

Consolidated Financial Results for the Year Ended March 31, 2024 (IFRS)

April 24, 2024

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)

Stock exchange: Tokyo (Prime Market) Code number: 6305

URL <https://www.hitachim.com/global/en/>

Representative: Masafumi Senzaki, President and Executive Officer, COO

Scheduled date of ordinary General Meeting of Shareholders: June 24, 2024

Scheduled date of commencement of payment of dividends: June 6, 2024

Scheduled date for submission of Securities Report: June 25, 2024

Supplementary materials to the financial statements have been prepared: Yes

Presentation will be held to explain the financial statements: Yes (for institutional investors, analysts and journalists)

(Rounded off to the nearest million)

1. Consolidated results for the year ended March 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated results

(%: Changes from the same period of the previous fiscal year)

	Revenue		Adjusted operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	1,405,928	11.1	168,028	23.0	160,476	39.5	104,467	38.0	93,294	32.9
March 31, 2023	1,264,927	—	136,645	—	115,013	—	75,722	(5.2)	70,175	(7.5)

Notes: “Adjusted operating income” is presented as revenues less cost of sales as well as selling, general and administrative expenses.

	Net income attributable to owners of the parent per share (basic)	Net income attributable to owners of the parent per share (diluted)	Profit on equity attributable to owners of the parent	Ratio of income before income taxes	Operating income to revenue
	Yen	Yen	%	%	%
March 31, 2024	438.68	438.68	13.1	9.3	11.6
March 31, 2023	330.00	330.00	11.0	7.6	10.7

References: Share of profits (losses) of investments accounted for using the equity method; March 31, 2024: ¥3,442 million, March 31, 2023: ¥(5,537) million
“Net income attributable to owners of parent per share (basic)” and “Net income attributable to owners of parent per share (diluted)” are calculated based on “Net income attributable to owners of parent”.

Beginning with the 4Q of the current fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the current and previous fiscal years, revenue, adjusted operating income and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income and net income attributable to owners of the parent are presented as the sum of continuing operations and discontinued operations. Since the previous fiscal year is also presented in the same manner, these percentages of increase/decrease from the previous fiscal year are not shown. For details, please refer to page P.18 (Change in presentation).

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	1,835,005	814,413	763,380	41.6	3,589.46
March 31, 2023	1,627,003	701,040	659,992	40.6	3,103.66

(3) Consolidated cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	73,035	(39,035)	(8,917)	143,530
March 31, 2023	(26,135)	(42,647)	87,089	111,992

2. Dividends status

	Cash dividends per share					Dividends paid (Total)	Dividend payout ratio (Consolidated)	Dividend attributable to owners of the parent (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	—	50.00	—	60.00	110.00	23,391	33.3	3.7
March 31, 2024	—	85.00	—	65.00	150.00	31,901	34.2	4.5
March 31, 2025 (Projection)	—	65.00	—	110.00	175.00		38.0	

(English translation of “KESSAN TANSIN” originally issued in the Japanese language.)

3. Consolidated earnings forecast for the full year ending March 2025 (April 1, 2024 to March 31, 2025)

	Revenue		Adjusted operating income		Income before income taxes		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2025	1,370,000	(2.6)	165,000	(1.8)	151,000	(5.9)	98,000	5.0	460.80

Notes: The percentages indicated show changes from the same period of the previous fiscal year.

Beginning with the 4Q of the current fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, in the forecast for the fiscal year ending March 31, 2025, revenue, adjusted operating income and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income attributable to owners of the parent and net income attributable to owners of the parent per share are presented as the sum of continuing operations and discontinued operations.

*Notes

- (1) Important changes in the scope of the consolidation during period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None
- (2) Changes in accounting policies; changes in accounting estimates

[1] Changes in accounting policies required by IFRS	None
[2] Changes in accounting policies other than those in [1]	None
[3] Changes in accounting estimates	None
- (3) Number of outstanding shares (common shares)

[1] Number of outstanding shares (including treasury shares)	
March 2024	215,115,038
March 2023	215,115,038
[2] Number of treasury shares	
March 2024	2,442,175
March 2023	2,465,562
[3] Average number of common shares outstanding during the fiscal year (shares)	
March 2024	212,669,833
March 2023	212,650,036

(Reference) Non-consolidated Financial Results

1. Non-consolidated results for the year ended March 2024(April 1, 2023 to March 31, 2024)

(1) Non-consolidated results

(%: Changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	810,556	11.5	16,328	(45.5)	76,261	32.4	65,754	34.5
March 31, 2023	726,894	31.7	29,942	68.7	57,595	9.2	48,904	(27.6)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2024	309.18	309.18
March 31, 2023	229.97	229.97

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	924,054	418,012	45.2	1,965.52
March 31, 2023	883,465	382,237	43.3	1,797.50

(Reference) Total equity at fiscal year-end March 2024: ¥418,012 million March 2023: ¥382,237 million

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure.

Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to “1. Management Performance and Financial Conditions, (2) Outlook for the Fiscal Year Ending March 2025” of the attachment for conditions serving as assumptions for results forecasts.

