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Explanatory Meeting for Business Results for the First Quarter ended June 30, 2022

July 28, 2022

Keiichiro Shiojima
Vice President and Executive Officer & CFO

Hidehiko Matsui
Executive Officer & CMO

Hitachi Construction Machinery Co., Ltd.

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1. Regional Market Environments and Projections

Hidehiko Matsui
Executive Officer & CMO

Regional Market Environments and Projections explained by Hidehiko Matsui, Executive Officer, CMO

Global Demand Trend for Hydraulic Excavators

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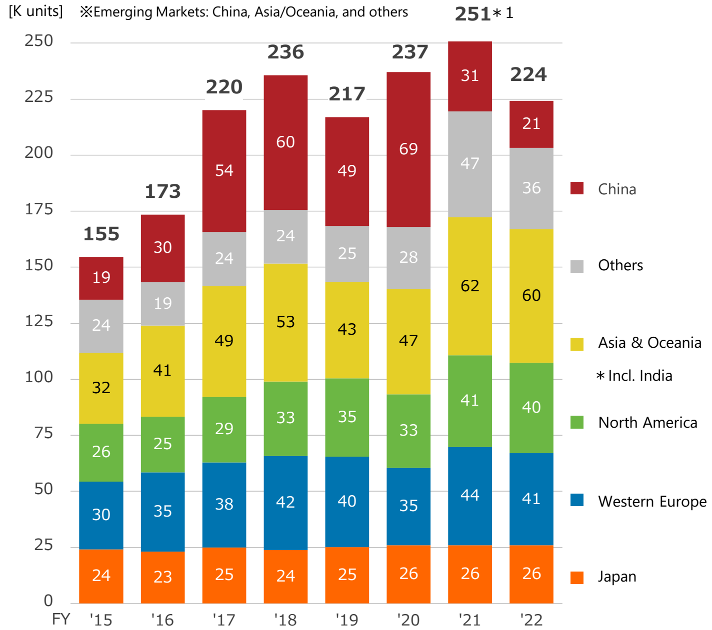
Emerging Markets ratio: FY2022 52%（y-y Change : -4%）

[K units] ※Emerging Markets: China, Asia/Oceania, and others



Year-on-Year Change by Region

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

	'21	'22
Total	+6%	-11%
China	-55%	-33%
Russia,CIS, E Europe	+81%	-47%
Africa	+70%	-14%
Middle East	+77%	-0%
Latin America	+59%	-15%
Others	+70%	-23%
Asia	+47%	-3%
India	+9%	-5%
Oceania	+43%	-3%
Asia & Oceania	+31%	-3%
N America	+25%	-1%
W Europe	+27%	-6%
Japan	+0%	-0%

*1:FY2021 has been revised from estimated demand to actual demand. (As of April: 243K units)
*Demand is Hitachi Construction Machinery estimates.

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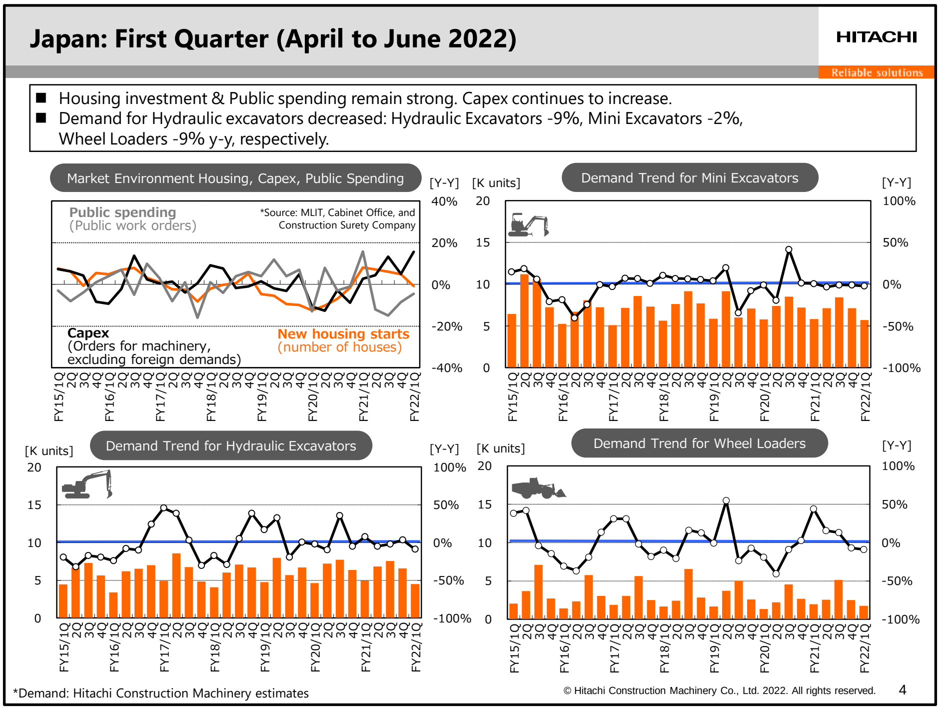
This slide explains the global demand outlook for hydraulic excavators.

Demand for FY2021 increased by 6% year on year to 251,000 units, due to an increase in demand in regions excluding China and Japan, from the previous April demand estimate of 243,000 units.

Demand for FY2022 has not changed for any of the regions since the previous April.
Demand will continue to be strong due to increased infrastructure investments and soaring resource prices, but we anticipate a significant decline in demand in the Chinese market and the Russian CIS and the impact of the overall supply chain.

Total worldwide demand is expected to decrease by 11% year on year, the global total excluding China is expected to decrease by 7% year on year, and the global total demand excluding China and the Russian CIS is expected to decrease by 4% year on year.



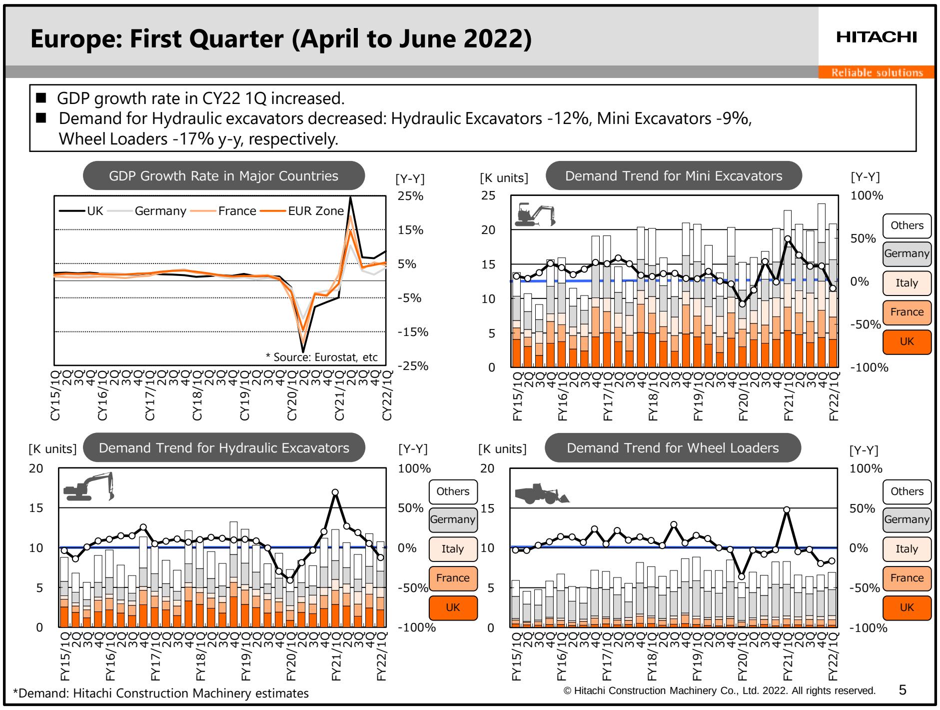
This slide explains the Japanese market.

The graph on the top left shows that housing investment and public investment were strong in 1Q, and that capex investment also increased.

The graph on the lower left shows that demand for hydraulic excavators in 1Q decreased by 9% year on year due to the impact of the supply chain.

The graph on the top right shows that demand for mini excavators decreased by 2%.

