HITACHI

Reliable Solutions

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

Hitachi Construction Machinery Co., Ltd.

We would like to express our deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake, and our deepest sympathies to those in the affected areas.

HITACHI

Reliable Solutions

1. Regional Market Environments and Projections

Hidehiko Matsui
Vice President and Executive Officer, CMO

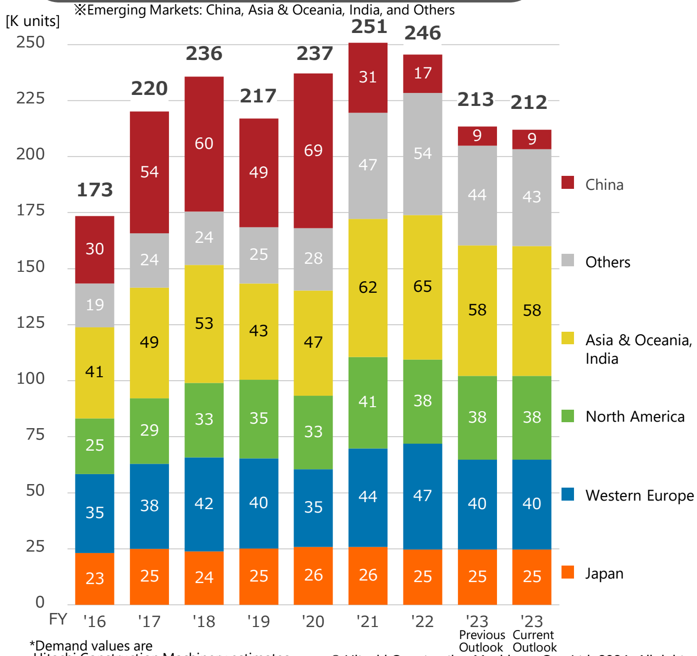
Regional Market Environments and Projections explained by Hidehiko Matsui, Vice President and Executive Officer, CMO

Global Demand Trend for Hydraulic Excavators

HITACHI
Reliable Solutions

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

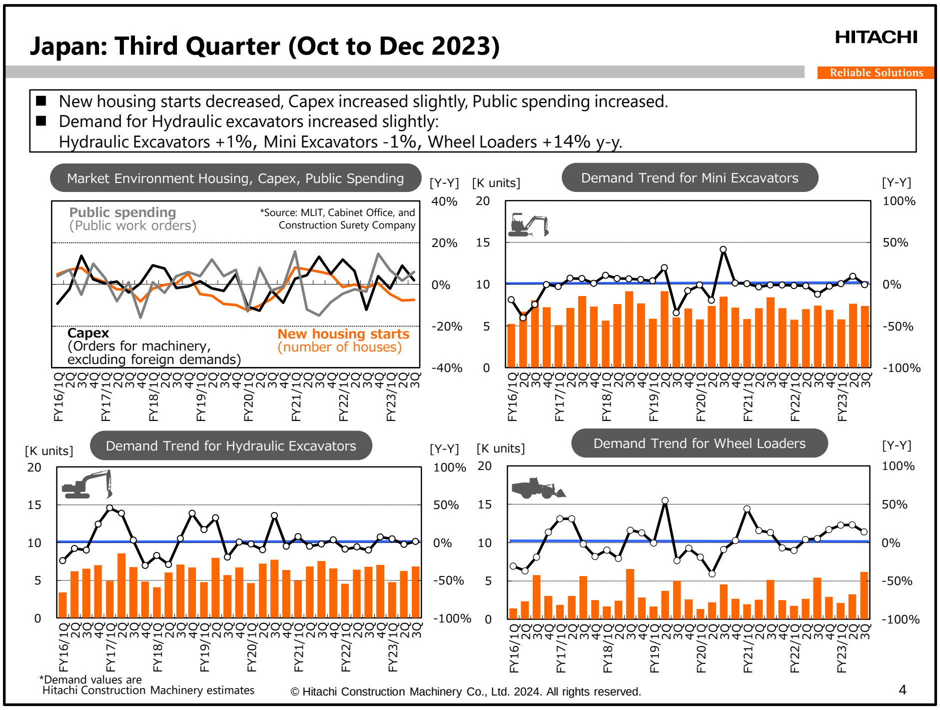
	'22	'23
Total	-2%	-14%
China	-45%	-50%
Russia, CIS, E Europe	+2%	-20%
Africa	-9%	-17%
Middle East	+65%	-2%
Latin America	+18%	-33%
Others	+15%	-20%
Asia	-2%	-18%
India	+14%	±0%
Oceania	+9%	-12%
Asia & Oceania,India	+5%	-11%
N America	-8%	±0%
W Europe	+7%	-15%
Japan	-4%	±0%

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

Demand for FY2023 decreased in Oceania and Latin America from the previous outlook and global demand is forecasted to decrease by 14% year-on-year to 212 thousand units.

This was due to the recession in New Zealand for Oceania and the reactionary decline from the economic stimulation program in 2022 for Latin America.

The result of the 3Q for each region is explained in the following pages.



This slide explains the Japanese market.

The graph on the top left shows that capex slightly increased and public spending increased in the 3Q year-on-year while new housing starts decreased, and the market remained steady.

The graph on the lower left shows that demand for hydraulic excavators in the 3Q was steady and increased by 1% year-on-year.

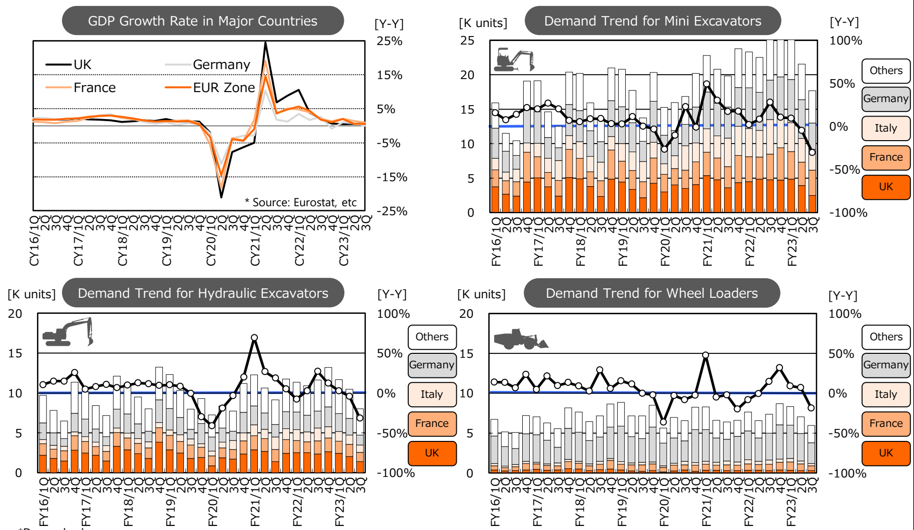
The graph on the top right shows that demand for mini excavators decreased by 1%.

