

Explanatory Meeting for Business Results for the Year ended March 31, 2024 and Progress of Medium-term Management Plan

April 24, 2024

Masafumi Senzaki

President and Executive Officer, COO

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Vice President and Executive Officer, CFO

Hidehiko Matsui

Vice President and Executive Officer, CMO

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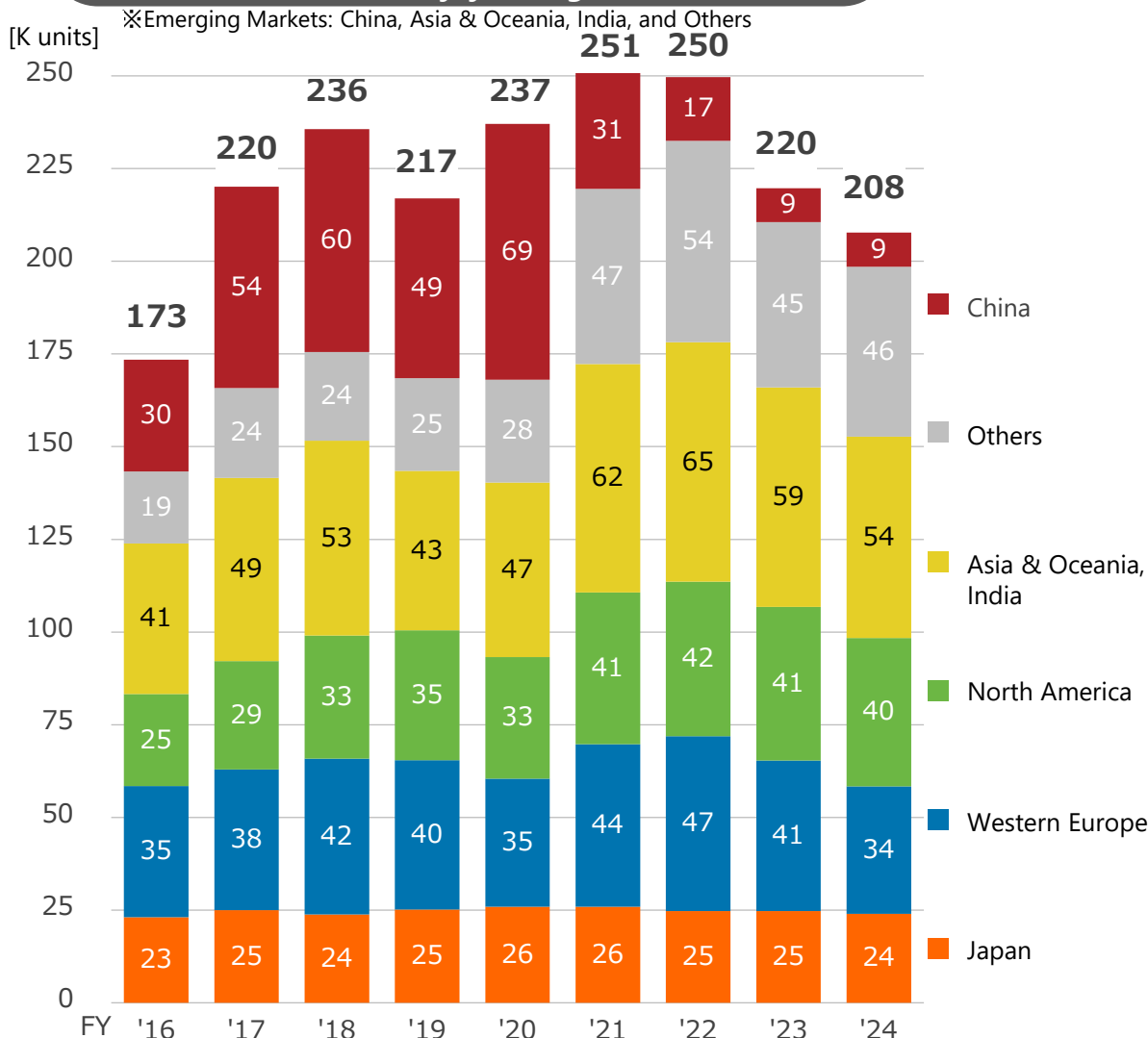
1. Regional Market Environments and Projections

Hidehiko Matsui

Vice President and Executive Officer, CMO

Global Demand Trend for Hydraulic Excavators

**Emerging Markets ratio:
FY23 51% (y-y Change : -4%)**



Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers
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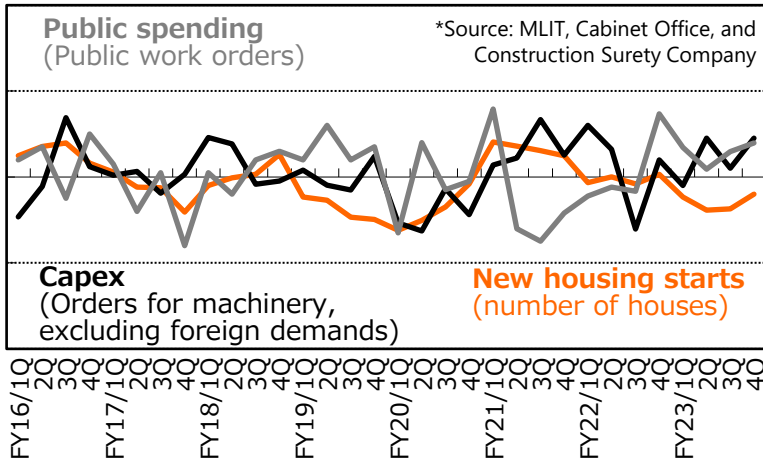
	'23	'24
Total	-12%	-5%
China	-46%	±0%
Russia, CIS, E Europe	-20%	±0%
Africa	±0%	-4%
Middle East	-2%	-2%
Latin America	-33%	+14%
Others	-18%	+3%
Asia	-18%	-3%
India	+7%	-15%
Oceania	-12%	-3%
Asia & Oceania, India	-8%	-8%
N America	-1%	-3%
W Europe	-14%	-15%
Japan	±0%	-3%

*Demand values are Hitachi Construction Machinery estimates

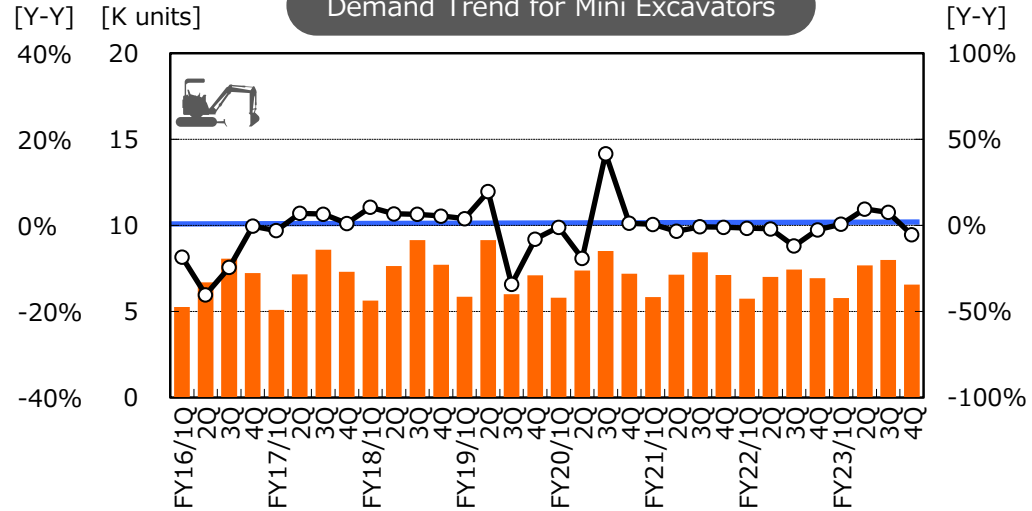
*Reflect some revisions to North America's statistic data after FY22 retrospectively

- New housing starts decreased, Capex and Public spending increased.
- Demand for Hydraulic excavators increased slightly:
Hydraulic Excavators +2%, Mini Excavators -5%, Wheel Loaders -3% y-y.

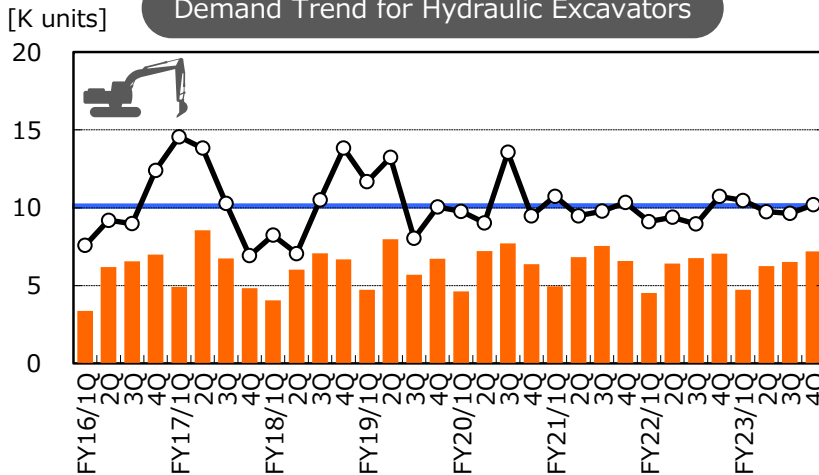
Market Environment Housing, Capex, Public Spending



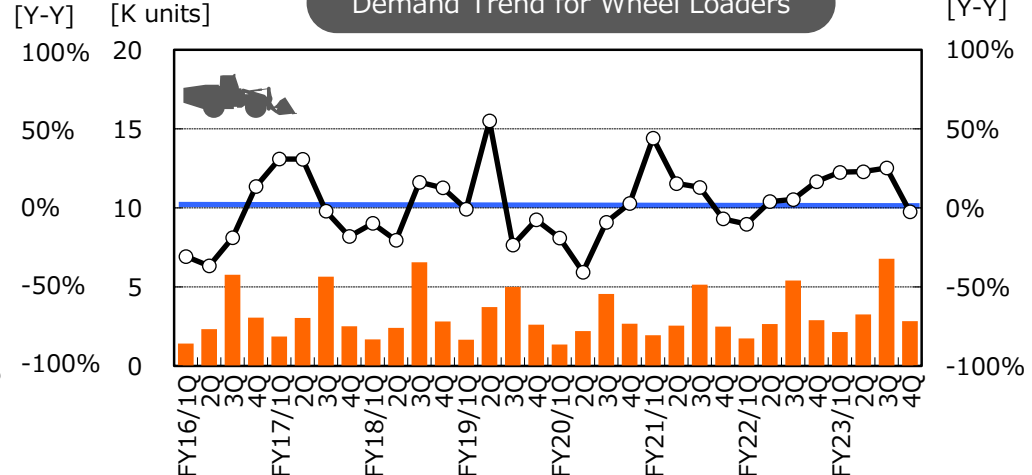
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

