.5
Total current assets	612.3	617.2	593.3	-4.8	(Equity attributable to owners of the parent ratio)	(42.6%)	(42.1%)	(41.2%)	(0.5%)
Total non-current assets	612.2	603.4	562.6	8.8	Total equity	577.7	569.2	529.4	8.5
Total assets	1,224.5	1,220.6	1,155.9	4.0	Total liabilities and equity	1,224.5	1,220.6	1,155.9	4.0
Trade receivables incl. non-current	236.0	252.7	215.3	-16.6					
Inventories by products									
Unit	84.4	77.3	83.5	7.1		(26.8%)	(27.0%)	(29.8%)	(-0.2%)
Parts	104.3	102.3	108.4	2.0	Interest-bearing debt	328.3	329.5	343.9	-1.2
Raw materials, WIP and etc	119.6	118.2	118.4	1.3	Cash and Cash equivalents	72.7	80.3	71.0	-7.7
Total inventories	308.3	297.8	310.3	10.5	Net interest-bearing debt	(20.9%)	(20.4%)	(23.6%)	(0.5%)
On hand days(divided by revenue)				(Days)	Debt	255.6	249.2	272.9	6.4
Trade receivables	99	113	91	-14					
Inventories	129	134	131	-5	Net D/E Ratio	0.49	0.48	0.57	0.01
Trade payables	47	49	40	-3					
Net working capital	178	194	178	-16					

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Compared with the end of FY2020 Q4, trade receivables were reduced by ¥16 billion to ¥195.2 billion.

Inventories increased by ¥9 billion mainly due to new machinery inventories, but total current assets decreased by ¥4.8 billion from the end of the previous fiscal year to ¥612.3 billion.

On the other hand, total non-current assets increased by ¥8.8 billion mainly due to operating assets for rent, resulting in total assets of ¥1.2245 trillion, an increase of ¥4 billion from the end of the previous fiscal year.

In terms of days on hand, trade receivables were reduced by 14 days from the end of the previous fiscal year to 99 days, and inventories were also reduced by 5 days to 129 days.

As a result, net working capital on hand was 178 days, 16 days shorter than at the end of the previous fiscal year.

Total interest-bearing debt on the right side decreased by ¥1.2 billion from the end of the previous fiscal year to 328.3 billion, while net interest-bearing debt increased by ¥6.4 billion to ¥255.6 billion, partly due to a ¥7.7 billion decrease in cash and cash equivalents.

Total equity was ¥577.7 billion, the ratio of equity attributable to owners of the parent was 42.6%, and the net D/E ratio was 0.49.

Consolidated cash flow

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Net cash provided by (used in) operating activities increased to a positive 6.7 billion yen.

[billions of yen]

	FY2021 1Q	FY2020 1Q	change
Net income	7.8	1.2	6.7
Depreciation and amortization	21.2 13.3	12.9 11.8	8.2 1.6
(Increase)decrease in trade/lease receivables	18.6	41.9	-23.3
(Increase)decrease in inventories	-10.3	-2.8	-7.5
Increase(decrease) in trade payables	9.1 0.9	19.9 -19.2	-10.7 20.1
Others, net	-23.6	-11.4	-12.3
Net cash provided by (used in) operating activities	6.7	21.4	-14.8
Cash flow margin for operating activities	2.9%	12.6%	-9.7%
Net cash provided by (used in) investing activities	-8.2	-9.3	1.1
Free cash flows	-1.5	12.2	-13.7
Net cash provided by (used in) financing activities	-6.6	-4.3	-2.3

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In the first quarter of the fiscal year under review, we secured a positive operating cash flow of ¥6.7 billion, which was a decrease of ¥14.8 billion compared to the previous fiscal year.

Meanwhile, net cash used in investing activities amounted to ¥8.2 billion, a decrease of ¥1.1 billion from the previous fiscal year. However, free cash flow amounted to outflow of ¥1.5 billion.