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1. Management Performance and Financial Conditions

(1) Management Results

The company newly formulated the three-year medium-term management plan entitled “BUILDING THE FUTURE 2025,” which began in the fiscal year ending March 31, 2024 and ends in the fiscal year ending March 31, 2026. We are committed to sustainable growth and improvement of enterprise value under four management strategies:

①Delivering innovative solutions for customer needs; ②Enhancing value chain business; ③Expanding business in the Americas; and ④Strengthening human capital and corporate capabilities.

In these efforts, beginning with the 4Q of the current fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations in line with IFRS accounting standards. As a result, for the current and previous fiscal years, revenue, adjusted operating income, operating income, and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income and net income attributable to owners of the parent are presented as the sum of continuing operations and discontinued operations.

During the fiscal year under review (April 1, 2023 to March, 31 2024), demand for hydraulic excavators declined significantly year on year in China, where market conditions were sluggish. In addition, demand decreased in Asia, where customers’ willingness to invest slowed down due to the impact of elections in major countries, and in Western Europe, which was affected by high interest rates and other factors. On the other hand, demand remained firm in North America and Japan, supported by stable public investment and private capital investment.

Demand for mining machinery remained firm overall, due to continued strong appetite for customers’ investment supported by healthy resource prices and continued demand for overhaul and regular maintenance associated with high utilization.

Under these circumstances, revenue significantly increased year on year in the Americas business, which has been undergoing full-scale independent development since March 2022. In addition, the mining business and the value chain business, on which we have been focusing our efforts, also grew significantly.

These results, combined with the impact of foreign exchange rates and other factors, showed a significant increase in revenue to ¥1,405,928 million (an increase of 11.1% year on year), a record high for the second year in a row.

As for consolidated income items, adjusted operating income increased significantly as a result of cost reduction activities and efforts to raise selling prices, in addition to increased revenue and foreign exchange effects and other factors, despite the impact of increased costs, mainly in material and logistics costs. As a result, adjusted operating income was ¥168,028 million (an increase of 23.0% year on year), a record high for the second year in a row as well as for revenue. Net income attributable to owners of the parent reached a record high of ¥93,294 million (an increase of 32.9% year on year), due to improvement in financial income and expenses and share of profits of investments accounted for using the equity method, despite the recording of restructuring expenses in discontinued operations.

Business results by segment are described below.

① Construction Machinery Business

During the fiscal year under review, revenue was ¥1,282,332 million (an increase of 11.1% year on year) and adjusted operating income was ¥153,538 million (an increase of 23.9% year on year), a year-on-year increase in both revenues and adjusted operating income.

Due to the continued strong expansion of our full-scale independent development in the Americas from the previous fiscal year, not only new machinery sales of both construction and mining but also value chain business centered on parts and services performed well, resulting in a significant year-on-year increase in earnings.

② Specialized Parts & Service Business

This segment consists primarily of Bradken Pty Limited and its subsidiaries, which are engaged in the parts and services business in the after-sales of mining facilities and machinery, and H-E Parts International LLC and its subsidiaries, which provide service solutions.

During the fiscal year under review, revenue was ¥129,889 million (an increase of 11.4% year on year) due to the strong performance of the mining market environment. Adjusted operating income was ¥14,490 million (an increase of 14.2% year on year) mainly due to an increase in revenue and the impact of foreign exchange rates and growth in profitable businesses as a result of business structural reforms that have been undertaken so far. This demonstrates a significant year-on-year increase in both revenues and adjusted operating income.

The above revenues of segments ① and ② are figures before intersegment adjustments.

Notes: The reportable segment “Solution Business” was renamed “Specialized Parts & Service Business” from the fiscal year ending March 31, 2024. This is only a change in segment name and does not have an effect on the segment information.

The following table summarizes consolidated net revenue by geographic area:

	FY2023 (April 1, 2023- March 31, 2024)		FY2022 (April 1, 2022- March 31, 2023)		Increase (Decrease)	
	Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
North America	334,391	23.8	259,798	20.5	74,593	28.7
Central and South America	40,856	2.9	38,332	3.0	2,524	6.6
The Americas	375,247	26.7	298,130	23.6	77,117	25.9
Europe	182,893	13.0	164,703	13.0	18,190	11.0
Russia-CIS	23,429	1.7	37,383	3.0	(13,954)	(37.3)
Africa	70,376	5.0	54,666	4.3	15,710	28.7
Middle East	34,721	2.5	24,953	2.0	9,768	39.1
Russia-CIS, Africa, and the Middle East	128,526	9.1	117,002	9.2	11,524	9.8
Asia	127,047	9.0	122,657	9.7	4,390	3.6
India	85,009	6.0	73,089	5.8	11,920	16.3
Oceania	251,089	17.9	225,355	17.8	25,734	11.4
Asia and Oceania	463,145	32.9	421,101	33.3	42,044	10.0
China	29,236	2.1	40,005	3.2	(10,769)	(26.9)
Sub-total	1,179,047	83.9	1,040,941	82.3	138,106	13.3
Japan	226,881	16.1	223,986	17.7	2,895	1.3
Total	1,405,928	100.0	1,264,927	100.0	141,001	11.1

(Rounded off to the nearest million)

Note: Beginning with the 4Q of the current fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the current and previous fiscal years, revenue are presented in amounts for continuing operations excluding discontinued operations.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