The graph on the lower right shows that demand for wheel loaders increased by 14%.

Europe: Third Quarter (Oct to Dec 2023)

HITACHI
Reliable Solutions

- 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.



*Demand values are Hitachi Construction Machinery estimates

5

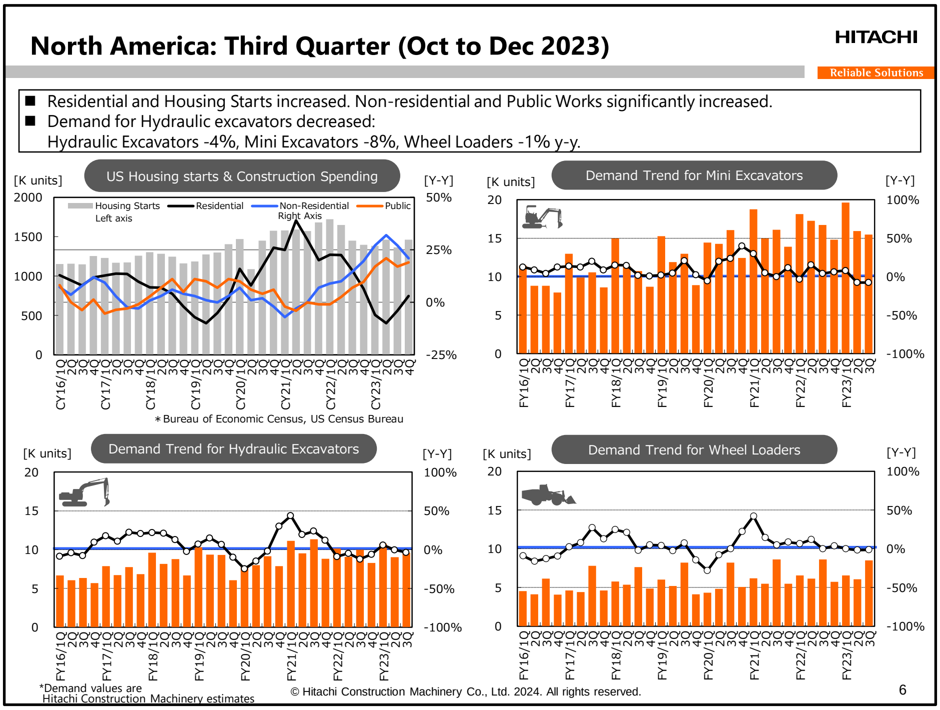
This slide explains the European market.

The graph on the top left shows that the GDP has been growing at a low rate across the Eurozone partly due to continuing inflation.

The graph on the lower left shows that demand for hydraulic excavators in the 3Q decreased significantly by 31% year-on-year due to further market slowdown.

The graph on the top right shows that demand for mini excavators decreased by 30%.

The graph on the lower right shows that demand for wheel loaders also decreased by 19%.



This slide explains the North American market.

The graph on the top left shows that housing starts increased from the previous quarter partly due to growing new residential sales.

Residential investment turn to increase year-on-year.

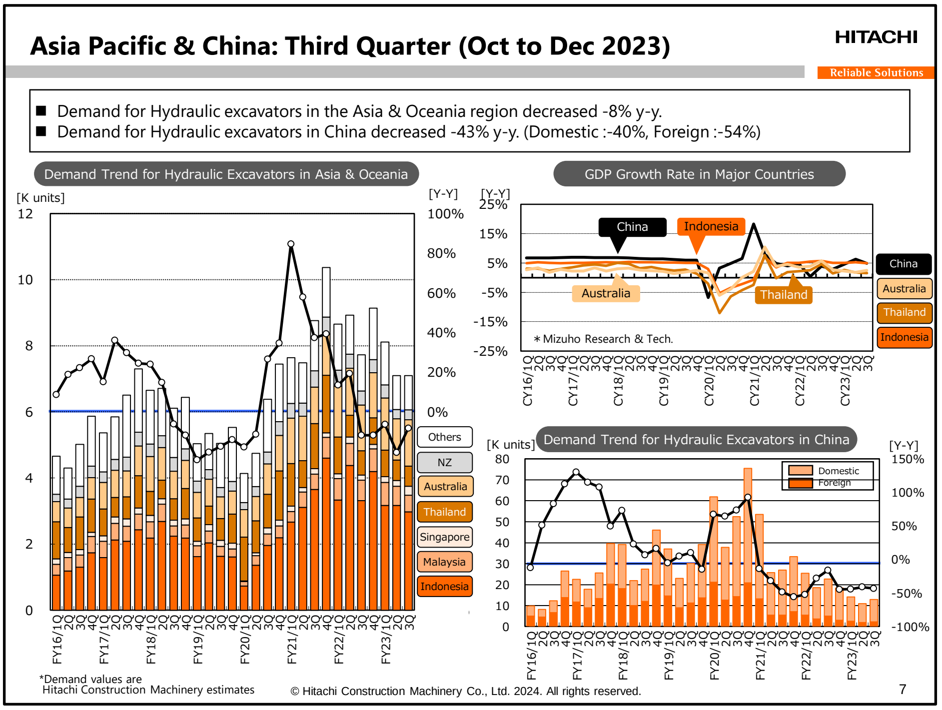
Public works have continued to increase significantly by more than 15% year-on-year throughout the year.

Although the growth rate of Non-residential investment slowed, it continued to increase significantly year-on-year.

The graph on the lower left shows that demand for hydraulic excavators in the 3Q decreased by 4% compared to the same period of the previous year, when the demand was high due to the recovery from the slowdown by the Covid-19, but remains at a high level.

The graph on the top right shows that demand for mini excavators decreased by 8%.

The graph on the lower right shows that demand for wheel loaders decreased by 1%.