Summary of consolidated earnings forecast					HITACHI
					Reliable solutions
FY2021 Consolidated Statement of Income is expected to be the same as the previous forecast.					
[billions of yen]					
	FY2021 Forecast	FY2020 Actual	change		
			amount	%	
Revenue	880.0	813.3	66.7	8%	
	(7.0%)	(4.0%)	(3.0%)		
Adjusted operating income	62.0	32.7	29.3	90%	
	(6.6%)	(3.5%)	(3.1%)		
Operating income	58.0	28.2	29.8	105%	
	(6.4%)	(3.1%)	(3.2%)		
Income before income taxes	56.0	25.6	30.4	119%	
Net income attributable to owners of the parent	32.3	10.3	22.0	212%	
EBIT	58.8	28.7	30.0		
Currency	1Q Actual	2Q-4Q Forecast	Total Forecast	FY2020 Actual	change
Rate (YEN/US\$)	109.5	105.0	106.0	106.0	0.0
Rate (YEN/EURO)	132.0	125.0	126.9	124.6	2.3
Rate (YEN/RMB)	17.0	16.0	16.2	15.7	0.5
Rate (YEN/AU\$)	84.3	80.0	81.0	76.0	5.0
Cash dividend per share (yen) *1	to be determined			20	-

*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 aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

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I will explain FY2021's earnings forecast.

Based on the demand environment for the current fiscal year and the results for the current three months, the current forecast for the current fiscal year has been left unchanged from the previous forecast.

Specifically, we have left unchanged the previous April figures of ¥880 billion in revenue, ¥62 billion in adjusted operating income, and ¥32.3 billion in profit attributable to owners of the parent.

The forecast exchange rates for the second quarter onward have not changed for the U.S. dollar and the euro, but, for the Chinese yuan and the Australian dollar, we have revised for the direction of the yen's depreciation this time based on the most recent information from the financial institutions.

Please refer to Appendix 1 on P 32 for foreign exchange sensitivities that affect sales revenue from the second quarter onwards and adjusted operating income.

Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2021 is expected to increase by 66.7 billion yen y-y, due to an increase in other regions, although decreasing in China, India, and Africa.

(billions of yen)

	FY2021 Forecast		FY2020 Actual		change	
					amount	%
Japan	211.5	24%	203.3	25%	8.1	4%
Asia	68.9	8%	52.7	6%	16.2	31%
India	46.8	5%	50.0	6%	-3.3	-7%
Oceania	145.0	16%	139.9	17%	5.0	4%
Europe	99.0	11%	87.8	11%	11.2	13%
N.America	149.4	17%	107.2	13%	42.2	39%
L.America	14.2	2%	10.9	1%	3.4	31%
Russia-CIS	34.7	4%	22.7	3%	12.0	53%
M.East	20.5	2%	16.1	2%	4.5	28%
Africa	30.3	3%	33.6	4%	-3.3	-10%
China	59.6	7%	89.1	11%	-29.5	-33%
Total	880.0	100%	813.3	100%	66.7	8%
Overseas ratio	76%		75%			

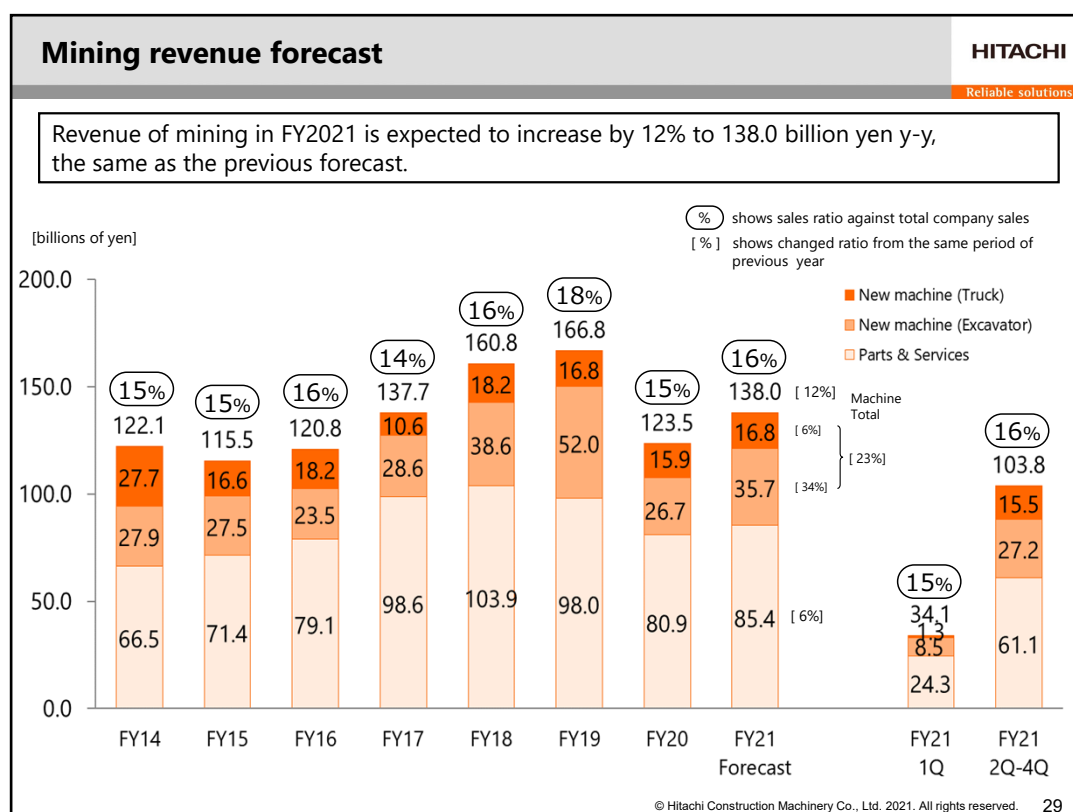
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Revenue for this fiscal year remains unchanged from the previous fiscal year's forecast of ¥880 billion, an increase of ¥66.7 billion, or 8%.