(2) Outlook for the Fiscal Year Ending March 2025

Regarding demand for hydraulic excavators for the full year ending March 31, 2025, we expect demand to remain firm in Japan and North America, driven by continued stable public investment and private capital investment. Demand is expected to decrease significantly from the previous year in Western Europe, which is affected by high interest rates, and in India, where the outlook is uncertain ahead of elections. Demand in China is expected to remain at the same low level as the previous year with no signs of recovery. Taking these factors into consideration, we forecast global demand for hydraulic excavators to be approximately 208 thousand units (down 5% year on year). Demand for mining machinery for the full year is expected to decline for small mining excavators, continuing on from the previous year, as thermal coal prices settle down and small and medium-sized miners are expected to be less willing to invest in mining machinery. On the other hand, demand for large mining machinery is expected to remain firm, with solid demand from major mines and hard rock.

In our consolidated earnings forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025), we expect delays in marine transportation and high material and logistics costs, as well as higher personnel costs due to enhanced human capital investment.

Furthermore, at this point, we are taking a cautious view of exchange rates and market conditions and are factoring into our earnings forecast the risk of declining demand in Europe and elsewhere. We will continue our efforts to reduce costs and raise selling prices, and through the growth of our focused businesses in the Americas, the mining business, and the value chain business, we aim to transform ourselves into a stable profit structure that is less susceptible to the demand for new machinery.

Taking these factors into consideration, we expect a slight decrease in revenue and adjusted operating income year on year, but the adjusted operating income margin will remain at the same level as the previous fiscal year, and net income attributable to owners of the parent will increase. Based on this forecast, we plan to pay an annual dividend of ¥175 per share as a return to shareholders.

These forecasts are based on the following exchange rates: ¥141 to the US dollar, ¥152 to the euro, ¥20.1 to the Chinese yuan, and ¥95 to the Australian dollar

We will continue to work earnestly to realize our corporate vision of “Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society.” through the realization of our newly formulated mission of “Meet expectations from customers, co-create innovative products, services, solutions and together, we continue to create new values.”

Consolidated Earnings Forecast for the Full Year Ending March 31, 2025

	Revenue	Adjusted operating income	Operating income	Income before income taxes	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (basic)
Forecast	Millions of yen 1,370,000	Millions of yen 165,000	Millions of yen 161,000	Millions of yen 151,000	Millions of yen 98,000	Yen 460.80
Change	(35,928)	(3,028)	(1,690)	(9,476)	4,706	—
Change (%)	(2.6)	(1.8)	(1.0)	(5.9)	5.0	—
(Reference) FY2023	1,405,928	168,028	162,690	160,476	93,294	438.68

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

Notes:

Beginning with the 4Q of the current fiscal year, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, in the forecast for the fiscal year ending March 31, 2025, revenue, adjusted operating income, operating income and income before income taxes are presented in amounts for continuing operations excluding discontinued operations, while net income attributable to owners of the parent and net income attributable to owners of the parent per share are presented as the sum of continuing operations and discontinued operations.

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors may cause actual results to differ materially.

(3) Analysis of Financial Condition

[1] Status of Assets, Liabilities, and Equity

(a) Assets

Current assets amounted to ¥ 1,077,550 million, an increase of 18.6%, or ¥ 168,645 million, from the previous fiscal year-end.

This was mainly due to an increase of ¥ 101,537 million in inventories and ¥ 4,083 million in trade receivables.

Non-current assets amounted to ¥ 757,455 million, an increase of 5.5%, or ¥ 39,357 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 54,210 million in property, plant and equipment.

As a result, total assets increased by 12.8%, or ¥ 208,002 million, from the previous fiscal year-end to ¥ 1,835,005 million.

(b) Liabilities

Current liabilities amounted to ¥ 727,748 million, an increase of 18.4%, or ¥ 112,878 million, from the previous fiscal year-end.

This was mainly due to an increase of ¥ 85,358 million in bonds and borrowings and ¥ 17,896 million in trade and other payables.

Non-current liabilities amounted to ¥ 292,844 million, a decrease of 5.9%, or ¥ 18,249 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 17,243 million in bonds and borrowings.

As a result, total liabilities increased by 10.2%, or ¥ 94,629 million, from the previous fiscal year-end to ¥ 1,020,592 million.

(c) Equity

Total equity increased by 16.2%, or ¥ 113,373 million, from the previous fiscal year-end to ¥ 814,413 million. This was mainly due to an accumulation of retained earnings.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

[2] Analysis of the Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the fiscal year totaled ¥ 143,530 million, an increase of ¥ 31,538 million from the beginning of the fiscal year. Statement and factors relating to each cash flow category are as follows:

(Net cash provided by operating activities)

Net cash provided by operating activities for the fiscal year based on ¥ 116,290 million in net income, and included ¥ 59,693 million in depreciation, ¥ 44,684 million in income tax expense, while a ¥ 63,738 million increase in inventories.

As a result, net cash provided by operating activities for the fiscal year totaled to an inflow of ¥ 73,035 million, an increase inflow of ¥ 99,170 million year on year.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the fiscal year amounted to ¥ 39,035 million, a decrease of ¥3,612 million year on year. This was mainly due to an outlay of ¥ 45,728 million for capital expenditures and ¥ 9,875 million for acquisition of intangible assets.

