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**Explanatory Meeting for Business Results
for the First Quarter ended June 30, 2023**

July 27, 2023

Keiichiro Shiojima

Vice President and Executive Officer, CFO

Hidehiko Matsui

Vice President and Executive Officer, CMO

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1. Regional Market Environments and Projections

Hidehiko Matsui

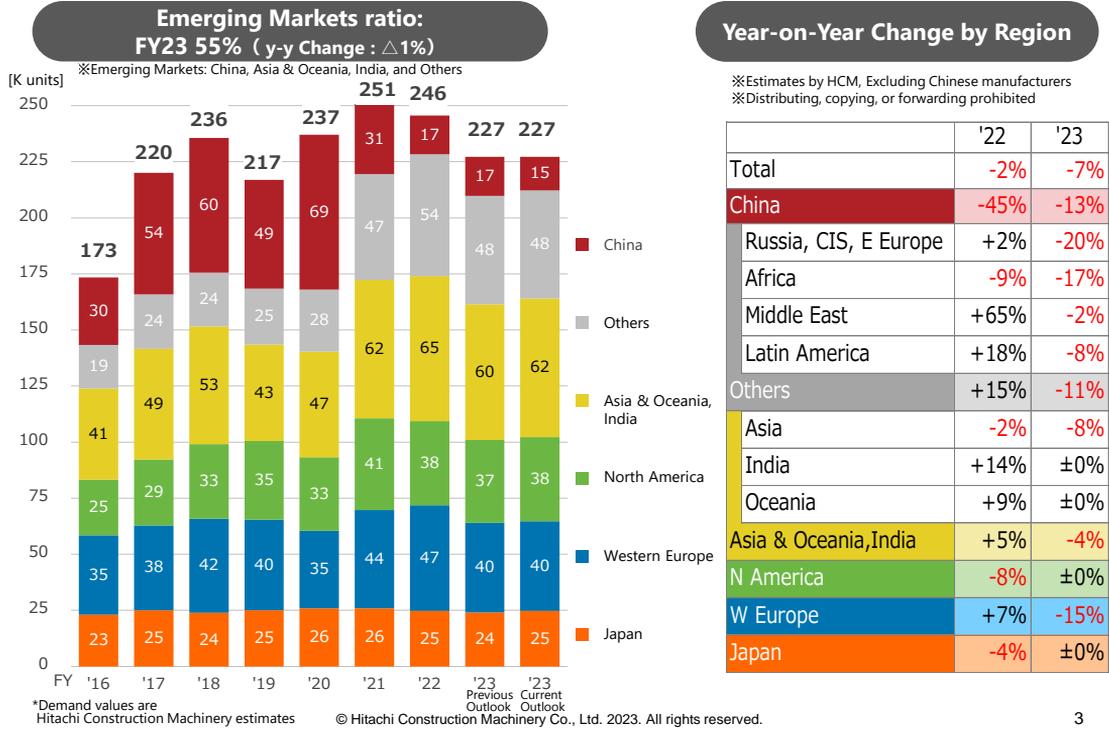
Vice President and Executive Officer, CMO

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

Global Demand Trend for Hydraulic Excavators

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This slide explains the outlook for global demand for hydraulic excavators.

Demand for FY2022 decreased by 2% year-on-year to 246 thousand units, increased from the previous outlook.

Demand for FY2023 decrease in China while increase in Asia Pacific, India, North America and Japan from the previous outlook.

Compared to FY2022, demand for FY2023 is expected to remain flat in Japan and North America and decrease in Western Europe and other emerging countries partly due to continuing inflation.

Overall regional demand is forecasted to decrease by 7% year-on-year to 227 thousand units.

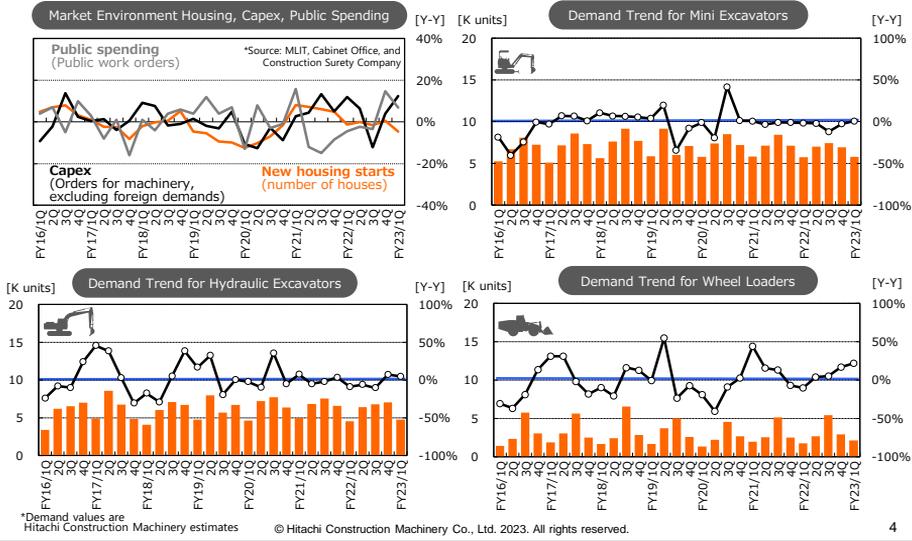
The result of 1Q for each region is explained in the following pages.

Japan: First Quarter (Apr to Jun 2023)

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- New housing starts decreased & Public spending and Capex increased.
- Demand for Hydraulic excavators increased:
Hydraulic Excavators +5%, Mini Excavators +1%, Wheel Loaders +22% y-y.



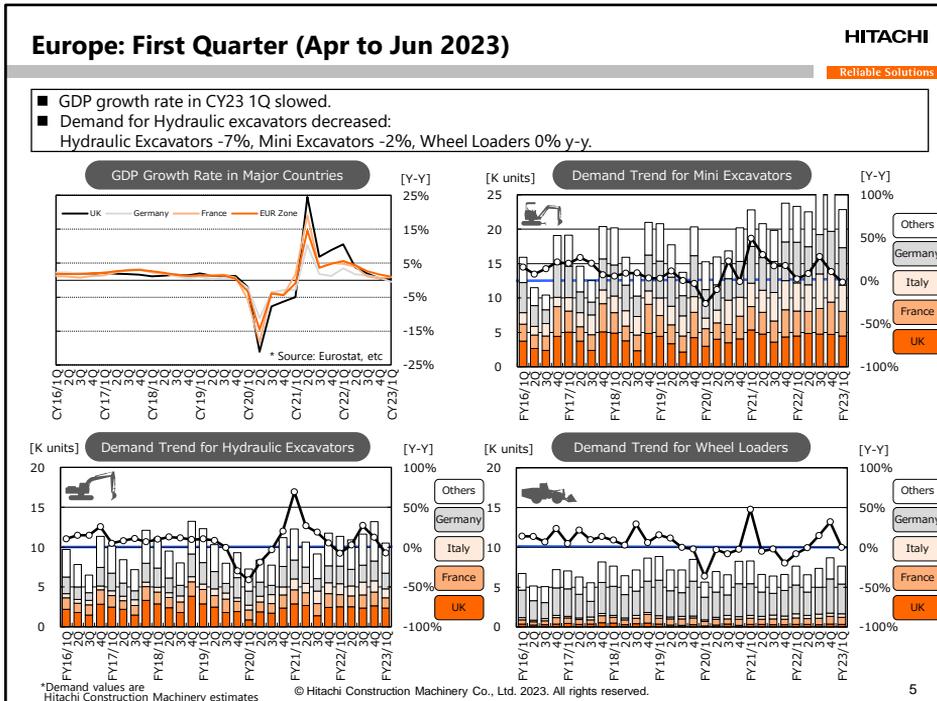
This slide explains the Japanese market.