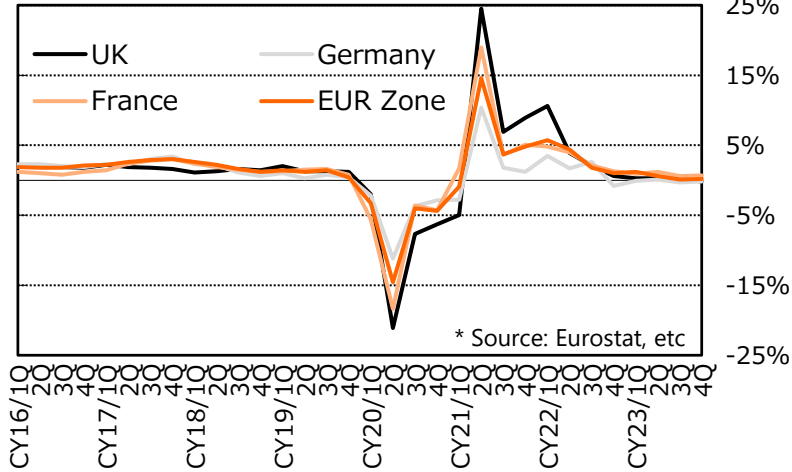


*Demand values are Hitachi Construction Machinery estimates

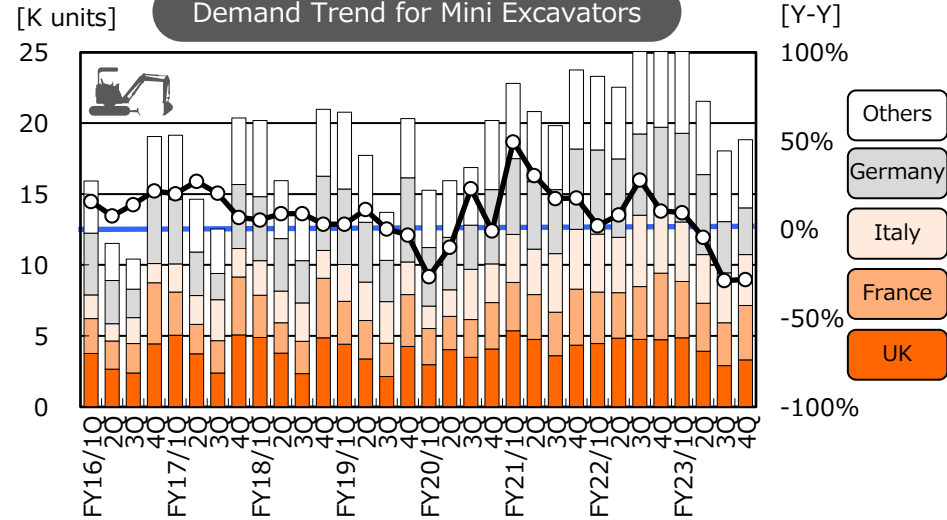
Europe: Fourth Quarter (Jan to Mar 2024)

■ GDP in CY23 4Q has been growing at a low rate.
 ■ Demand for Hydraulic excavators decreased significantly:
 Hydraulic Excavators -26%, Mini Excavators -28%, Wheel Loaders -41% y-y.

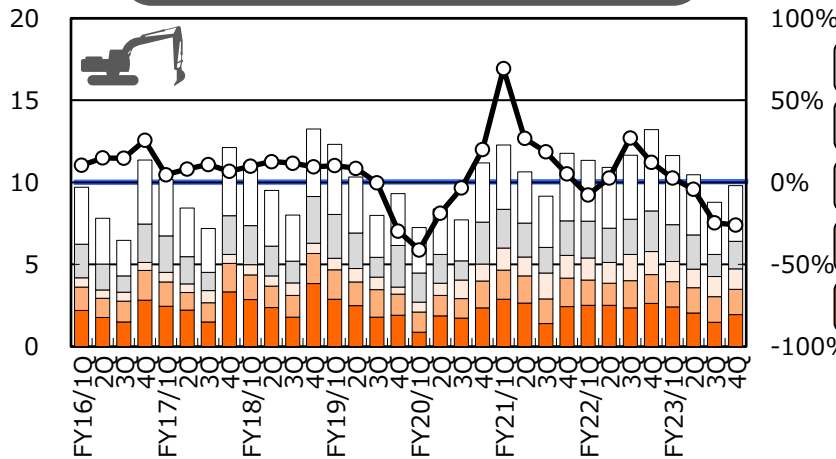
GDP Growth Rate in Major Countries



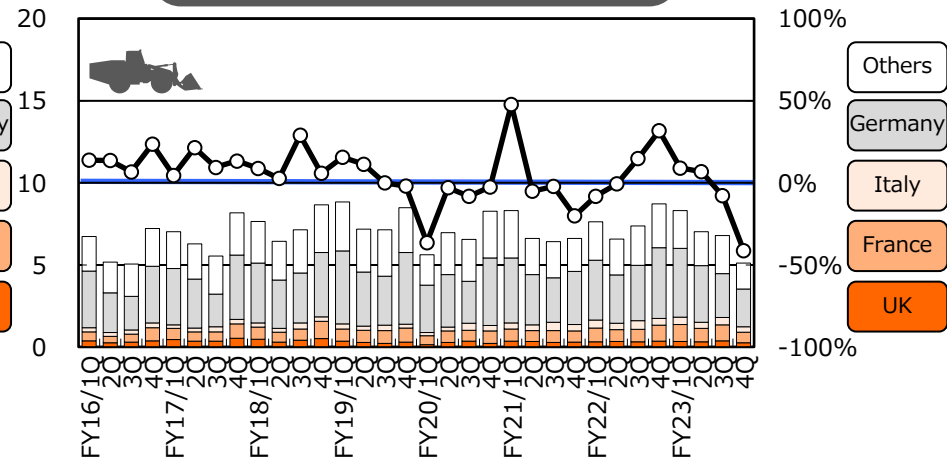
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

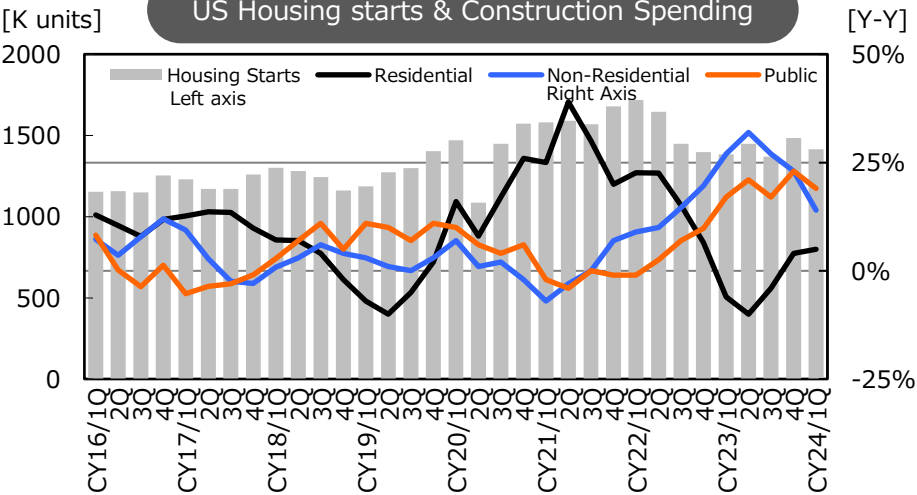


*Demand values are Hitachi Construction Machinery estimates

North America: Fourth Quarter (Jan to Mar 2024)

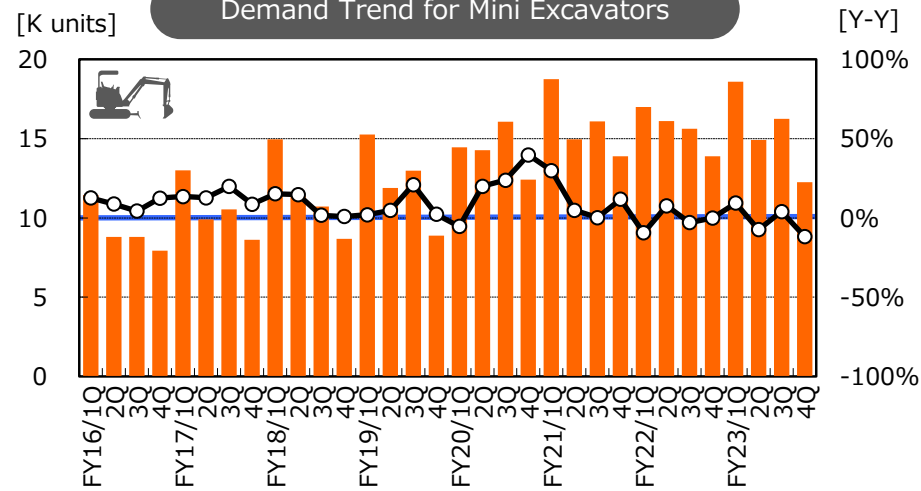
- Housing Starts decreased. Residential increased. Non-residential and Public Works significantly increased.
- Demand for Hydraulic excavators decreased:
Hydraulic Excavators -10%, Mini Excavators -12%, Wheel Loaders -10% y-y.