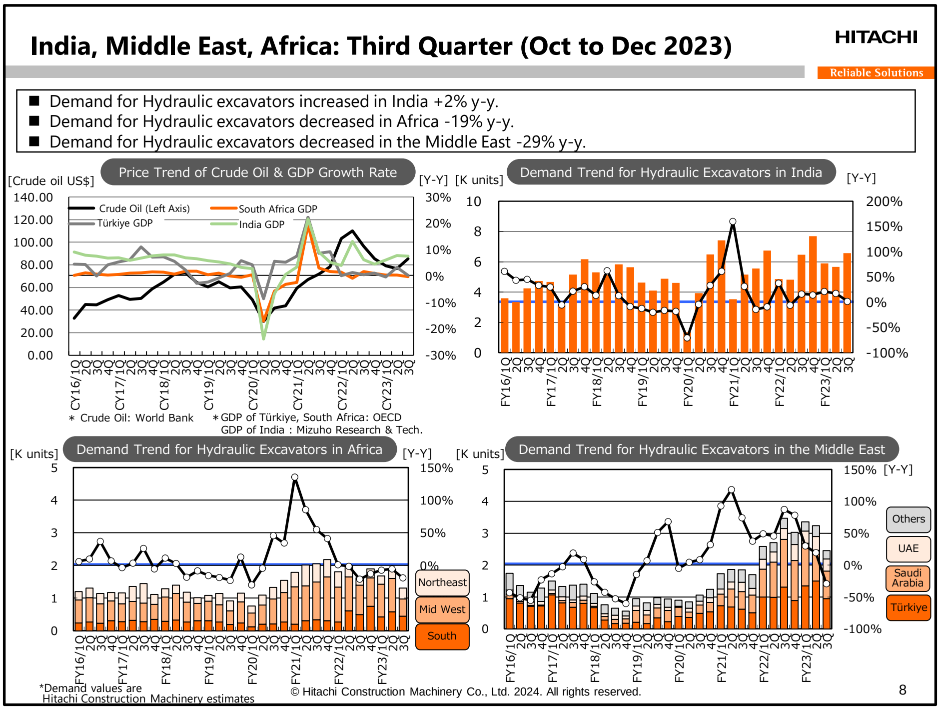
This slide explains the markets in Asia Pacific and China.

As shown on the top right, although GDP growth in major countries remained positive, the economic recovery has been slow from the previous year's low growth in China.
The economy is recovering in Asia, but the situation is different country by country.

The graph on the left shows that demand for hydraulic excavators in the 3Q in Asia Pacific decreased by 8% year-on-year partly due to demand decrease in Indonesia and New Zealand,
but negative range has been reduced from the previous quarter.

The graph on the lower right shows that total demand for hydraulic excavators in China including domestic manufacturers decreased by 43% year-on-year.

As a breakdown, domestic manufacturers' demand for hydraulic excavators decreased by 40% and foreign manufacturers' demand decreased by 54%.



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

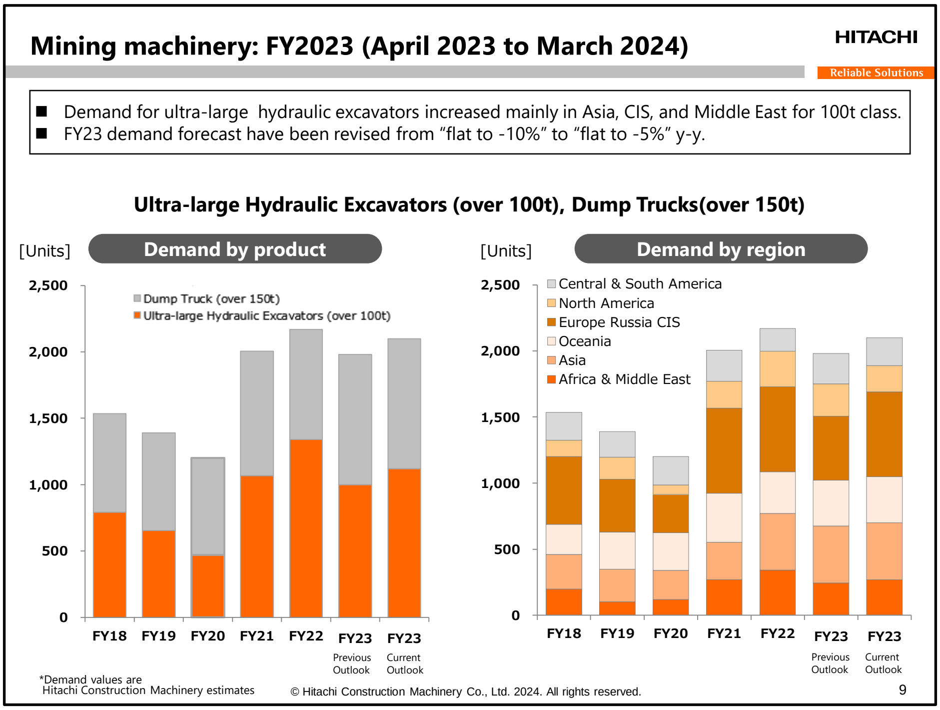
The graph on the top left shows that crude oil prices increased partly due to production reduction in OPEC plus.

GDP growth increased in India, slightly increased in Türkiye and slightly decreased in South Africa.

The graph on the top right shows that demand for hydraulic excavators in the 3Q in India increased by 2% year-on-year.

The graph on the lower left shows that demand for hydraulic excavators in Africa decreased by 19%.

The graph on the lower right shows that demand for hydraulic excavators in the Middle East decreased by 29% from last year when the demand was high, but remains at a high level.

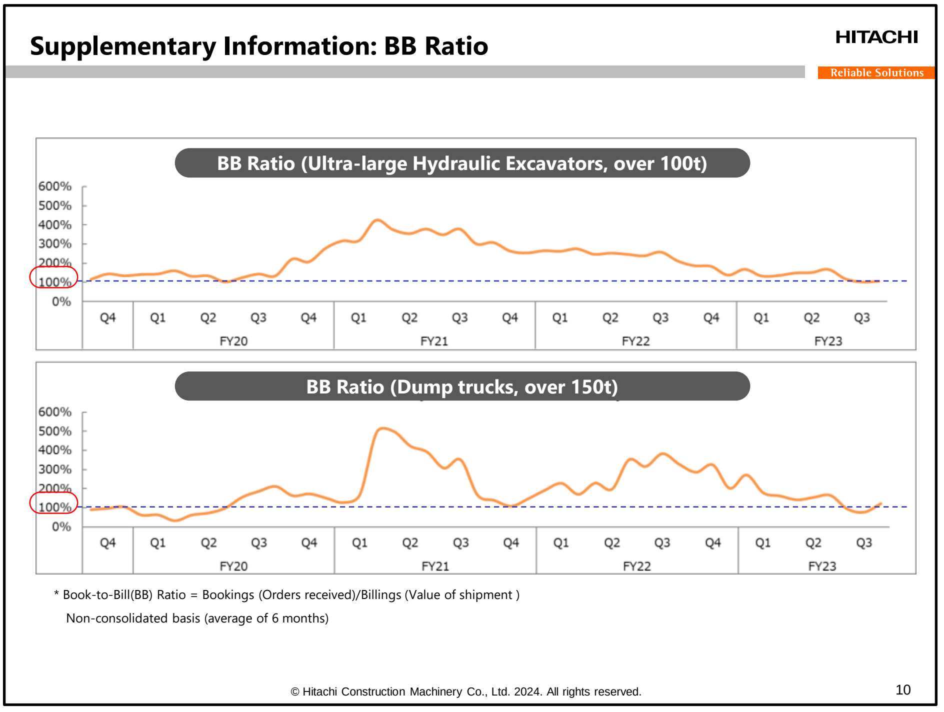


This slide explains the demand forecast for mining machinery.