The graph on the top left shows that capex and public spending increased continuing from the previous quarter while new housing starts decreased.

The graph on the lower left shows that demand for hydraulic excavators in 1Q increased by 5% year-on-year under continuing strong public investment.

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

The graph on the lower right shows that demand for wheel loaders increased by 22%.



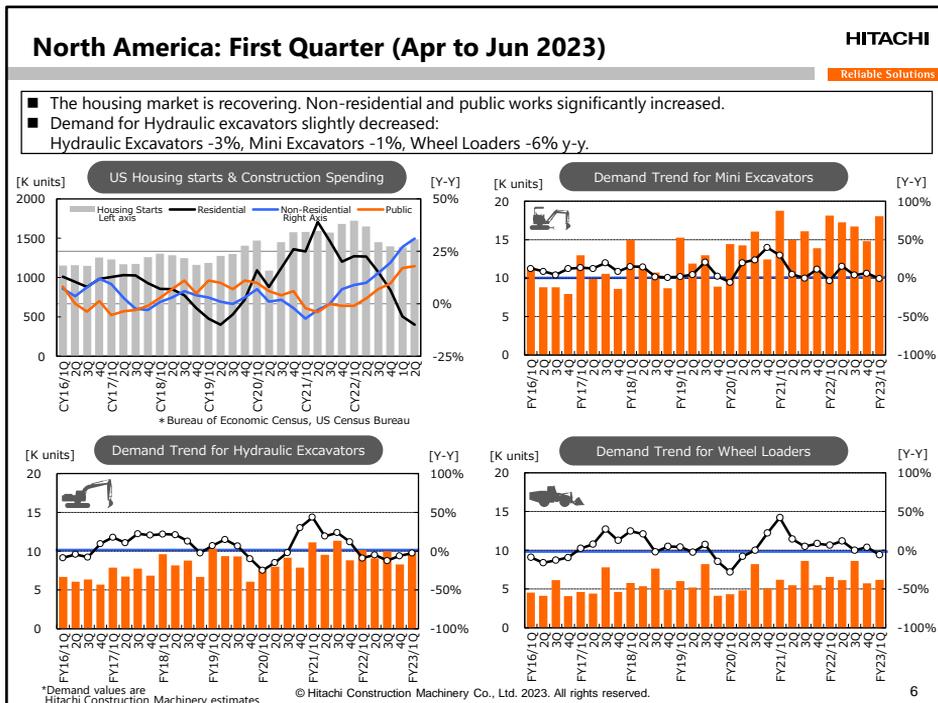
This slide explains the European market.

The graph on the top left shows that the GDP growth rate slowed across the Eurozone. Germany turned to negative growth of -0.5%.

The graph on the lower left shows that demand for hydraulic excavators in 1Q decreased by 7% year-on-year due to market slowdown.

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 remained flat.



This slide explains the North American market.

The graph on the top left shows that housing starts turned to increase.

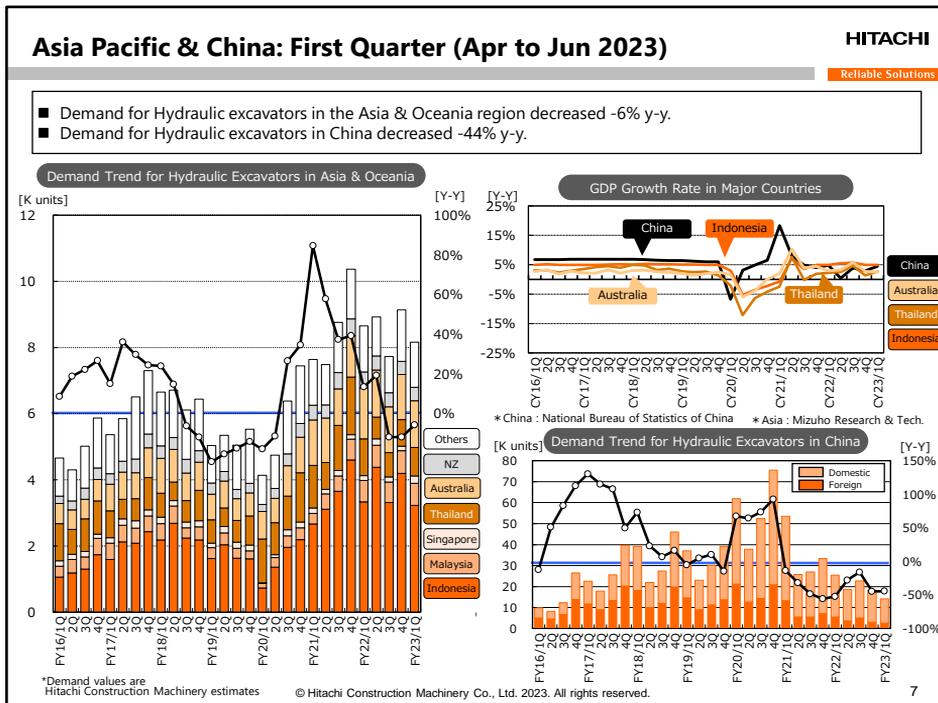
Residential investment decreased year-on-year, but high level of investment has been continued.

Non-residential and public works significantly increased.

The graph on the lower left shows that demand for hydraulic excavators in 1Q decreased by 3% 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 decreased by 6%.



This slide explains the markets in Asia Pacific and China.

As shown on the top right, GDP growth in major countries remained strong in all regions.

The graph on the left shows that demand for hydraulic excavators in 1Q in Asia and Oceania decreased by 6% year-on-year but the negative growth rate narrowed from the previous period.

The graph on the lower right shows that total demand for hydraulic excavators in China including domestic manufacturers decreased by 44%.

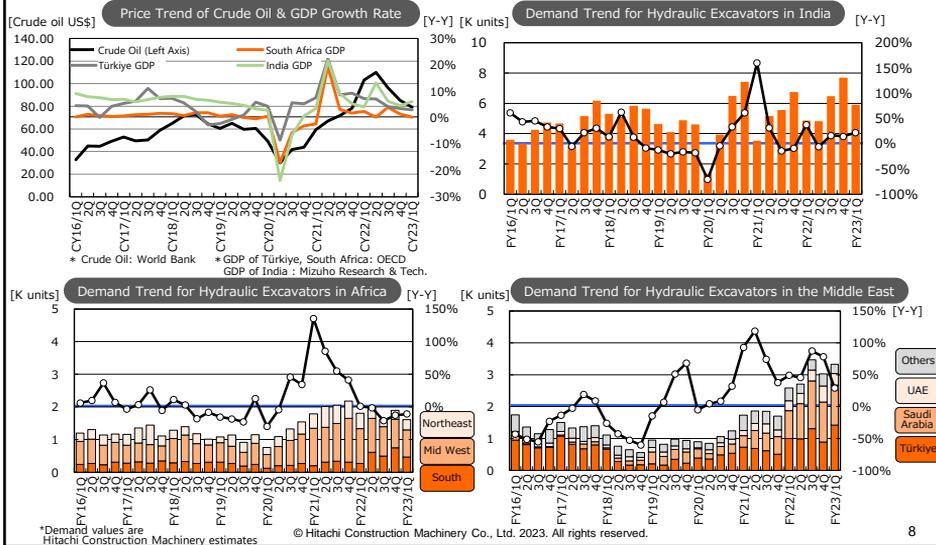
As a breakdown, domestic manufacturers' demand for hydraulic excavators decreased by 42% and foreign manufacturers' demand decreased by 54%.

