

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

January 26, 2024

Keiichiro Shiojima

Vice President and Executive Officer, CFO

Hidehiko Matsui

Vice President and Executive Officer, CMO

1. Regional Market Environments and Projections

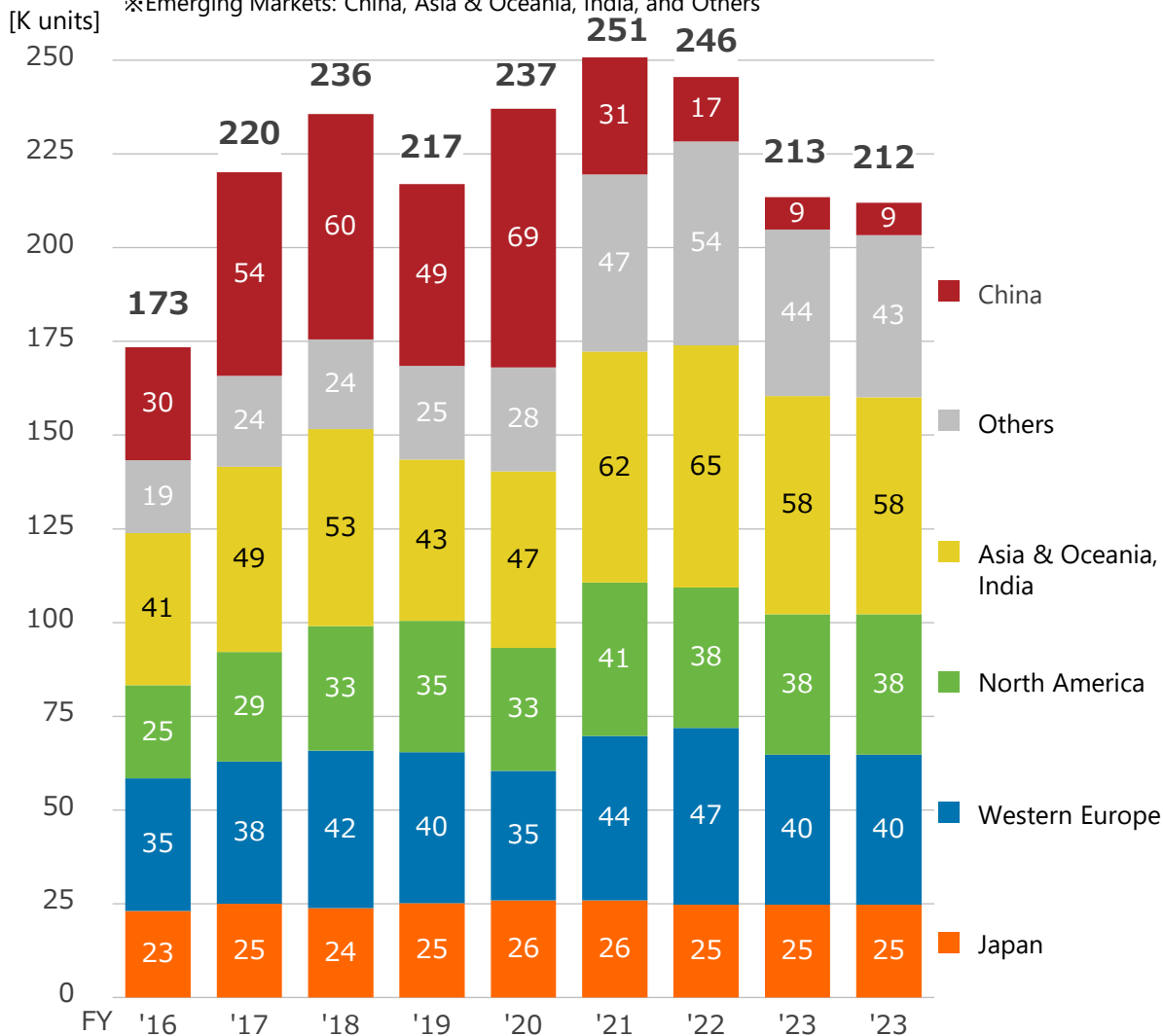
Hidehiko Matsui

Vice President and Executive Officer, CMO

Global Demand Trend for Hydraulic Excavators

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

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



*Demand values are Hitachi Construction Machinery estimates

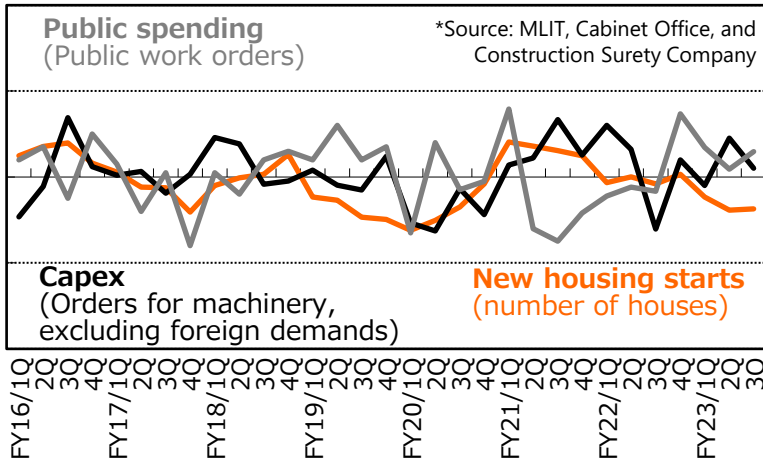
Year-on-Year Change by Region

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

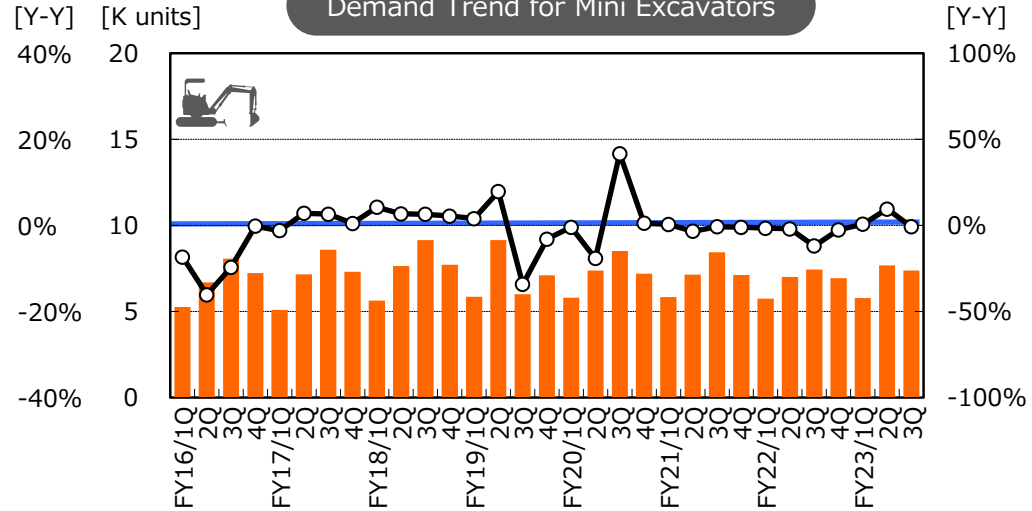
	'22	'23
Total	-2%	-14%
China	-45%	-50%
Russia, CIS, E Europe	+2%	-20%
Africa	-9%	-17%
Middle East	+65%	-2%
Latin America	+18%	-33%
Others	+15%	-20%
Asia	-2%	-18%
India	+14%	±0%
Oceania	+9%	-12%
Asia & Oceania, India	+5%	-11%
N America	-8%	±0%
W Europe	+7%	-15%
Japan	-4%	±0%

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

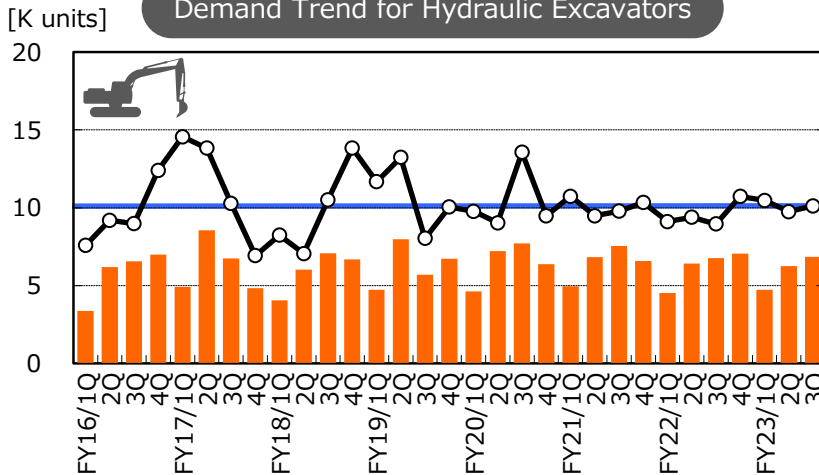
Market Environment Housing, Capex, Public Spending