US Housing starts & Construction Spending

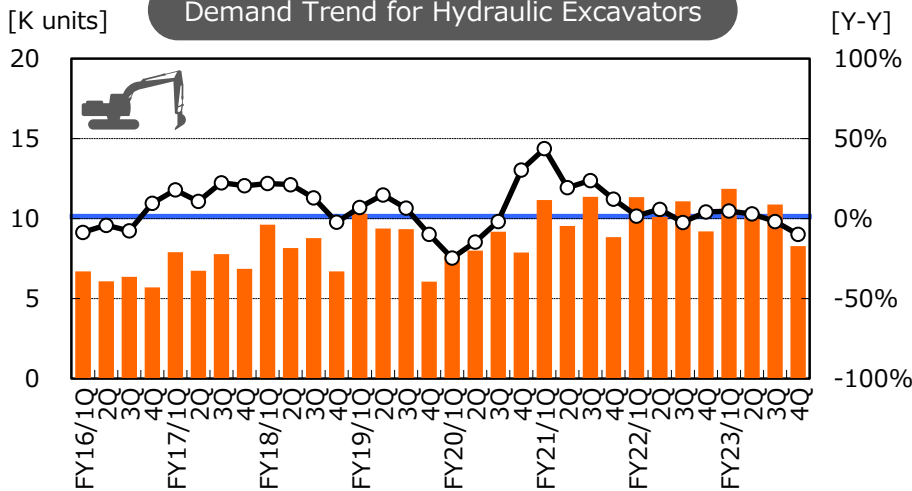


* Bureau of Economic Census, US Census Bureau

Demand Trend for Mini Excavators

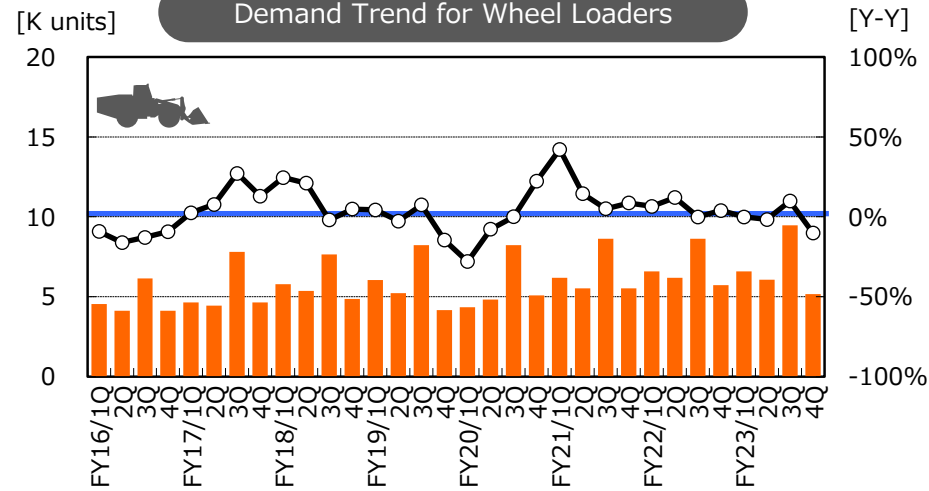


Demand Trend for Hydraulic Excavators



*Demand values are Hitachi Construction Machinery estimates

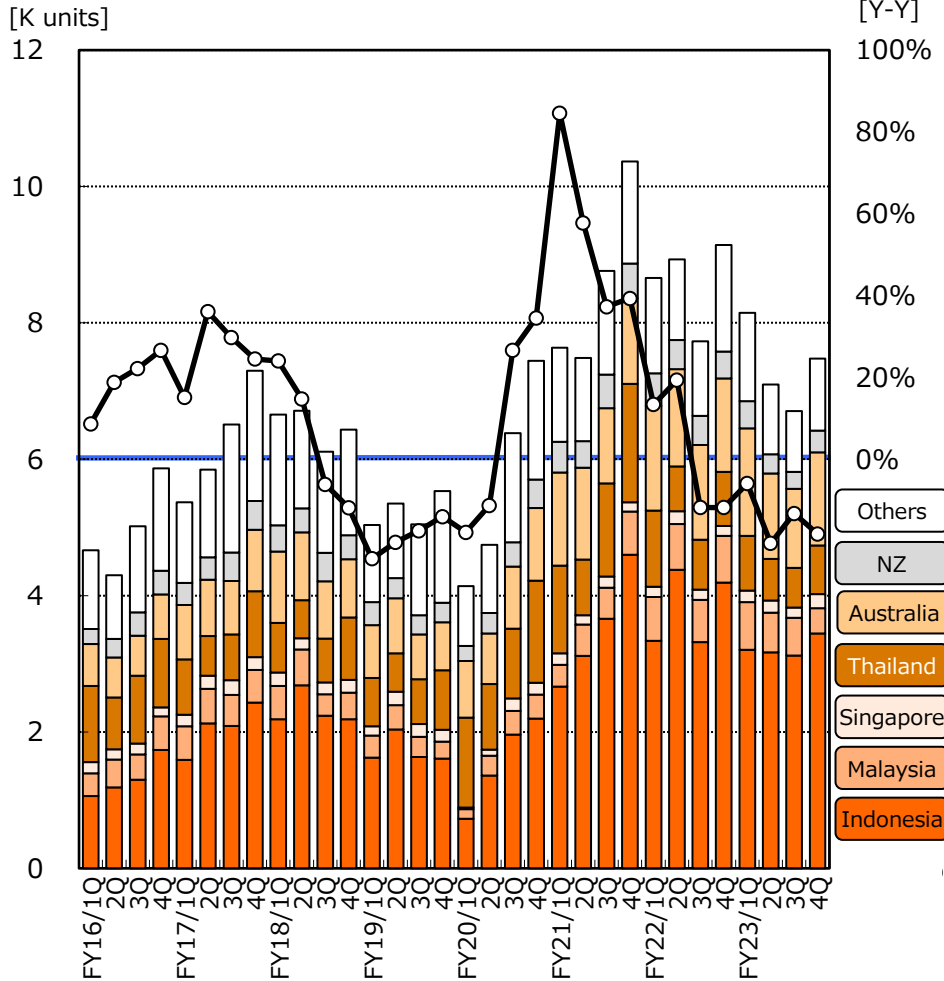
Demand Trend for Wheel Loaders



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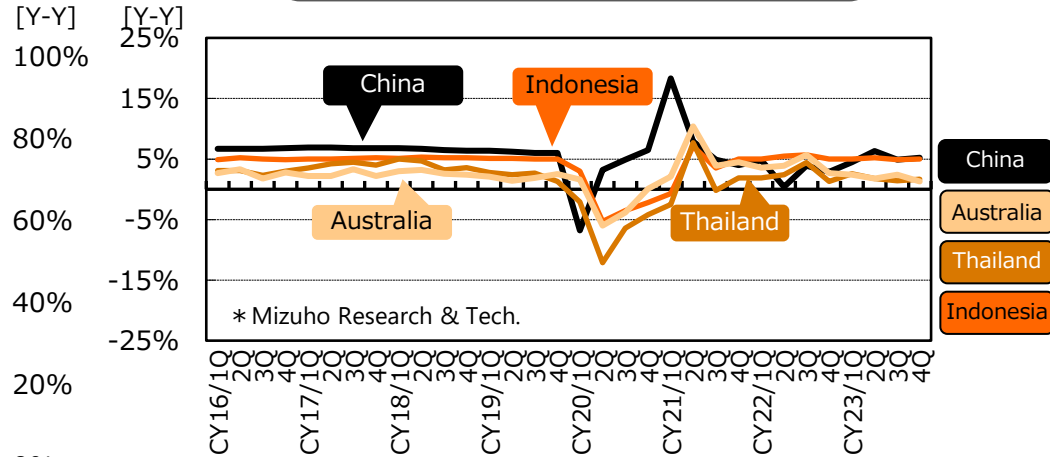
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -18% y-y.
- Demand for Hydraulic excavators in China decreased -5% y-y. (Domestic :-2%, Foreign :-22%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

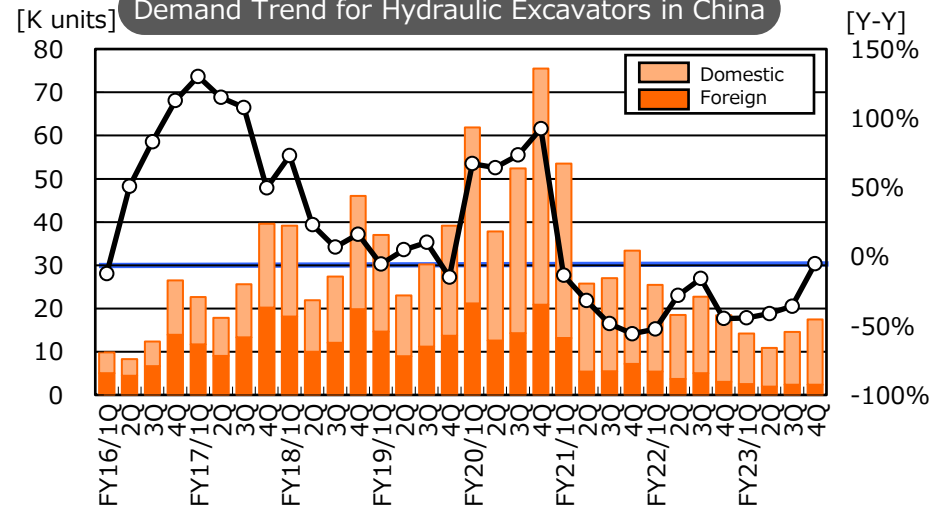


*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



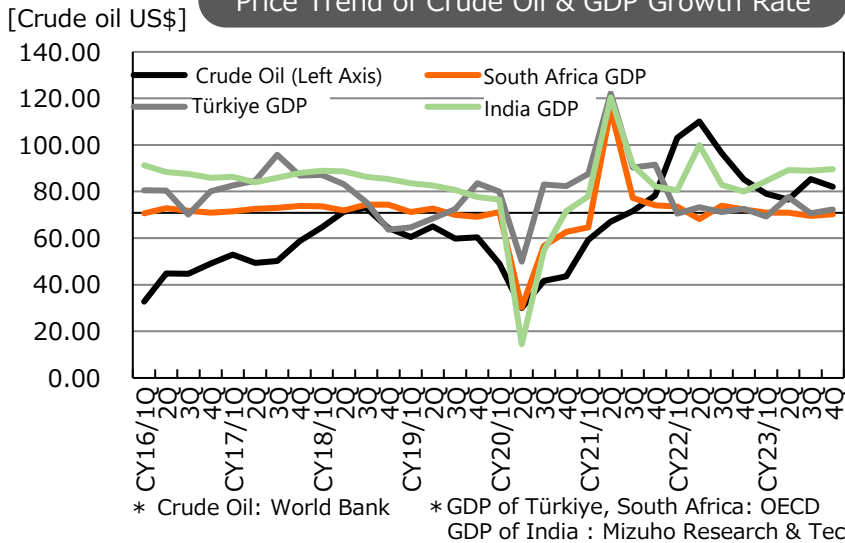
Demand Trend for Hydraulic Excavators in China



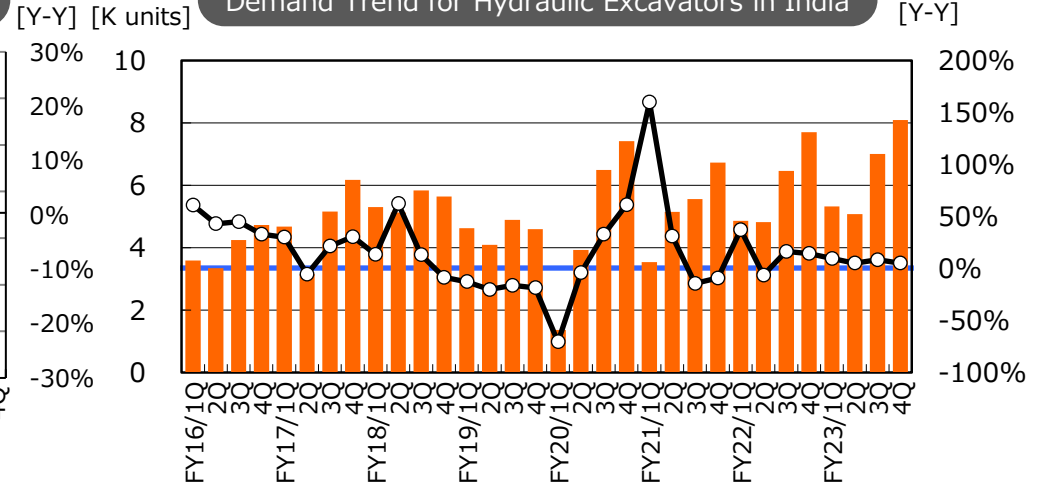
India, Middle East, Africa: Fourth Quarter (Jan to Mar 2024)

- Demand for Hydraulic excavators increased in India +5% y-y.
- Demand for Hydraulic excavators decreased in Africa -10% y-y.
- Demand for Hydraulic excavators increased in the Middle East -14% y-y.

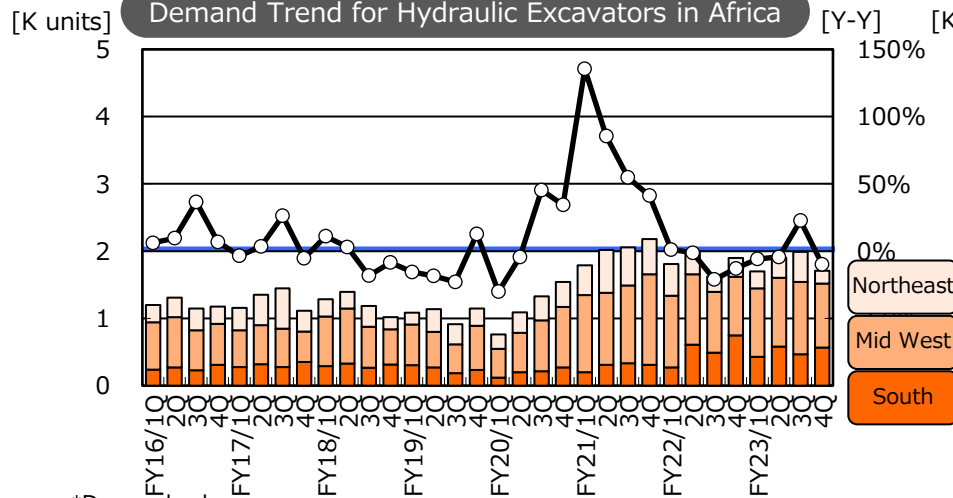
Price Trend of Crude Oil & GDP Growth Rate



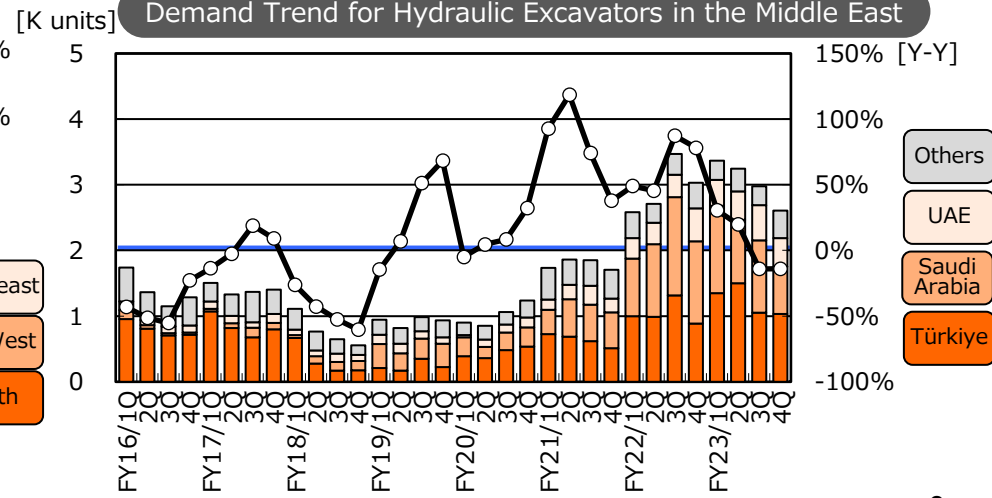
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