India, Middle East, Africa: First Quarter (Apr to Jun 2023)

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- Demand for Hydraulic excavators increased in India +21% y-y.
- Demand for Hydraulic excavators decreased in Africa -11% y-y.
- Demand for Hydraulic excavators increased in the Middle East +29% y-y.



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

The graph on the top left shows that Crude oil prices dropped, GDP growth increased in India and slightly in South Africa and Türkiye.

The graph on the top right shows that demand for hydraulic excavators in 1Q in India increased by 21% year-on-year.

The graph on the lower left shows that demand for hydraulic excavators in Africa decreased by 11%.

The graph on the lower right shows that demand for hydraulic excavators in the Middle East increased by 29%.

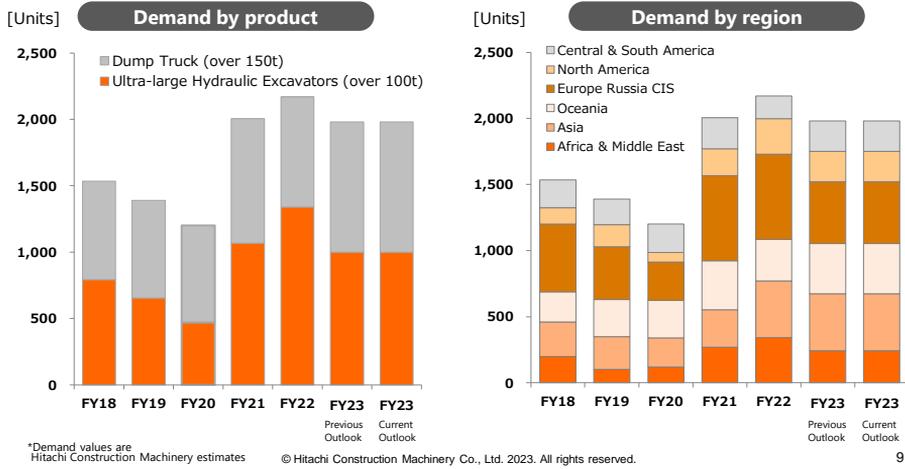
Mining machinery: FY2023 (April 2023 to March 2024)

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- Global demand for mining in FY23 is almost same as the previous forecast. But as the demand in FY22 increased, FY23 demand forecasts have been revised to "flat to -10%" y-y. (Previously "remain flat")

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



This slide explains the demand forecast for mining machinery.

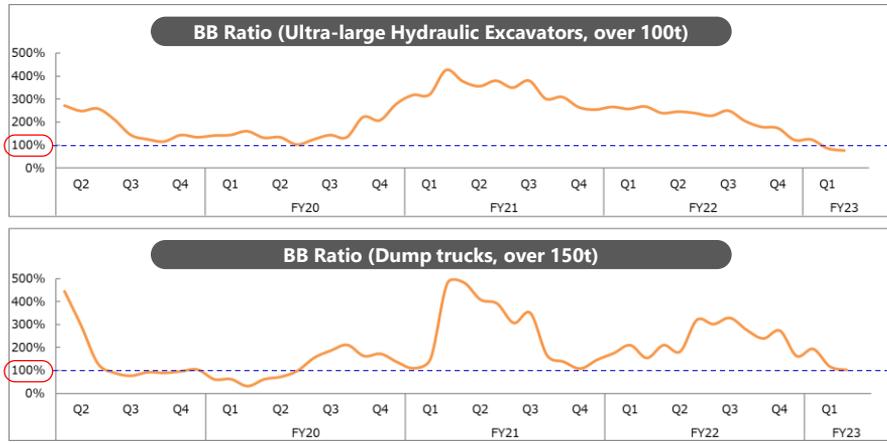
Global demand for mining in FY2023 is almost same as the previous forecast.

But as the demand in FY2022 for Ultra-large Excavators mainly 100t class increased, we will revise the demand forecast from "remain flat" to "flat to -10%"

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.

For ultra-large hydraulic excavators, purchases from major mining companies were completed for FY2023 and the first half of FY2024. Currently, we are proceeding with new business negotiations for the second half of FY2024.

In addition, due to the recent sharp fluctuations in commodity prices, some small and medium-sized mining companies and contractors are taking a wait-and-see approach to the future situation, and some orders were prolonged to 2Q of FY2023.

As a result, the BB ratio for ultra-large hydraulic excavators fell below 100% in 1Q of FY2023, but we still have high potential inquiries and will secure ongoing business negotiations from 2Q onward. The BB ratio of dump trucks is maintained at 100% or more.

Topic 1: Enhancement of Remote and Automated Operation Technology



Development of a hydraulic excavator for remote / automatic operation solutions (May 2023)

Aiming to start sales in Japan by the end of FY2023 to expand the use of remote control and automatic operation



Exhibit at CSPI-EXPO2023



Easy to implement on site



Remote ICT construction



Developing further operation support technology

Partnership with aptpod, Inc. for high-speed data transmission technology (May 2023)

Creation of a digital twin with high real-time performance and joint development of systems for remote control and autonomous operation



Real world

High-speed data transmission



Digital twin in virtual space

Operation / Work instruction



Remote office

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In May 2023, we developed a hydraulic excavator that is compatible with remote control and automatic operation solutions. We hope that our customers in the construction and civil engineering industries will take advantage of the remote control and automatic operation of hydraulic excavators, not only in large-scale construction sites and disaster recovery sites. We aim to start selling these excavators in the Japanese market by the end of FY2023.

In the same month, we entered into a capital and business alliance with aptpod, Inc., a Japanese startup with high-speed data transmission technology. We will jointly develop systems for remote control and autonomous operation of construction equipment by creating a digital twin that reproduces the real world in a virtual space, utilizing aptpod's technology.

Topic 2: Concentrating R&D resources in Tsuchiura to promote innovation

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Start of operation of "Orange Innovation Plaza" at Tsuchiura Works

(May 2023)

- A place where approximately 3,000 people, mostly from R&D departments, gather
- Diverse communication spaces to create collaboration across departmental boundaries

Video available
on YouTube



Orange Innovation Plaza



Communication spaces

Hitachi Construction Machinery Innovation Summit 2023 (May-June 2023)

- Organized as a meeting place for future business partners to co-create new value
- An event where more than 40 companies with diverse technologies from various industries exhibited and actively exchanged opinions with participating employees



Venue of the Innovation Summit

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In May 2023, the "Orange Innovation Plaza" started operation at the Tsuchiura Works, our mother factory. Approximately 3,000 people, mainly from the research and development departments, gather under one roof to work on development for the next generation. A variety of communication spaces, designed with input from young employees, will help foster cross-departmental collaboration.

In addition, the "Hitachi Construction Machinery Innovation Summit 2023" was held at the Orange Innovation Plaza on May 31 and June 1, shortly after the start of operations.