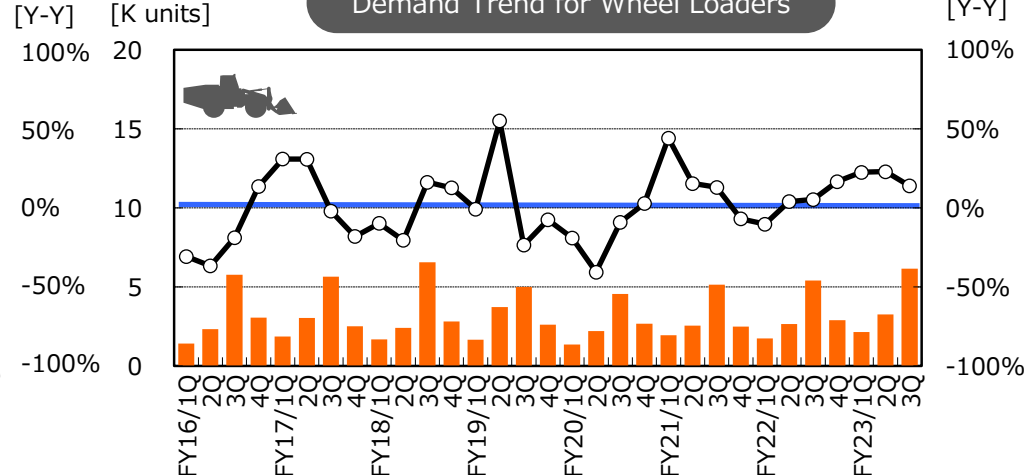
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

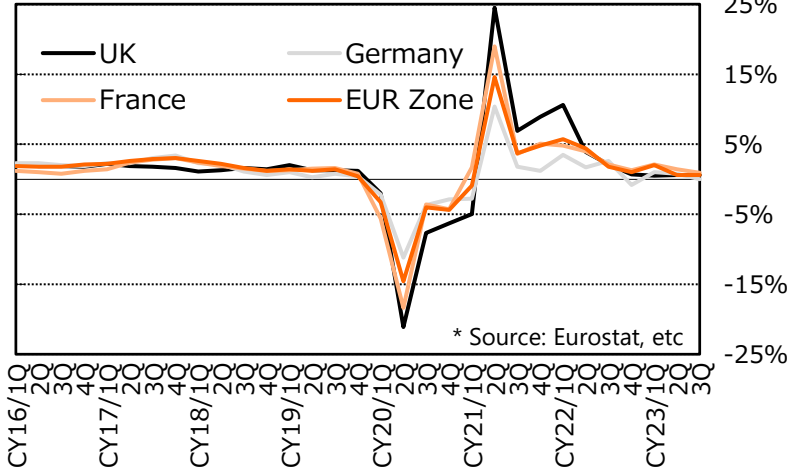


*Demand values are Hitachi Construction Machinery estimates

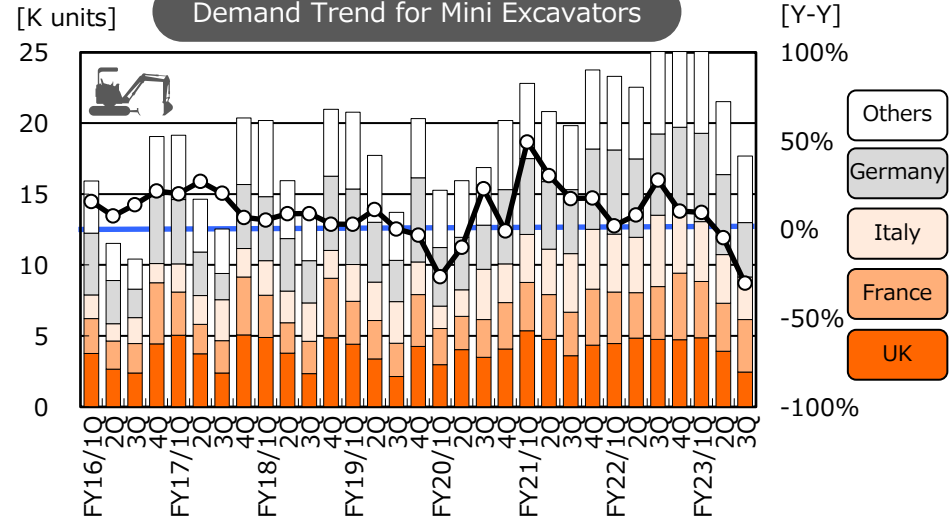
Europe: Third Quarter (Oct to Dec 2023)

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

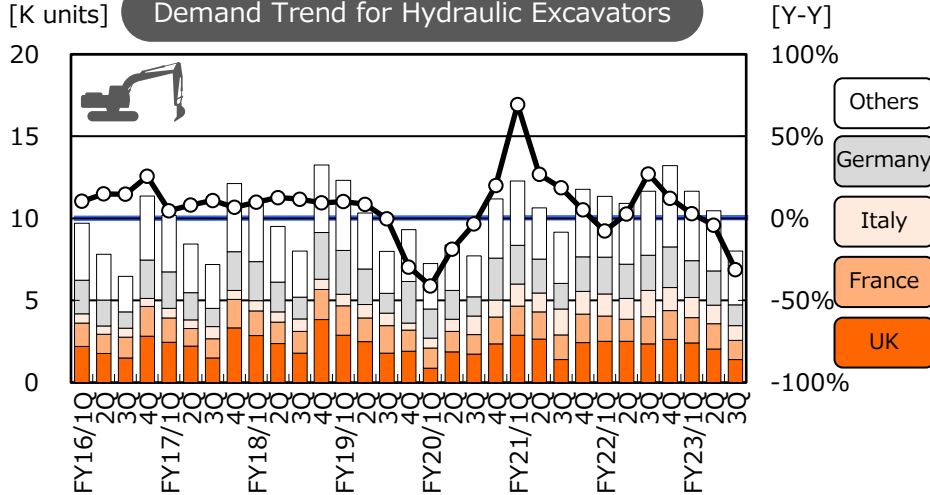
GDP Growth Rate in Major Countries



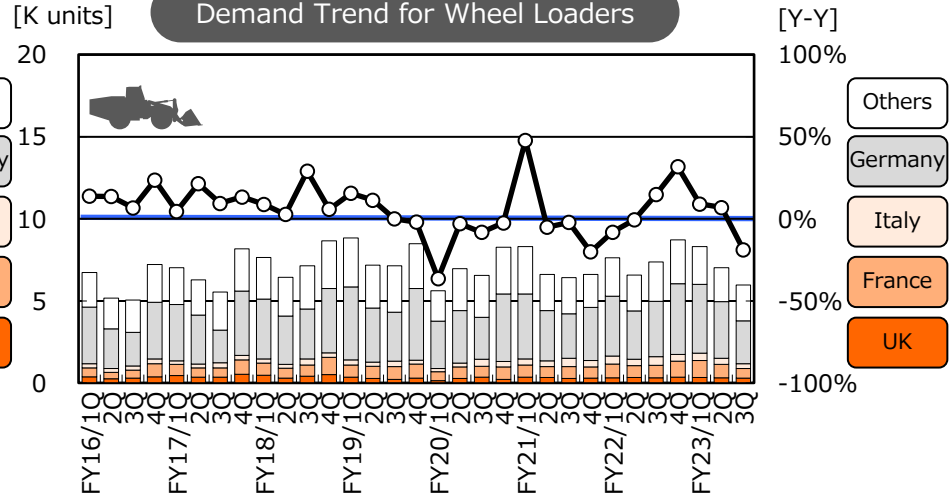
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