We makes an upward revision of the forecast for 100t class ultra-large hydraulic excavators partly due to the increasing demand in Asia including Indonesia, CIS, and Middle East.

On the other hand, we keep the demand forecast for dump trucks.

We have been revised our FY2023 total demand forecasts for mining from “flat to -10%” to “flat to -5%” reflecting the demand increase for ultra-large hydraulic excavators.



This slide explains the BB ratio of mining machinery.

In the 3Q, both order receiving activity and shipments went well.

Regarding the ultra-large hydraulic excavators, we received orders for 100-ton class mainly in China and Central Asia and orders for 360-ton class and over mainly in Australia and the Americas.

The BB ratio of both ultra-large hydraulic excavators and dump trucks maintained 100% or more, since we have also received additional orders for dump trucks from copper mines in Africa.

Topic 1：Construction Business

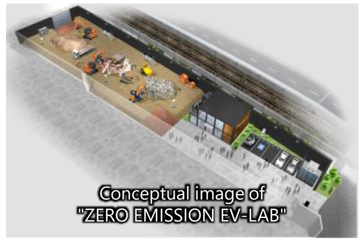
HITACHI

Reliable Solutions

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

11

Next, I will explain the most recent topics in the construction business.

We promote collaborative creation with partners all over the world to achieve zero emissions at construction sites.
In the European market, we have already introduced battery-powered mini and small excavators, from February 2024, we will verify the usability of electric construction machinery and mobile energy storage system from Alfen in the Netherlands at eight customer sites in six countries including Sweden and Denmark.
In May 2024, we will establish a research facility "ZERO EMISSION EV-LAB" in the city of Ichikawa, Chiba Prefecture, Japan.

And the latest model of the hydraulic excavator, which has been well received in Japan, the United States, and Europe, will be made to comply with specifications for Southeast Asia and will be marketed in Southeast Asia starting February 2024.
The machine is equipped with the latest hydraulic system, achieves low fuel consumption, and adapts to customers' needs arising from heavy work such as large-scale public works projects and mining sites.
In addition, we are further improving service quality with a variety of ConSite menus. We contribute to stable operation and to reducing life cycle costs of our customers' machines.

Next, I will explain the most recent topics in the mining business.

In January 2024, the full battery dump truck test machine, which has been developed in collaboration with ABB Ltd., was completed.
In mid-2024, technological feasibility trials, which are set to begin, aim to verify the basic performance of operations required of a dump truck under actual operating loads, as well as the battery charging and discharging cycles.
The Hitachi Construction Machinery Group will continue collaborating with customers in the development of the full battery dump truck, toward realization of net zero emissions from mining machinery.

In December 2023, Bradken PTY Ltd., a wholly owned subsidiary, purchased a foundry from Funtec in the Republic of Peru. The South American market for mill liners is the world's largest and focuses on hard rock.
Chile and Peru in particular have a high concentration of copper and gold mines, which account for more than 80% of the demand for large mill liners in the South American region.
Bradken will establish a local production system in Peru, where high demand is expected, and start first production of large mill liners in 2026.
This purchase marks the first large-scale investment project in South America in the independent business undertaken in the Americas by the Hitachi Construction Machinery Group. We will expand business in the South American market at various touch points from mining to processing.

HITACHI

Reliable Solutions

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

Our business results in the 1-3Q of FY2023 and forecast for FY2023 are explained by Keiichiro Shiojima, Vice President and Executive Officer, CFO.

Summary of consolidated results

HITACHI
Reliable Solutions

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.""

This slide explains summary of consolidated results for the 1-3Q .

Revenue in the 1-3Q of FY2023 was ¥1,020.4 billion, an increase of 13% from the previous year, supported by firm sales growth worldwide, especially in the Americas.

Adjusted operating income increased by 41% year on year to ¥122.8 billion, resulting in an adjusted operating income margin of 12.0%.
Operating income was ¥121.7 billion, resulting in an operating income margin of 11.9%.

Net income attributable to owners of the parent increased by 65% year on year to ¥71.1 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 our developing own business in the Americas, mining and value chain businesses. As a result, revenue exceeded ¥1 trillion for the first time for the 1-3Q. In addition, we achieved the highest performance in revenue and income ever for the 1-3Q.

In the 1-3Q, the yen depreciated by ¥6.2 to the U.S. dollar, by ¥14.8 to the euro, by ¥0.1 to the yuan and by ¥0.8 to the Australian dollar compared with the previous year.

Revenue by geographic region (consolidated)

HITACHI
Reliable Solutions

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 1Q-3Q		FY2022 1Q-3Q		change amount	change %
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%			

This slide explains revenue by geographic region for the 1-3Q.

Revenue in the 1-3Q of FY2023 increased by 13% year on year to ¥117.6 billion.
Included in this figure is an increase of ¥26.6 billion in revenue due to depreciation of the yen.