As a result, free cash flows, the sum of net cash provided by operating activities and net cash used in investing activities, amounted to an inflow of ¥ 34,000 million.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the fiscal year amounted to ¥ 8,917 million. While there were an increase of ¥ 27,926 million in short-term debt and ¥ 53,476 million in proceeds from long-term debt and bond, this was mainly due to ¥ 39,268 payments on long-term debt and bond and a ¥ 37,563 million dividends paid (including dividends paid to non-controlling interests)

As a result, cash for financing activities for the fiscal year produced a decreased inflow of ¥ 96,006 million year on year.

(Reference) The following table describes cash flow indicator indices:

	March 2024	March 2023	March 2022
Equity attributable to owners of the parent ratio (%)	41.6	40.6	43.4
Equity attributable to owners of the parent ratio on a market price basis (%)	52.4	40.2	48.2
Interest-bearing debt to operating cash flow ratio (%)	7.9	(19.4)	9.0
Interest coverage ratio (times)	4.9	(3.0)	8.3

Notes:

Equity attributable to owners of the parent ratio: Equity attributable to owners of the parent/total assets

Equity attributable to owners of the parent ratio on a market price basis: Share market price/total assets

Interest-bearing debt to operating cash flow ratio: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest paid

1. Indices are calculated using consolidated figures.
2. The share market price is calculated by multiplying the closing price at the end of the period by the number of outstanding shares at the end of the period (after excluding treasury stock).
3. Cash flows from operating activities reflect cash flows from operating activities as detailed in the Consolidated Statements of Cash Flows. Interest-bearing debt reflects all debt for which the Company is paying interest as detailed in the Consolidated Balance Sheets. Interest payments reflect interest paid as detailed in the Consolidated Statements of Cash Flows.

(4) Dividend Policy

The Company will work to bolster its internal reserves while giving well-balanced consideration to the maintenance and strengthening of its financial structure and implementation plans for upfront investments, including investments for technology development and facilities based on medium- and long-term business strategies. At the same time, the Company will, in principle, pay dividends of surplus linked to its consolidated business results twice a fiscal year as interim and fiscal year-end dividends and aim to maximize shareholder returns based on a stable and continuous dividend payout ratio of 30% to 40% on a consolidated basis.

With the aim of enabling the execution of a flexible capital policy, the Company will acquire treasury stock in consideration of necessity, financial conditions, and stock price movement, etc.

(English translation of “KESSAN TANSIN” originally issued in the Japanese language.)

2. Our Fundamental Position Concerning Selection of Accounting Standards Policy

The Company has been actively promoting global business development and aims to further increase its enterprise value by building a management foundation that can accelerate management visualization and management enhancement as well as governance reinforcement. As part of these efforts and for the purpose of improving the international comparability of financial statements in the capital markets by introducing IFRS, which is a global standard, and unifying the accounting methods within the Group, the Company voluntarily adopts the International.

Financial Reporting Standards (IFRS) from the presentation of the consolidated financial statements in its annual securities report for the fiscal year ended March 31, 2015.

(English translation of “KESSAN TANSIN” originally issued in the Japanese language.)

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Current fiscal year As of Mar. 31, 2024 (A)	Previous fiscal year-end As of Mar. 31, 2023 (B)	(A)-(B)
Assets			
Current assets			
Cash and cash equivalents	143,530	111,992	31,538
Trade receivables	305,179	301,096	4,083
Contract assets	552	4,221	(3,669)
Inventories	552,319	450,782	101,537
Income tax receivables	2,994	974	2,020
Other financial assets	33,538	29,863	3,675
Other current assets	19,590	9,977	9,613
Subtotal	1,057,702	908,905	148,797
Assets held for sale	19,848	-	19,848
Total current assets	1,077,550	908,905	168,645
Non-current assets			
Property, plant and equipment	471,287	417,077	54,210
Right-of-use-asset	66,973	65,305	1,668
Intangible assets	43,630	39,704	3,926
Goodwill	51,536	40,421	11,115
Investments accounted for using the equity method	23,844	16,508	7,336
Trade receivables	47,196	39,253	7,943
Deferred tax assets	26,222	21,349	4,873
Other financial assets	21,177	73,391	(52,214)
Other non-current assets	5,590	5,090	500
Total non-current assets	757,455	718,098	39,357
Total assets	1,835,005	1,627,003	208,002
Liabilities			
Current liabilities			
Trade and other payables	261,930	244,034	17,896
Lease liabilities	11,711	11,649	62
Contract liabilities	14,314	13,320	994
Bonds and borrowings	396,302	310,944	85,358
Income taxes payable	15,210	19,215	(4,005)
Other financial liabilities	19,164	12,883	6,281
Other current liabilities	3,679	2,825	854
Subtotal	722,310	614,870	107,440
Liabilities held for sale	5,438	-	5,438
Total current liabilities	727,748	614,870	112,878
Non-current liabilities			
Trade and other payables	3,720	7,562	(3,842)
Lease liabilities	62,531	60,149	2,382
Contract liabilities	9,439	9,611	(172)
Bonds and borrowings	179,280	196,523	(17,243)
Retirement and severance benefit	22,505	20,715	1,790
Deferred tax liabilities	9,368	6,882	2,486
Other financial liabilities	629	5,649	(5,020)
Other non-current liabilities	5,372	4,002	1,370
Total non-current liabilities	292,844	311,093	(18,249)
Total liabilities	1,020,592	925,963	94,629
Equity			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	75,965	75,724	241
Retained earnings	526,307	463,174	63,133
Accumulated other comprehensive income	82,600	42,611	39,989
Treasury stock, at cost	(3,069)	(3,094)	25
Total Equity attribute to owners of the parent	763,380	659,992	103,388
Non-controlling interests	51,033	41,048	9,985
Total equity	814,413	701,040	113,373
Total liabilities and equity	1,835,005	1,627,003	208,002