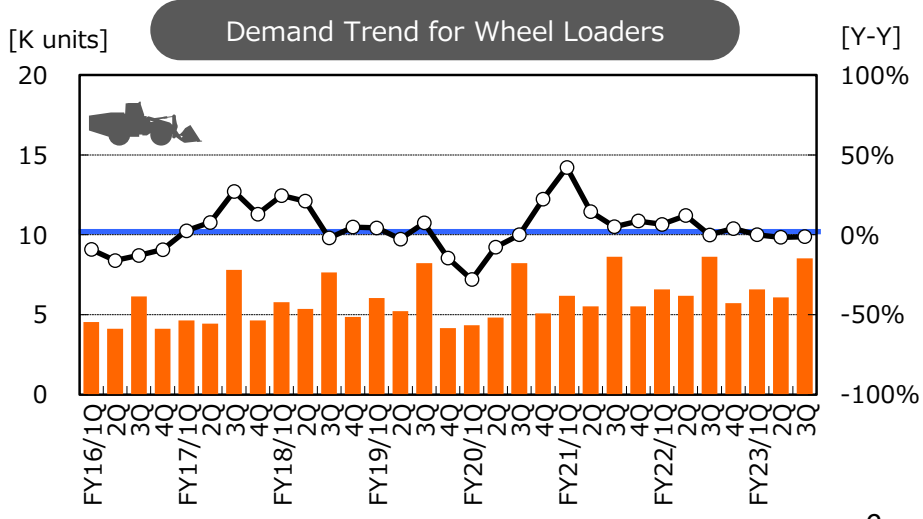
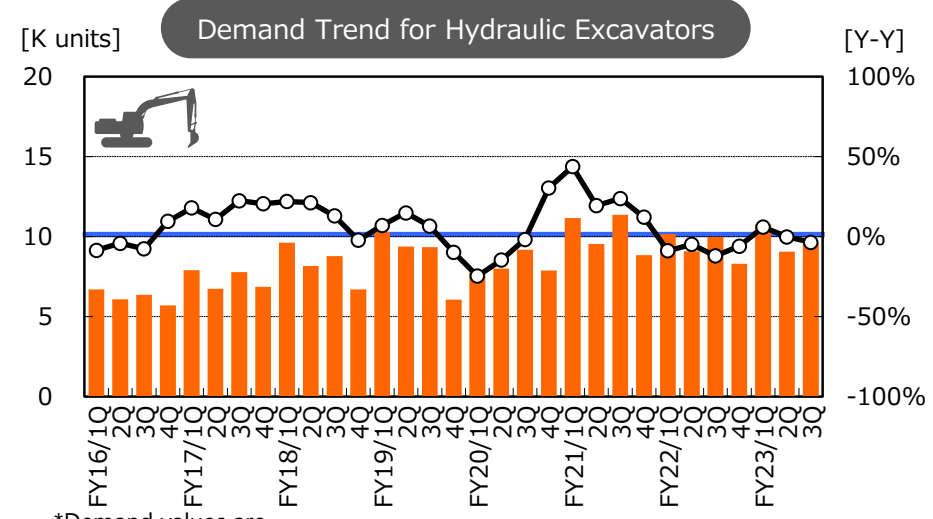
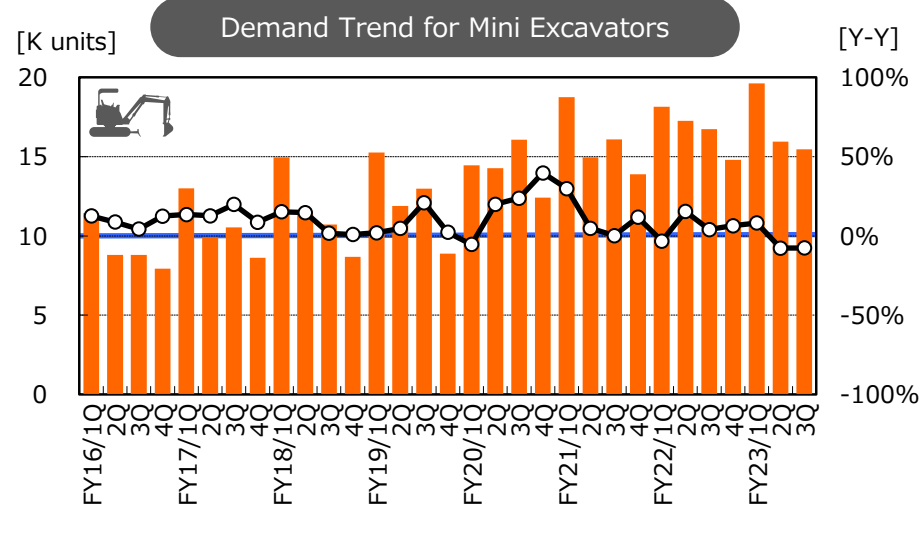
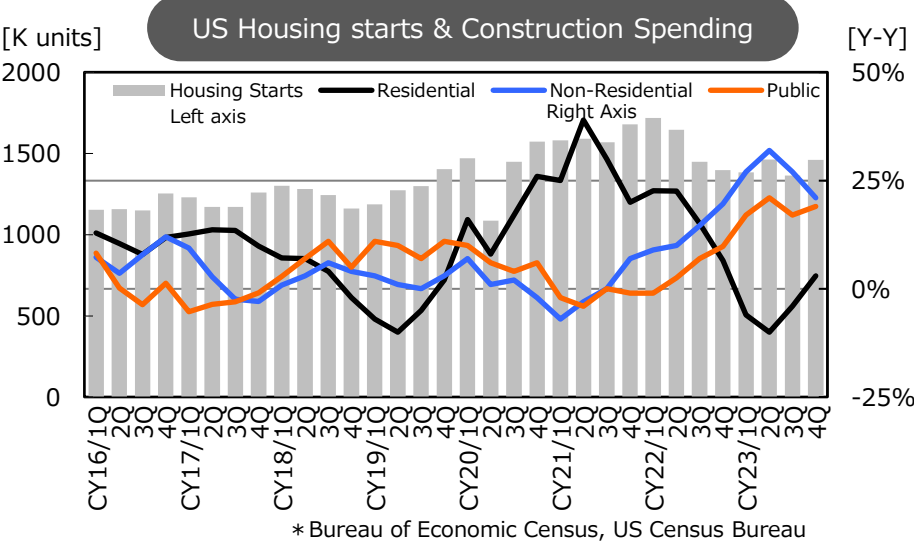
Demand Trend for Wheel Loaders



*Demand values are Hitachi Construction Machinery estimates

North America: Third Quarter (Oct to Dec 2023)

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

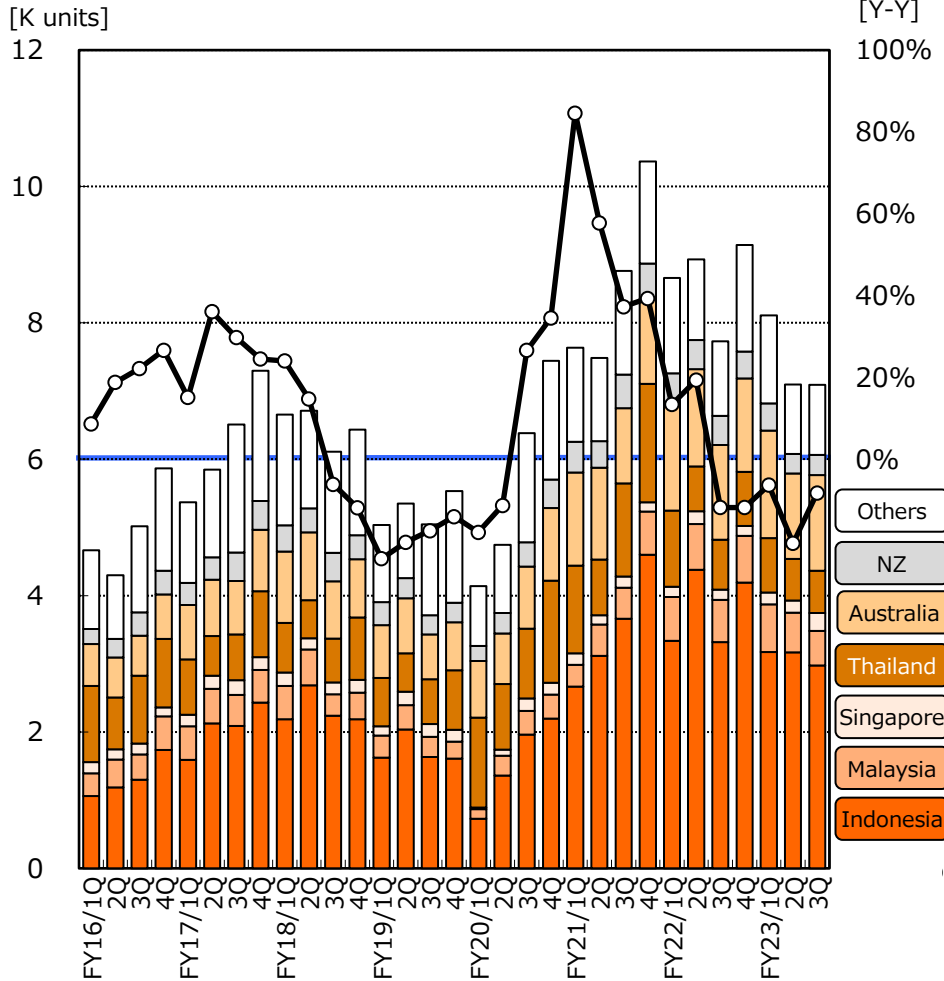


*Demand values are Hitachi Construction Machinery estimates

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

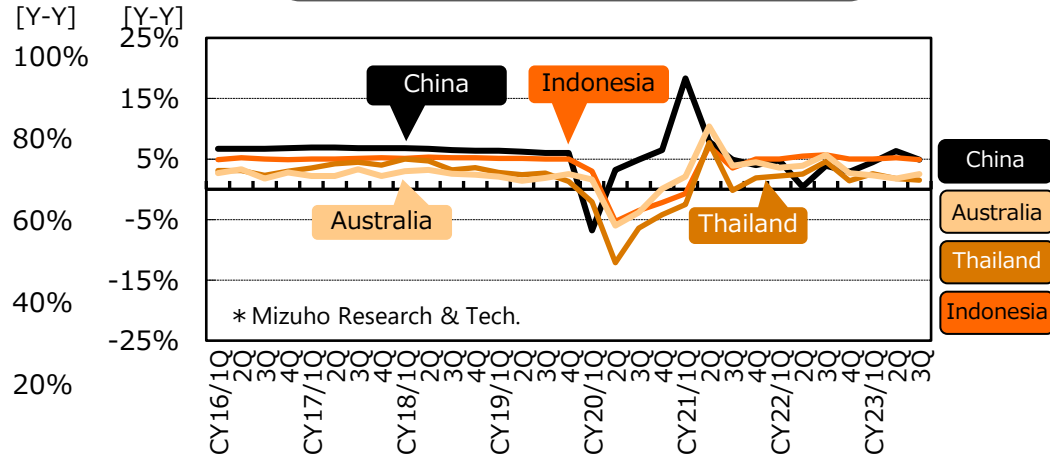
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -8% y-y.
- Demand for Hydraulic excavators in China decreased -43% y-y. (Domestic :-40%, Foreign :-54%)

Demand Trend for Hydraulic Excavators in Asia & Oceania



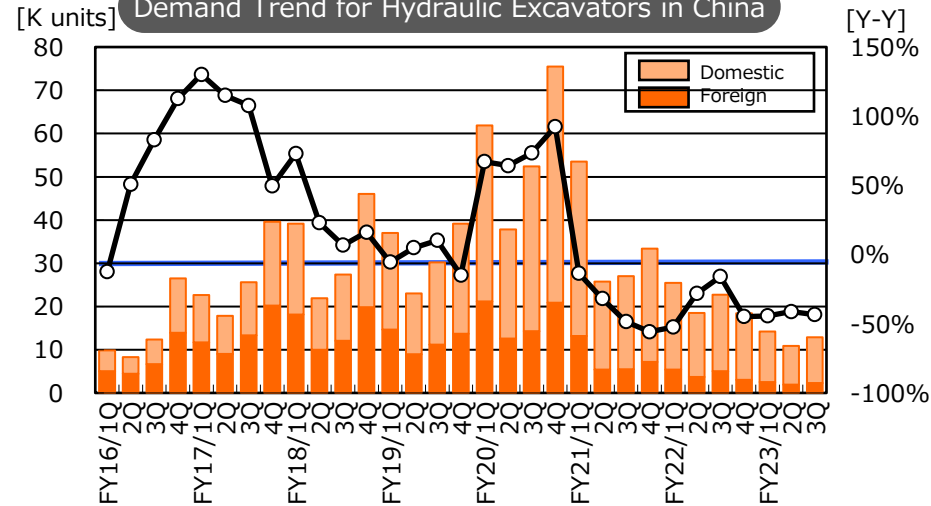
*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



* Mizuho Research & Tech.