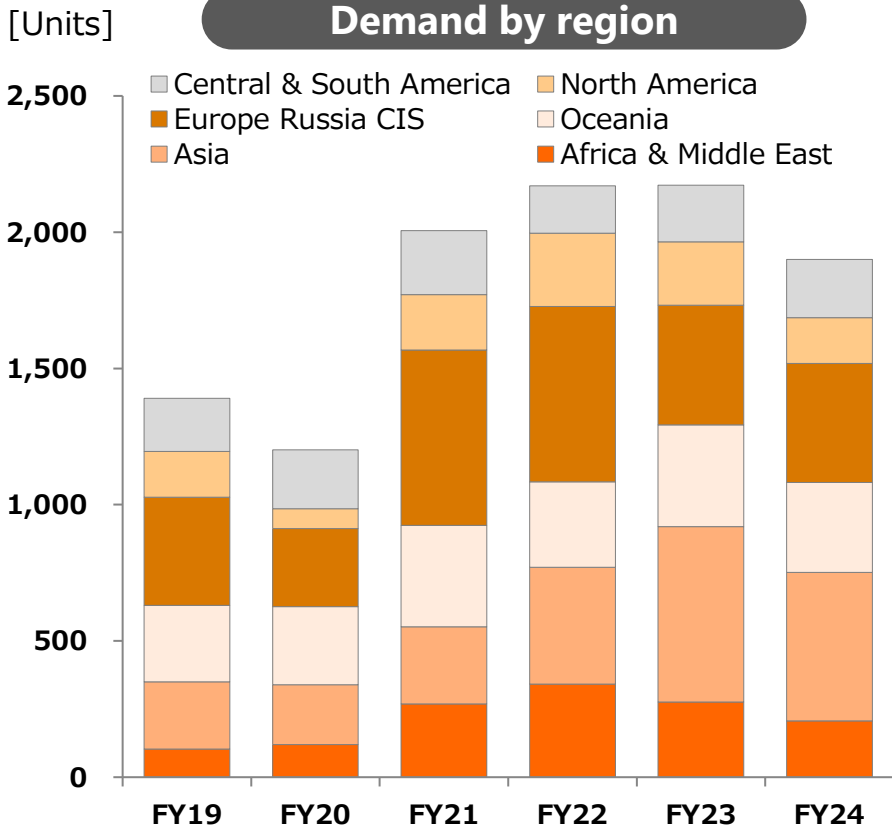
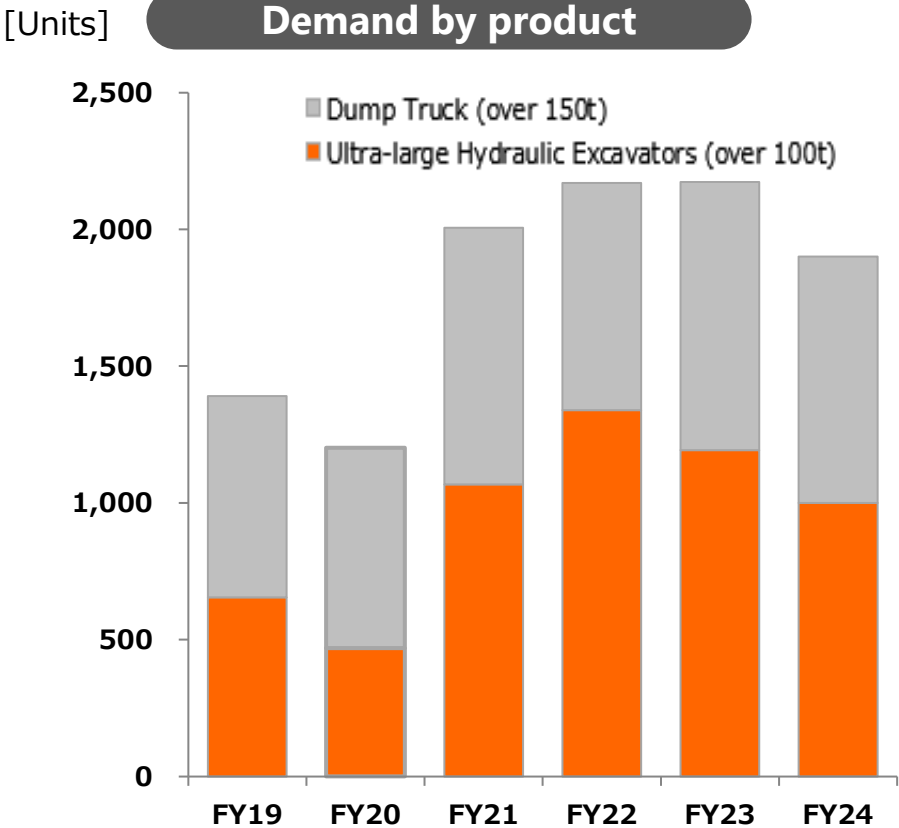
Demand Trend for Hydraulic Excavators in the Middle East



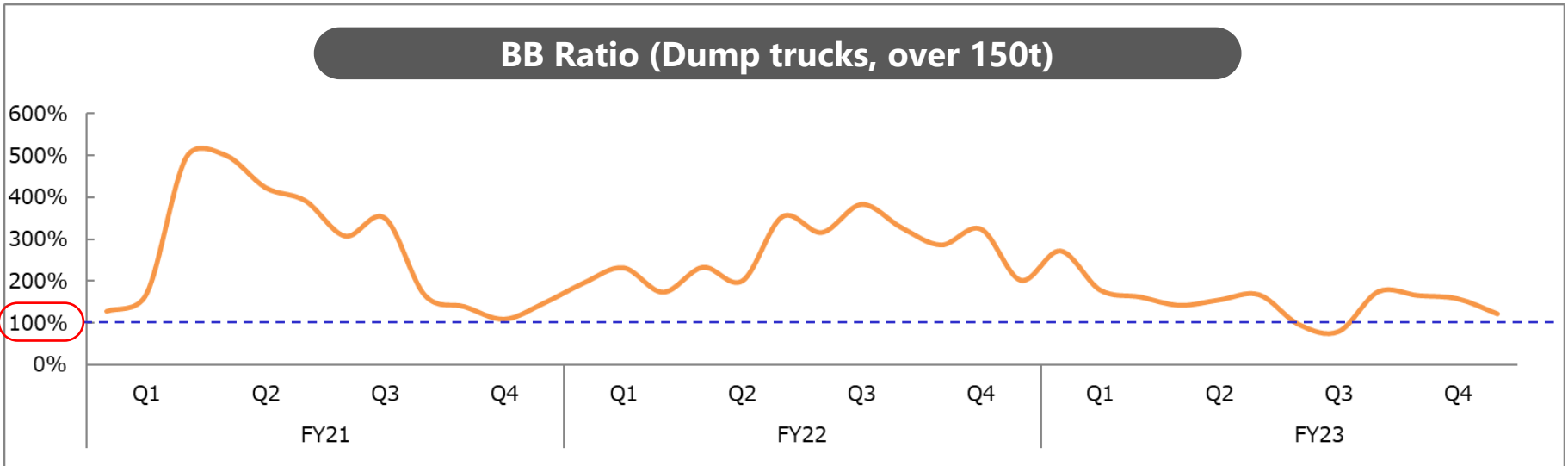
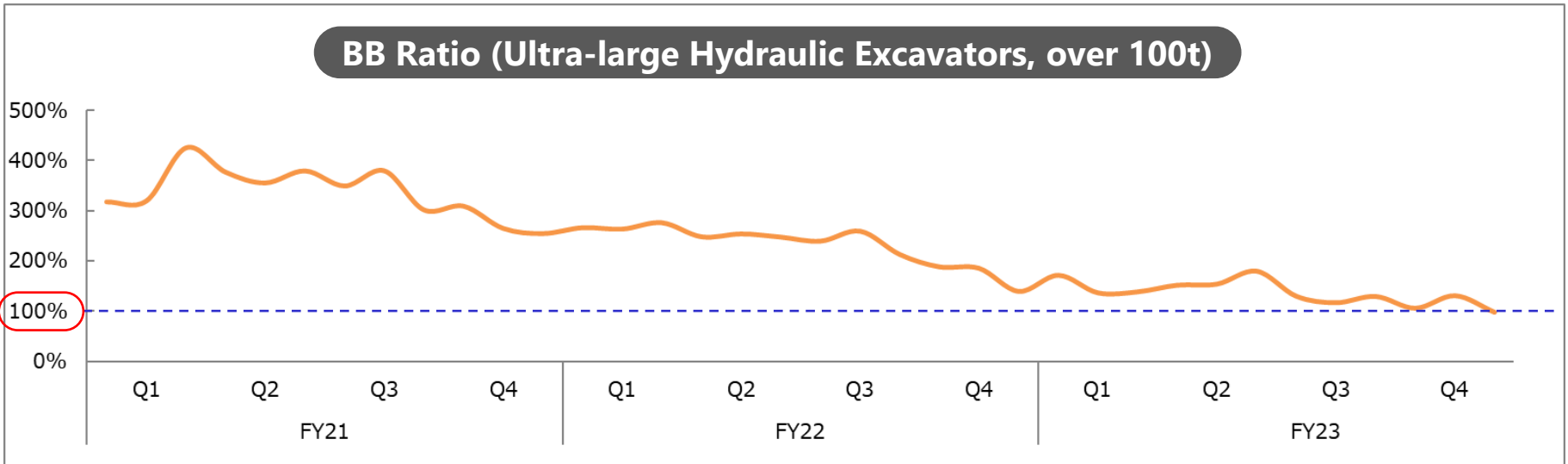
*Demand values are Hitachi Construction Machinery estimates

■ FY23 demand for mining machinery is same level as last year. (Last time flat to -5%)
 ■ FY24 overall demand for ultra-large excavators and dump trucks is forecasted "flat to -10%" y-y due to a decline in mining machinery demand mainly for small and medium-sized mines and contractors

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



*Demand values are Hitachi Construction Machinery estimates



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

Non-consolidated basis (average of 6 months)

Hitachi Construction Machinery Americas opened a new regional headquarters

(February 2024)

- Strengthening proposal capabilities and dealer and customer support with the new regional headquarters as the starting point



Embarking on full-scale production of dump trucks for the Americas market in Canada

- Responding to strong demand in the Americas
- Producing a near area of demand and supplying products that meet those needs
- Increasing the local procurement rate
- Increasing our group production capacity by 30%

First orders received in South America after independent development in the Americas



2. Business Results **for the Year ended March 31, 2024** (April 1, 2023 - March 31, 2024)

Keiichiro Shiojima

Vice President and Executive Officer, CFO

I Changes in disclosure

- Effective from FY2023 Q4, non-core business of the Specialized Parts & Service business segment is classified as a discontinued operation in accordance with IFRS accounting standards. The actual from FY2019 to FY2023 and the forecast for FY2024 are presented accordingly.
 - Revenue, adjusted operating income, operating income, income before income tax
Presented excluding the discontinued operation
 - Net income attributable to owners of the parent
Presented including the discontinued operation

II FY2023 Actual (Continuing operation)

- Revenue 1,405.9 billion of yen YoY +11%
- Adjusted operating income 168.0 billion of yen YoY +23%
- The North America business showed increased sales and profits to remain steady.
- There was a sales price increase of more than the material cost impact.