(2) Consolidated Statements of Income

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2024 (A)	Previous fiscal year For the year ended Mar. 31, 2023 (B)	(A)/(B)×100 (%)
Continuing operations			
Revenue	1,405,928	1,264,927	111
Cost of sales	(970,758)	(886,969)	109
Gross profit	435,170	377,958	115
Selling, general and administrative expenses	(267,142)	(241,313)	111
Adjusted operating income	168,028	136,645	123
Other income	5,175	16,480	31
Other expenses	(10,513)	(17,460)	60
Operating income	162,690	135,665	120
Financial income	11,557	4,999	231
Financial expenses	(17,213)	(20,114)	86
Share of profits of investments accounted for using the equity method	3,442	(5,537)	-
Income before income taxes	160,476	115,013	140
Income taxes	(44,186)	(37,561)	118
Net income from continuing operations	116,290	77,452	150
Discontinued operations			
Net income from discontinued operations	(11,823)	(1,730)	683
Net income	104,467	75,722	138
Net income attributable to			
Owners of the parent	93,294	70,175	133
Non-controlling interests	11,173	5,547	201
Total net income	104,467	75,722	138
EPS attributable to owners of the parent			
Continuing operations	494.27	338.14	146
Discontinued operations	(55.59)	(8.14)	683
Net income per share (Basic) (yen)	438.68	330.00	133
Continuing operations	494.27	338.14	146
Discontinued operations	(55.59)	(8.14)	683
Net income per share (Diluted) (yen)	438.68	330.00	133

(Rounded off to the nearest million)

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2024 (A)	Previous fiscal year For the year ended Mar. 31, 2023 (B)	(A)/(B)×100 (%)
Net income	104,467	75,722	138
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	2,153	145	1,485
Remeasurements of defined benefit obligations	188	(1,243)	-
Other comprehensive income of equity method associates	11	5	220
Items that can be reclassified into net income			
Foreign currency translation adjustments	40,810	6,413	636
Cash flow hedges	130	172	76
Other comprehensive income of equity method associates	1,889	750	252
Other comprehensive income, net of taxes	45,181	6,242	724
Comprehensive income	149,648	81,964	183
Comprehensive income attributable to			
Owners of the parent	133,958	75,515	177
Non-controlling interests	15,690	6,449	243

(Rounded off to the nearest million)

(4) Consolidated Statements of Changes in Equity
Year ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	75,724	463,174	(666)	7,182	(206)
Net income			93,294			
Other comprehensive income				270	2,153	12
Comprehensive income	-	-	93,294	270	2,153	12
Acquisition of treasury stock						
Dividends to stockholders of the Company			(30,836)			
Share-based payment transactions		47				
Change in scope of consolidation						
Transfer to retained earnings			675		(675)	
Change in liabilities for written put options over non-controlling interests		194				
Transaction with owners	-	241	(30,161)	-	(675)	-
Balance at end of period	81,577	75,965	526,307	(396)	8,660	(194)

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	36,301	42,611	(3,094)	659,992	41,048	701,040
Net income		-		93,294	11,173	104,467
Other comprehensive income	38,229	40,664		40,664	4,517	45,181
Comprehensive income	38,229	40,664	-	133,958	15,690	149,648
Acquisition of treasury stock			(6)	(6)		(6)
Dividends to stockholders of the Company				(30,836)	(6,232)	(37,068)
Share-based payment transactions			31	78		78
Change in scope of consolidation					620	620
Transfer to retained earnings		(675)				
Change in liabilities for written put options over non-controlling interests				194	(93)	101
Transaction with owners	-	(675)	25	(30,570)	(5,705)	(36,275)
Balance at end of period	74,530	82,600	(3,069)	763,380	51,033	814,413

Year ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	78,397	414,541	3,243	7,188	(348)
Net income			70,175			
Other comprehensive income				(1,151)	148	142
Comprehensive income	-	-	70,175	(1,151)	148	142
Acquisition of treasury stock						
Dividends to stockholders of the Company			(24,454)			
Additional purchase of shares of consolidated subsidiaries		(3,553)				
Transfer to retained earnings			2,912	(2,758)	(154)	
Change in liabilities for written put options over non-controlling interests		880				
Transaction with owners	-	(2,673)	(21,542)	(2,758)	(154)	-
Balance at end of period	81,577	75,724	463,174	(666)	7,182	(206)