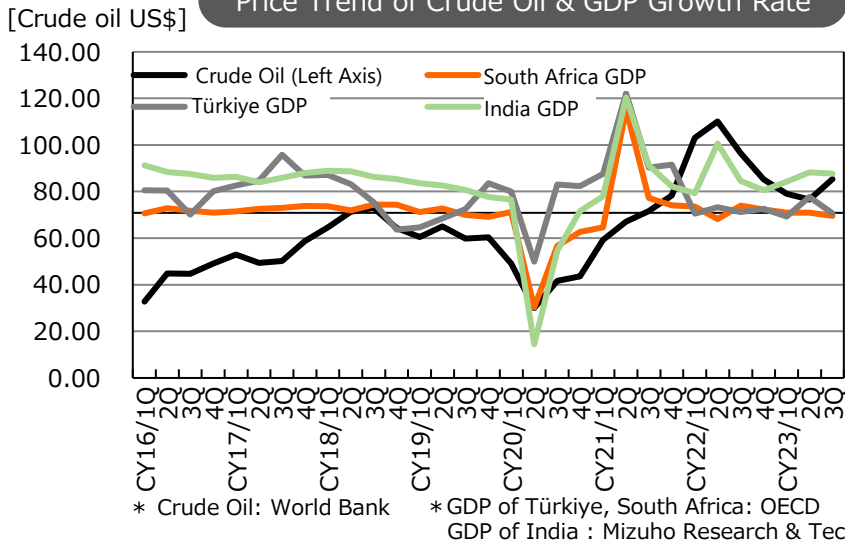
Demand Trend for Hydraulic Excavators in China



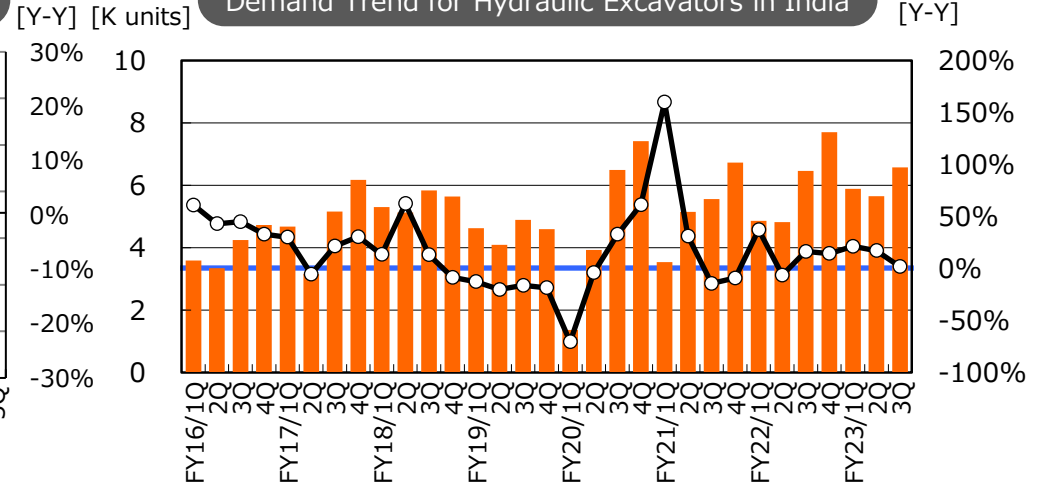
India, Middle East, Africa: Third Quarter (Oct to Dec 2023)

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

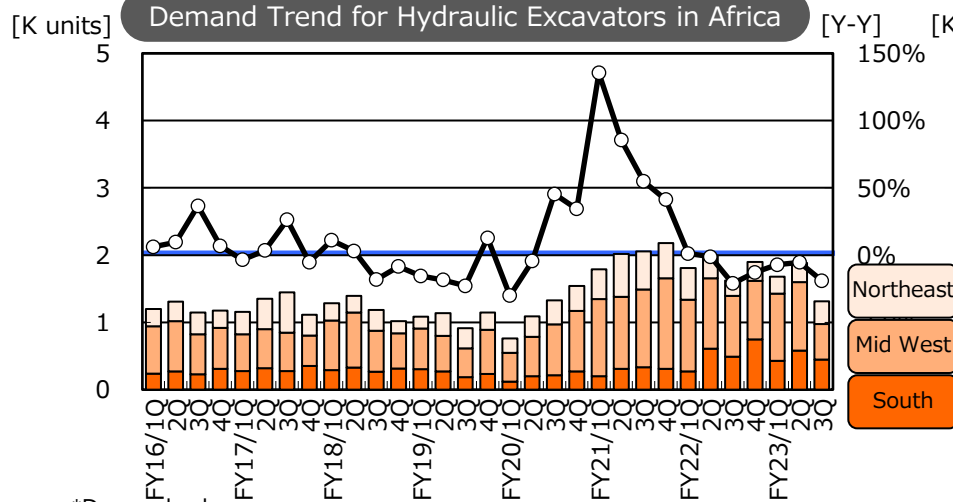
Price Trend of Crude Oil & GDP Growth Rate



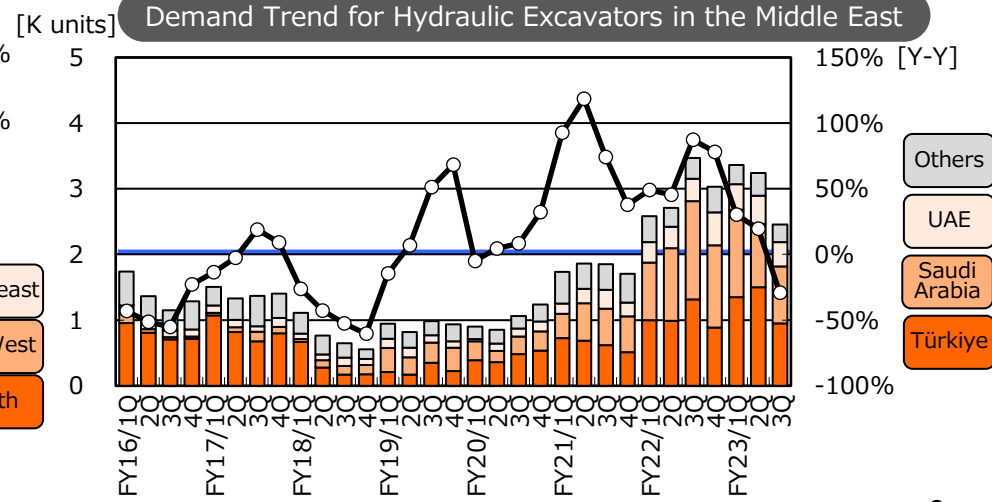
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