«Reference» Non-core business (Discontinued operation)

Revenue 16.9 billion of yen

Summary of consolidated results

This current fiscal year, revenue increased by 11% y-y, adjusted operating income increased by 23% y-y, supported by strong sales growth worldwide especially in the Americas and net income attributable to owners of the parent increased by 33%, all record high.

Note : < > shows previous forecast as of January 2024

[billions of yen]

		FY2023 Actual	FY2022 Actual	change	
Continuing operation					
Revenue	< 1,400.0 >	1,405.9	1,264.9	11%	
Adjusted operating income *1	< 171.0 >	(12.0%) 168.0	(10.8%) 136.6	23%	
Operating income	< 157.0 >	(11.6%) 162.7	(10.7%) 135.7	20%	
Income before income taxes	< 142.0 >	(11.4%) 160.5	(9.1%) 115.0	40%	
Net income from continuing operation		(8.3%) 116.3	(6.1%) 77.5	50%	
Net loss from discontinued operation		-11.8	-1.7	-	
Net income attributable to owners of the parent	< 88.0 >	(6.6%) 93.3	(5.5%) 70.2	33%	
EBIT *2	< 152.7 >	(11.9%) 167.5	(9.6%) 121.3	38%	
FX rate	Rate (YEN/USD)	< 142.2 >	144.8	135.4	9.4
	Rate (YEN/EUR)	< 153.5 >	157.0	141.0	16.0
	Rate (YEN/RMB)	< 19.7 >	20.1	19.7	0.4
	Rate (YEN/AUD)	< 94.4 >	95.0	92.7	2.3
Cash dividend per share (yen) *3	< TBD >	150	110	40	

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

*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

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

Revenue by geographic region (consolidated)

Revenue increased y-y in all the region except Russia/CIS and China. Consolidated total revenue increased by 141.0 billion yen.

[billions of yen]

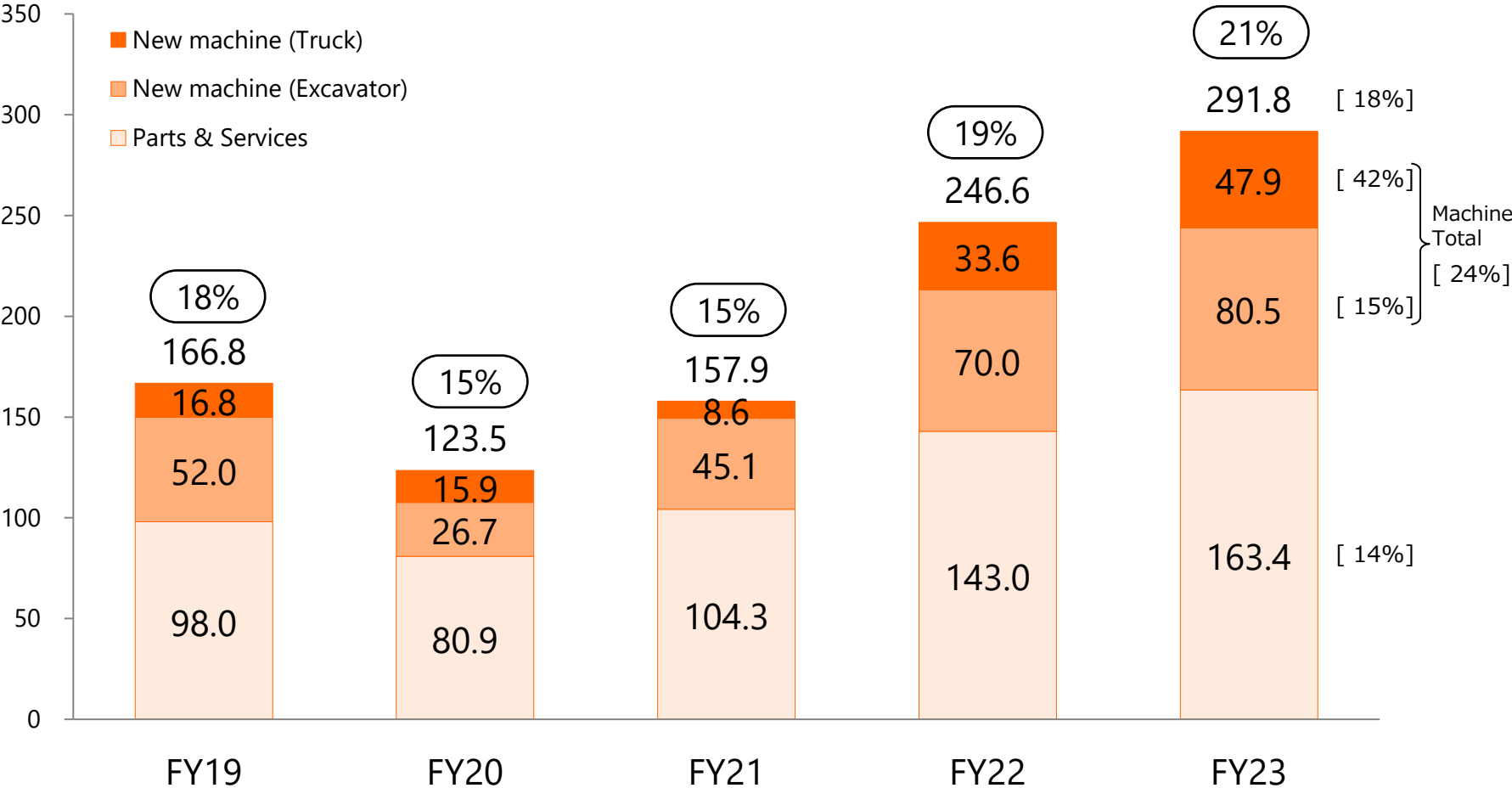
		FY2023		FY2022		change	
		Actual		Actual		amount	%
Japan		226.9	16%	224.0	18%	2.9	1%
Asia		127.0	9%	122.7	10%	4.4	4%
India		85.0	6%	73.1	6%	11.9	16%
Oceania		251.1	18%	225.4	18%	25.7	11%
Europe		182.9	13%	164.7	13%	18.2	11%
N. America		334.4	24%	259.8	21%	74.6	29%
L. America		40.9	3%	38.3	3%	2.5	7%
The Americas		375.2	27%	298.1	24%	77.1	26%
Developing own business		(217.5)	(15%)	(167.6)	(13%)	(49.8)	(30%)
Russia-CIS		23.4	2%	37.4	3%	-14.0	-37%
M. East		34.7	2%	25.0	2%	9.8	39%
Africa		70.4	5%	54.7	4%	15.7	29%
China		29.2	2%	40.0	3%	-10.8	-27%
Total		1,405.9	100%	1,264.9	100%	141.0	11%
Overseas ratio		84%		82%			

* FY2022 & FY2023 revenue presented only continuing operation retroactively.

Revenue of mining increased by 18% to a record high revenue of 291.8 billion yen y-y due to a significant increase in trucks as well as excavators, and parts and services sales.

[billions of yen]

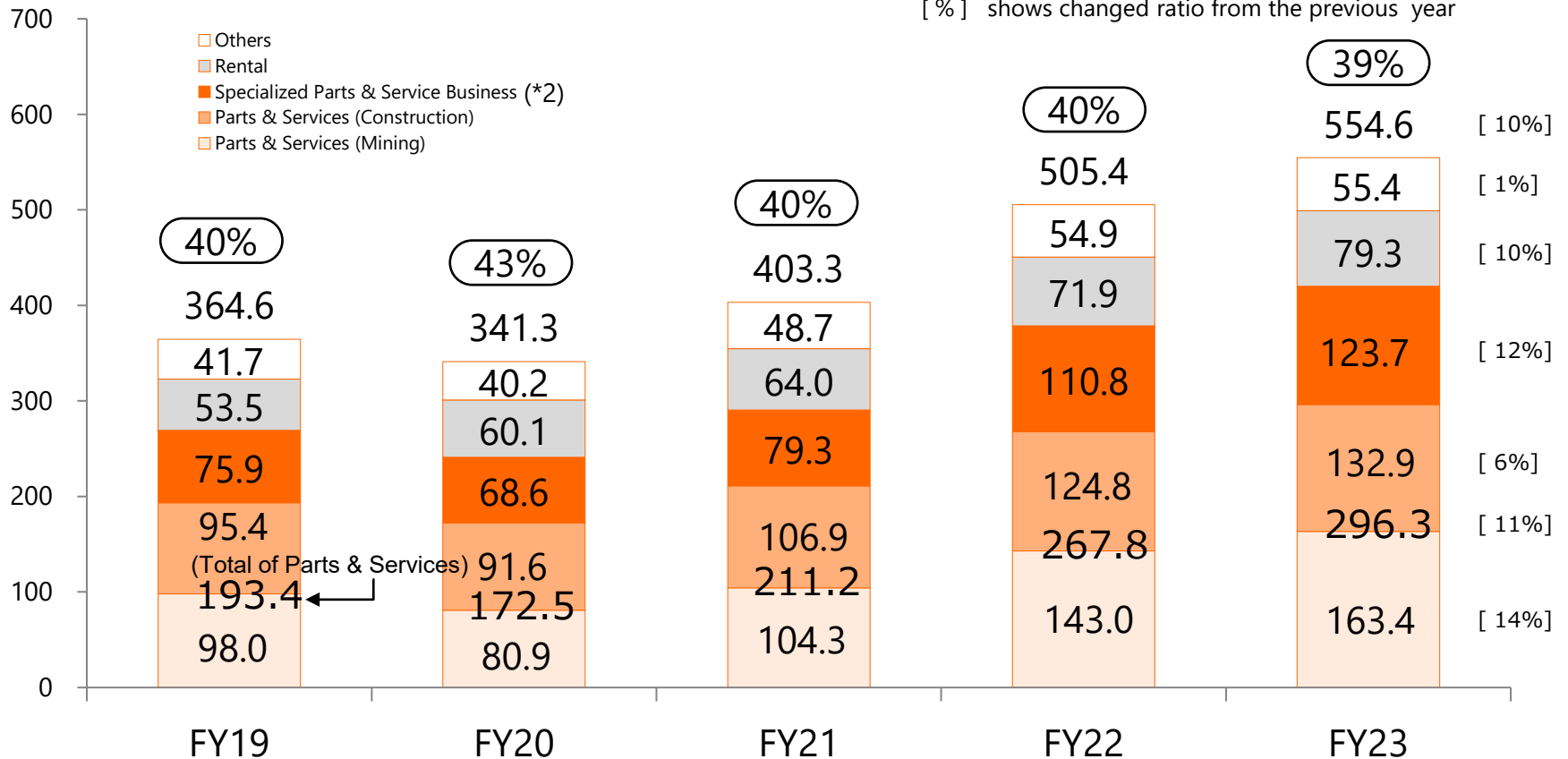
(%) shows sales ratio against total company sales
 [%] shows changed ratio from the previous year



Revenue of the value chain business increased by 10% y-y to 554.6 billion yen, which is record-high revenue.