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	30,100	40,183	(3,090)	611,608	56,323	667,931
Net income		-		70,175	5,547	75,722
Other comprehensive income	6,201	5,340		5,340	902	6,242
Comprehensive income	6,201	5,340	-	75,515	6,449	81,964
Acquisition of treasury stock			(4)	(4)		(4)
Dividends to stockholders of the Company				(24,454)	(5,627)	(30,081)
Additional purchase of shares of consolidated subsidiaries				(3,553)	(15,469)	(19,022)
Transfer to retained earnings		(2,912)		-		-
Change in liabilities for written put options over non-controlling interests				880	(628)	252
Transaction with owners	-	(2,912)	(4)	(27,131)	(21,724)	(48,855)
Balance at end of period	36,301	42,611	(3,094)	659,992	41,048	701,040

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2024 (A)	Previous fiscal year For the year ended Mar. 31, 2023 (B)
Net income	116,290	77,452
Net income from discontinued operations	(11,823)	(1,730)
Depreciation	59,693	55,022
Amortization of intangible asset	8,428	7,864
Impairment losses	11,786	1,912
Gains or loss on business restructuring	4,211	12,267
Income tax expense	44,684	36,939
Equity in net earnings of associates	(3,442)	5,537
(Gain) loss on sales of property, plant and equipment	(406)	(11,191)
Financial income	(11,557)	(4,999)
Financial expense	17,210	20,111
(Increase) decrease in trade receivables and contract assets	(4,171)	(31,391)
(Increase) decrease in lease receivables	6,635	11,514
(Increase) decrease in inventories	(63,738)	(75,384)
Increase (decrease) in trade payables	1,037	15,477
Increase (decrease) in retirement and severance benefit	745	2,761
Other	(33,543)	(52,670)
Subtotal	142,039	69,491
Interest received	3,593	2,799
Dividends received	1,328	1,148
Interest paid	(15,012)	(8,858)
Income tax paid	(58,913)	(37,236)
Payments for performance of guarantee obligation	-	(53,479)
Net cash provided by (used in) operating activities	73,035	(26,135)
Capital expenditures	(45,728)	(52,839)
Proceeds from sale of property, plant and equipment	716	11,939
Acquisition of intangible assets	(9,875)	(6,301)
Acquisition of investments in securities and other financial assets(including investments in associates)	14,647	(3,507)
Sales of investments in securities and other financial assets (including investments in associates)	1,234	7,697
(Increase) decrease in short-term loan receivables, net	(15)	(10)
Collection of long-term loan receivables	35	26
Other	(49)	348
Net cash (provided by) used in investing activities	(39,035)	(42,647)
Increase (decrease) in short-term debt, net	27,926	135,589
Proceeds from long-term debt and bond	53,476	55,809
Payments on long-term debt	(39,268)	(39,772)
Payments on lease payables	(12,890)	(11,745)
Dividends paid to owners of the parent	(30,816)	(24,450)
Dividends paid to non-controlling interests	(6,747)	(9,316)
Payments for acquisition of shares of subsidiaries from non-controlling interests	(592)	(19,022)
Other	(6)	(4)
Net cash provided by (used in) financing activities	(8,917)	87,089
Effect of exchange rate changes on cash and cash equivalents	6,455	(572)
Net increase (decrease) in cash and cash equivalents	31,538	17,735
Cash and cash equivalents at beginning of period	111,992	94,257
Cash and cash equivalents at end of period	143,530	111,992

(6) Notes on Consolidated Financial Statements

(Notes on the Preconditions for a Going Concern)

There are no relevant items.

(Changes to accounting policies)

There are no relevant items.

(Important matters for compiling consolidated financial statements)

1. Scope of consolidation

Numbers of consolidated subsidiaries: 86

(1) Main consolidated subsidiaries

- 1) Hitachi Construction Machinery Japan Co., Ltd.
- 2) Hitachi Construction Machinery Tierra Co., Ltd.
- 3) Hitachi Construction Machinery Camino Co., Ltd.
- 4) Hitachi Construction Machinery (China) Co., Ltd.
- 5) Hitachi Construction Machinery Distribution (China) Co., Ltd.
- 6) Tata Hitachi Construction Machinery Company Private Limited.
- 7) Hitachi Construction Machinery Asia and Pacific Pte. Ltd.
- 8) P.T. Hitachi Construction Machinery Indonesia
- 9) Hitachi Construction Machinery (Europe) N.V.
- 10) Hitachi Construction Machinery Americas Inc.
- 11) Hitachi Construction Truck Manufacturing Ltd.
- 12) H-E Parts International LLC
- 13) Bradken Pty Limited

(2) Number of companies included in consolidation during the fiscal year ended March 31, 2024: 10

1) Increase by Merger: 3

Hitachi Construction Machinery France S.A.S and its subsidiaries: 2

2) Increase by additional share acquisition: 7

ACME Business Holdco, LLC and its subsidiaries: 6

(3) Number of companies excluded from consolidation during the fiscal year ended March 31, 2024: 3

1) Decrease by Merger: 1

2) Decrease by sales of shares: 2

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

2. Application of the equity method

Numbers of affiliates accounted for by the equity method: 15

(1) Main affiliates subject to the equity method

- 1) P.T. Hexa Finance Indonesia
- 2) HTC Leasing Company Limited

(2) Number of companies excluded from equity-method affiliates during the fiscal year ended March 31, 2024: 8

- 1) Decrease by Merger: 1
- 2) Decrease by subsidiary consolidation: 7
ACME Business Holdco, LLC and its subsidiaries: 6

(3) Number of affiliates not accounted for by the equity method: 3

3. Date of settlement of accounts for consolidated subsidiaries

Below is a list of the consolidation subsidiaries that settle their accounts on a date different from the rest of the consolidated group.