The graph on the lower right shows that demand for wheel loaders decreased by 9%.



This slide explains the European market.

The graph on the top left shows that the GDP growth rate continued to recover in the euro area, although the growth rate slowed in some countries. Despite the increase in infrastructure investment by the European Reconstruction Fund, demand for hydraulic excavators in 1Q decreased by 12% year on year as shown on the lower left, due to the ongoing impact of tighter regulations and supply chains due to the Russian and Ukrainian situation.

The graph on the top right shows that demand for mini excavators decreased by 9%.

The graph on the lower right shows that demand for wheel loaders decreased by 17%.

North America: First Quarter (April to June 2022)

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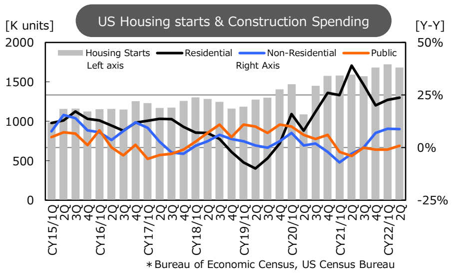
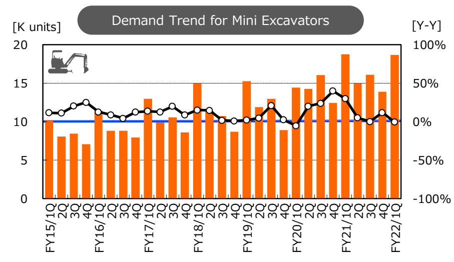
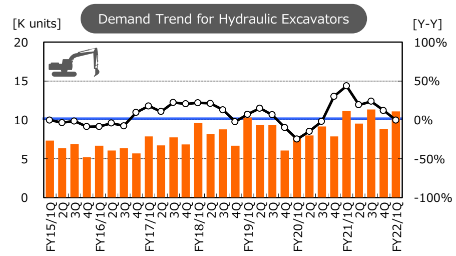
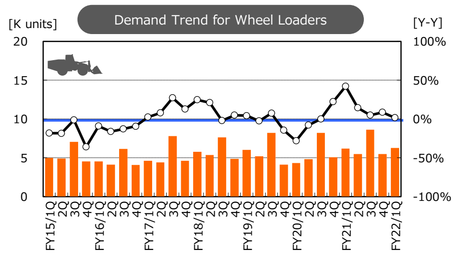
- Housing market remains strong. Construction spending increased in Non-residential, stayed flat in Public.
- Demand for Hydraulic excavators remained strong: Hydraulic Excavators 0%, Mini Excavators -1%, Wheel Loaders +2% y-y, respectively.









*Demand: Hitachi Construction Machinery estimates

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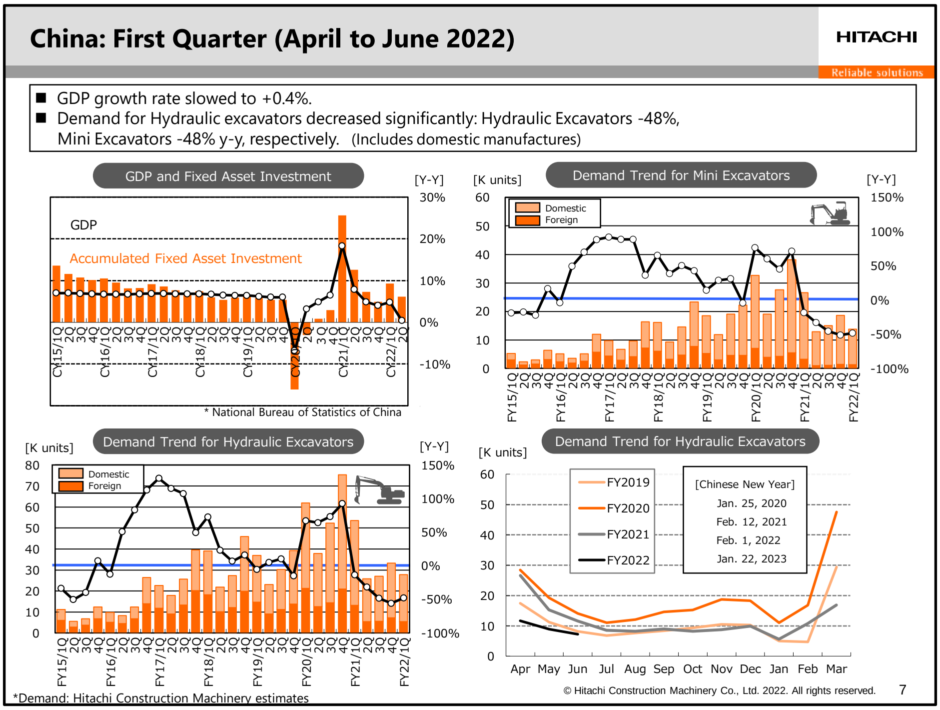
This slide explains the North American market.

The graph on the top left shows that housing starts remained at a high level, despite the impact of rising interest rates, and that housing market construction was strong.
Regarding other construction investment, non-residential increased and public works remained at the same level as the previous year.

The graph on the lower left shows that demand for hydraulic excavators in 1Q remained flat year on year.

The graph on the top right shows that demand for mini excavators decreased by 1%.

The graph on the lower right shows that demand for wheel loaders increased by 2%.



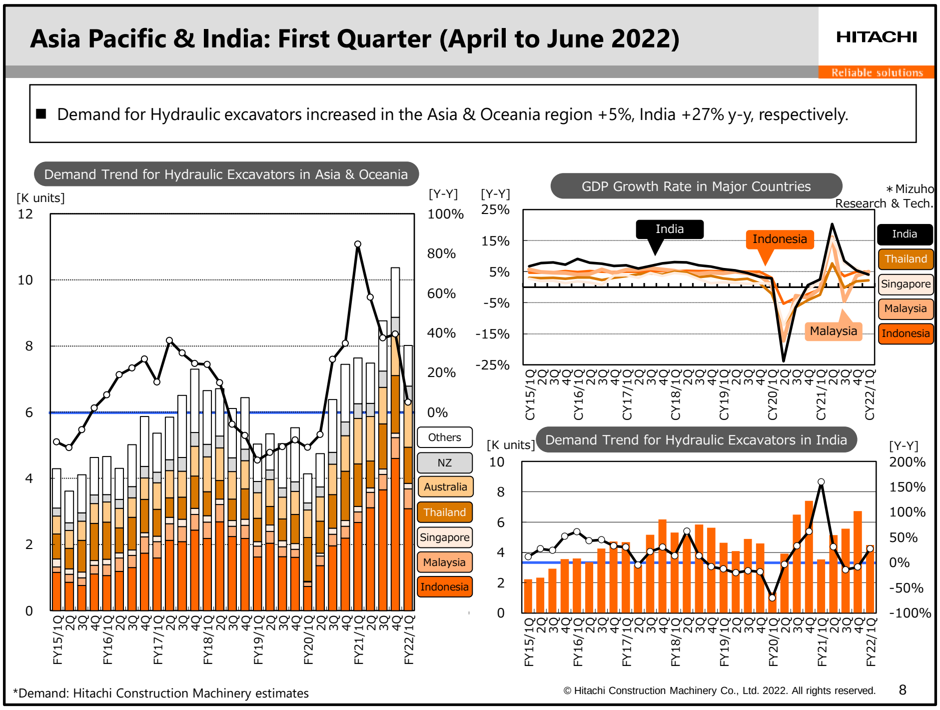
This slide explains the Chinese market.

The graph on the top left shows that GDP growth slowed to 0.4% due to activity restrictions for coronavirus infection control.
Accumulated fixed asset investment increased by 6.1%, down from a 9.3% increase in January through March.

The graph on the lower left shows that demand for hydraulic excavators in 1Q decreased by 48% year on year in total demand including domestic manufacturers' demand due to the continued sense of surplus machinery and the rapid spread of coronavirus infection.
Domestic manufacturers' demand decreased by 44% and foreign manufacturers' demand decreased by 59%.

The graph on the top right shows that demand for mini excavators decreased by 48%.

Please refer to the graph on the lower right for trends in monthly demand for hydraulic excavators.