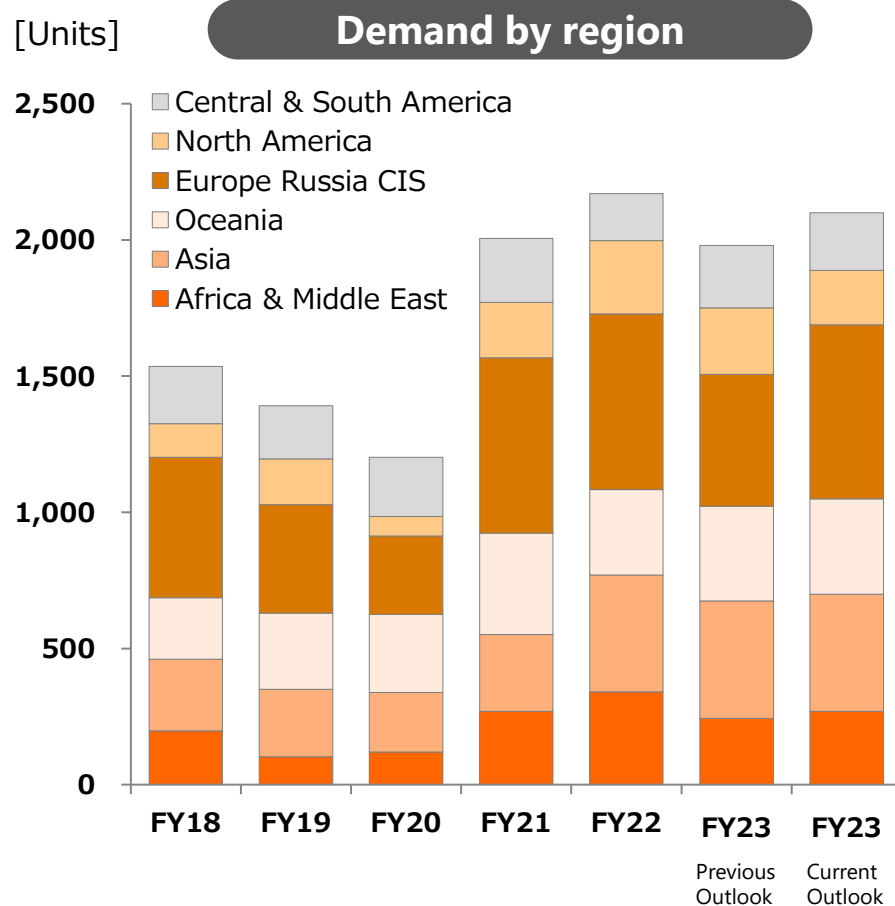
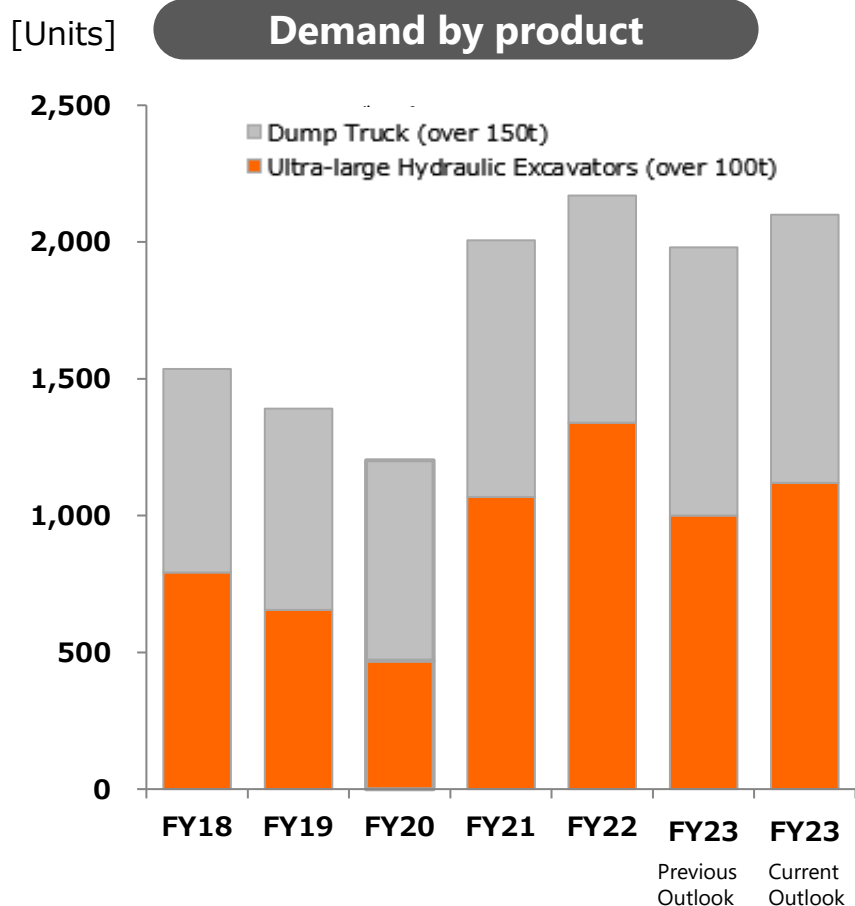
Demand Trend for Hydraulic Excavators in the Middle East



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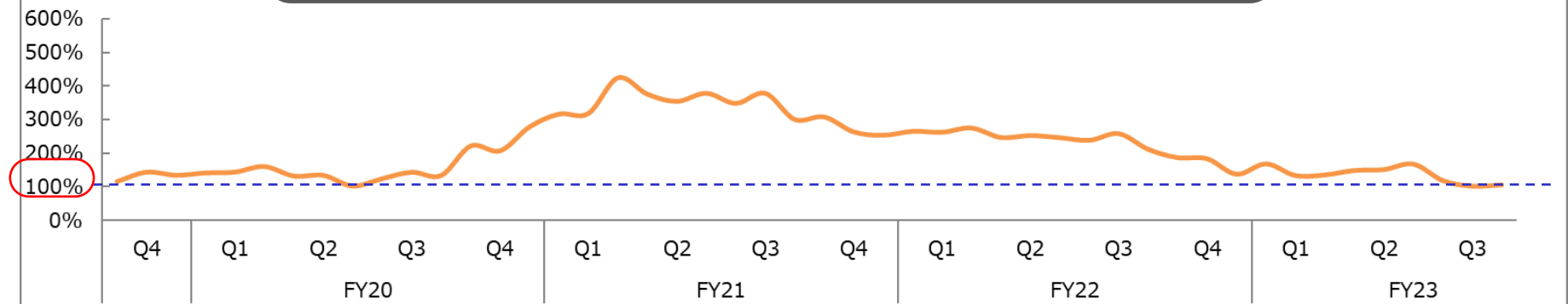
- Demand for ultra-large hydraulic excavators increased mainly in Asia, CIS, and Middle East for 100t class.
- FY23 demand forecast have been revised from "flat to -10%" to "flat to -5%" y-y.

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

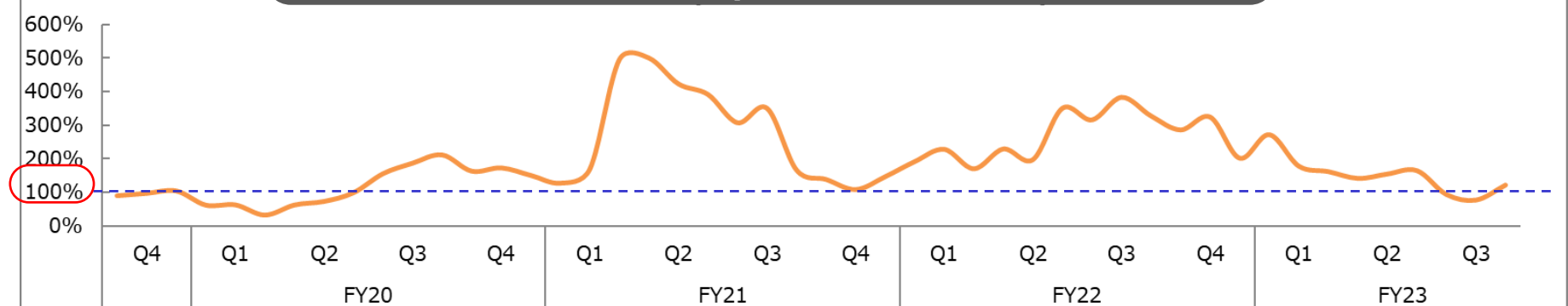


*Demand values are Hitachi Construction Machinery estimates

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



BB Ratio (Dump trucks, over 150t)



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

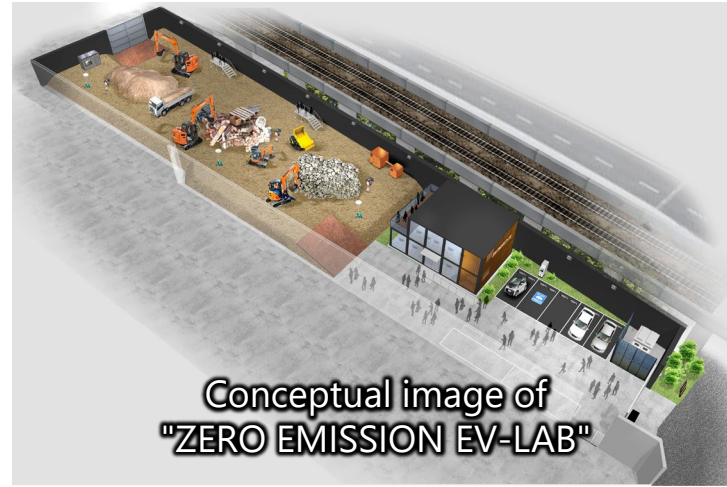
Non-consolidated basis (average of 6 months)

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

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



Battery-powered construction machinery and mobile energy storage system



Conceptual image of "ZERO EMISSION EV-LAB"

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

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



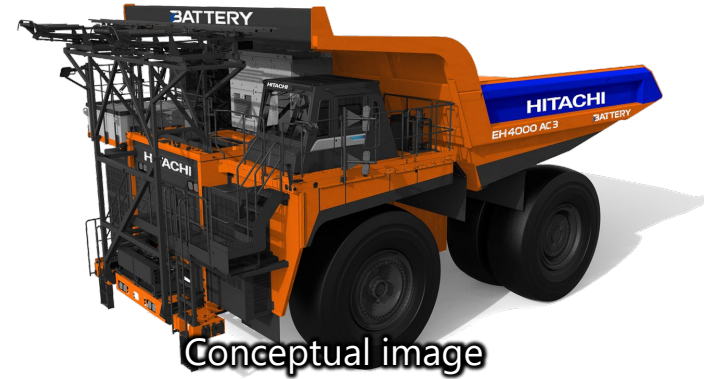
ZAXIS-7G series

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

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



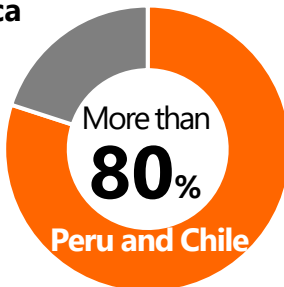
Photographer :Daisuke Yoshinari



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

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

Market for large mill liners in South America



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

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

Keiichiro Shiojima

Vice President and Executive Officer, CFO

Summary of consolidated results

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

[billions of yen]

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

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

*2 "EBIT" stands for "earnings before interest and taxes," and is calculated by excluding "interest income" and "interest expenses" from "income before income taxes."