- 1) Hitachi Construction Machinery (China) Co., Ltd.
 - 2) Hitachi Construction Machinery Distribution (China) Co., Ltd.
- Others: 28

To create the consolidated financial statement, which is made by provisional account settlement as of March 31, 2024, the Company uses the financial statements of these subsidiaries.

(Change in presentation)

The Company has resolved the sale policy of its non-core business that was included in the Specialized Parts & Service business segment in the board of directors meeting held on February 29, 2024.

We have categorized non-core business as discontinued operations as the completion of the sale is expected to be within one year from the end of the fiscal year, and it is highly probable.

As a result, in order to conform to the presentation format of the current fiscal year-end, a portion of the Consolidated Statements of Income, Consolidated Statements of Cash Flows and related Notes for the previous fiscal year end have been reclassified.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

(Segment Information)

1. Reportable segment information

1) Overview of business segments

The operating segments of the Group are the components for which separate financial information is available and that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The reportable segments are determined based on the operating segment.

Taking into consideration the nature of products and services as well as categories, types of customers, and economic characteristics in a comprehensive manner, the Company determines to classify two reportable segments as follows: The Construction Machinery Business Segment primarily intends to provide customers with a series of total life cycle solutions related to construction machinery such as the manufacture and sale of hydraulic excavators, ultra-large hydraulic excavators, and wheeled loaders, as well as the sale of parts related to these products. The Specialized Parts Service Business Segment primarily intends to provide services, production, and distribution parts that are not included in the Construction Machinery Business Segment.

Due to the reclassification of non-core business that was previously included in the Specialized Parts & Service business segment to discontinued operations, we only have presented amounts of continuing operations excluding amounts of discontinued operations.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

2) Revenue, profit or loss, and other items of business segments

For the year ended March 31, 2024

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	1,282,273	123,655	1,405,928	-	1,405,928
Intersegment transactions	59	6,234	6,293	(6,293)	-
Total revenues	1,282,332	129,889	1,412,221	(6,293)	1,405,928
Adjusted operating income	153,538	14,490	168,028	-	168,028
Operating income	148,346	14,344	162,690	-	162,690
Financial income	-	-	-	11,557	11,557
Financial expenses	-	-	-	(17,213)	(17,213)
Share of profits (losses) of investments accounted for using the equity method	3,442	-	3,442	-	3,442
Income before income taxes	151,788	14,344	166,132	(5,656)	160,476
Segment assets	1,642,587	175,090	1,817,677	(1,961)	1,815,716
Segment liabilities	925,212	91,903	1,017,115	(1,961)	1,015,154
Other items:					
Depreciation and amortization	(61,251)	(5,942)	(67,193)	-	(67,193)
Impairment losses	(518)	-	(518)	-	(518)
Business structure reform expenses	(4,769)	(32)	(4,801)	-	(4,801)
Investments accounted for using the equity method	23,844	-	23,844	-	23,844

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

Note (*2): Intersegment transactions are recorded at the same prices used in arm's length transactions.

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

For the year ended March 31, 2023

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	1,154,103	110,824	1,264,927	-	1,264,927
Intersegment transactions	33	5,799	5,832	(5,832)	-
Total revenues	1,154,136	116,623	1,270,759	(5,832)	1,264,927
Adjusted operating income	123,954	12,691	136,645	-	136,645
Operating income	122,959	12,706	135,665	-	135,665
Financial income	-	-	-	4,999	4,999
Financial expenses	-	-	-	(20,114)	(20,114)
Share of profits (losses) of investments accounted for using the equity method	(5,537)	-	(5,537)	-	(5,537)
Income before income taxes	117,422	12,706	130,128	(15,115)	115,013
Segment assets	1,451,119	177,495	1,628,614	(1,611)	1,627,003
Segment liabilities	843,900	83,674	927,574	(1,611)	925,963
Other items:					
Depreciation and amortization	(56,435)	(5,646)	(62,081)	-	(62,081)
Impairment losses	(494)	(95)	(589)	-	(589)
Business structure reform expenses	(12,458)	(126)	(12,584)	-	(12,584)
Investments accounted for using the equity method	16,508	-	16,508	-	16,508

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

Note (*2): Intersegment transactions are recorded at the same prices used in arm's length transactions.

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

2. Information on products and services

The following tables show revenue from outside customers by product and service for the year ended March 31, 2024 and 2023.

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Mining machinery	291,792	246,613
Construction machinery and others	1,114,136	1,018,314
Total	1,405,928	1,264,927

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

(Note on consolidated statements of income)

The main components of other income for the year ended March 31, 2024 and 2023 are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on sales of property, plants, and equipment (*1)	598	11,471
Subsidy income	449	204
Gain on business restructuring	648	328
Other	3,480	4,477
Total	5,175	16,480

Note (*1):

Gain on sales of property, plants, and equipment for the year ended March 31, 2023 is mainly recognized for sales of land owned by the Company in Sagamihara City, Kanagawa Prefecture.