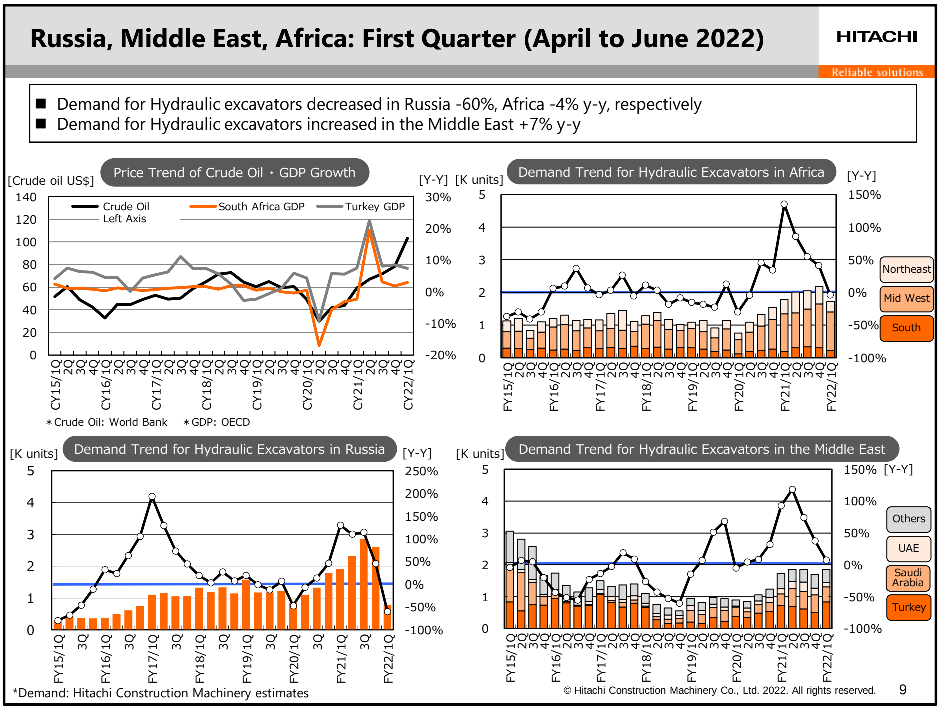


This slide explains the markets in Asia, Oceania, and India.

The graph on the top right shows that GDP increased year on year in all regions.
In Malaysia, the growth rate continues to be high, partly due to a recovery in consumer spending.
In other regions as well, GDP remained strong due in part to settlement of COVID-19 infection and the relaxation of behavioral restrictions in India.

The graph on the left shows that demand for hydraulic excavators in 1Q in the Asia-Pacific region increased by 5% year on year due to strong forestry demand and soaring resource prices.

The graph on the lower right shows that demand for hydraulic excavators in 1Q in India increased by 27% year on year, partly due to improvement of the COVID-19 infection situation and aggressive government investment in infrastructure.

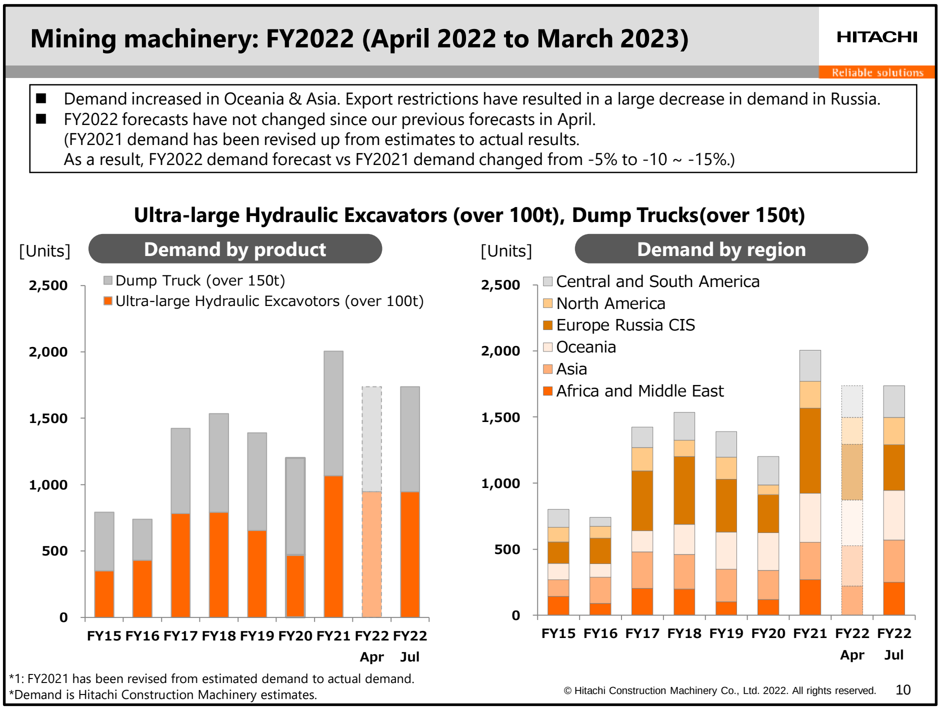


This slide explains the markets in Russia, the Middle East, and Africa.

The graph on the lower left shows that demand for hydraulic excavators in 1Q in Russia decreased significantly by 60% year on year due to the impact of the situation in Russia and Ukraine.

The graph on the top right shows that demand for hydraulic excavators in Africa decreased by 4%.

The graph on the lower right shows that demand for hydraulic excavators in the Middle East increased by 7% due to continued recovery from COVID-19 and high resource prices, despite the impact of the supply chain.



Demand for mining in FY2022, we anticipate that demand in Russia, the world's largest market, will decline significantly due to the impacts of various regulations.

On the other hand, demand is increasing in other regions excluding Russia, mainly in Australia and Asia including Indonesia, against the backdrop of a steady economic recovery.

However, global demand for FY2022 is expected to be around -10% to -15% compared to the previous year, due to the significant impact of the decrease in demand in Russia.

Supplementary Information: BB Ratio

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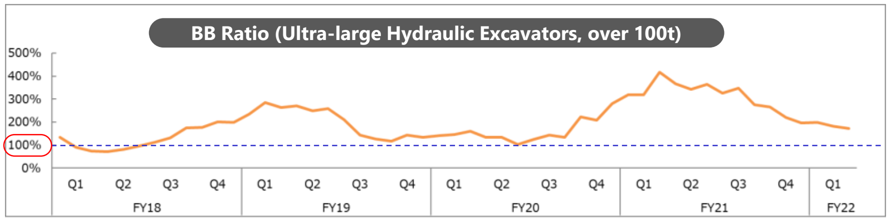

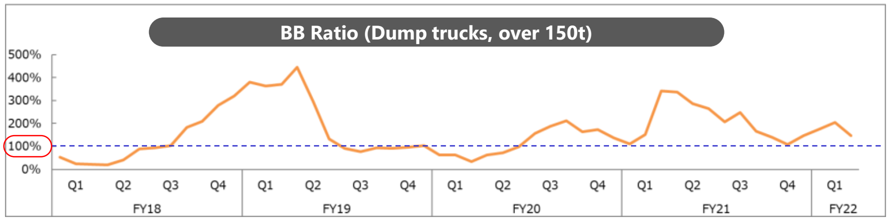

* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment)
Non-consolidated basis (average of 6 months)

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This slide explains the BB ratio of mining machinery.

Although new orders for ultra-large hydraulic excavators in Russia have been suspended, orders in Australia and Asia including Indonesia, and other regions, are still strong, maintaining more than 100%.

Orders for dump trucks in Australia and the CIS region are increasing, and we are maintaining more than 100%.

To strengthen our global supply system for service parts, Jackson Parts Warehouse in North America began operation supplying service parts in March 2022, for the Americas.

In Japan, Ami Parts Center started operations supplying mining service parts in July 2022 globally.
Tsukuba Parts Center is responsible for the service parts control center and will expand the parts and service business globally in cooperation with the regional headquarters in each country.

Topic 2: Promotion of sales activities for the Americas

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Promoting advertising campaigns for North America

- Commenced under the slogan **"REPUTATIONS ARE BUILT ON IT."**
- The market reputation and reliability* gained from the wheel loaders are being rolled out to all products.