Co-creation with various partners is necessary to create new value and solutions.

This event is planned as a place to meet future business partners, with more than 40 exhibitors with diverse technologies from various industries, ranging from startups to large enterprises, engage in lively discussions with participating employees.

The Hitachi Construction Machinery Group will continue to deliver innovative solutions that meet the diverse needs of our customers and exceed their expectations.

Topic 3: Continuing to Promote Support for Türkiye and Syria Earthquake Reconstruction Assistance

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Donation by Hitachi Construction Machinery Middle East of breakers and filters to the Turkish Government Ministry of Agriculture and Forestry (July 2023)



- Breakers are used to dispose of the rubble of buildings destroyed by earthquakes. Various filters essential for periodic maintenance contribute to stable machines.
- The affiliated company "Eurasian Machinery LLP" in Kazakhstan also provides relief supplies to be donated to AFAD (Turkish Agency for Disaster and Emergency Preparedness), and the total donation amount of the Ministry of Agriculture and Forestry and AFAD is worth 35.5 million yen.



Reference photo: The Hitachi Construction Machinery Middle East hydraulic excavator, to which a breaker is attached, from the same manufacturer as the donated breaker



Republic of Türkiye Ministry of Agriculture and Forestry
Zekeriya Nane (Deputy General Director) [Left]
Hitachi Construction Machinery Middle East
Arami Manabu President [Right]

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Please refer to page 13 for an overview of support for Türkiye and Syria earthquake reconstruction assistance.

That is all for the topics.

2. Business Results
for the First Quarter ended June 30, 2023
(April 1, 2023 - June 30, 2023)

Keiichiro Shiojima
Vice President and Executive Officer, CFO

Our Business Results in 1Q of FY2023 and forecast for FY2023 are explained by Keiichiro Shiojima, Vice President and Executive Officer, CFO.

Summary of consolidated results

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In 1Q of the year, revenue increased by 20%, supported by strong sales growth, especially in the Americas. Adjusted operating income increased by 83% y-y, and net income attributable to owners of the parent increased by 69%.

[billions of yen]

	FY2023 1Q	FY2022 1Q	change	
Revenue	320.0	267.5	20%	
Adjusted operating income *1	11.8% 37.6	7.7% 20.6	83%	
Operating income	11.9% 38.2	8.1% 21.8	75%	
Income before income taxes	13.6% 43.6	10.1% 27.0	62%	
Net income attributable to owners of the parent	9.8% 31.4	6.9% 18.6	69%	
EBIT *2	14.4% 46.2	10.5% 28.1	65%	
FX rate	Rate (YEN/US\$)	137.4	129.6	7.8
	Rate (YEN/EURO)	149.5	138.1	11.4
	Rate (YEN/RMB)	19.6	19.6	-0.0
	Rate (YEN/AU\$)	91.8	92.6	-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 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 FY2023 was ¥320.0 billion, an increase of 20% from the previous year, partly due to the effect of depreciation of the yen.

Adjusted operating income increased by 83% year on year to ¥37.6 billion, resulting in an adjusted operating income margin of 11.8%.

Operating income was ¥38.2 billion, resulting in an operating income margin of 11.9%.

Net income attributable to owners of the parent increased by 69% year on year to ¥31.4 billion.

We were able to maintain a high level of production in response to the firm demand environment, and in addition, we were able to grow mining and value chain business, including our developing own business in the Americas, as a result, we achieved the highest performance ever for 1Q. In 1Q, the yen depreciated by ¥7.8 to the U.S. dollar, by ¥11.4 to the euro compared with the previous year. On the other hand, the Chinese yuan and Australian dollar appreciated slightly against the yen compared with the previous year.

Revenue by geographic region (consolidated)

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Although revenue in Russia-CIS and China decreased y-y, developing own business in the Americas increased significantly. Including the effect of depreciation of the yen, consolidated total revenue increased by 52.5 billion yen.

[billions of yen]

	FY2023 1Q		FY2022 1Q		change	
	amount	%	amount	%	amount	%
Japan	44.2	14%	43.0	16%	1.3	3%
Asia	27.8	9%	23.3	9%	4.5	19%
India	16.1	5%	13.3	5%	2.8	21%
Oceania	61.0	19%	50.1	19%	10.9	22%
Europe	44.1	14%	38.8	15%	5.2	13%
N. America	81.9	26%	53.9	20%	28.0	52%
L. America	9.0	3%	7.3	3%	1.8	24%
The Americas (Developing own business)	90.9 (56.1)	28% (18%)	61.1 (37.2)	23% (14%)	29.7 (18.9)	49% (51%)
Russia-CIS	8.2	3%	12.0	4%	-3.8	-31%
M. East	7.5	2%	6.0	2%	1.5	26%
Africa	11.7	4%	10.0	4%	1.7	17%
China	8.5	3%	9.9	4%	-1.4	-14%
Total	320.0	100%	267.5	100%	52.5	20%
Overseas ratio	86%		84%			

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This slide explains revenue by geographic region for 1Q.

Revenue in 1Q of FY2023 increased by ¥52.5 billion from the previous year. Included in this figure is an increase of ¥7.4 billion in revenue due to depreciation of the yen.

By region, revenue increased year on year in all regions except Russia-CIS and China.

In particular, revenue in the Americas increased significantly by 49% year on year, driven largely by the growth of focused developing own business.

In Oceania and Asia, we captured robust demand for mining machinery, resulting in a significant year-on-year increase in revenue.

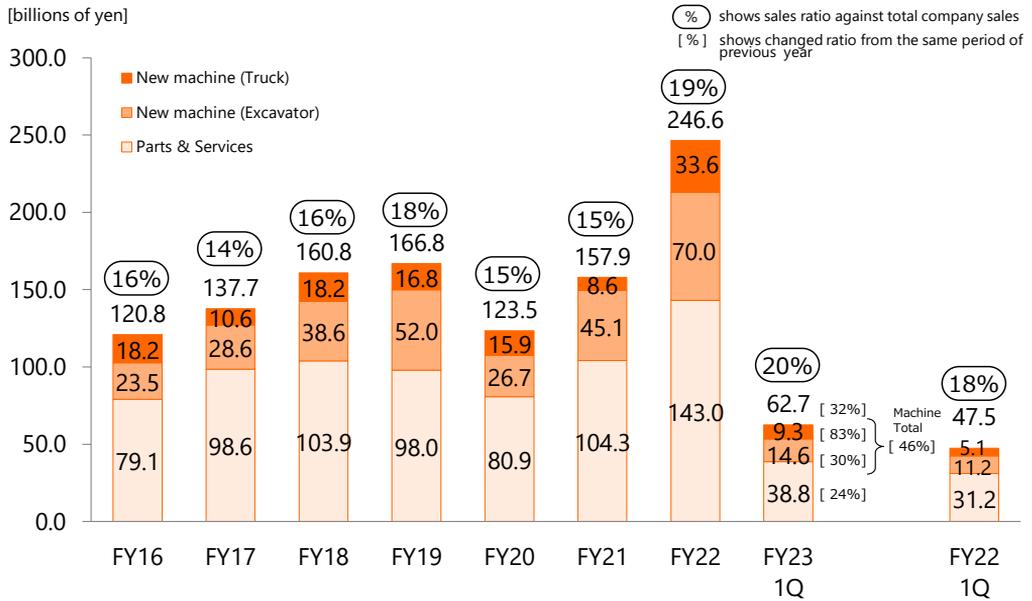
As a result, the overseas revenue ratio increased 2 percentage points year on year to 86%, a record high not only for 1Q, but also for all quarters.