The main components of other expenses for the year ended March 31, 2024 and 2023 are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Loss on sales of property, plants, and equipment	192	280
Loss on disposal of property, plants, and equipment	1,759	968
Impairment losses	518	589
Business structure reform expenses (*1)	4,801	12,584
Other	3,243	3,039
Total	10,513	17,460

Note (*1): Business structure reform expenses

Business structure reform expenses recognized for the year ended March 31, 2023 include a special severance payment and so forth. In addition, the year ended March 31, 2023 includes a ¥10,629 million settlement loss on the transfer to the risk-sharing plan at the Company and certain of domestic subsidiaries of the Company.

Business structure reform expenses recognized for the year ended March 31, 2024 include a ¥2,481 million loss on debt forgiveness due to sales of shares in consolidated subsidiaries and a ¥2,019 million cost related to the resolution of disputes against ACME Business Holdco, LLC (hereinafter ACME) and other related parties.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

(Business Combination)

(Acquisition of the shares of ACME)

In the previous fiscal year, ACME, an equity method investment of the Company, defaulted on loans from financial institutions. As guarantor of these obligations, the Company repaid its debt to the financial institutions. Despite a dispute with ACME and other related parties over indemnification claims arising from this repayment, an agreement was reached to end the dispute. This resulted in Hitachi Construction Machinery Investment U.S.A. Corporation, a consolidated subsidiary of the Company, acquiring additional shares of ACME from Weld Holdco, LLC, which became a 100% subsidiary on March 12, 2024.

1. Purpose of business combination

The Company acquired additional shares of ACME's operating rent-to-rent business in the U.S.A. resulting in a 100% subsidiary in order to further strengthen the expansion of the value chain business and the Americas business that are key factors of our new medium-term management plan "BUILDING THE FUTURE 2025". As a result, we will maximize the utilization of ACME's rent-to-rent business operational expertise and sales infrastructure to support the rental operations deployed by dealers and rental companies in North America. Through our rent-to-rent business, we aim to provide high-quality rental machinery to end-users and contribute to the creation of high-quality used excavators. In this way, we are committed to realizing a circular economy, enhancing our brand value in the North American market, and further strengthening our value chain business in the Americas.

2. Name of the acquired company and its business

Overview of share acquisition

Date of acquisition: March 12, 2024

Name of the acquired company: ACME Business Holdco, LLC

Business contents of the acquired company: Rent-to-rent business

Acquired ratio of voting rights: 66.67%

3. Consideration of the integration and fair value of assets acquired and liabilities assumed

Consideration of the share acquisition of ACME and fair value of assets acquired and liabilities assumed are as follows (as allocation of the acquisition cost has not been completed, amounts are provisional based on information currently available):

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

(Millions of yen)

	Amount
Cash and cash equivalents	18,166
Trade receivables	2,083
Other current assets	147
Non-current assets (Except goodwill)	32,577
Total assets	52,973
Current liabilities	1,759
Non-current liabilities	61,442
Total liabilities	63,201
Consideration paid (Cash)	-
Fair value of shares that the Company had already had upon acquisition of control	172
Total consideration of acquisition	172
Goodwill	10,400

The goodwill consisted primarily of excess earnings and synergies with existing operations.

4. Trade receivables acquired

(Millions of yen)

	Total contractual receivables and fair value	Of which, the amount expected to be unrecoverable
Trade receivables	2,083	-
Total	2,083	-

5. Expenses related to acquisition

Expenses related to acquisition are not material. Expenses related to dispute with ACME and other related parties over indemnification claims are ¥2,019 million and included in “Other expenses” in the Consolidated Statements of Income separately from the business combination.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

6. Gain on Step Acquisition

As a result of remeasuring the 33.33% equity interest held by the Company before the acquisition date at the fair value as of the acquisition date, a gain of ¥172 million related to step acquisition from business combination has been recognized in the Consolidated Statements of Income under “Other Income”.

7. Revenue and net income of the acquired company

Information on the revenue and net income of the acquired company from the acquisition date to March 31, 2024 is not disclosed because it has no material impact on the consolidated financial statements.

8. Revenue and net income of the Group assuming that the business combination is completed at the beginning of the fiscal year

Revenue and net income of the Group assuming that the business combination is completed at the beginning of the fiscal year are not disclosed because it has no material impact on the consolidated financial statements.

(Earnings per share)

A calculation of the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2024 and 2023 are as follows:

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net income attributable to owners of the parent	93,294	70,175
Net income attributable to owners of the Parent (diluted)	93,294	70,175

(Number of shares)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Weighted average number of common shares outstanding	212,669,833	212,650,036
Dilutive effect of stock options	-	-
Weighted average number of common shares outstanding - diluted	212,669,833	212,650,036

(Yen)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net income attributable to owners of the parent per share (basic)		
Continuing operations	494.27	338.14
Discontinued operations	(55.59)	(8.14)
Total	438.68	330.00
Net income attributable to owners of the parent per share (diluted)		
Continuing operations	494.27	338.14
Discontinued operations	(55.59)	(8.14)
Total	438.68	330.00

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Summary of dilutive shares not included the calculation of diluted earnings per share (attributed to owners of the parent) due to no dilutive effect	-	-

(Important subsequent events)

There are no relevant items.

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)