In addition to Africa and China, we expect a year-on-year decline in sales in India, where the spread of the COVID-19 second wave is severe, but we expect an increase in sales in all other regions.

The impact of the yen's depreciation is analyzed to be ¥15.7 billion.

In addition, the overseas sales ratio is expected to increase 1 percentage point year on year to 76%.



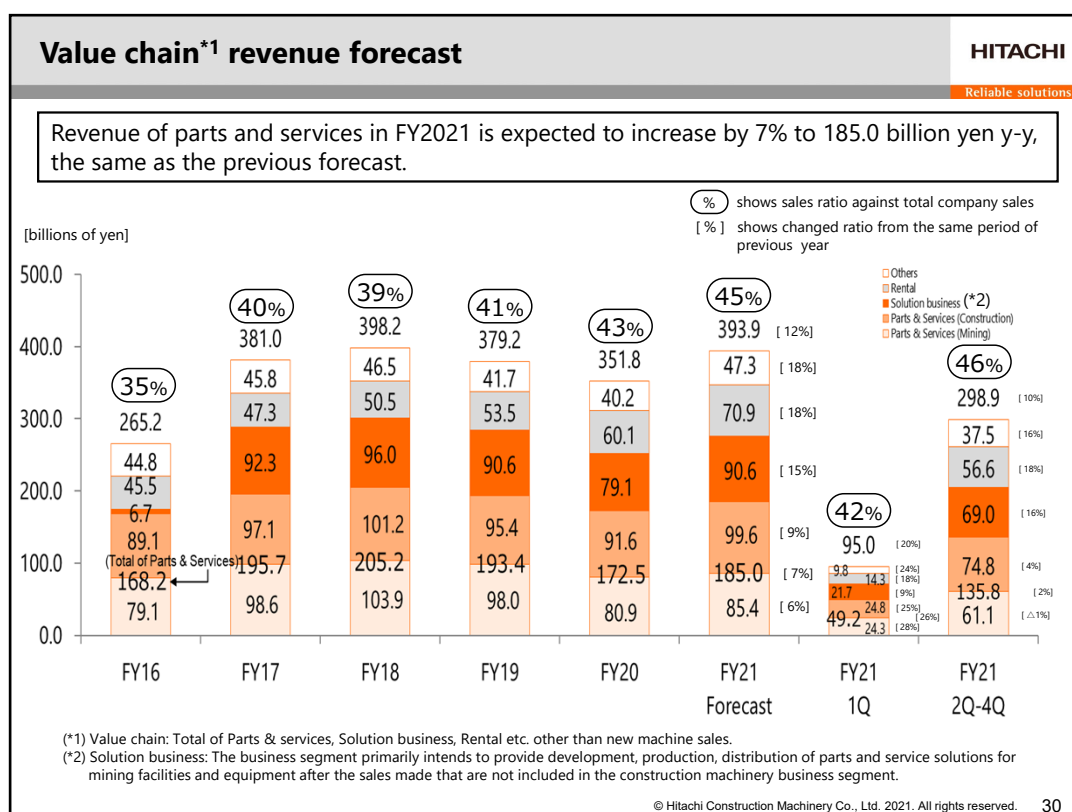
The mining revenue forecast for this fiscal year remains unchanged from the previous April announcement, and is expected to increase 12% year on year to ¥138 billion.