Mining revenue

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Revenue of mining increased by 32% to 62.7 billion yen y-y due to a significant increase in new machinery sales by capturing robust demand and parts & services.



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This slide explains the mining revenue.

Mining revenues in 1Q of FY2023 rose 32% year on year, to ¥62.7 billion, as shown in the second bar graph from the right.

Revenue of new machine trucks increased by 83% year on year, mainly due to contributions from Asia and the Americas.

Revenue of new machine excavators increased by 30% year on year due to contributions from the Oceania and the Americas.

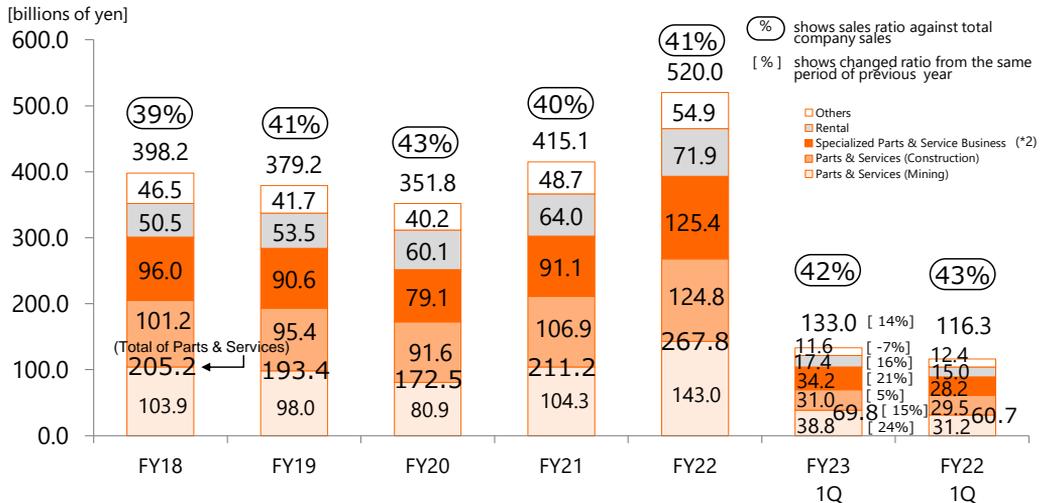
Revenue of mining parts & services also increased by 24% year on year. Mining revenue accounted for 20% of consolidated revenue, up 2 percentage points from the previous year.

Value chain*1 revenue

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Revenue of the value chain business increased by 14% y-y to 133.0 billion yen due to expanding sales volume, especially parts and services as well as specialized parts & service and rental business.



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This slide explains the value chain revenue.

Please refer to the second bar graph from the right.

Revenue from value chain in 1Q of FY2023 rose 14% year on year to ¥133.0 billion.

Parts & services revenue rose 15% year on year, while the specialized parts & service business and rental business also achieved revenue growth of 21% and 16%, respectively.

As a result, value chain revenue reached a record high in 1Q.

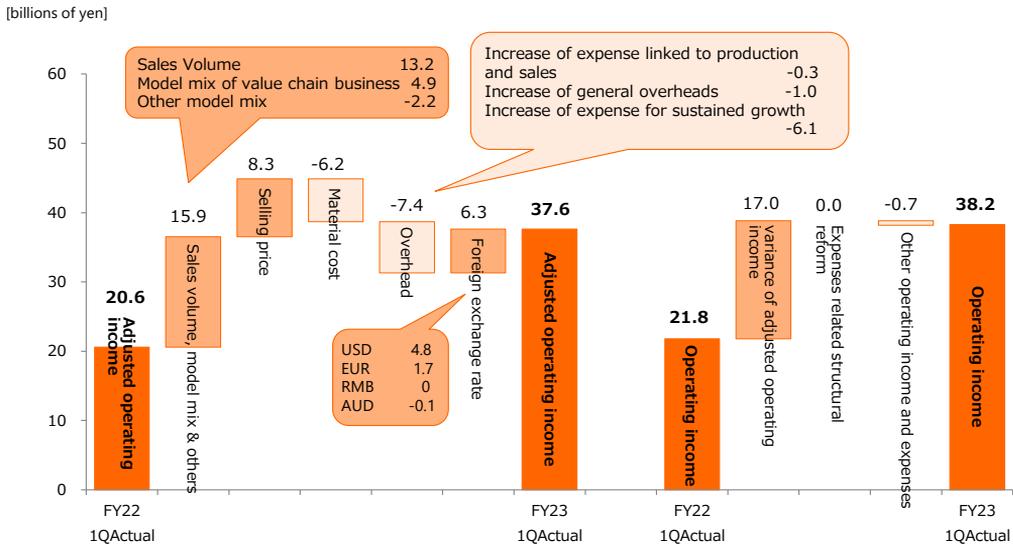
The value chain accounted for 42% of consolidated revenue, down 1 percentage point from the previous year.

Comparison of consolidated income

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Adjusted operating income increased by 17.0 billion yen y-y due to the impact of increased sales volume, price increase, and currency impact despite increased material costs and overhead costs.



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This slide explains comparison of consolidated income for 1Q. I will explain the factors behind the ¥17.0 billion increase in adjusted operating income compared to the previous year.

First, we analyze the factors behind the increase in income of ¥15.9 billion as sales volume, model mix, and others.

As indicated in the footnote, while there was an increase of ¥13.2 billion in sales volume and ¥4.9 billion in model mix of value chain business, there was a decrease of ¥2.2 billion in other model mix, including an increase of ¥2.2 billion in shipping and other freight costs, such as ocean freight charges.

In addition, we realized an ¥8.3 billion improvement in selling price, which absorbed a ¥6.2 billion increase in material costs.

Overhead expenses increased by ¥7.4 billion mainly due to personnel expenses and R&D expenses, but were almost absorbed by the impact of the yen's depreciation of ¥6.3 billion.

As a result, adjusted operating income increased by ¥17.0 billion year on year to ¥37.6 billion.

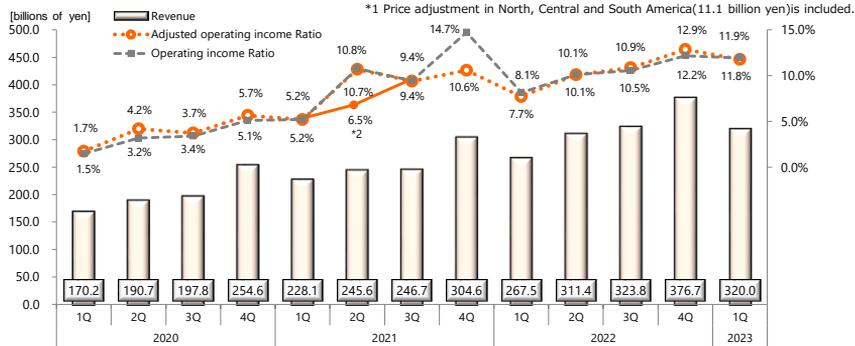
As shown on the right-hand side of the page, operating income increased ¥16.3 billion from the previous year to ¥38.2 billion as a result of an increase in adjusted operating income.