* The ConSite adoption rate in North America is over 95% (as of the end of March 2022)

Events for dealers and the media

- Kick-off events between North American dealers and our top management are being held to deepen mutual understanding of market needs.
- Industry media were introduced to the new products and were interested in the differences from previous models and the latest communication technologies.


Discussion with dealers

Mini excavators for residential and urban civil engineering


Q&A session with the editors

Full-scale sales activities are being launched, publicizing our reputation in other regions, the advanced nature of the technology, and ConSite.

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The next section describes our sales activities for the Americas.

In North America, the advertising campaign is commenced under the slogan "REPUTATIONS ARE BUILT ON IT."
Various events were also held locally for dealers and the media.

A discussion was held between dealers and top management of the Hitachi Construction Machinery Group to deepen comprehension of market needs and mutual understanding.

Briefings for editors about the new medium-sized hydraulic excavators with state-of-the-art hydraulic systems, as well as the mini excavators for residential and urban civil engineering, attracted a lot of interest.

We promoted ConSite, which has an excellent reputation in other regions, advanced technology, and an adoption rate of more than 95% in North America, as well as launching full-scale sales activities.

Topic 3: Various social contribution activities

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Auction of the 1980s UH063 hydraulic excavator from the UK market, with proceeds donated (conducted from June to July 2022)

- Sales of £35,000 (approx. ¥5.6 million) were donated to charity such as those supporting construction workers.
- UH063, restored to its original appearance, will be displayed in the office of the highest bidder.


The cheque presentation ceremony to mark the donation

Sponsorship of the Kasumigaura Marathon and International Blind Marathon 2022 (to be held in April 2022)

- Hitachi Construction Machinery has been a special sponsor since 2006 as a local company.
- 320 employees support the marathon operation.

Runners on the course in front of the Tsuchiura Works

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Please refer to page 14 for an overview of our most recent social contribution activities.

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2. Business Results for the First Quarter ended June 30, 2022
(April 1, 2022 - June 30, 2022)

Keiichiro Shiojima
Vice President and Executive Officer & CFO

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Our Business Results in 1Q of FY2022 are explained by Keiichiro Shiojima, Vice President and Executive Officer, CFO.

Summary of consolidated results

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In 1Q of the year, the impact of COVID-19 diminished, capturing strong demand expect China, and, due to depreciation of the yen, revenue increased by 17% y-y and adjusted operating income increased by 74%.

[billions of yen]

		FY2022 1Q		FY2021 1Q		change
Revenue			267.5		228.1	17%
Adjusted operating income *1		7.7%	20.6	5.2%	11.8	74%
Operating income		8.1%	21.8	5.2%	11.9	83%
Income before income taxes		10.1%	27.0	5.3%	12.0	125%
Net income attributable to owners of the parent		6.9%	18.6	3.1%	7.1	161%
EBIT *2		10.5%	28.1	5.5%	12.7	122%
FX rate	Rate (YEN/USD)		129.6		109.5	20.1
	Rate (YEN/EUR)		138.1		132.0	6.2
	Rate (YEN/RMB)		19.6		17.0	2.6
	Rate (YEN/AUD)		92.6		84.3	8.3

*1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

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This slide explains summary of consolidated results for 1Q.

Revenue in 1Q of FY2022 was ¥267.5 billion, an increase of 17% from the previous year, partly due to the effect of depreciation of the yen.
Adjusted operating income increased by 74% year on year to ¥20.6 billion, resulting in an adjusted operating income margin of 7.7%.
Operating income was ¥21.8 billion, resulting in an operating income margin of 8.1%, and net income attributable to owners of the parent increased by 161% year on year to ¥18.6 billion.

In addition to the increase in material costs, although we did not reach the expected sales volume due to disruption of procurement and failed logistics, we were able to capture value chain profits and secure profits that were significantly higher than the previous year.
As a result, both revenue and net income reached record highs for 1Q.

In 1Q, the yen depreciated by ¥20.1 to the U.S. dollar, by ¥6.2 to the euro, by ¥2.6 to the Chinese yuan, and by ¥8.3 to the Australian dollar compared with the previous year.

Revenue by geographic region (consolidated)

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Revenue increased in each region y-y, except China, M.East, and Japan, and consolidated revenue increased by 39.4 billion yen.

[billions of yen]

	FY2022 1Q		FY2021 1Q		change	
					amount	%
Japan	43.0	16%	43.2	19%	-0.2	-1%
Asia	23.3	9%	16.3	7%	7.1	43%
India	13.3	5%	9.9	4%	3.4	34%
Oceania	50.1	19%	39.7	17%	10.5	26%
Europe	38.8	15%	31.4	14%	7.4	24%
N.America	53.9	20%	42.1	18%	11.8	28%
L.America	7.3	3%	4.7	2%	2.6	55%
Russia-CIS	12.0	4%	7.6	3%	4.4	58%
M.East	6.0	2%	6.5	3%	-0.5	-8%
Africa	10.0	4%	9.3	4%	0.8	8%
China	9.9	4%	17.5	8%	-7.7	-44%
Total	267.5	100%	228.1	100%	39.4	17%
Overseas ratio	84%		81%			

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This slide explains revenue by geographic region for 1Q.

Revenue in 1Q of FY2022 increased by ¥39.4 billion from the previous year. Included in this figure is an increase of ¥26.1 billion in revenue due to depreciation of the yen.

By region, revenue increased year on year in all regions except China, the Middle East, and Japan.
In China, revenue fell sharply by 44% compared to the previous year due to a decline in demand caused by the impact of the COVID-19 lockdown.
Meanwhile, in North America, Oceania, Europe, and Asia, we continued to capture robust demand, resulting in a significant year-on-year increase in revenue.

As a result, the overseas revenue ratio increased 3 percentage points year on year to 84%.

Mining revenue

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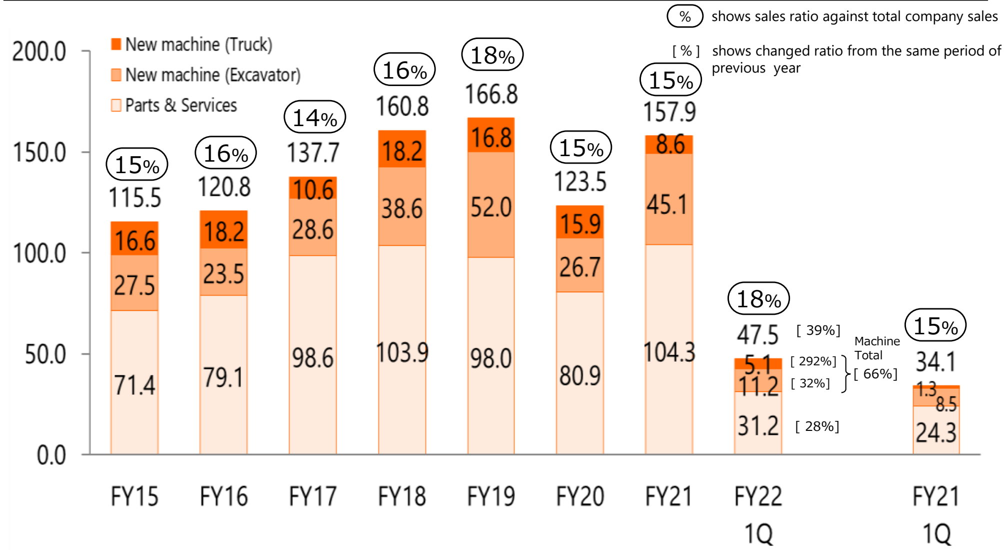
Revenue of mining increased by 39% to 47.5 billion yen y-y due to strong demand for new machinery, increased sales volume in parts and service, and depreciation of the yen.