[billions of yen]

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

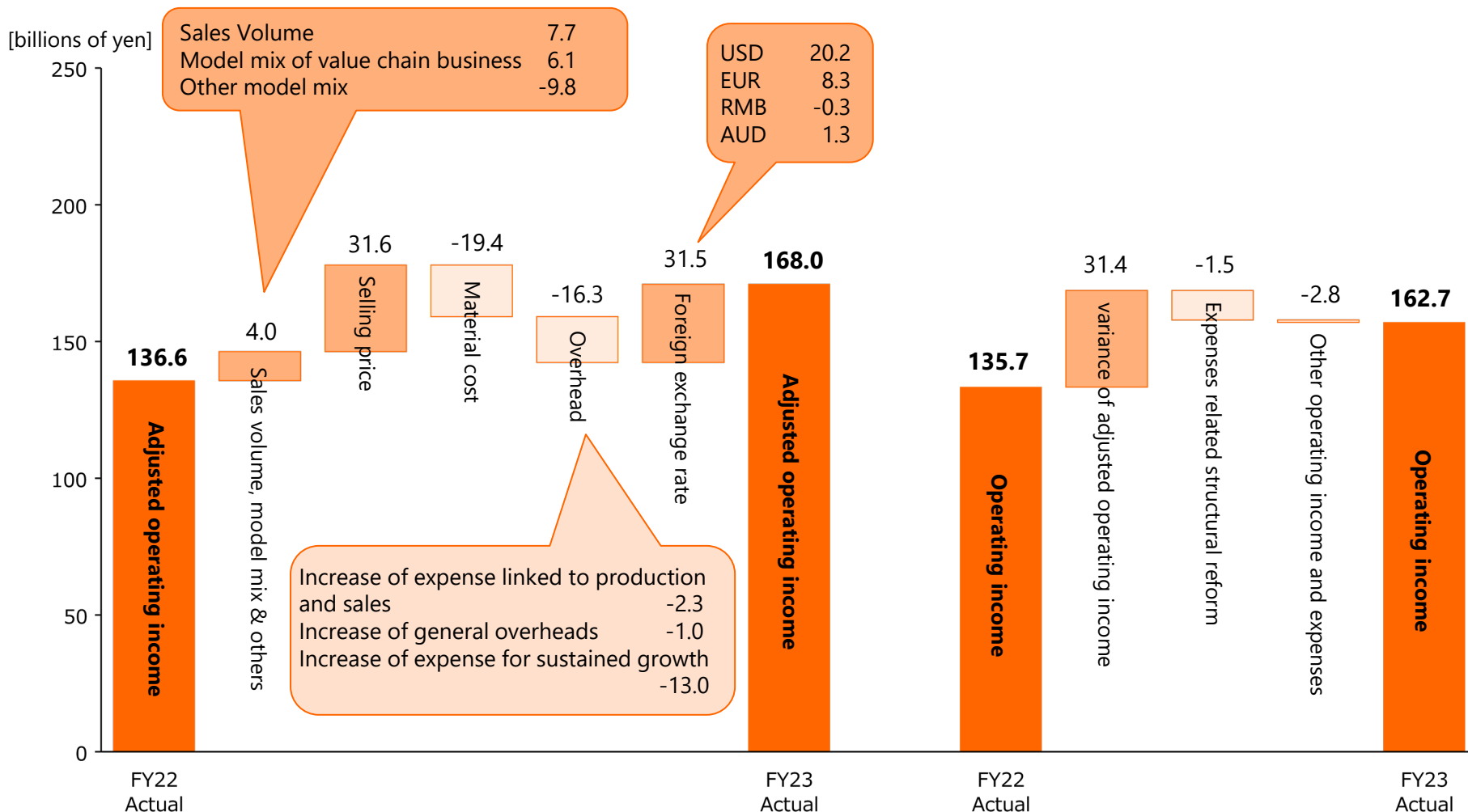


(*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

(*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment. From FY2019, revenue presented only continuing operation retroactively.

Comparison of consolidated income

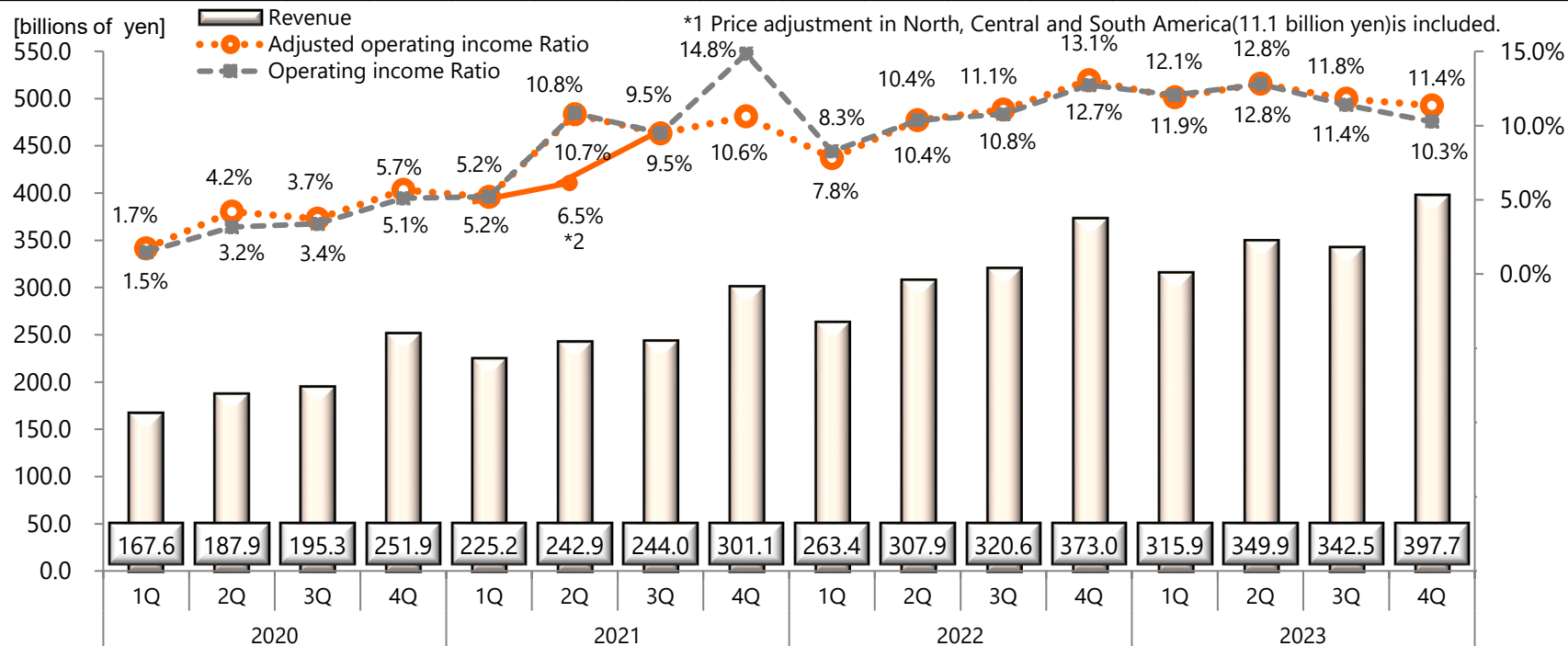
Adjusted operating income increased by 31.4 billion yen y-y as the impact of the increase in material costs and overhead costs was recovered by an increase in sales volume and sales price, as well as the impact of the yen's depreciation.



* FY2022 & FY2023 Adjusted operating income and operating income presented only continuing operation.

Summary of quarterly consolidated revenue and operating income (ratio)

	2020				2021				2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	167.6	187.9	195.3	251.9	225.2	242.9	244.0	301.1	263.4	307.9	320.6	373.0	315.9	349.9	342.5	397.7
Adjusted operating income	2.9	7.9	7.3	14.4	11.7	26.1	23.1	32.0	20.6	31.9	35.5	48.7	37.6	44.9	40.5	45.1
Operating income	2.4	6.0	6.6	12.9	11.7	26.3	23.2	44.7	21.8	31.9	34.5	47.5	38.1	44.8	39.0	40.8



*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	4Q
Rate (YEN/USD)	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	148.6
Rate (YEN/EUR)	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	161.3
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	20.6
Rate (YEN/AUD)	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	97.7

From FY2020, revenue, adjusted operating income and operating income presented only continuing operation retroactively.

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Consolidated statement of financial position

HITACHI

Reliable Solutions

Total assets increased by 208.0 billion yen y-y from the end of last fiscal year due to increase in inventories and depreciation of the yen.

				[billions of yen]			
	(A) Mar '2024	(B) Mar '2023	(A)-(B) change		(C) Mar '2024	(D) Mar '2023	(C)-(D) change
Cash and cash equivalents	143.5	112.0	31.5	Trade and other payables	289.4	274.5	14.9
Trade receivables	305.7	305.3	0.4	Bonds and borrowings	575.6	507.5	68.1
Inventories	552.3	450.8	101.5	Total liabilities	1,020.6	926.0	94.6
Total current assets	1,077.6	908.9	168.6	(Equity attributable to owners of the parent ratio)	(41.6%)	(40.6%)	(1.0%)
Total non-current assets	757.5	718.1	39.4	Total equity	814.4	701.0	113.4
Total assets	1,835.0	1,627.0	208.0	Total liabilities and equity	1,835.0	1,627.0	208.0
Trade receivables incl. non-current	352.9	344.6	8.4				
Inventories by products							
Unit	229.7	142.5	87.1		(31.4%)	(31.2%)	(0.2%)
Parts	172.8	158.6	14.2	Interest-bearing debt	575.6	507.5	68.1
Raw materials, WIP and etc	149.9	149.6	0.2	Cash and Cash equivalents	143.5	112.0	31.5
Total inventories	552.3	450.8	101.5		(23.5%)	(24.3%)	(-0.8%)
On hand days(divided by revenue)			[Days]	Net interest-bearing debt	432.1	395.5	36.6
Trade receivables	92	98	-7				
Inventories	143	129	15	Net D/E Ratio	0.57	0.60	-0.03
Trade payables	44	47	-2				
Net working capital	187	176	10				

Operating cash flow was positive at 73.0 billion yen. Free cash flow including investment cash flow expenditures was also positive at 34.0 billion yen.

[billions of yen]

	FY2023 Actual		FY2022 Actual		change	
Net income (includes discontinued operations)		104.5		75.7		28.7
Depreciation and amortization	172.6	68.1	138.6	62.9	34.0	5.2
(Increase)decrease in trade/lease receivables		2.5		-19.9		22.3
(Increase)decrease in inventories	-60.2	-63.7	-79.8	-75.4	19.5	11.6
Increase(decrease) in trade payables		1.0		15.5		-14.4
Payments for performance of guarantee obligation		0.0		-53.5		-53.5
Others, net		-39.3		-31.5		-7.8
Net cash provided by (used in) operating activities		73.0		-26.1		99.2
Cash flow margin for operating activities		5.2%		-2.1%		7.3%
Net cash provided by (used in) investing activities		-39.0		-42.6		3.6
Free cash flows		34.0		-68.8		102.8
Net cash provided by (used in) financing activities		-8.9		87.1		-96.0

Summary of consolidated earnings forecast

Although revenue is expected to decrease y-y due to the impact of the yen's appreciation set in the forecast rate, net income attributable to owners of the parent company is expected to increase by reducing non-operating costs. The annual dividend is planned to be 175 yen per share.

(billions of yen)

	FY2024 Forecast	FY2023 Actual	change	
			amount	%
Continuing operation				
Revenue	1,370.0	1,405.9	-35.9	-3%
Adjusted operating income	(12.0%) 165.0	(12.0%) 168.0	(0.1%) -3.0	-2%
Operating income	(11.8%) 161.0	(11.6%) 162.7	(0.2%) -1.7	-1%
Income before income taxes	(11.0%) 151.0	(11.4%) 160.5	(-0.4%) -9.5	-6%
Net income from continuing operation	106.4	116.3	-9.8	-8%
Net income from discontinued operation	0.5	-11.8	12.3	-
Net income attributable to owners of the parent	(7.2%) 98.0	(6.6%) 93.3	(0.5%) 4.7	5%
EBIT	165.4	167.5	-2.1	
Currency	FY2024 Forecast	FY2023 Actual	change	
Rate (YEN/USD)	141.0	144.8	-3.8	
Rate (YEN/EUR)	152.0	157.0	-5.0	
Rate (YEN/RMB)	20.1	20.1	0.0	
Rate (YEN/AUD)	95.0	95.0	0.0	
Cash dividend per share (yen) *1	175	150	25	

For FX sensitivity, please refer to appendix 1.