Summary of quarterly consolidated revenue and operating income (ratio)

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[billions of yen]

	2020				2021				2022				2023
	1Q	2Q	3Q	4Q	1Q	2Q ^{*1}	3Q	4Q	1Q	2Q	3Q	4Q	1Q
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
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
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



*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
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
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
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
Rate (YEN/AUS)	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

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This slide explains quarterly consolidated revenue and operating income. Please refer to 1Q of FY2023 on the rightmost of the bar graph.

Revenue for the quarter was ¥320.0 billion and adjusted operating income was ¥37.6 billion, the highest 1Q revenue and adjusted operating income ever recorded.

The adjusted operating income margin, as shown in the line graph, was 11.8%, also a significant improvement compared to 7.7% in the same period of the previous year.

Consolidated statement of financial position

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Total assets increased by 108.3 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)				(billions of yen)				
	(A) FY23-1Q	(B) Mar '2023	(C) FY22-1Q	(A)-(B) change	(D) FY23-1Q	(E) Mar '2023	(F) FY22-1Q	(D)-(E) change	
Cash and cash equivalents	107.9	112.0	148.9	-4.1	Trade and other payables	264.9	274.5	245.4	-9.6
Trade receivables	299.5	305.3	251.7	-5.8	Bonds and borrowings	564.8	507.5	437.3	57.3
Inventories	525.1	450.8	419.1	74.3	Total liabilities	985.5	926.0	831.4	59.6
Total current assets	981.6	908.9	861.7	72.7	Equity attributable to owners of the parent ratio	(40.6%)	(40.6%)	(41.8%)	(-0.0%)
Total non-current assets	753.7	718.1	671.4	35.6	Total equity	749.7	701.0	701.7	48.7
Total assets	1,735.3	1,627.0	1,533.1	108.3	Total liabilities and equity	1,735.3	1,627.0	1,533.1	108.3
Trade receivables incl. non-current	341.7	344.6	295.4	-2.9					
Inventories by products									
Unit	179.8	142.5	123.4	37.3		(32.5%)	(31.2%)	(28.5%)	(1.4%)
Parts	170.0	158.6	141.4	11.4	Interest-bearing debt	564.8	507.5	437.3	57.3
Raw materials, WIP and etc	175.4	149.6	154.3	25.7	Cash and Cash equivalents	107.9	112.0	148.9	-4.1
Total inventories	525.1	450.8	419.1	74.3	Net interest-bearing debt	(26.3%)	(24.3%)	(18.8%)	(2.0%)
On hand days (divided by revenue)				(Days)	Debt	456.9	395.5	288.4	61.4
Trade receivables	94	98	101	-4					
Inventories	144	129	144	15	Net D/E Ratio	0.65	0.60	0.45	0.05
Trade payables	44	47	51	-3					
Net working capital	189	176	190	13					

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This slide explains consolidated balance sheet as of the end of June 2023. Compared with the end of March 2023 of the previous fiscal year, trade receivables were reduced by ¥2.9 billion. Inventories increased by ¥74.3 billion mainly due to new machinery and semi-finished goods inventories. The amount equivalent to the increase due to the impact of the yen's depreciation was analyzed to be ¥15.0 billion and ¥25.7 billion, respectively. Non-current assets also increased by ¥35.6 billion due to investments in buildings, equipment, and rental assets for business expansion, as well as the effect of foreign exchange translation. As a result, total assets increased by ¥108.3 billion from the end of the previous fiscal year to ¥1,735.3 billion. In terms of days on hand, trade receivables were 94 days, a 4-day reduction from the end of the previous fiscal year, but inventories were 144 days, a 15-day increase. As a result, net working capital on hand was 189 days, 13 days more than at the end of the previous fiscal year. Interest-bearing debt on the right-hand side rose ¥57.3 billion from the end of the previous fiscal year, and net interest-bearing debt rose ¥61.4 billion to ¥456.9 billion. Total equity was ¥749.7 billion and the equity attributable to owners of the parent ratio was 40.6%. The net D/E ratio was 0.65.

Consolidated cash flow

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Operating cash flow was negative at 12.5 billion yen due to deterioration of working capital, etc. Free cash flow was negative at 28.8 billion yen when combined with negative investment cash flow.

[billions of yen]

	FY2023 1Q		FY2022 1Q		change	
Net income		33.6		19.5		14.0
Depreciation and amortization	50.1	16.6	34.4	14.9	15.7	1.7
(Increase)decrease in trade/lease receivables		18.6		42.8		-24.1
(Increase)decrease in inventories		-46.3		-25.8		-20.5
Increase(decrease) in trade payables	-34.9	-7.2	14.0	-2.9	-48.9	-4.3
Others, net		-27.7		-38.3		10.5
Net cash provided by (used in) operating activities		-12.5		10.2		-22.7
Cash flow margin for operating activities		-3.9%		3.8%		-7.7%
Net cash provided by (used in) investing activities		-16.3		-10.6		-5.7
Free cash flows		-28.8		-0.4		-28.4
Net cash provided by (used in) financing activities		20.9		46.6		-25.7

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This slide explains consolidated cash flow for 1Q.

Operating cash flow for the quarter was negative at ¥12.5 billion. This is because while FFO increased by ¥15.7 billion year on year to ¥50.1 billion, working capital increased by ¥34.9 billion, mainly due to an increase in inventories.

Net cash used in investing activities was negative at ¥16.3 billion, an increase of ¥5.7 billion from the previous year, resulting in negative free cash flow of ¥28.8 billion.

Summary of consolidated earnings forecast

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The consolidated income statement for FY2023 is unchanged from the previous forecast as of April 2023 and revenue is expected to increase by 2% y-y, adjusted operating income by 3% y-y, and net income attributable to owners of the parent by 17% y-y.

note : < > shows previous forecast as of April 2023

[billions of yen]

	FY2023		FY2022 Actual	change	
	Forecast			amount	%
Revenue	<1,300.0> 1,300.0		1,279.5	20.5	2%
Adjusted operating income	<10.8%> (10.8%) <140.0> 140.0		(10.6%) 135.7	(0.2%) 4.3	3%
Operating income	<10.5%> (10.5%) <136.0> 136.0		(10.4%) 133.3	(0.0%) 2.7	2%
Income before income taxes	<10.1%> (10.1%) <131.0> 131.0		(8.8%) 112.7	(1.3%) 18.3	16%
Net income attributable to owners of the parent	<6.3%> (6.3%) <82.0> 82.0		(5.5%) 70.2	(0.8%) 11.8	17%
EBIT	<137.2> 137.2		119.0	18.2	

Currency	1Q	2Q-4Q	Total	FY2022 Actual	change
	Actual	Forecast	Forecast		
Rate (YEN/USD)	137.4	130.0	131.7	135.4	-3.8
Rate (YEN/EUR)	149.5	130.0	133.8	141.0	-7.3
Rate (YEN/RMB)	19.6	18.1	18.4	19.7	-1.4
Rate (YEN/AUD)	91.8	84.0	86.1	92.7	-6.6
Cash dividend per share (yen) *1	to be determined			110	-

*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 maximize shareholder returns based on a stable and continuous dividend payout ratio of approx. 30% to 40%.

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I will explain the FY2023 full-year earnings forecasts.

The current forecast remains unchanged from the previous April forecast by considering the demand environment explained by Vice President and Executive Officer CMO's Matsui, and the results in 1Q of FY2023.