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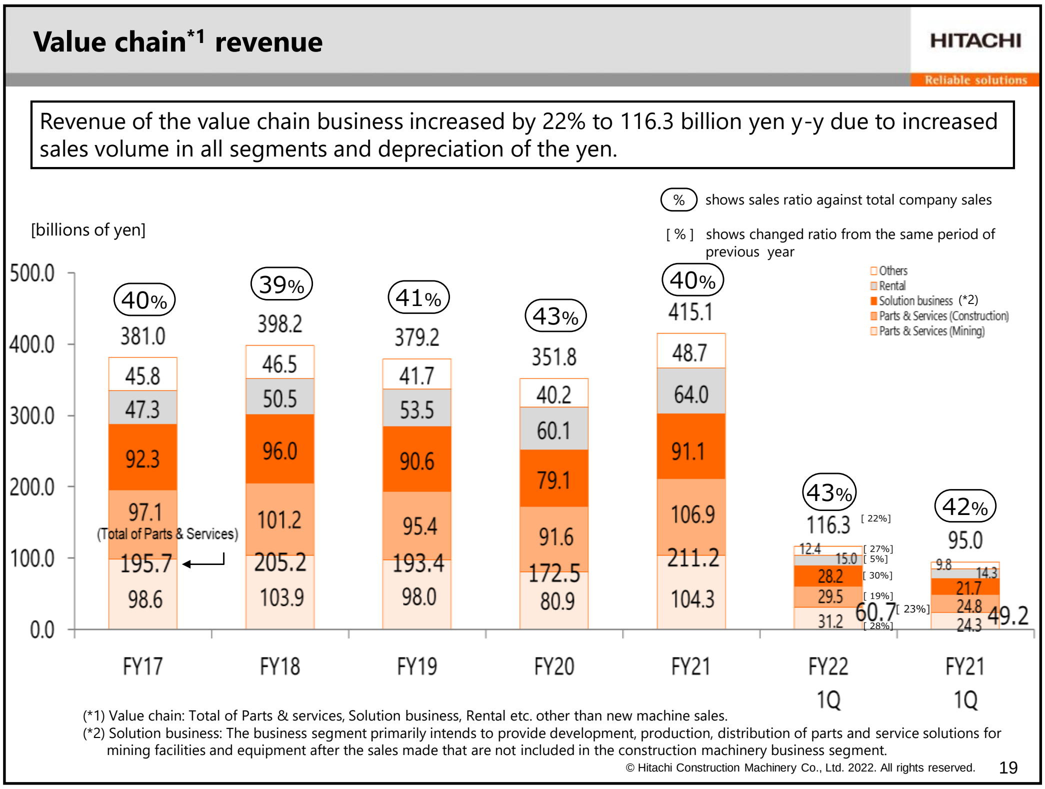
This slide explains the mining revenue.

Mining revenues in 1Q of FY2022 rose 39% year on year, to ¥47.5 billion, as shown in the second bar graph from the right, due in part to the impact of the weaker yen.

Revenue of new machine trucks increased by 292% year on year, mainly due to contributions from the Oceania region. Revenue of new machine excavators increased due to contributions from North America and the CIS region, rising 32% year on year.

Revenue of mining parts＆services also increased by 28% year on year. Mining revenue accounted for 18% of consolidated revenue, up 3 percentage points from the previous year.



This slide explains the value chain revenue.

Please refer to the second bar chart from the right.
As you can see, revenue from value chain in 1Q of FY2022 rose 22% year on year to ¥116.3 billion.

We have analyzed the yen's depreciation as a factor behind an 11% increase in revenues, which on a local currency basis was an 11% increase over the previous year.

In addition to a 23% year-on-year increase in parts & service revenues, all business achieved year-on-year growth.

The value chain accounted for 43% of consolidated revenue, up 1 percentage point from the previous year.

Comparison of consolidated income

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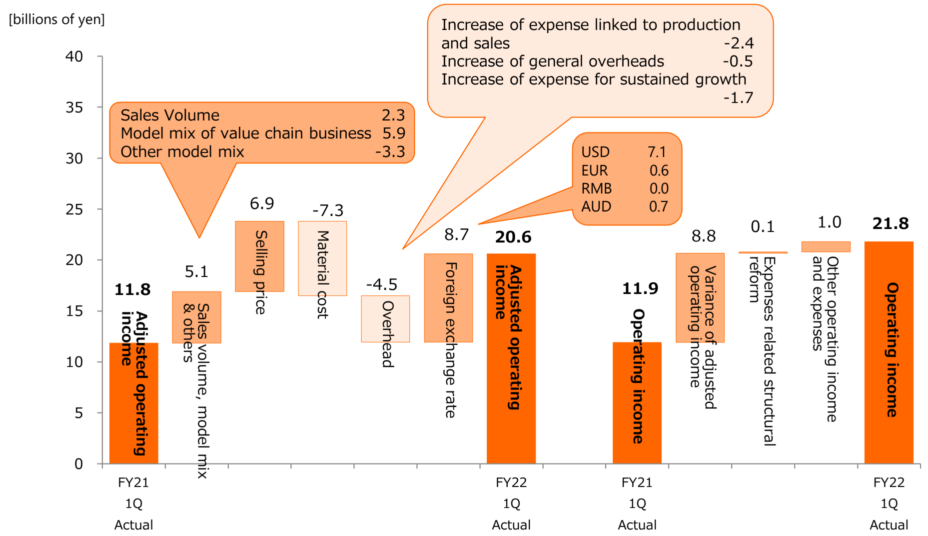
Adjusted operating income increased by 8.8 billion yen y-y due to increased sales volume and model mix, price increase, and depreciation of the yen.



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This slide explains comparison of consolidated income for 1Q.

I will explain the factors behind the ¥8.8 billion increase in adjusted operating income compared to the previous year.
First, we analyze the factors behind the increase in profit of ¥5.1 billion as sales volume, model mix, and others.
As shown in the table below, there was a volume increase of ¥2.3 billion and a composition difference increase of ¥5.9 billion due to the increase in value chain revenue, while there were factors behind the decrease in income of ¥3.3 billion, including regional and product mix differences, and the ¥3.0 billion increase in shipping and other freight costs.
Material costs increased by ¥7.3 billion, but we also saw an improved selling price of ¥6.9 billion.
Overhead expenses increased by ¥4.5 billion mainly due to production and sales-linked expenses, but were absorbed by the impact of the yen's depreciation of ¥8.7 billion. As a result, adjusted operating income increased by ¥8.8 billion year on year to ¥20.6 billion.
As shown on the right-hand side of the page, operating income increased ¥9.9 billion from the previous year to ¥21.8 billion as a result of an increase in adjusted operating income of ¥8.8 billion and the recording of a gain on disposal of real estate in Australia of ¥1.3 billion in other operating income and expenses.

Consolidated statement of income

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Net income attributable to owners of the parent increased by 11.4 billion yen to 18.6 billion yen y-y.

[billions of yen]

	FY2022 1Q		FY2021 1Q		change amount	change %
Revenue		267.5		228.1	39.4	17%
Cost of Sales	(72.5%)	193.9	(75.4%)	172.1	21.9	13%
SGA expenses	(19.8%)	53.0	(19.4%)	44.2	8.8	20%
Adjusted operating income *1	(7.7%)	20.6	(5.2%)	11.8	8.8	74%
Other Income/expenses		1.2		0.1	1.1	-
Operating income	(8.1%)	21.8	(5.2%)	11.9	9.9	83%
Financial income/expenses		4.6		-1.1	5.7	-
Share of profits of investments accounted for using the equity method		0.6		1.2	-0.6	-51%
Income before income taxes	(10.1%)	27.0	(5.3%)	12.0	14.9	125%
Income taxes		7.4		4.2	3.3	78%
Net income	(7.3%)	19.5	(3.4%)	7.8	11.7	149%
Net income attributable to owners of the parent	(6.9%)	18.6	(3.1%)	7.1	11.4	161%

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

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The slide explains consolidated statement of income for 1Q.

Financial income and expenses improved by ¥5.7 billion year on year, mainly due to foreign exchange gains from appreciation of the ruble.
On the other hand, the share of profits of investments accounted for using the equity method decreased by ¥0.6 billion year on year mainly due to the loss of profits from a joint venture with Deere in the Americas.

Net income attributable to owners of the parent increased by ¥11.4 billion year on year to ¥18.6 billion.