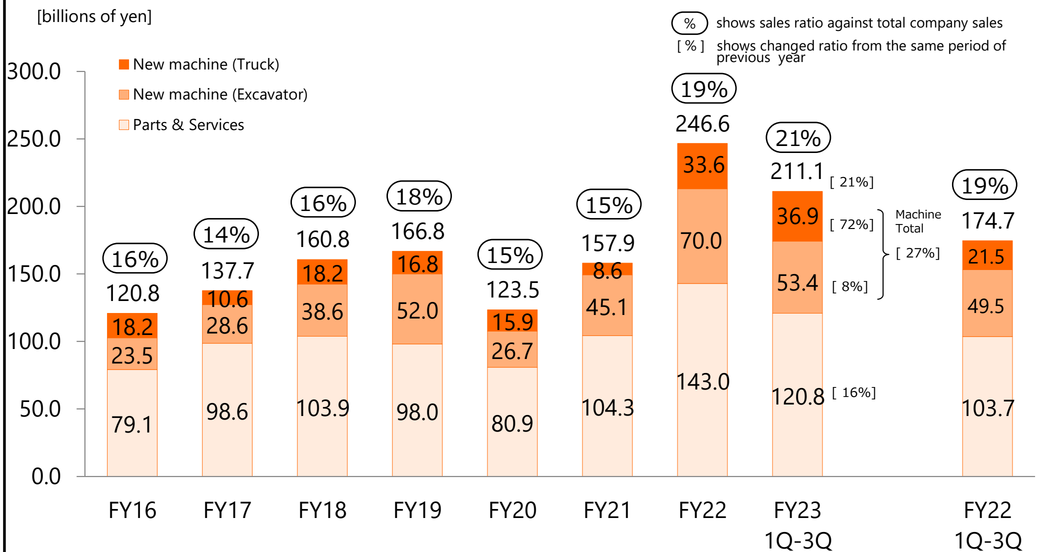
By region, revenue increased year on year in all regions except Russia-CIS and China.
In particular, revenue in the Americas increased significantly by 27% year on year, driven largely by the growth of focused developing own business.
In Europe, although demand is beginning to show signs of slowing down, sales of backlogged orders proceeded and revenue increased. In addition, revenue in Asia and Oceania also increased due to strong performance in the mining business.

As a result, the overseas revenue ratio increased 1 percentage point year on year to 84%.

Mining revenue

HITACHI
Reliable Solutions

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.



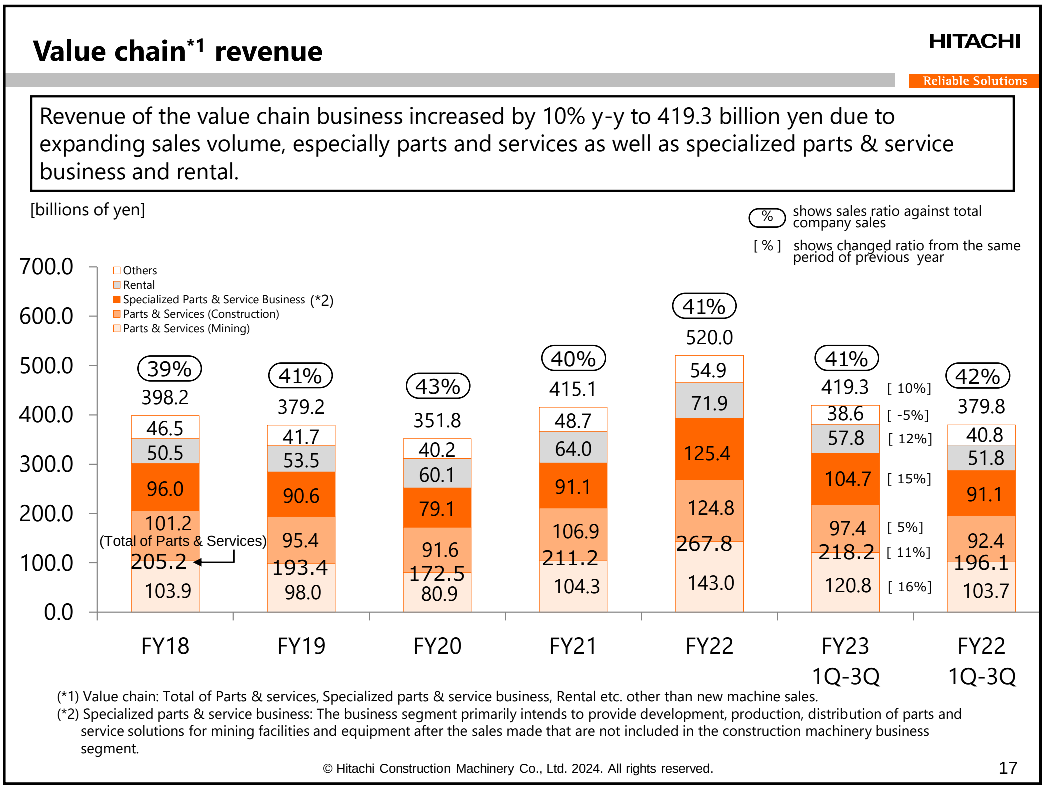
 16

This slide explains the mining revenue.

Mining revenue in the 1-3Q of FY2023 was ¥211.1 billion, a significant 21% increase over the previous year, as shown in the second bar graph from the right.

Revenue of new trucks increased by 72% year on year mainly due to contributions from Asia and North America.
Revenue of new excavators increased by 8% due to contributions from Oceania and Latin America.
Revenue of mining parts＆services also increased by 16% year on year due to contributions from Oceania, Asia and Africa where we excel.

As a result, mining revenue reached a record high in the 1-3Q.
Mining revenue accounted for 21% of consolidated revenue, the ratio increased 2 percentage points year on year.



This slide explains the value chain revenue.
Please refer to the second bar graph from the right.

Revenue from the value chain in the 1-3Q of FY2023 rose 10% year on year to ¥419.3 billion.
We have analyzed the impact of the yen's depreciation as a 1% equivalent factor in the increase in revenue, and we consider that sales in local currency terms have grown steadily, increasing 9% year on year.

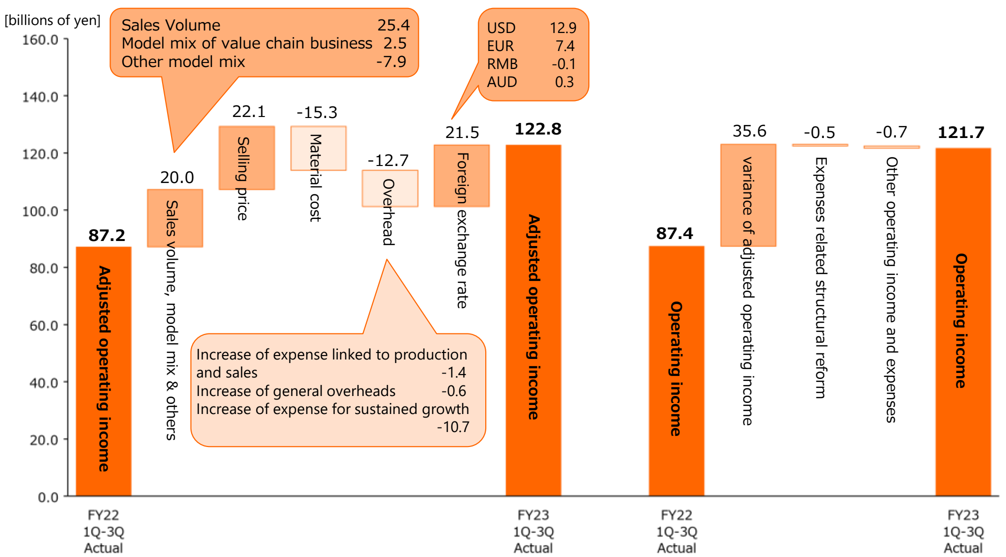
Parts & services revenue rose 11% year on year, while the specialized parts & service business supported by mining market and rental also achieved revenue growth of 15% and 12%, respectively.
As a result, value chain revenue reached a record high in the 1-3Q.