Revenue is ¥1,300.0 billion, adjusted operating income is ¥140.0 billion, and net income attributable to owners of the parent is ¥82.0 billion and adjusted operating income margin is expected to be 10.8%

We maintained the same exchange rate forecasts for 2Q onward: US dollar: ¥130, euro: ¥130, Chinese yuan: ¥18.1, and Australian dollar: ¥84

Please refer to Appendix 1 for reference. Currency sensitivity, which affects revenue and adjusted operating income for 2Q onward, is presented on page 28.

Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2023 is expected to increase by 20.5 billion yen y-y due to expanding developing own business in the Americas despite the impact of the yen's appreciation.

(billions of yen)

	FY2023 Forecast		FY2022 Actual		change		
	amount	%	amount	%	amount	%	
Japan	229.6	18%	224.0	18%	5.7	3%	
Asia	126.3	10%	122.7	10%	3.6	3%	
India	66.9	5%	73.1	6%	-6.2	-8%	
Oceania	220.0	17%	225.4	18%	-5.4	-2%	
Europe	158.6	12%	164.9	13%	-6.2	-4%	
America	N. America	309.3	24%	274.1	21%	35.1	13%
	L. America	32.8	3%	38.3	3%	-5.5	-14%
		342.1	26%	312.5	24%	29.6	9%
(Developing own business)	(211.2)	(16%)	(182.0)	(14%)	(29.2)	(16%)	
Russia-CIS	30.4	2%	37.4	3%	-6.9	-19%	
M. East	27.9	2%	25.0	2%	2.9	12%	
Africa	66.0	5%	54.7	4%	11.3	21%	
China	32.2	2%	40.0	3%	-7.8	-20%	
Total	1,300.0	100%	1,279.5	100%	20.5	2%	
Overseas ratio	82%		82%				

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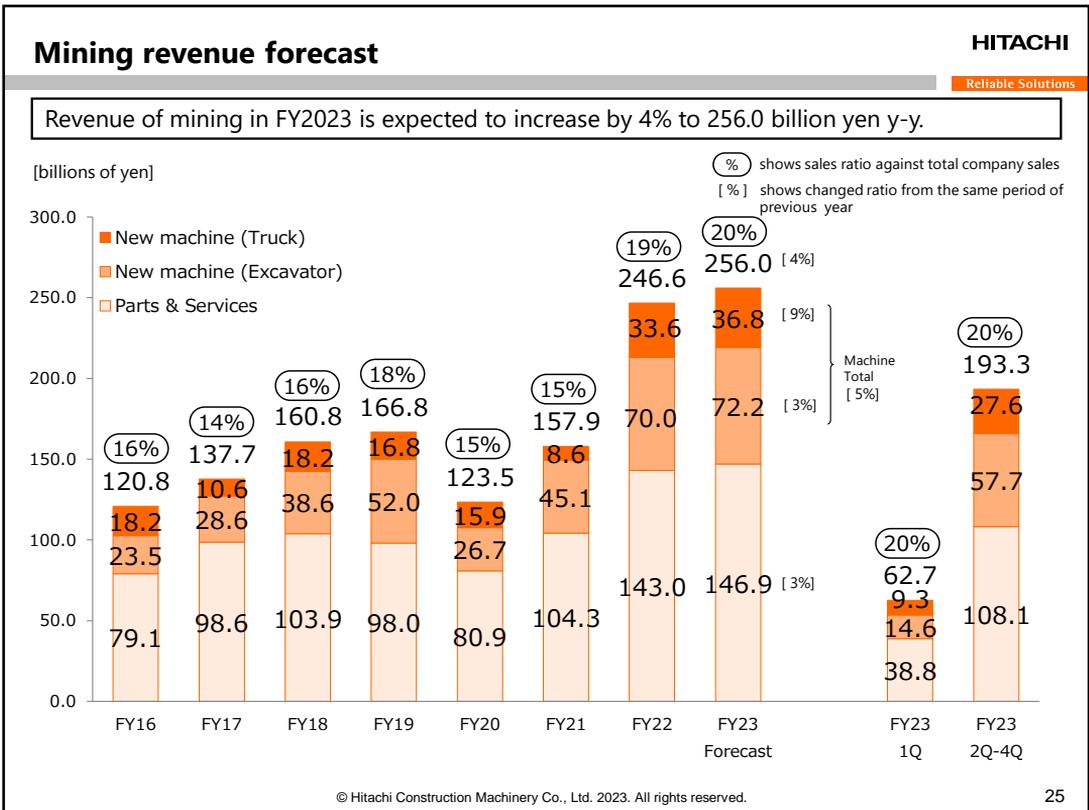
This slide explains the consolidated revenue forecast by geographic region for FY2023.

The forecast for revenue for FY2023 is to ¥1,300.0 billion, an increase of 2%, or ¥20.5 billion from the previous fiscal year, which unchanged from our previous April forecast.

Due to the assumed exchange rate, the impact of a decrease in revenue of ¥61.2 billion is included.

In regions such as India, Oceania, and Europe, revenue is expected to decline due to the impact of foreign exchange rates, while revenue is expected to increase in North America, Asia, Africa, and Japan.

The overseas sales ratio is expected to be 82%, the same as the previous year.



This slide explains the mining revenue forecast.

Mining revenue for FY2023 is expected to increase by 4% year on year to ¥256.0 billion. We aim to set a new record high in revenue.

Due to the assumed exchange rate, the impact of a decrease in revenue of ¥15.0 billion is included.

New machinery sales of trucks and excavators are expected to increase by 5% year on year, and parts & services are expected to increase by 3% year on year.

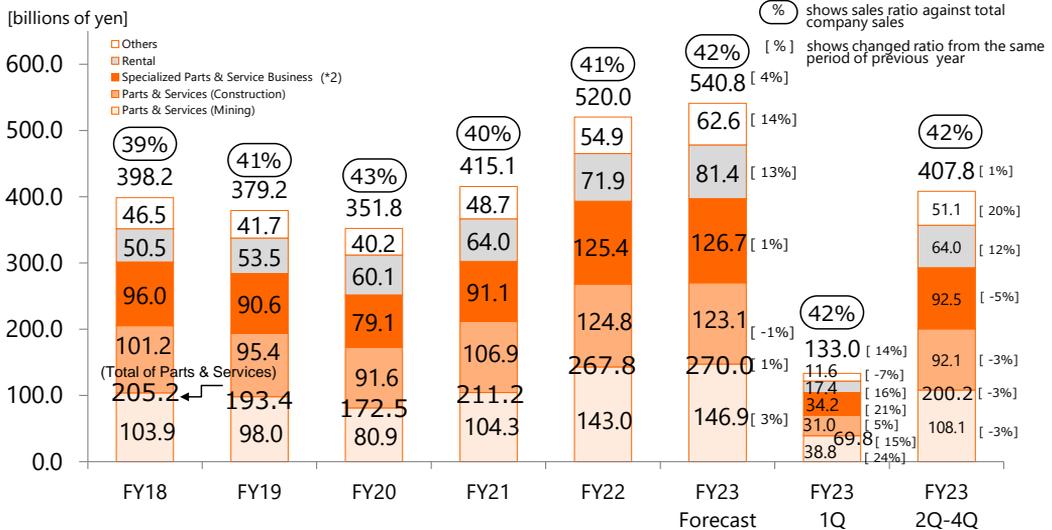
The sales composition ratio is expected to increase by 1% point year on year to 20%.