Summary of quarterly consolidated revenue and operating income (ratio)

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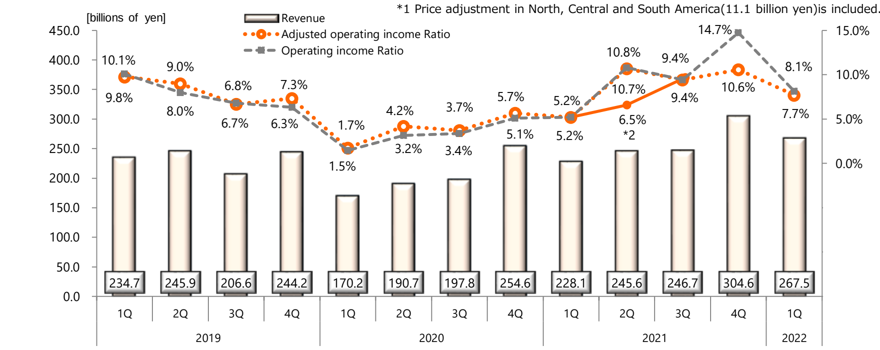
[billions of yen]

	2019				2020				2021				2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q	1Q
Revenue	234.7	245.9	206.6	244.2	170.2	190.7	197.8	254.6	228.1	245.6	246.7	304.6	267.5
Adjusted operating income	22.9	22.1	13.8	17.9	2.9	8.0	7.4	14.4	11.8	26.3	23.2	32.2	20.6
Operating income	23.7	19.6	14.1	15.5	2.5	6.0	6.7	13.0	11.9	26.5	23.3	44.9	21.8

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



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

FX rate	2019				2020				2021				2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Rate (YEN/USD)	109.9	107.4	108.8	108.9	107.6	106.2	104.5	105.9	109.5	110.1	113.7	116.2	129.6
Rate (YEN/EUR)	123.5	119.3	120.3	120.1	118.5	124.1	124.5	127.7	132.0	129.8	130.1	130.4	138.1
Rate (YEN/RMB)	16.1	15.3	15.5	15.6	15.2	15.4	15.8	16.4	17.0	17.0	17.8	18.3	19.6
Rate (YEN/AUD)	76.9	73.6	74.3	71.8	70.7	75.9	76.3	81.8	84.3	80.9	82.9	84.0	92.6

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This slide explains quarterly consolidated revenue and operating income.

Please refer to 1Q of FY2022 on the rightmost of the bar chart.
Compared to 1Q of FY2021, revenue for this quarter totaled ¥267.5 billion, a substantial increase of ¥39.4 billion, including the impact of the yen’s depreciation of ¥26.1 billion, in addition to an increase in sales volume.
The adjusted operating income margin was also 7.7% for the quarter, as shown in the line graph.

Consolidated statement of financial position

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Total assets increased by 123.6 billion yen y-y due to increase in cash and cash equivalents and inventories.

[billions of yen]

	(A) FY22-1Q	(B) Mar '2022	(C) FY21-1Q	(A)-(B) change
Cash and cash equivalents	148.9	94.3	72.7	54.6
Trade receivables	251.7	266.3	195.2	-14.6
Inventories	419.1	368.3	308.3	50.8
Total current assets	861.7	764.4	612.3	97.4
Total non-current assets	671.4	645.2	612.2	26.2
Total assets	1,533.1	1,409.6	1,224.5	123.6
Trade receivables incl. non-current	295.4	309.0	236.0	-13.6
Inventories by products				
Unit	123.4	108.9	84.4	14.5
Parts	141.4	132.6	104.3	8.8
Raw materials, WIP and etc	154.3	126.8	119.6	27.5
Total inventories	419.1	368.3	308.3	50.8
On hand days(divided by revenue)				(Days)
Trade receivables	101	110	99	-9
Inventories	144	131	129	13
Trade payables	51	51	47	-1
Net working capital	190	186	178	4

	(D) FY22-1Q	(E) Mar '2022	(F) FY21-1Q	(D)-(E) Change
Trade and other payables	245.4	252.2	191.9	-6.8
Bonds and borrowings	437.3	353.1	328.3	84.2
Total liabilities	831.4	741.6	646.8	89.8
(Equity attributable to owners of the parent ratio)	(41.8%)	(43.4%)	(42.6%)	(-1.6%)
Total equity	701.7	667.9	577.7	33.8
Total liabilities and equity	1,533.1	1,409.6	1,224.5	123.6
	(28.5%)	(25.1%)	(26.8%)	(3.5%)
Interest-bearing debt	437.3	353.1	328.3	84.2
Cash and Cash equivalents	148.9	94.3	72.7	54.6
Net interest-bearing debt	(18.8%)	(18.4%)	(20.9%)	(0.4%)
Debt	288.4	258.9	255.6	29.6
Net D/E Ratio	0.45	0.42	0.49	0.03

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This slide explains consolidated balance sheet as of the end of June 2022.

Compared with the end of March 2022 of the previous fiscal year, trade receivables were reduced by ¥13.6 billion.
Inventories increased by ¥50.8 billion mainly due to new machinery and semi-finished goods inventories due to logistics disruptions and a shortage of procurement. However, the amount equivalent to the increase due to the impact of the yen's depreciation was analyzed to be ¥22.2 billion. In addition, cash and cash equivalents increased by ¥54.6 billion and non-current assets increased by ¥26.2 billion mainly due to property, plant and equipment. As a result, total assets increased by ¥123.6 billion from the end of the previous fiscal year to ¥1,533.1 billion.
In terms of days on hand, trade receivables were 101 days, a 9-day reduction from the end of the previous fiscal year, but inventories were 144 days, a 13-day increase. As a result, net working capital on hand was 190 days, four days more than at the end of the previous fiscal year.
Interest-bearing debt on the right-hand side rose ¥84.2 billion from the end of the previous fiscal year, but net interest-bearing debt rose ¥29.6 billion to ¥288.4 billion due in part to an increase in cash and deposits.
Total equity was ¥701.7 billion.
The equity attributable to owners of the parent ratio was 41.8%, and the net D/E ratio was 0.45.

Consolidated cash flow

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Free cash flows increased by 1.1 billion yen y-y.

[billions of yen]

	FY2022 1Q		FY2021 1Q		change	
Net income		19.5		7.8		11.7
Depreciation and amortization	34.4	14.9	21.2	13.3	13.3	1.6
(Increase)decrease in trade/lease receivables		42.8		18.6		24.2
(Increase)decrease in inventories		-25.8		-10.3		-15.5
Increase(decrease) in trade payables	14.0	-2.9	9.1	0.9	4.9	-3.8
Others, net		-38.3		-23.6		-14.6
Net cash provided by (used in) operating activities		10.2		6.7		3.5
Cash flow margin for operating activities		3.8%		2.9%		0.9%
Net cash provided by (used in) investing activities		-10.6		-8.2		-2.4
Free cash flows		-0.4		-1.5		1.1
Net cash provided by (used in) financing activities		46.6		-6.6		53.2

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This slide explains consolidated cash flow for 1Q.

Although we secured a positive operating cash flow of ¥10.2 billion in 1Q of FY2022, the increase in inventories was significant, resulting in a year-on-year increase inflow of only ¥3.5 billion.

Meanwhile, net cash used in investing activities was ¥10.6 billion, an increase of ¥2.4 billion compared with the previous fiscal year. As a result, free cash flow amounted to an outflow of ¥0.4 billion.

Summary of consolidated earnings forecast

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The consolidated income statement for FY2022 is expected to increase sales by 15.0 billion yen y-y due to depreciation of the yen at the forecast exchange rate despite incorporating Russian business risk.

note : <   > shows previous forecast as of April 2022

[billions of yen]

	FY2022 Forecast		FY2021 Actual	change amount	change %
Revenue	<960.0>	1,040.0	1,025.0	15.0	1%
	<8.3%>	(9.0%)	(9.1%)	(-0.1%)	
Adjusted operating income	<80.0>	94.0	93.5	0.5	1%
	<7.9%>	(8.7%)	(10.4%)	(-1.7%)	
Operating income	<76.0>	90.0	106.6	-16.6	-16%
	<7.7%>	(8.7%)	(10.8%)	(-2.2%)	
Income before income taxes	<74.0>	90.0	110.9	-20.9	-19%
	<4.7%>	(5.5%)	(7.4%)	(-1.9%)	
Net income attributable to owners of the parent	<45.0>	57.0	75.8	-18.8	-25%
EBIT	<76.8>	95.0	114.0	-19.0	

Currency	1Q Actual	2Q-4Q Forecast	Total Forecast	FY2021 Actual	change
Rate (YEN/USD)	129.6	130.0	129.9	112.6	17.3
Rate (YEN/EUR)	138.1	140.0	139.5	130.6	8.9
Rate (YEN/RMB)	19.6	19.5	19.5	17.5	2.1
Rate (YEN/AUD)	92.6	90.0	90.6	83.0	7.6
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 aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

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I will explain FY2022 full year earnings forecast from here.