Revenue by geographic region (consolidated)

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

[billions of yen]

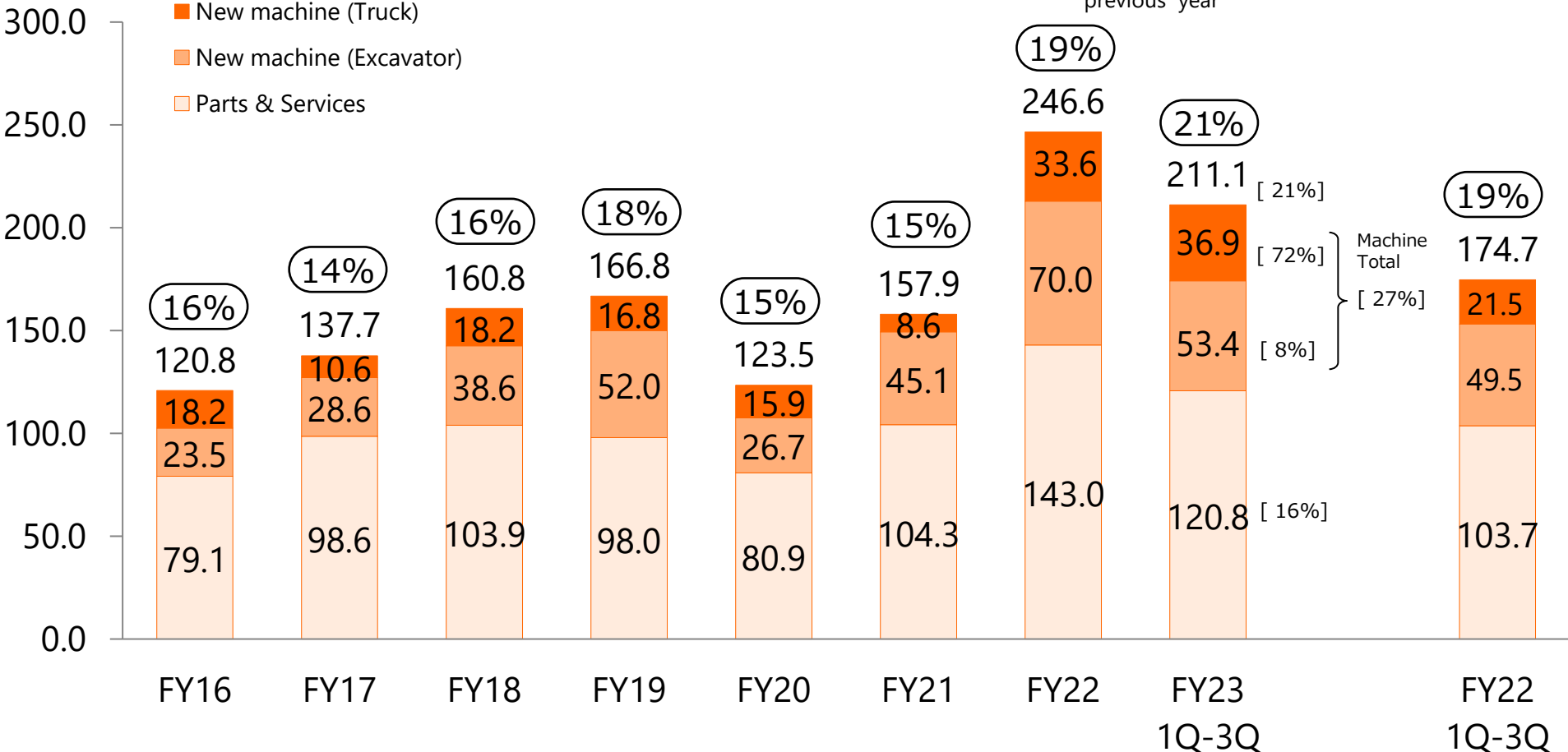
		FY2023		FY2022		change	
		1Q-3Q		1Q-3Q		amount	%
Japan		159.9	16%	156.0	17%	3.9	3%
Asia		94.9	9%	82.0	9%	12.9	16%
India		58.6	6%	50.6	6%	8.0	16%
Oceania		190.8	19%	170.0	19%	20.8	12%
Europe		127.3	12%	109.1	12%	18.3	17%
N. America		252.4	25%	197.3	22%	55.1	28%
L. America		29.9	3%	24.3	3%	5.6	23%
The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

Mining revenue

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

[billions of yen]

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



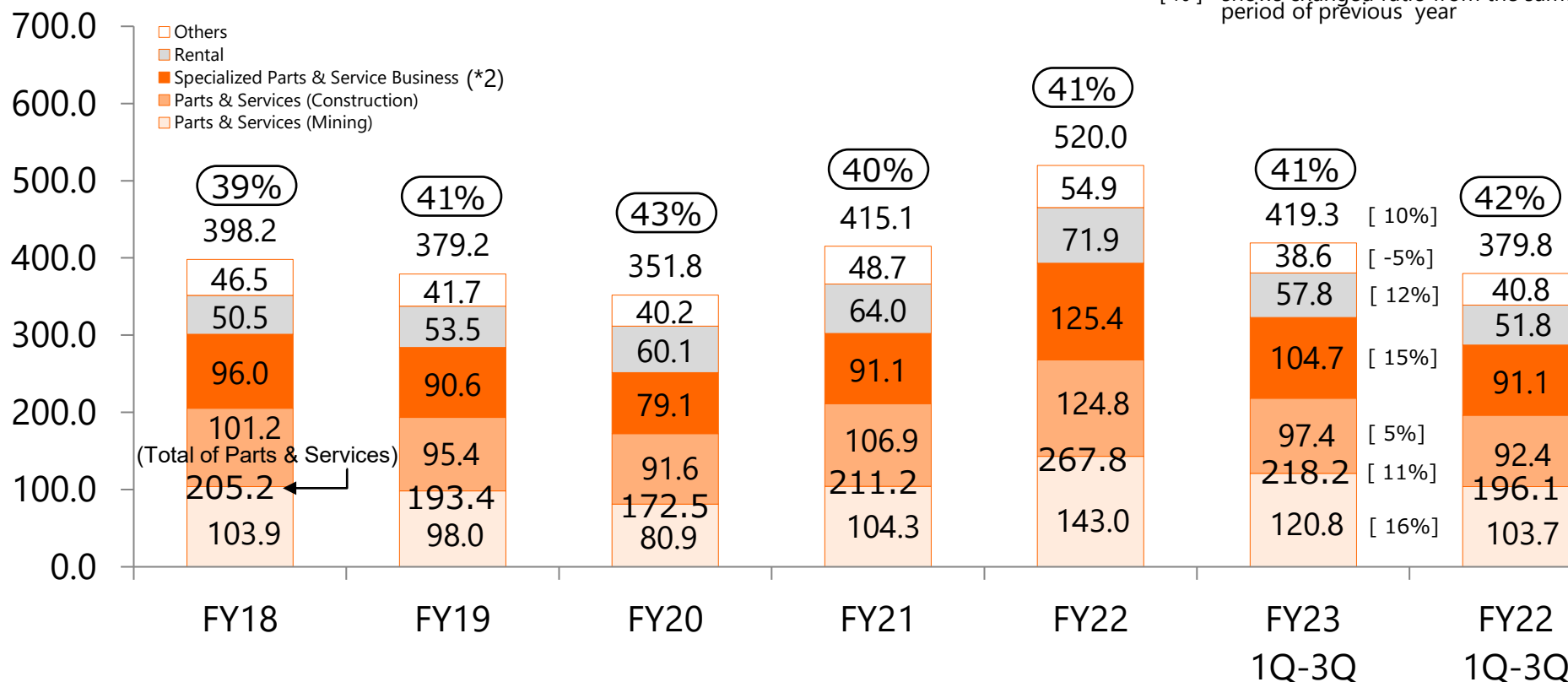
Value chain*1 revenue

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

[billions of yen]