Please refer to “Appendix 2: Details of mining revenue” on page 29.

Revenue in Asia and Oceania are expected to increase slightly, also in the Americas expected to increase by ¥6.2 billion over the previous year.

Value chain*1 revenue forecast

Revenue of the value chain in FY2023 is expected to increase by 4% to 540.8 billion yen y-y.



(*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.

This slide explains the value chain revenue forecast.

The forecast for value chain revenue for FY2023 is expected to increase by 4% year on year to ¥540.8 billion. We aim to set a new record high in revenue. Due to the assumed exchange rate, the impact of a decrease in revenue of ¥24.5 billion is included.

Individually, we are forecasting a 1% year-on-year increase in revenue of parts & services for construction and mining to ¥270.0 billion, and we are forecasting a 13% year-on-year increase in revenue of the rental business to ¥81.4 billion.

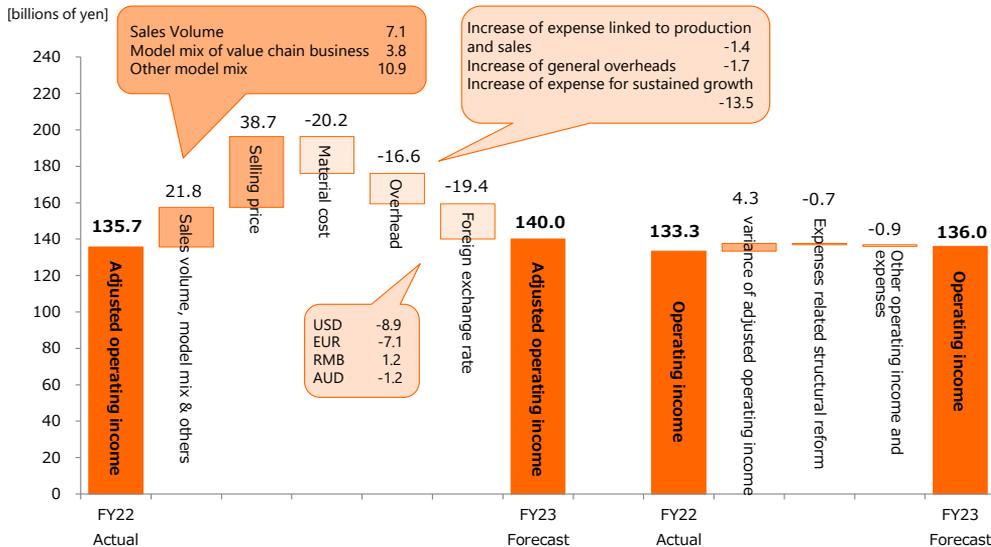
The sales composition ratio is expected to increase by 1 % point year on year to 42%.

Comparison of consolidated income forecast

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Adjusted operating income increased by 4.3 billion yen y-y due to an increase in sales volume and model mix and selling price increase although there is an increase in overhead costs and material costs and appreciation of the yen.



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This slide provides a comparison of consolidated income for FY2023.

I will explain the factors behind the forecast ¥4.3 billion year on year increase in adjusted operating income from the previous year to ¥140.0 billion.

An increase of ¥21.8 billion will be factored into the sales volume, model mix and others. Breaking this down, we have factored in an increase of ¥7.1 billion in sales volume and an increase of ¥3.8 billion in value chain business composition and an increase of ¥10.9 in other model mix.

In addition, an improvement of ¥38.7 billion in selling price has been incorporated to absorb a ¥20.2 billion increase in material costs.

We expect adjusted operating income to increase by ¥4.3 billion from the previous year, while factoring in an increase of ¥16.6 billion in overhead costs and a decrease of ¥19.4 billion due to the impact of yen appreciation.

Operating income on the right side of the page is expected to increase by ¥2.7 billion from the previous year to ¥136.0 billion due to an increase in adjusted operating income.

Please refer the following 3 pages of appendix.

Appendix 1: FX rate and FX sensitivity

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The forecast exchange rate of major currencies for FY2023 is unchanged from the previous announcement.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY23			FY22 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
USD	137.4	130.0	131.7	135.4	Impact by 1 yen depreciation	2.6	1.9
EUR	149.5	130.0	133.8	141.0	Impact by 1 yen depreciation	0.9	0.7
RMB	19.6	18.1	18.4	19.7	Impact by 0.1 yen depreciation	0.2	-0.1
AUD	91.8	84.0	86.1	92.7	Impact by 1 yen depreciation	1.9	0.3

Appendix 2: Detail of mining revenue

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[billions of yen]

		FY23 Forecast			FY22 Actual			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	7.9	26.6	34.5	5.8	26.9	32.7	2.1	-0.3	1.8
	Dump Truck	2.4	6.1	8.5	0.9	3.2	4.1	1.5	2.8	4.4
	Total	10.3	32.7	43.0	6.7	30.2	36.8	3.7	2.5	6.2
Europe, Africa and Middle East	Excavator	7.3	29.9	37.3	8.0	27.7	35.7	-0.7	2.2	1.6
	Dump Truck	5.1	21.8	26.9	4.7	22.3	27.0	0.4	-0.5	-0.1
	Total	12.5	51.8	64.2	12.7	50.1	62.7	-0.2	1.7	1.5
Asia & Oceania	Excavator	25.9	76.6	102.4	18.3	79.6	97.8	7.6	-3.0	4.6
	Dump Truck	13.4	29.1	42.5	9.3	37.5	46.8	4.1	-8.5	-4.3
	Total	39.3	105.7	144.9	27.5	117.1	144.6	11.7	-11.4	0.3
China	Excavator	0.3	1.4	1.6	0.2	1.1	1.3	0.1	0.3	0.4
	Dump Truck	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-0.1	-0.1
	Total	0.3	1.4	1.6	0.2	1.2	1.4	0.1	0.2	0.3
Japan	Excavator	0.3	1.5	1.8	0.4	0.6	1.0	-0.1	0.9	0.8
	Dump Truck	0.0	0.4	0.4	0.0	0.0	0.0	0.0	0.4	0.4
	Total	0.3	1.9	2.2	0.4	0.6	1.1	-0.1	1.2	1.1
Total	Excavator	41.7	136.0	177.7	32.6	135.9	168.5	9.1	0.1	9.2
	Dump Truck	20.9	57.4	78.3	14.8	63.2	78.1	6.1	-5.9	0.2
	Total	62.7	193.3	256.0	47.5	199.1	246.6	15.2	-5.8	9.4

Appendix 3: Segment information

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The amortizations of PPA are included in the adjusted operating income of the specialized parts & service business. The amount of 0.3 billion yen is included in FY2023 1Q, and the amount of 1.1 billion yen is included in the forecast for FY2023.

(billions of yen)

FY2023 1Q Actual	Reportable segment				Adjustments*2	Total	
	Construction Machinery Business		Specialized Parts & Service Business*1				
Revenue	285.8		35.5		-1.3	320.0	
Adjusted operating income	11.8%	33.9	10.6%	3.8	-	11.8%	37.6

(billions of yen)

FY2023 Forecast	Reportable segment				Adjustments*2	Total	
	Construction Machinery Business		Specialized Parts & Service Business*1				
Revenue	1,173.3		128.0		-1.3	1,300.0	
Adjusted operating income	10.7%	125.8	11.1%	14.2	-	10.8%	140.0

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

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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.



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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July 27, 2023

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