In light of the demand environment for the current fiscal year, and our results for 1Q that I have explained so far, as well as future economic conditions and exchange rate trends, we have revised upward the earnings forecasts of FY2022 announced in the previous April.
Specifically, as shown in this slide, we will achieve revenue of ¥1,040.0 billion, adjusted operating income of ¥94.0 billion, and net income attributable to owners of parent of ¥57.0 billion.
The adjusted operating income margin is expected to be 9.0%, the same level as the previous fiscal year.

Due to the prolonged situation in Ukraine, the risk of a decline in demand in Russia/CIS, Europe, and China, as well as the risk of rising material costs, was in line with the forecast made in April.
In addition, we have incorporated additional risks on the assumption that the procurement and logistics risks that emerged in this quarter will continue at the same level from the 2Q onward.
The forecast exchange rates for the 2Q onward have been revised to the depreciation of the yen against the U.S. dollar at ¥130, the euro at ¥140, the Chinese yuan at ¥19.5, and the Australian dollar at ¥90.
Please see Appendix 1 for reference. Currency sensitivity, which affects revenue and adjusted operating income, is presented on page 30.

Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2022 is expected to decrease significantly in Russia/CIS and China.

(billions of yen)

	FY2022 Forecast		FY2021 Actual		change amount	change %
Japan	202.2	19%	216.9	21%	-14.7	-7%
Asia	101.8	10%	86.4	8%	15.3	18%
India	58.1	6%	57.2	6%	0.9	2%
Oceania	185.9	18%	167.7	16%	18.2	11%
Europe	121.5	12%	124.2	12%	-2.7	-2%
N.America	230.8	22%	196.4	19%	34.4	17%
L.America	25.9	2%	22.7	2%	3.2	14%
Russia-CIS	19.7	2%	38.6	4%	-19.0	-49%
M.East	18.7	2%	19.2	2%	-0.4	-2%
Africa	45.4	4%	43.5	4%	1.9	4%
China	30.1	3%	52.1	5%	-22.0	-42%
Total	1,040.0	100%	1,025.0	100%	15.0	1%
Overseas ratio	81%		79%			

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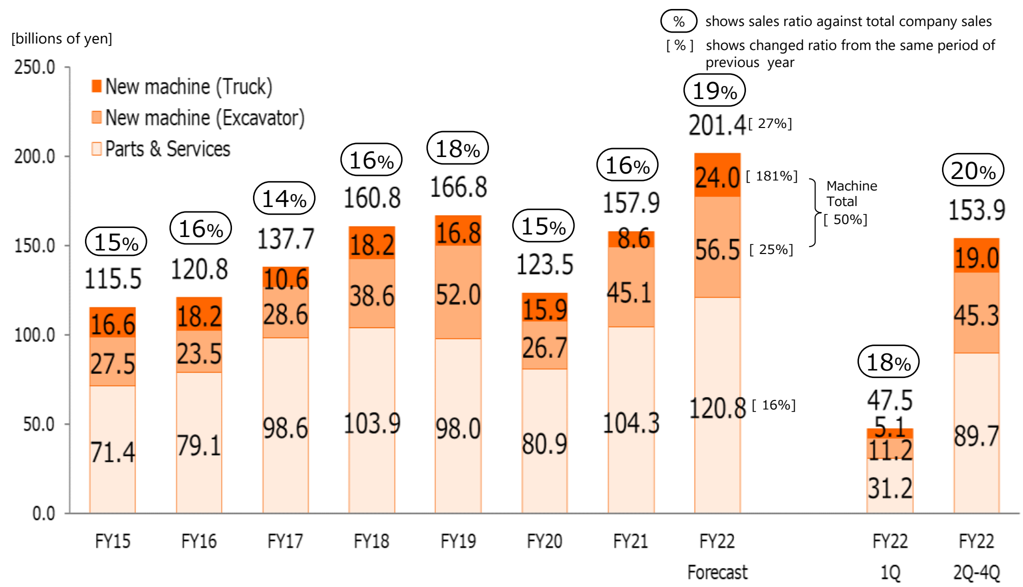
This slide explains consolidated revenue forecast by geographic region for FY2022.

We have revised our forecast for revenue for the current fiscal year to ¥1,040.0 billion, an increase of ¥15.0 billion from the previous fiscal year.
We analyze the impact of the yen's depreciation as an increase in revenue of ¥106.1 billion.

We anticipate a significant decrease in revenue in China and Russia/CIS, while revenue in North America, Oceania, and Asia is expected to increase due to the significant impact of foreign exchange rates.
The overseas sales ratio is expected to increase by 2 percentage points year on year to 81%.

Mining revenue forecast

Revenue of mining in FY2022 is expected to increase by 27% to 201.4 billion yen y-y.



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This slide explains the mining revenue forecast.

Mining revenue for this fiscal year is expected to increase by 27% year on year to ¥201.4 billion.
Total sales of new machinery for trucks and excavators are expected to increase by 50% year on year, and parts and services are also expected to increase by 16% year on year. The sales composition ratio is also expected to increase by 3 percentage points to 19%.

Please refer to "Appendix 2: Details of mining revenue" on page 31.
We expect revenue in the Americas to increase by approximately ¥20.0 billion year on year in addition to revenue increase in Asia and Oceania, where we have a strong presence.

Value chain*1 revenue forecast

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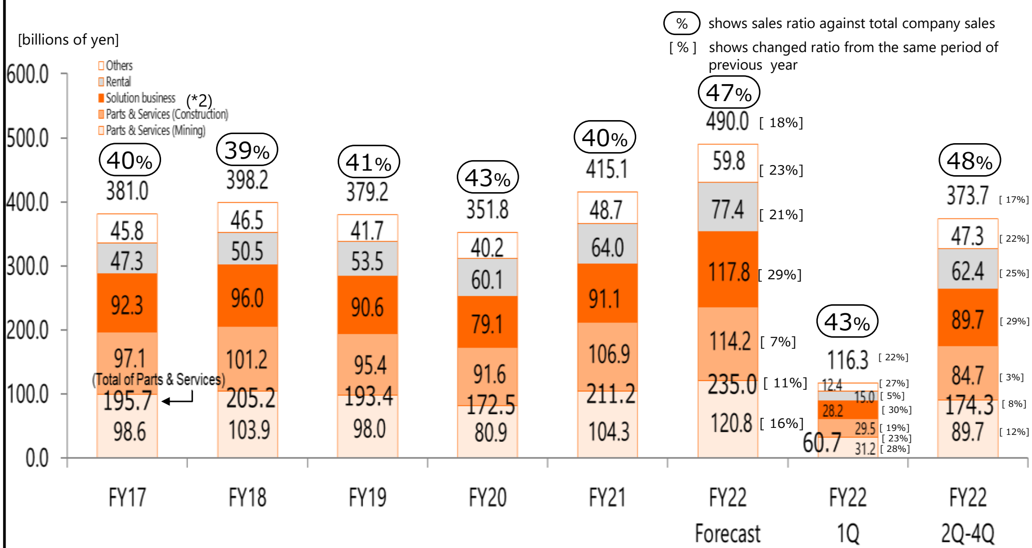
Revenue of the value chain in FY2022 is expected to increase by 18% to 490.0 billion yen y-y.