(%) shows sales ratio against total company sales

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

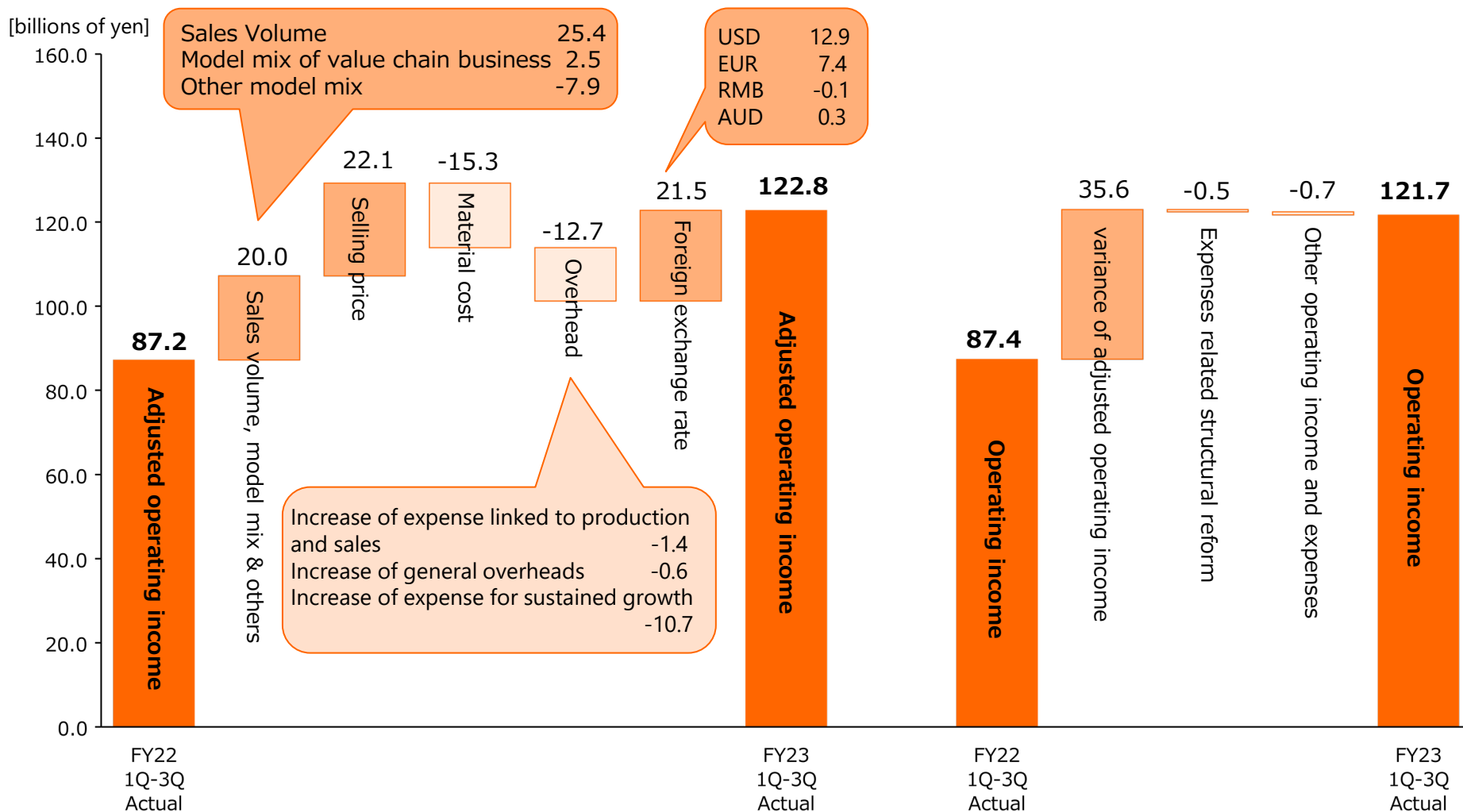


(*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

(*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

Comparison of consolidated income

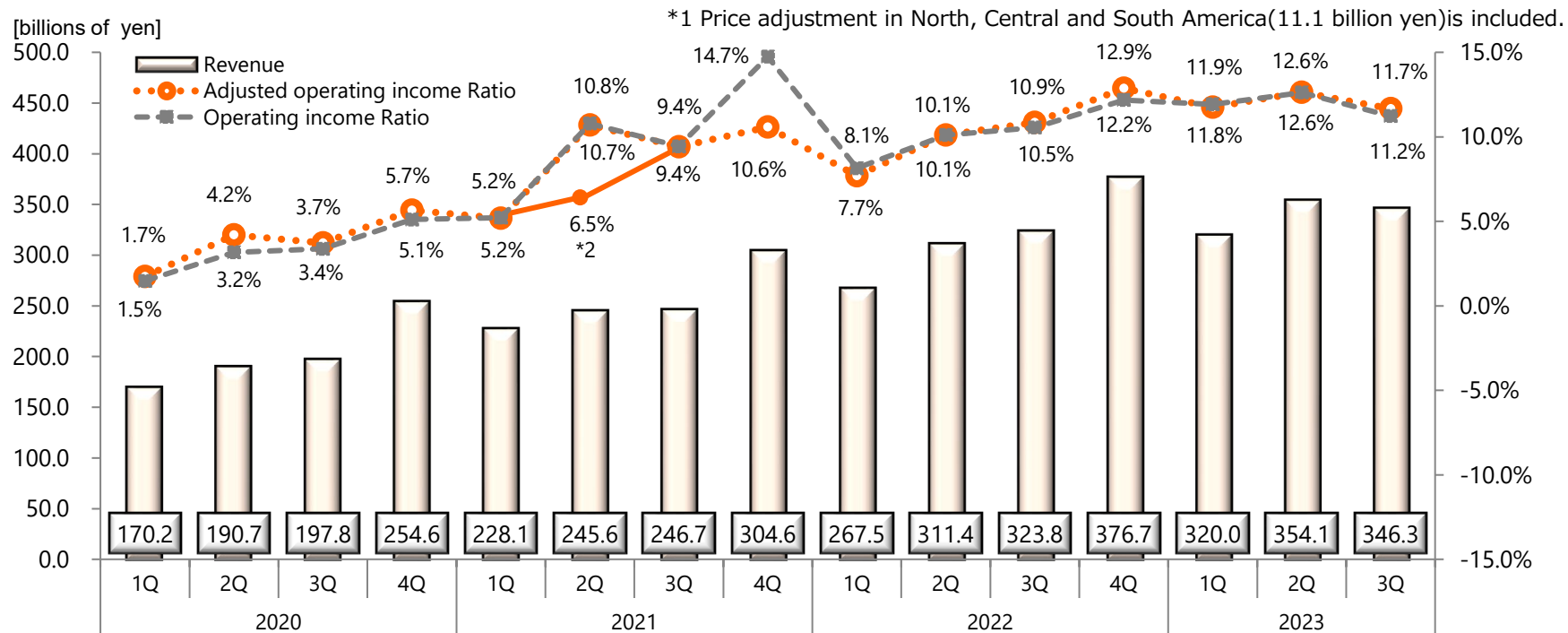
Adjusted operating income increased by 35.6 billion yen y-y due to the impact of an increase in sales volume, a sales price increase of more than the material cost impact, and currency impact.



Summary of quarterly consolidated revenue and operating income (ratio)

[billions of yen]

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



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

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

Consolidated statement of financial position

HITACHI

Reliable Solutions

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

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

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

[billions of yen]

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

Summary of consolidated earnings forecast

HITACHI

Reliable Solutions

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

note : < > shows previous forecast as of October 2023

[billions of yen]

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

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

For FX sensitivity, please refer to appendix 1.

*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aims to maximize shareholder returns based on a stable and continuous dividend payout ratio of approx. 30% to 40%.

Consolidated revenue forecast by geographic region

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

[billions of yen]

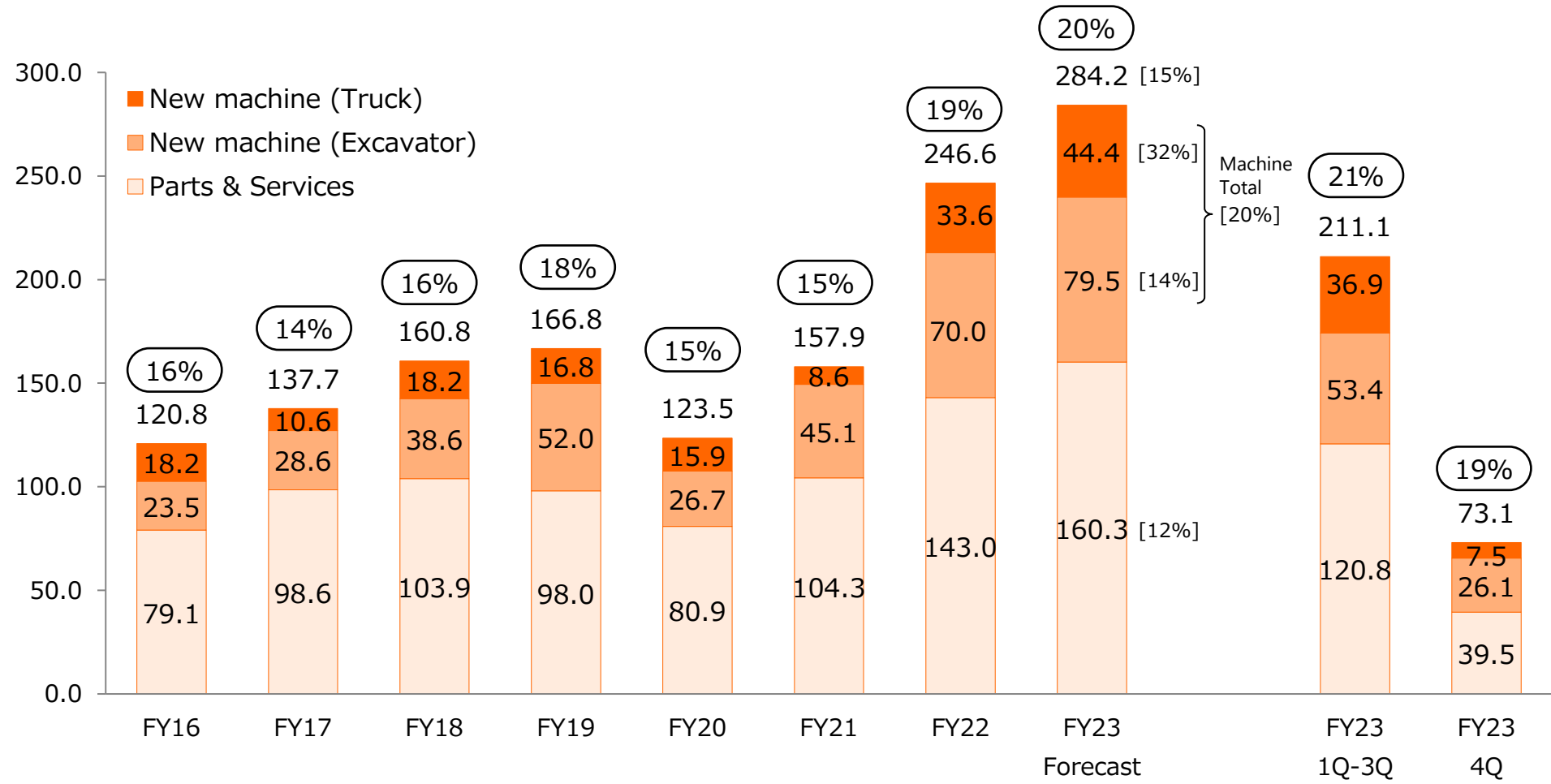
		FY2023 Forecast		FY2022 Actual		change	
						amount	%
Japan		226.2	16%	224.0	18%	2.2	1%
Asia		125.2	9%	122.7	10%	2.6	2%
India		74.3	5%	73.1	6%	1.2	2%
Oceania		251.7	18%	225.4	18%	26.3	12%
Europe		176.9	13%	164.9	13%	12.0	7%
America	N. America	345.4	25%	274.1	21%	71.2	26%
	L. America	38.4	3%	38.3	3%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