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

Consolidated revenue forecast by geographic region

Consolidated revenue for FY2024 is expected to decrease by 35.9 billion yen y-y especially due to a decrease in demand in Europe and the impact of the yen's appreciation of 31.4 billion yen by the forecast rate, despite expanding own deploying business in the Americas.

(billions of yen)

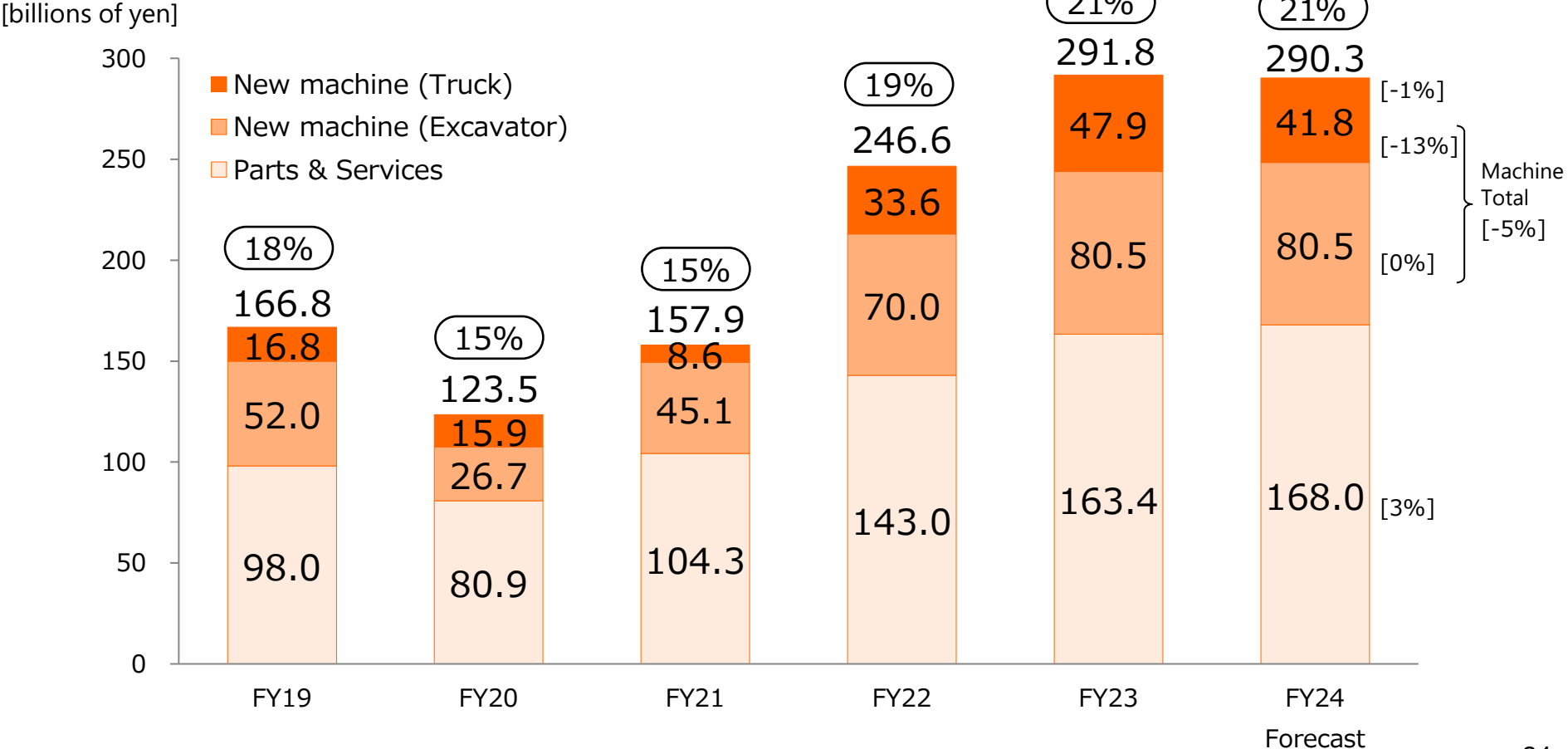
		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		224.2	16%	226.9	16%	-2.7	-1%
Asia		121.2	9%	127.0	9%	-5.9	-5%
India		80.5	6%	85.0	6%	-4.5	-5%
Oceania		251.9	18%	251.1	18%	0.9	0%
Europe		147.7	11%	182.9	13%	-35.2	-19%
America	N. America	358.7	26%	334.4	24%	24.3	7%
	L. America	37.8	3%	40.9	3%	-3.0	-7%
		396.5	29%	375.2	27%	21.3	6%
(Developing own business)		(251.5)	(18%)	(217.5)	(15%)	(34.0)	(16%)
Russia-CIS		18.3	1%	23.4	2%	-5.1	-22%
M. East		35.5	3%	34.7	2%	0.8	2%
Africa		63.2	5%	70.4	5%	-7.1	-10%
China		30.9	2%	29.2	2%	1.6	6%
Total		1,370.0	100%	1,405.9	100%	-35.9	-3%
Overseas ratio		84%		84%			

* Presented only continuing operation retroactively.

Mining revenue forecast

Revenue of mining for FY2024 is expected to decrease by 1% to 290.3 billion yen y-y due to the impact of the yen's appreciation of 5.4 billion yen by the forecast rate and decrease in truck sales, despite the parts and service revenue increase.

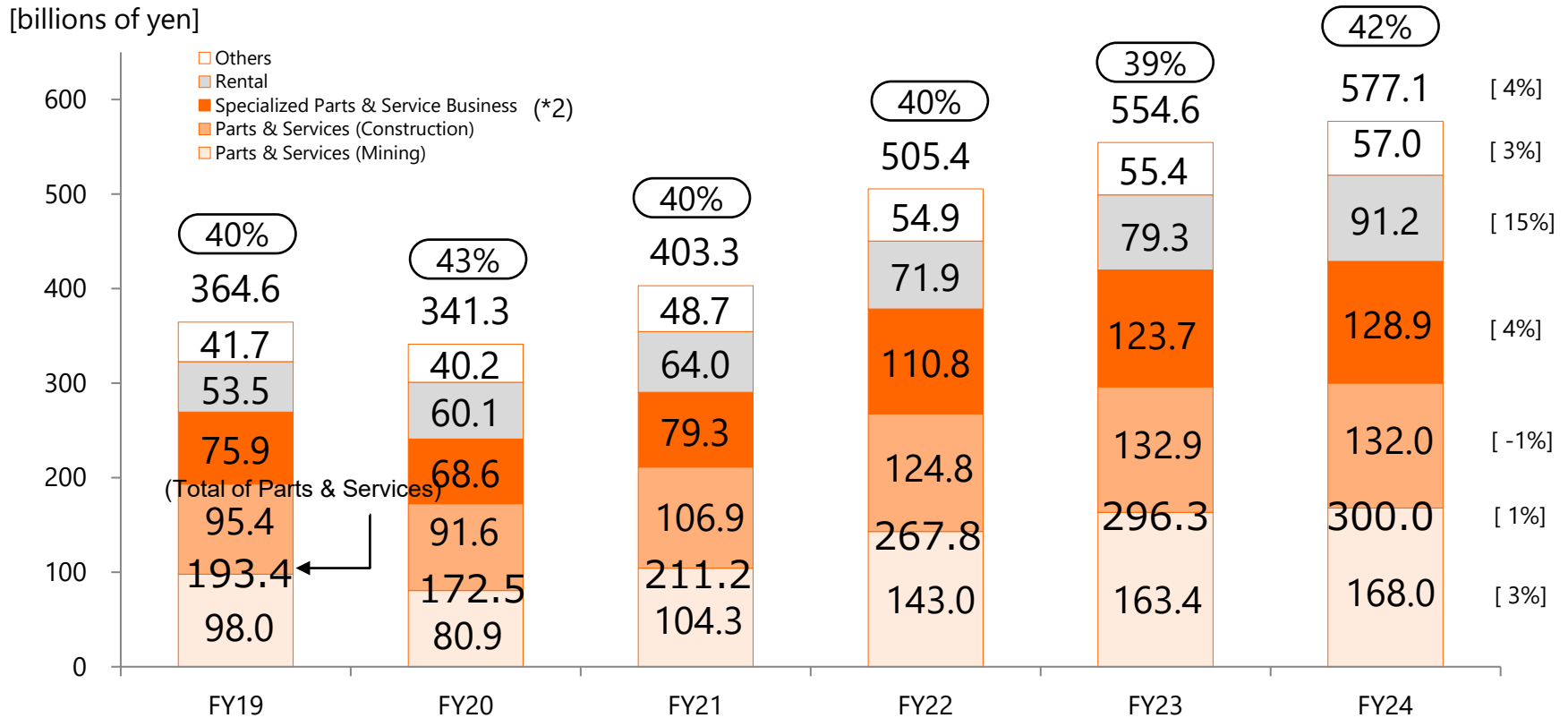
(%) shows sales ratio against total company sales
 [%] shows changed ratio from the previous year



Value chain*1 revenue forecast

Revenue of the value chain for FY2024 is expected to increase by 4% to 577.1 billion yen y-y, despite the impact of the yen's appreciation of 9.8 billion yen by the forecast rate.

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

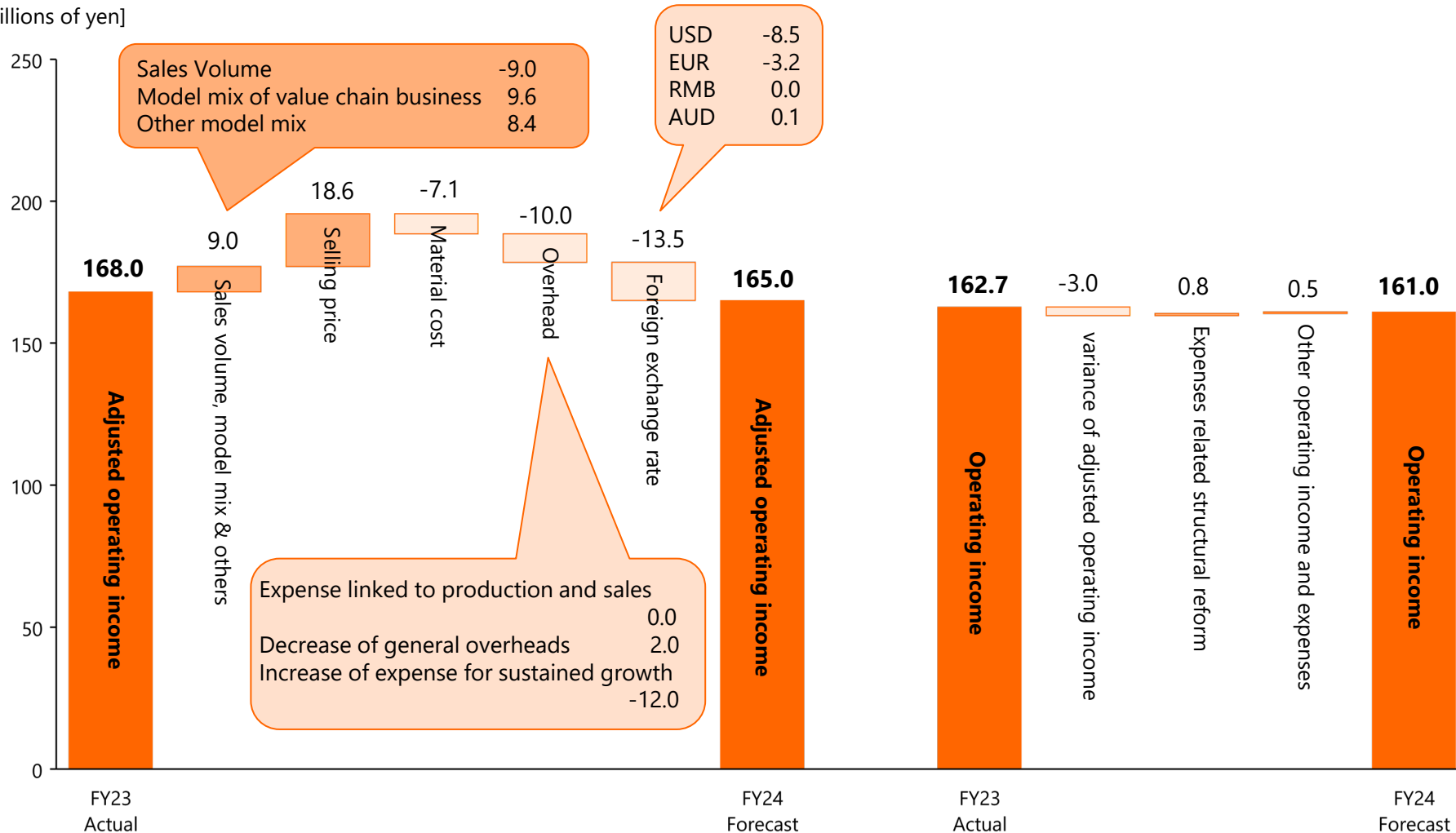


(*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales. Forecast
 (*2) Specialized parts and service business: The business segment primarily intends to provide development, production, distribution of parts, and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment. From FY2019, revenue presented only continuing operation retroactively.