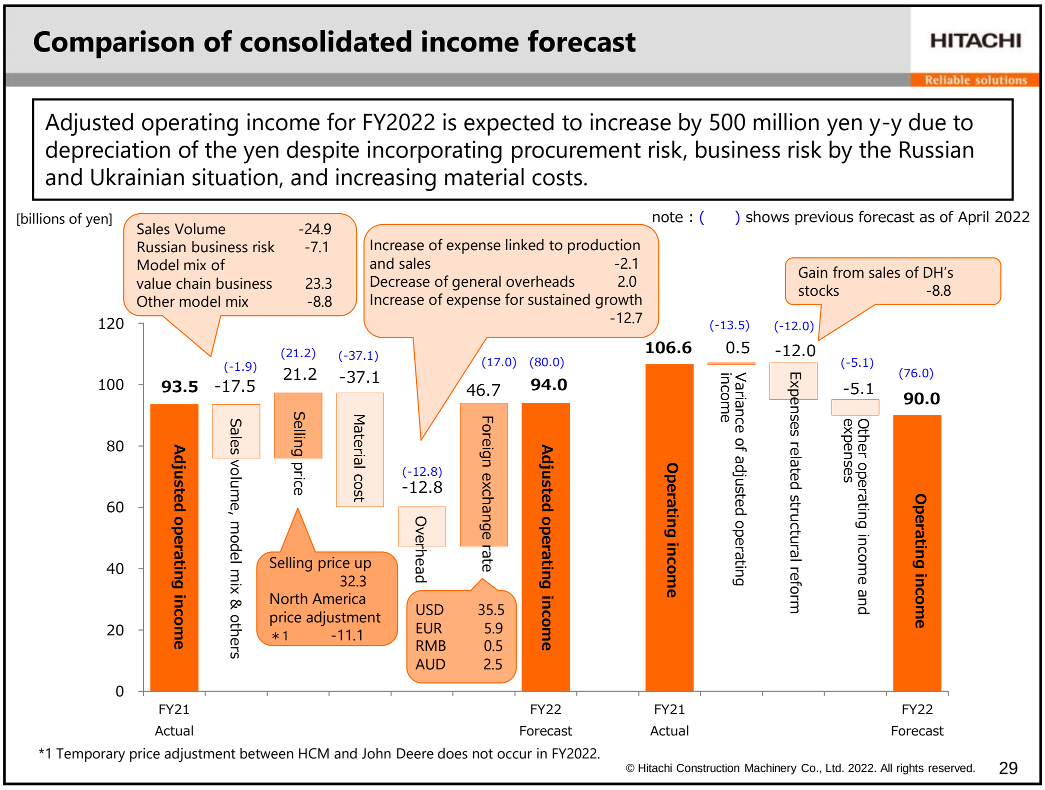


(*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(*2) Solution 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.

This slide explains the value chain revenue forecast.

In the fiscal year under review, we expect value chain revenue to increase 18% year on year to ¥490.0 billion.
Rental business (second row from the top of the bar graph) is expected to increase by 21% year on year to ¥77.4 billion, while solutions business (third row from the top of the bar graph) is also expected to increase by 29% year on year to ¥117.8 billion.
In parts and services, we forecast an 11% year-on-year increase in total revenue for construction and mining to ¥235.0 billion.
The sales composition ratio is expected to increase by 7 percentage points year on year to 47%.



This slide explains comparison of consolidated income for FY2022.
I will explain the reason why the adjusted operating income for FY2022 is ¥94.0 billion, which is almost the same as the previous fiscal year.
First, we expect a decrease in profit due to sales volume, model mix, and others of ¥17.5 billion.
Breaking this down, given that business risk by the Russian and Ukrainian situation and material cost increases anticipated at the beginning of the year materialized from the current quarter, we will incorporate additional procurement and logistics risks of ¥10.0 billion this time, and expect a decrease of ¥24.9 billion in profits due to sales volume.
We forecast a decrease of ¥8.8 billion in other model mix, incorporating an additional ¥9.0 billion in transportation costs.
On the other hand, in order to cope with the increase in material costs of ¥37.1 billion, we expect the increase in profit of ¥21.2 billion due to an improvement in selling prices to be the same as the previous forecast in April. Overhead expenses are also expected to increase by ¥12.8 billion, the same amount as the previous time.
Adjusted operating income is expected to increase by ¥0.5 billion from the previous year by incorporating the effect of the yen's depreciation into the profit increase of ¥46.7 billion.
With regard to operating income on the right-hand side of the page, we forecast a ¥16.6 billion year-on-year decrease in operating income to ¥90.0 billion due to the fact that extraordinary gains such as gains on sales of stocks enjoyed in the previous fiscal year are not expected in the current fiscal year.
Please refer to the three sheets of reference materials on page 30 onward.

In addition to the increase in materials costs incorporated in April and the decrease in demand, including in Europe, due to the impact of the Russian situation, this time, we also incorporated the risks of confusion in procurement and logistics and an increase in transportation costs. We intend to take all possible measures against these risks.

Appendix 1: FX rate and FX sensitivity

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The forecast exchange rate of major currencies for FY2022 is set to depreciate the yen from the previous forecast in consideration of the current financial situation.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY22			FY21 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
USD	129.6	130.0	129.9	112.6	Impact by 1 yen depreciation	2.4	1.6
EUR	138.1	140.0	139.5	130.6	Impact by 1 yen depreciation	0.6	0.5
RMB	19.6	19.5	19.5	17.5	Impact by 0.1 yen depreciation	0.2	0.1
AUD	92.6	90.0	90.6	83.0	Impact by 1 yen depreciation	1.9	0.2

Appendix 2: Detail of mining revenue

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[billions of yen]

		FY22 Forecast			FY21 Actual			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	5.8	20.8	26.5	1.9	7.5	9.4	3.9	13.3	17.1
	Dump Truck	0.9	3.9	4.8	0.7	1.9	2.6	0.2	2.0	2.2
	Total	6.7	24.6	31.3	2.6	9.4	12.0	4.1	15.2	19.3
Europe, Africa and Middle East	Excavator	8.0	19.5	27.5	6.2	21.3	27.5	1.9	-1.8	0.1
	Dump Truck	4.7	14.6	19.3	3.7	14.1	17.8	1.0	0.5	1.5
	Total	12.7	34.2	46.8	9.9	35.4	45.3	2.8	-1.2	1.6
Asia & Oceania	Excavator	18.3	67.3	85.5	16.2	59.4	75.6	2.0	7.9	9.9
	Dump Truck	9.3	27.0	36.3	5.1	17.9	23.1	4.1	9.1	13.2
	Total	27.5	94.3	121.8	21.4	77.3	98.7	6.2	17.0	23.1
China	Excavator	0.2	0.5	0.6	0.2	0.4	0.6	-0.0	0.1	0.0
	Dump Truck	0.0	0.1	0.1	0.0	0.1	0.1	-0.0	0.0	-0.0
	Total	0.2	0.6	0.7	0.2	0.5	0.7	-0.0	0.1	0.0
Japan	Excavator	0.4	0.2	0.7	0.1	1.2	1.3	0.3	-0.9	-0.6
	Dump Truck	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0
	Total	0.4	0.2	0.7	0.1	1.2	1.3	0.3	-0.9	-0.6
Total	Excavator	32.6	108.3	140.9	24.6	89.7	114.4	8.0	18.5	26.6
	Dump Truck	14.8	45.6	60.5	9.5	34.0	43.6	5.3	11.6	16.9
	Total	47.5	153.9	201.4	34.1	123.8	157.9	13.3	30.1	43.4

Appendix 3: Segment information

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The amortizations of PPA are included in the adjusted operating income of the solution business ; 0.3 billion yen in FY2022 1Q and 1.2 billion yen in the forecast for FY2022.

[billions of yen]

FY2022 1Q Actual	Reportable segment: Construction Machinery Business		Reportable segment: Solution Business		Adjustments*1	Total	
Revenue		239.4		29.1	-1.0		267.5
Adjusted operating income	7.8%	18.7	6.6%	1.9	-	7.7%	20.6

[billions of yen]

FY2022 Forecast	Reportable segment: Construction Machinery Business		Reportable segment: Solution Business		Adjustments *1	Total	
Revenue		922.2		117.8	0.0		1,040.0
Adjusted operating income	9.0%	82.6	9.7%	11.4	-	9.0%	94.0

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

SDGs

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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.

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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

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