The value chain accounted for 41% of consolidated revenue, down 1 percentage point from the previous year. This was due to significant growth in new machinery sales, and we will continue to make further solid efforts in the value chain business.

Comparison of consolidated income

HITACHI
Reliable Solutions

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.



 18

This slide explains comparison of consolidated income for the 1-3Q.

I will explain the factors behind the ¥35.6 billion increase in adjusted operating income compared to the previous year.

First, we analyze the factors behind the increase in income of ¥20.0 billion as sales volume, model mix, and others.
As indicated in the note, while there was an increase of ¥25.4 billion in sales volume and ¥2.5 billion in model mix of value chain business, there was a decrease of ¥7.9 billion in other model mix, including an increase of ¥0.4 billion in shipping and other freight costs, such as ocean freight charges.

In addition, we realized an ¥22.1 billion improvement in selling price, which absorbed a ¥15.3 billion increase in material costs.
Overhead expenses increased by ¥12.7 billion mainly due to personnel expenses and R&D expenses, but were absorbed by the impact of the yen's depreciation of ¥21.5 billion.
As a result, adjusted operating income increased by ¥35.6 billion year on year to ¥122.8 billion.

As shown on the right-hand side of the page, operating income increased by ¥34.3 billion from the previous year to ¥121.7 billion as a result of an increase in adjusted operating income.

Profit indicators for the 1-3Q were all record highs, reflecting the growth in revenue and efforts to raise selling prices, etc.

Summary of quarterly consolidated revenue and operating income (ratio)

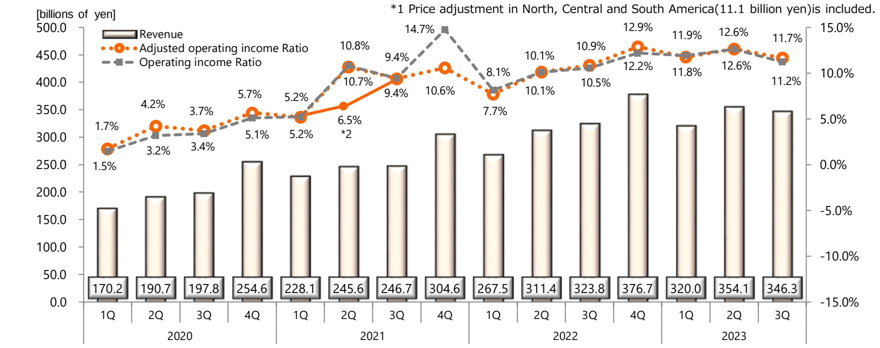
HITACHI

Reliable Solutions

[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

*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	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

 19

This slide explains quarterly consolidated revenue and operating income. Please refer to the 3Q of FY2023 on the rightmost of the bar graph.

Revenue for the quarter was ¥346.3 billion and adjusted operating income was ¥40.4 billion, the highest 3Q revenue and adjusted operating income ever recorded.

The adjusted operating income margin, as shown in the line graph, was 11.7%, also a significant improvement compared to 10.9% in the same period of the previous year.
We analyzed this achievement continued to be a result of high plant utilization.

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) FY23-3Q	(B) Mar '2023	(C) FY22-3Q	(A)-(B) change
Cash and cash equivalents	113.9	112.0	112.6	2.0
Trade receivables	259.0	305.3	248.7	-46.3
Inventories	569.8	450.8	456.1	119.1
Total current assets	1,012.0	908.9	870.6	103.1
Total non-current assets	761.9	718.1	716.5	43.8
Total assets	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
Parts	168.7	158.6	151.6	10.1
Raw materials, WIP and etc	173.5	149.6	162.7	23.9
Total inventories	569.8	450.8	456.1	119.1
On hand days(divided by revenue)				[Days]
Trade receivables	79	98	87	-19
Inventories	149	129	138	20
Trade payables	44	47	50	-2
Net working capital	180	176	170	4

	(D) FY23-3Q	(E) Mar '2023	(F) FY22-3Q	(D)-(E) Change
Trade and other payables	275.9	274.5	269.5	1.3
Bonds and borrowings	584.0	507.5	500.1	76.5
Total liabilities	1,005.3	926.0	906.9	79.3
(Equity attributable to owners of the parent ratio)	(40.7%)	(40.6%)	(39.9%)	(0.2%)
Total equity	768.7	701.0	680.3	67.7
Total liabilities and equity	1,774.0	1,627.0	1,587.2	147.0

	(D) FY23-3Q	(E) Mar '2023	(F) FY22-3Q	(D)-(E) Change
Interest-bearing debt	(32.9%) 584.0	(31.2%) 507.5	(31.5%) 500.1	(1.7%) 76.5
Cash and Cash equivalents	113.9	112.0	112.6	2.0
Net interest-bearing debt	(26.5%) 470.1	(24.3%) 395.5	(24.4%) 387.4	(2.2%) 74.6
Net D/E Ratio	0.65	0.60	0.61	0.05

This slide explains consolidated balance sheet as of the end of December 2023.

Compared with the end of March 2023 of the previous fiscal year, trade receivables declined by ¥42.3 billion partly due to the expansion of securitization of receivables. Inventories increased by ¥119.1 billion mainly due to new machinery and semi-finished goods inventories at production sites, in response to the increase in sales volume.
The amount equivalent to the increase due to the impact of the yen's depreciation was analyzed to be ¥9.8 billion and ¥23.3 billion, respectively.

Non-current assets also increased by ¥43.8 billion due to investments in buildings, equipment, and rental assets for business expansion, as well as the currency translation impact.
As a result, total assets increased by ¥147.0 billion from the end of the previous fiscal year to ¥1,774.0 billion.