Demand from hard rock mines such as iron ore and copper mines, as well as from coking coal mines, is on a recovery trend, but the recovery for thermal coal mines is expected to be weak and will continue to be difficult.

Nevertheless, mining machinery is expected to record a 23% year-on-year increase in sales of dump trucks and hydraulic excavators, and a 6% year-on-year increase in sales of parts and service of mining business.

The sales composition ratio is also expected to increase by 1 percentage point year on year to 16%.

Please refer to "Detail of mining revenue" by region as Appendix 2 on P 33.

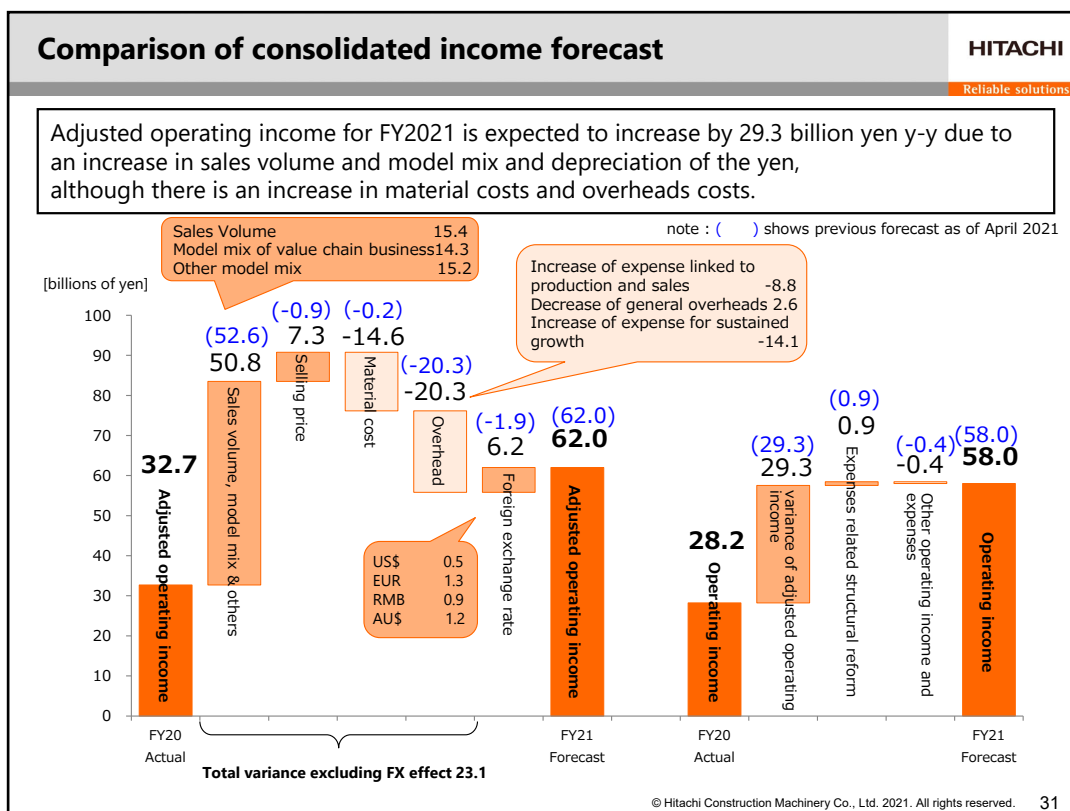


The forecast for value chain sales revenue for the fiscal year under review has been revised upward from the previous forecast to ¥393.9 billion, an increase of 12% from the previous fiscal year.

Rental sales are expected to increase 18% year on year to ¥70.9 billion, and the solutions business is expected to increase 15% year on year to ¥90.6 billion.

The revenue forecast for parts and service business remains unchanged at ¥185 billion, up 7% from the previous fiscal year, which incorporates an increase in sales for both construction and mining applications.

The sales composition ratio is expected to increase by 2 percentage points year on year to 45%.



Let me explain the reasons why FY2021 adjusted operating income will increase by ¥29.3 billion from the previous year to ¥62 billion.

As shown in this figure, an increase in volumes and the impact of differences in model mix of ¥50.8 billion will be major factors behind the increase in profits.

