

### **Q: Would you provide a summary of the results for Q3 of FY2021?**

A: In Q3 of the current fiscal year, revenue increased by 29% to 720.4 billion yen, although there were effects such as behavioral constraints caused by spread of the new variant of coronavirus in some regions, taking into account strong demand in regions other than China, and the impact of the yen's depreciation.

The market environment is strong not only in new machinery sales, but also in the value chain business centered on parts services and the mining business. Adjusted operating income significantly increased by 235% year on year to ¥61.3 billion with an adjusted operating income margin of 8.5%, due to an increase in revenue, an adjustment amount due to sales price determination for the Americas recorded in Q2, and the impact of the yen's depreciation, despite the impact of increased costs, mainly in steel prices.

### **Q: Would you provide a summary of the outlook for FY2021?**

A: As the market environment has continued to recover more than initially expected in major regions other than China, we have revised the demand forecast for hydraulic excavators for FY2021 upward from the previous 220 thousand units (a decrease of 7% year on year) to approximately 231 thousand units (a decrease of 3% year on year) worldwide. We have revised the forecasts for FY2021 as revenue to ¥950 billion (up 17% from the previous fiscal year) and adjusted operating income to ¥84 billion (up 157% from the previous fiscal year) based on the results up to Q3 of the current fiscal year and the impact of the yen's depreciation.

The assumed exchange rates for the fourth quarter are ¥110 to one US dollar, ¥130 to one euro, ¥17.5 to one Chinese yuan, and ¥80 to one Australian dollar.

In addition, the cost increase centered on steel prices, which was factored in Q2, is generally in line with the forecast at the time of Q2.

### **Q: Your competitors seem to be promoting product exchange between production bases in order to utilize the production capacity that is surplus in some regions. What kinds of initiatives are Hitachi Construction Machinery implementing?**

A: Currently, we have major foreign manufacturing facilities in China, Indonesia, India, Europe, Russia, North America, and Brazil.\*1 Although we have the principle of "Local Production for Local Consumption, taking into account changes in global demand and the leveling of production loads, we ship some models of mid- to large-sized hydraulic excavators, wheel excavators, and wheels loaders from production bases in India, Indonesia, and China to Southeast Asia, Russia, the Middle East, and Africa, " In FY2021, we expect to accommodate 700 units between production bases.

\*1North America and Brazil are joint venture plants with Deere, which will be transferred to Deere at the end of February 2022.

**Q: Having announced a change in the largest shareholder, how long can you continue to use the Hitachi brand under a new capital relationship? And what kind of synergy effects do you expect the collaboration between ITOCHU and Japan Industrial Partners will bring to Hitachi Construction Machinery?**

A: We plan to discuss and agree on specific periods for the use and renewal of the Hitachi brand, as well as the conditions for the renewal, over the next few months to close. We will continue to work with Hitachi under the Hitachi brand. Currently, we believe that the vertical launch of the Americas business that leverages the Hitachi brand is a top priority issue for us, and we intend to contribute to enhancing the value of the Hitachi brand by realizing the growth of the Americas business.

With regard to collaboration with ITOCHU, we hope that they will utilize their global network, abundant experience, and resources to support the early launch and subsequent enhancement of our North American business after the dissolution of joint venture with Deere. Specifically, we are considering the establishment of a finance scheme and collaboration in logistics between Japan and the U.S. and within the U.S.

Regarding collaboration with Japan Industrial Partners, we expect that they will hold our shares over the medium to long term, thereby supporting the strengthening of our management foundation and the enhancement of corporate value.