In terms of days on hand, trade receivables were 79 days, a 19-day reduction from the end of the previous fiscal year, but inventories were 149 days, a 20-day increase. As a result, net working capital on hand was 180 days, 4 days more than at the end of the previous fiscal year.

Interest-bearing debt on the right-hand side rose ¥76.5 billion from the end of the previous fiscal year, and net interest-bearing debt rose ¥74.6 billion to ¥470.1 billion.
The overall scale of balance sheet is growing along with business expansion in the Americas, mining, and value chain, but we believe we are in control of this through various measures.
Total equity was ¥768.7 billion and the equity attributable to owners of the parent ratio was 40.7%. The net D/E ratio was 0.65.

Consolidated cash flow

HITACHI
Reliable Solutions

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

This slide explains consolidated cash flow for the 1-3Q.

Operating cash flow for the 1-3Q was positive at ¥28.6 billion.
Although working capital expanded due to increase in inventories, the increase in FFO contributed to a ¥74.6 billion improvement from the previous year.

Net cash used in investing activities was negative at ¥44.9 billion, an increase of ¥15.5 billion from the previous fiscal year due to capital expenditures and acquisition of intangible assets for business expansion in the Americas, while free cash flow was negative at ¥16.3 billion.

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

Currency	1Q-3Q Actual	4Q Forecast	Total Forecast	FY2022 Actual	change
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%.

I will explain the FY2023 full-year earnings forecasts.
Taking into account the the 1-3Q results and demand environment that we have explained, we have revised our forecast for FY2023 we had announced in October.

In detail, we have revised upward our forecasts for revenue, adjusted operating income and operating income to ¥1,400.0 billion, ¥171.0 billion, ¥157.0 billion, respectively. Each figure will be a record-high performance.
On the other hand, we have factored in an extraordinary loss of ¥10.0 billion in the 4Q as restructuring expenses, and have revised downward our forecasts for income before income taxes and net income attributable to owners of the parent to ¥142.0 billion and ¥88.0 billion, respectively.
Adjusted operating income margin is expected to be 12.2%, the highest ever.

Considering the latest forecasts by financial institutions, we revised the exchange rate forecasts to depreciation for the 4Q : US dollar: ¥140, euro: ¥150 and others as you can see in the table.
In the 4Q, while carefully factoring in the slowdown in demand in Europe and Asia, we plan to steadily grow our focused businesses in the Americas, mining, and value chain, and to increase revenue. At the same time, we will promote reform of our business structure.
Please refer to Appendix 1 for reference. Currency sensitivity, which affects revenue and adjusted operating income for 4Q onward, is presented on page 27.

Consolidated revenue forecast by geographic region

HITACHI
Reliable Solutions

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]

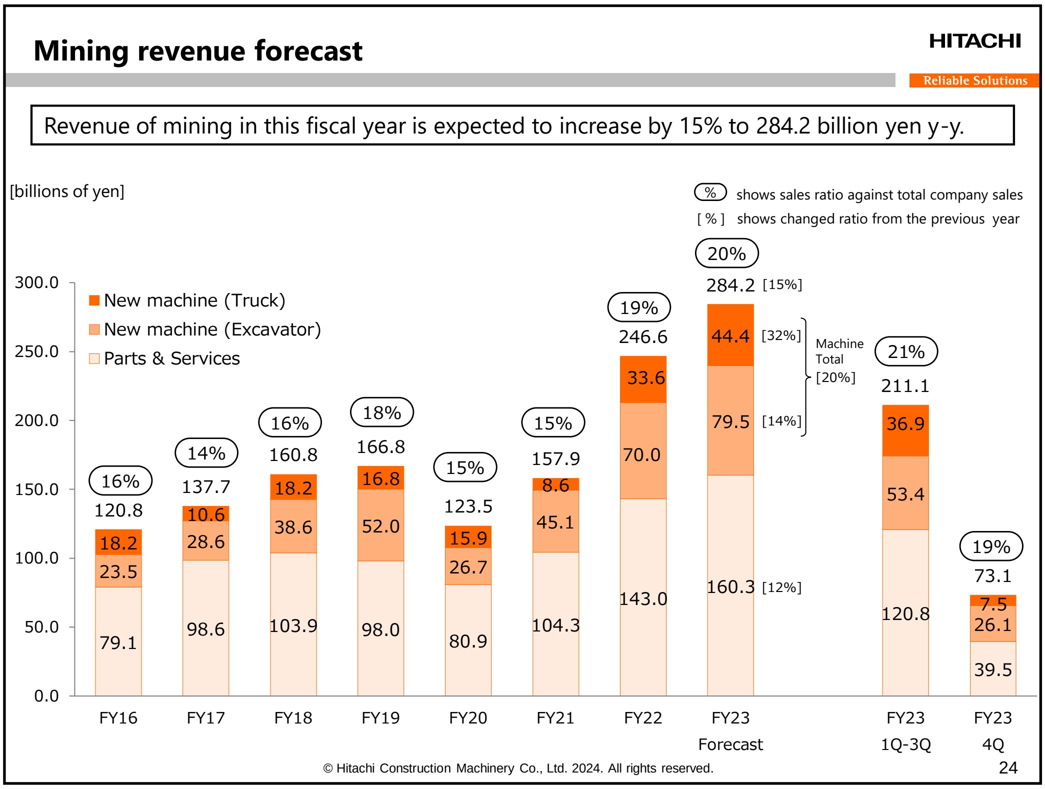
		FY2023 Forecast		FY2022 Actual		change amount	change %
Japan		226.2	16%	224.0	18%	2.2	1%
Asia		125.2	9%	122.7	10%	2.6	2%
India		74.3	5%	73.1	6%	1.2	2%
Oceania		251.7	18%	225.4	18%	26.3	12%
Europe		176.9	13%	164.9	13%	12.0	7%
America	N. America	345.4	25%	274.1	21%	71.2	26%
	L. America	38.4	3%	38.3	3%	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%			

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

The forecast for revenue for FY2023 has been revised to ¥1,400.0 billion, an increase of ¥120.5 billion from the previous fiscal year. We analyze the impact of yen depreciation as a factor of ¥39.7 billion increase in revenue.

In China and Russia-CIS, revenue is expected to decline significantly, while revenue is expected to increase in North America, Oceania and Africa.

The overseas sales ratio is expected to be 84%, up 2 percentage points from the previous year.



This slide explains the mining revenue forecast.

Mining revenue for FY2023 is expected to increase by 15% year on year to ¥284.2 billion. We aim to set a new record high in revenue. Due to the assumed exchange rate, the impact of an increase in revenue of ¥4.2 billion is included.