Mining revenue forecast

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

[billions of yen]

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

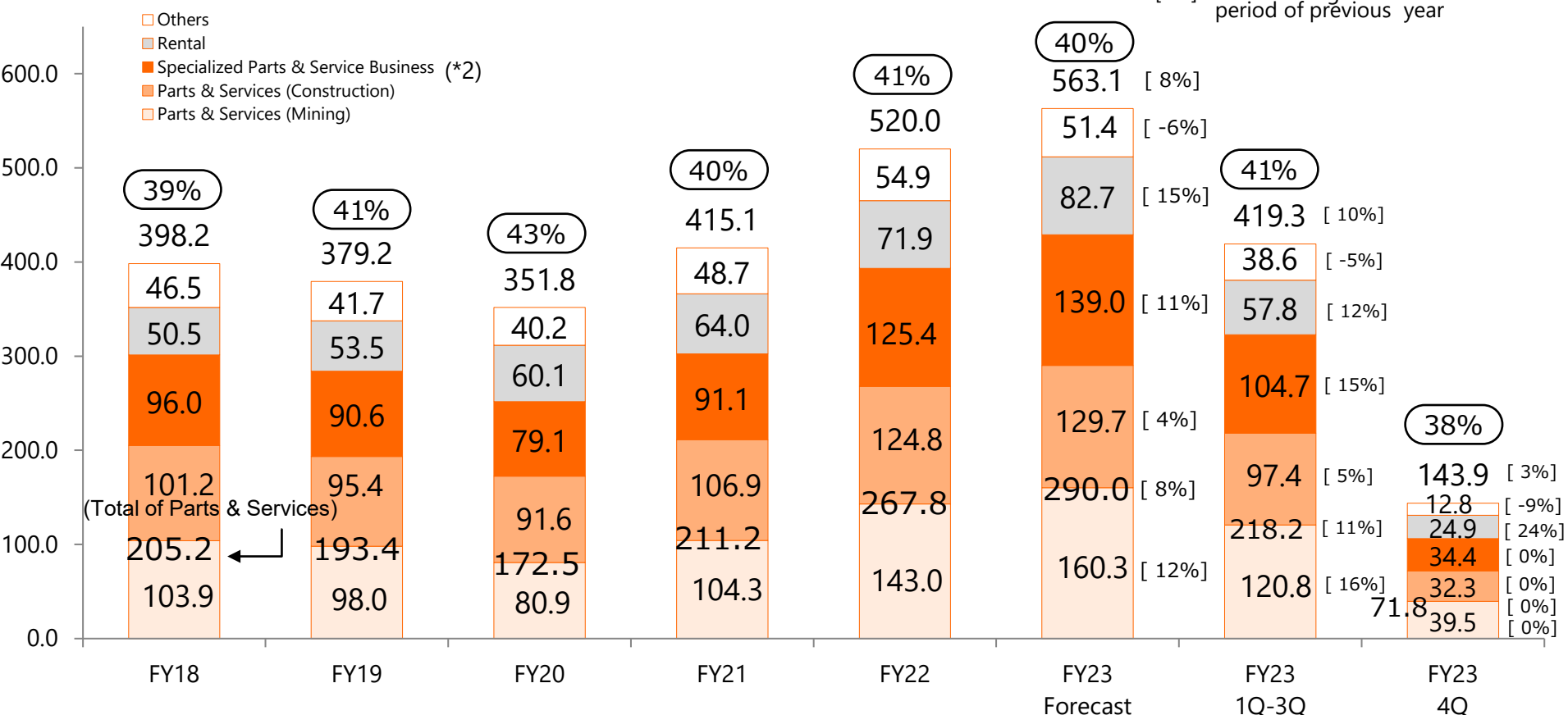


Value chain*1 revenue forecast

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

[billions of yen]

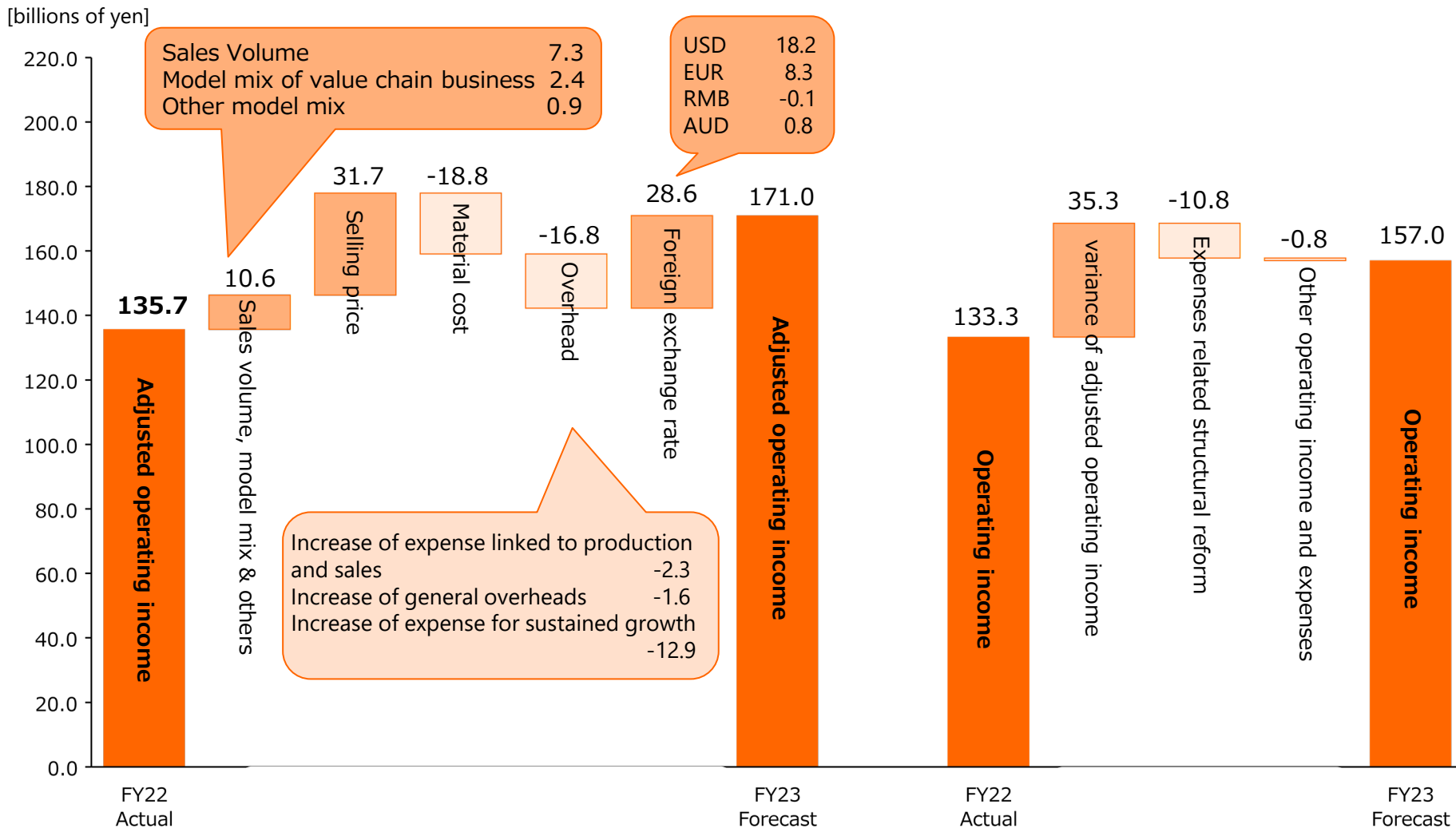
(%) shows sales ratio against total company sales
 [%] shows changed ratio from the same period of previous year



(*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales.
 (*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts, and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

Comparison of consolidated income forecast

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



Appendix 1: FX rate and FX sensitivity

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

FX rate and FX sensitivity

[billions of yen]

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

Appendix 2: Detail of mining revenue

(billions of yen)

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

Appendix 3: Segment information

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

[billions of yen]

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

[billions of yen]

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

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

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

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

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



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

Cautionary Statement

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

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January 26, 2024