Fluctuations in selling prices take into account measures to cope with rising material costs. Considering the impact of price hikes at HCM in Japan on a non-consolidated basis and at overseas manufacturing companies, we expect a ¥7.3 billion rise in material costs ; on the other hand, a ¥14.6 billion decline in material costs is forecast.

In addition, adjusted operating income is expected to increase by ¥29.3 billion from the previous year by factoring in an increase of ¥20.3 billion in overhead expenses due to an increase in production and sales-linked expenses and strategic expenses associated with an increase in volume, and an increase of ¥6.2 billion in profits due to the impact of the yen's depreciation.

Operating income is also expected to increase by ¥29.8 billion year on year to ¥58 billion due to the increase in adjusted operating income.

Please refer to the three reference materials on P 32 and later.

Appendix 1: FX rate and FX sensitivity

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The forecast exchange rate for FY2021 was set within the expected fluctuation range for each currency.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY21			FY20 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
US\$	109.5	105.0	106.0	106.0	Impact by 1 yen depreciation	1.7	1.3
EURO	132.0	125.0	126.9	124.6	Impact by 1 yen depreciation	0.5	0.4
RMB	17.0	16.0	16.2	15.7	Impact by 0.1 yen depreciation	0.3	0.1
AU\$	84.3	80.0	81.0	76.0	Impact by 1 yen depreciation	1.6	0.2

Appendix 2: Detail of mining revenue

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[billions of yen]

		FY20 Actual			FY21 Forecast			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	3.2	7.3	10.6	1.9	4.8	6.8	-1.3	-2.5	-3.8
	Dump Truck	0.3	1.8	2.1	0.7	1.8	2.5	0.4	0.0	0.4
	Total	3.5	9.1	12.7	2.6	6.6	9.2	-0.9	-2.5	-3.4
Europe, Africa and Middle East	Excavator	3.2	12.1	15.3	6.2	14.7	20.8	2.9	2.6	5.5
	Dump Truck	2.0	10.3	12.2	3.7	10.2	13.9	1.8	-0.1	1.7
	Total	5.2	22.4	27.6	9.9	24.8	34.7	4.7	2.5	7.2
Asia & Oceania	Excavator	11.9	37.7	49.6	16.2	48.4	64.6	4.3	10.7	15.0
	Dump Truck	7.7	23.1	30.8	5.1	21.4	26.5	-2.6	-1.7	-4.3
	Total	19.7	60.8	80.5	21.4	69.8	91.1	1.7	8.9	10.7
China	Excavator	0.2	0.5	0.7	0.2	0.4	0.6	-0.0	-0.1	-0.1
	Dump Truck	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1
	Total	0.2	0.6	0.8	0.2	0.5	0.7	-0.0	-0.0	-0.1
Japan	Excavator	0.3	1.3	1.6	0.1	1.5	1.6	-0.1	0.2	0.0
	Dump Truck	0.0	0.4	0.4	0.0	0.6	0.6	-0.0	0.2	0.2
	Total	0.3	1.7	2.0	0.1	2.0	2.1	-0.2	0.3	0.2
Total	Excavator	18.9	59.0	77.9	24.6	69.8	94.4	5.8	10.8	16.5
	Dump Truck	10.0	35.6	45.6	9.5	34.0	43.6	-0.5	-1.6	-2.0
	Total	28.9	94.6	123.5	34.1	103.8	138.0	5.3	9.2	14.5

Appendix 3: Segment information

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The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 0.3 billion yen are included in the first quarter of FY2021, and in the 1.1 billion yen in the forecast for FY2021.

[billions of yen]

FY2021 1Q Actual	Reportable segment				Adjustments *1	Total
	Construction Machinery Business		Solution Business			
Revenue	206.5		22.5		-0.9	228.1
Adjusted operating income	4.9%	10.1	7.5%	1.7	-	5.2% 11.8

[billions of yen]

FY2021 Forecast	Reportable segment				Adjustments *1	Total
	Construction Machinery Business		Solution Business			
Revenue	789.4		90.6		0.0	880.0
Adjusted operating income	6.9%	54.3	8.4%	7.7	-	7.0% 62.0

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

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



In addition to the safety and environmental measures explained today, We are expanding globally with the 10 SDG's as our priority targets.

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.

END**For further inquiries:**

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