New machinery sales of trucks and excavators are expected to increase by 20% year on year, and parts & services are expected to increase by 12% year on year.

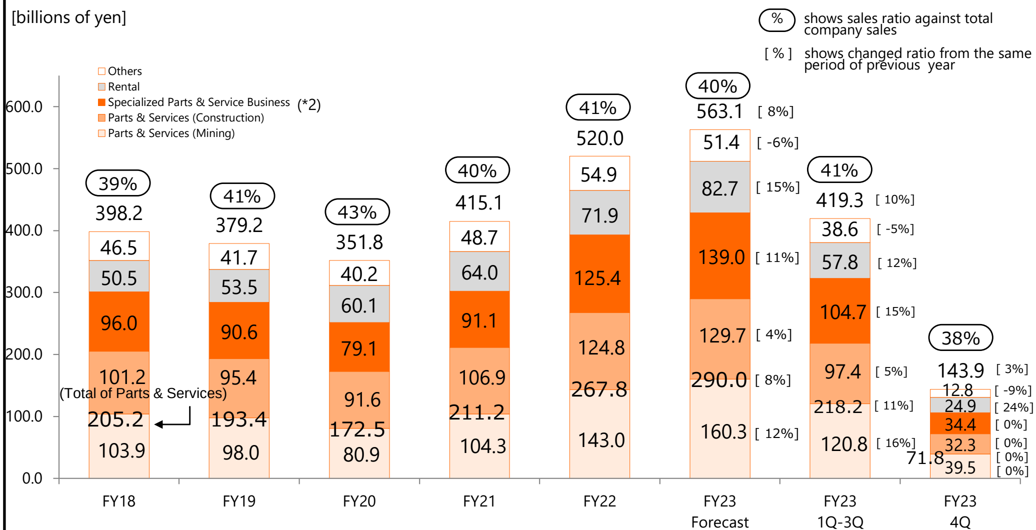
The sales composition ratio is expected to increase by 1 percentage point year on year to 20%.

Please refer to “Appendix 2: Detail of mining revenue” on page 28. Revenues are expected to increase by a ¥23.1 billion in Asia & Oceania and by an ¥8.2 billion in the Americas over the previous year.

Value chain*1 revenue forecast

HITACHI
Reliable Solutions

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



(*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.

This slide explains the value chain revenue forecast.

The forecast for value chain revenue for FY2023 is expected to increase by 8% year on year to ¥563.1 billion. We aim to set a new record high in revenue. Due to the assumed exchange rate, the impact of an increase in revenue of ¥9.4 billion is included.

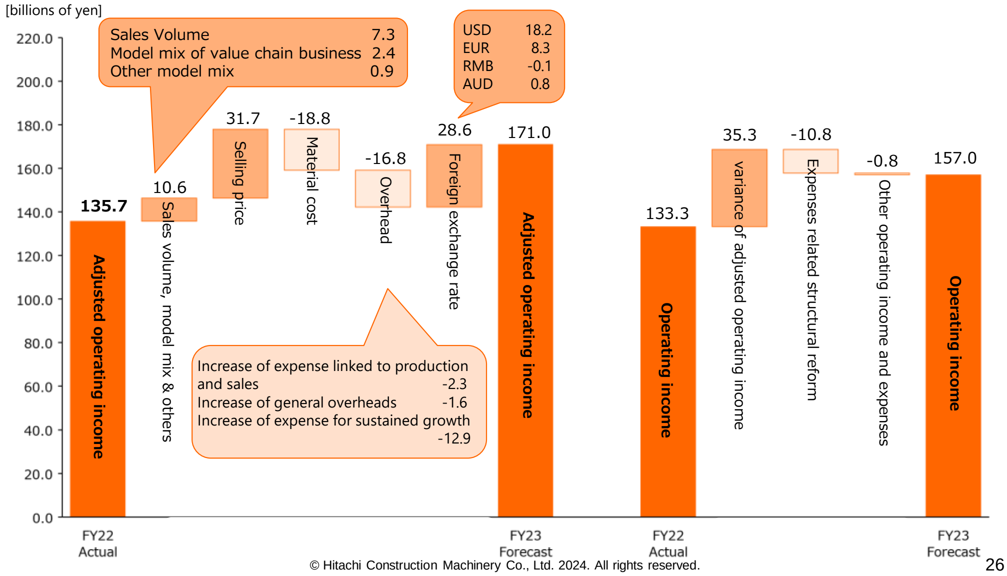
Individually, we are forecasting an 8% year-on-year increase in revenue of parts & services for construction and mining to ¥290.0 billion, and we are forecasting a 15% year-on-year increase in revenue of the rental business to ¥82.7 billion.

The sales composition ratio is expected to be 40%, down 1 percentage point from the previous year due to the increase of new machinery sales.

Comparison of consolidated income forecast

HITACHI
Reliable Solutions

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.



26

This slide provides a comparison of consolidated income forecast for FY2023.

I will explain the factors behind the forecast ¥35.3 billion year on year increase in adjusted operating income from the previous year to ¥171.0 billion.

An increase of ¥10.6 billion will be factored into the sales volume, model mix and others. Breaking this down, we have factored in an increase of ¥7.3 billion in sales volume, an increase of ¥2.4 billion in value chain business composition and an increase of ¥0.9 billion in other model mix.
In addition, an improvement of ¥31.7 billion in selling price and ¥28.6 billion increase effect of yen depreciation in foreign exchange has been incorporated to absorb a ¥18.8 billion increase in material costs and ¥16.8 billion increase in overhead costs.
Due to these factors, we expect adjusted operating income to increase by ¥35.3 billion from the previous year.

Operating income on the right side of the page is expected to increase by ¥23.7 billion from the previous year to ¥157.0 billion due to an increase in adjusted operating income, despite the inclusion of ¥14.0 billion related to structural reforms.

Please refer the following 3 pages of appendix.

Fortunately, in this fiscal year, as the first year of our medium-term management plan, we are now on track to achieve a top line of ¥1,400.0 billion and an adjusted operating income margin in the 12% range.
Although the business environment is uncertain with market slowdowns in Europe and Asia, all the businesses we have been focusing on are performing well, and we will continue to work toward further growth while also reforming our business structure. We look forward to your continued support.

Appendix 1: FX rate and FX sensitivity

HITACHI
Reliable Solutions

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

HITACHI
Reliable Solutions

(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

HITACHI

Reliable Solutions

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.

HITACHI

Reliable Solutions

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.

HITACHI

Reliable Solutions

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.

Trademark notice

January 26, 2024

Hitachi Construction Machinery Co., Ltd.