Comparison of consolidated income forecast

Adjusted operating income for FY2024 is expected to increase by 10.5 billion yen excluding the impact of the yen's appreciation set in the forecast rate, absorbing sales volume decrease, and material and overhead cost increase by expanding value chain business and sales price increase.

[billions of yen]



Appendix 1: FX rate and FX sensitivity

The forecast exchange rate of major currencies for FY2024 was set within the expected fluctuation range for each currency.

FX rate and FX sensitivity

(billions of yen)

Currency	FX rate		FX sensitivity (1Q-4Q)		
	FY24 Forecast	FY23 Actual	Condition	Revenue	Adjusted operating income
USD	141.0	144.8	Impact by 1 yen depreciation	3.8	2.5
EUR	152.0	157.0	Impact by 1 yen depreciation	1.0	0.6
RMB	20.1	20.1	Impact by 0.1 yen depreciation	0.2	0.0
AUD	95.0	95.0	Impact by 1 yen depreciation	2.8	0.5

Appendix 2: Detail of mining revenue

(billions of yen)

		FY23 Actual(A)	FY22 Actual(B)	Change (A)-(B)	FY24 Forecast(C)	Change (C)-(A)
America	Excavator	36.2	32.7	3.5	41.7	5.5
	Dump Truck	10.9	4.1	6.8	7.8	-3.1
	Total	47.1	36.8	10.3	49.5	2.3
Europe, Africa and Middle East	Excavator	34.3	35.7	-1.4	31.7	-2.7
	Dump Truck	35.6	27.0	8.6	32.7	-2.9
	Total	70.0	62.7	7.2	64.4	-5.6
Asia & Oceania	Excavator	120.1	97.8	22.2	120.6	0.6
	Dump Truck	50.8	46.8	4.0	47.6	-3.2
	Total	170.9	144.6	26.3	168.2	-2.6
China	Excavator	2.5	1.3	1.2	6.5	4.0
	Dump Truck	0.0	0.1	-0.1	0.0	0.0
	Total	2.5	1.4	1.2	6.5	4.0
Japan	Excavator	0.9	1.0	-0.1	1.7	0.8
	Dump Truck	0.4	0.0	0.4	0.0	-0.4
	Total	1.3	1.1	0.2	1.7	0.4
Total	Excavator	194.0	168.5	25.5	202.2	8.2
	Dump Truck	97.8	78.1	19.7	88.1	-9.6
	Total	291.8	246.6	45.2	290.3	-1.4

Appendix 3: Segment information

Amortizations of PPA are included in the adjusted operating income of the Specialized Parts & Service business : 1.2 billion yen in FY2023, and 1.2 billion yen in the forecast for FY2024.

[billions of yen]

FY2023 Actual	Reportable segment		Adjustments *2	Total
	Construction Machinery Business	Specialized Parts & Service Business *1		
Revenue	1,282.3	129.9	-6.3	1,405.9
Adjusted operating income	12.0% 153.5	11.2% 14.5	-	12.0% 168.0

[billions of yen]

FY2024 Forecast	Reportable segment		Adjustments *2	Total
	Construction Machinery Business	Specialized Parts & Service Business *1		
Revenue	1,241.1	128.9	-	1,370.0
Adjusted operating income	11.9% 147.3	13.7% 17.7	-	12.0% 165.0

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

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

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

Appendix4 : Actual and forecast of consolidated capital expenditures, depreciation, and R&D expenses

The total capital expenditures for FY2024 are expected to expand for reorganization of factories in Japan.

1. Capital Expenditure (Based on completion)

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Capital Expenditure	34.7	45.3	75.1	58.7	67.2
Assets held for operating lease	38.6	44.3	44.2	50.3	52.6
Total	73.4	89.6	119.3	109.0	119.8

2. Depreciation (tangible and intangible fixed assets)

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Capital Expenditure	34.6	36.9	40.5	43.7	48.1
Assets held for operating lease	14.9	17.9	21.6	23.5	34.8
Total	49.5	54.8	62.1	67.2	82.9

3. R&D expenses

[billion of yen]

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Total of consolidation	24.8	25.5	24.4	31.4	36.3

3. Achieving the Midterm Management Plan FY2025 Targets **BUILDING THE FUTURE 2025** FY2023 – 2025

Masafumi Senzaki

President and Executive Officer, COO

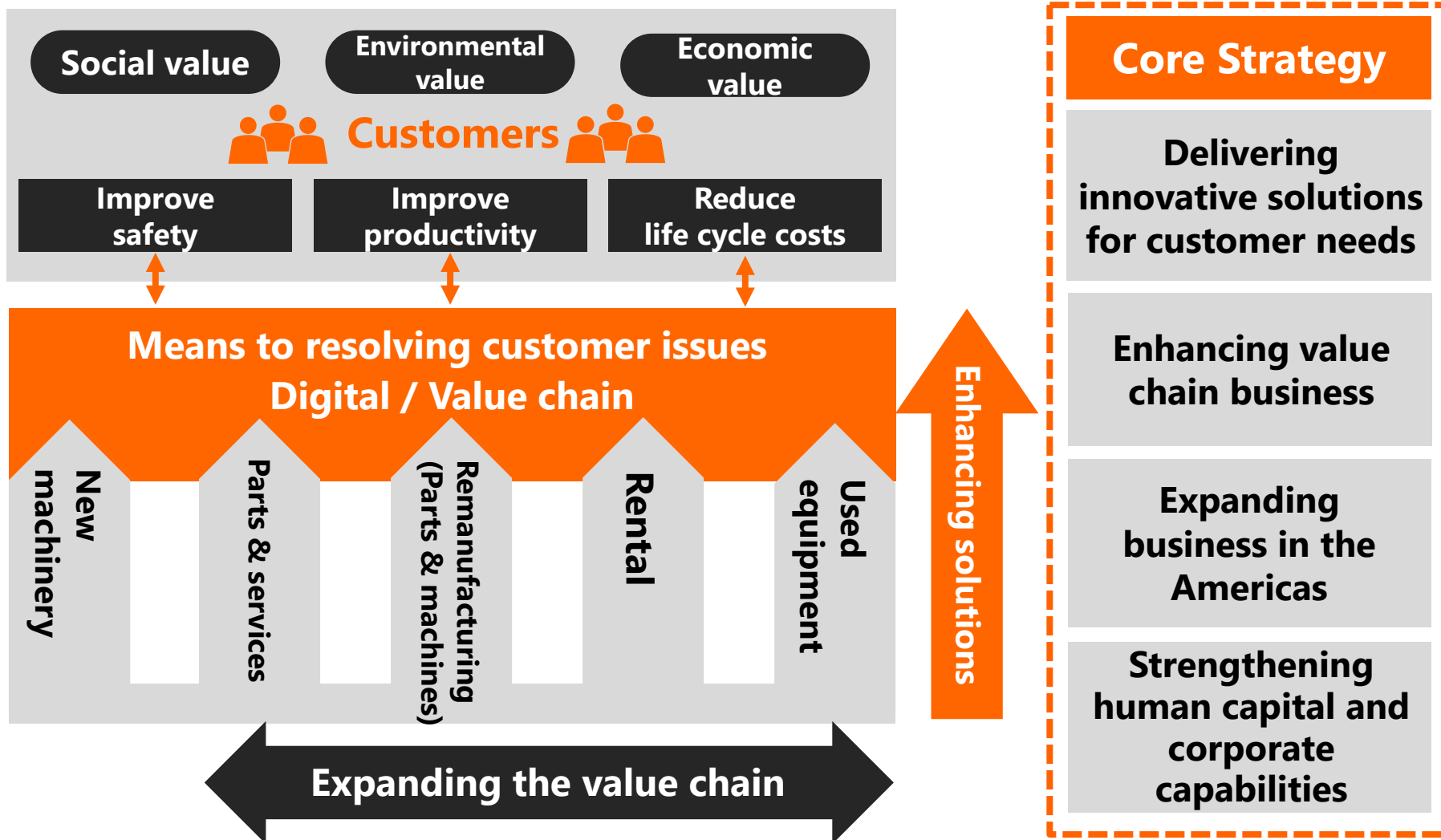
- 1. Group Identity of Hitachi Construction Machinery**
- 2. Core Strategy of the Medium-term Management Plan**
- 3. Overview of the Medium-term Management Plan**
- 4. Targets of the Medium-term Management Plan**

Formulating our own group identity in response to business environmental changes






Reliable Solutions We are a reliable solutions partner with/for our customers



Growing as a true solutions provider by delivering innovative solutions

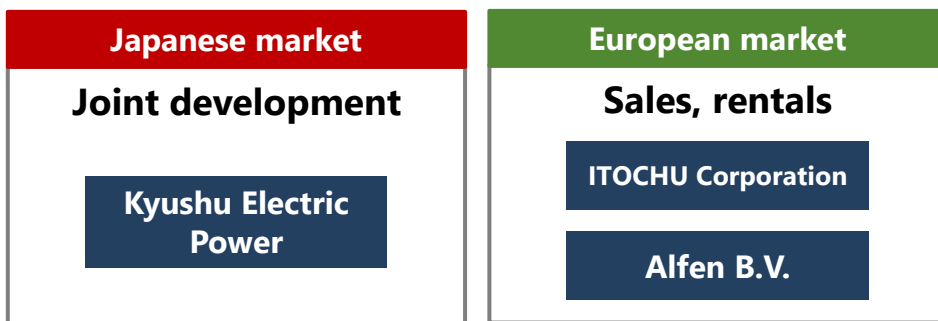


3. Overview of the Medium-term Management Plan

Core Strategy	Key initiatives
<p>Delivering innovative solutions for customer needs</p>	<ul style="list-style-type: none">■ Building an ecosystem through collaborative creation with customers and partners in other industries ■ Offering site solutions with a digital platform 
<p>Enhancing value chain business</p>	<ul style="list-style-type: none">■ Expanding remanufacturing capacity and establishing a global optimum production system ■ Expanding overseas rental business suited to different market environments
<p>Expanding business in the Americas</p>	<ul style="list-style-type: none">■ Diversifying sales channels and enhancing finance business in the Americas ■ Establishing an own sales network in Central & South America
<p>Strengthening human capital and corporate capabilities</p>	<ul style="list-style-type: none">■ Providing education and opportunities for human capital to play an active role globally ■ Transforming the corporate culture through agile development

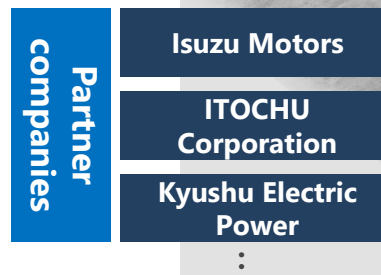
Collaboration with partners in other industries toward realizing zero emissions at construction sites

Expanded cooperation on mobile energy storage systems

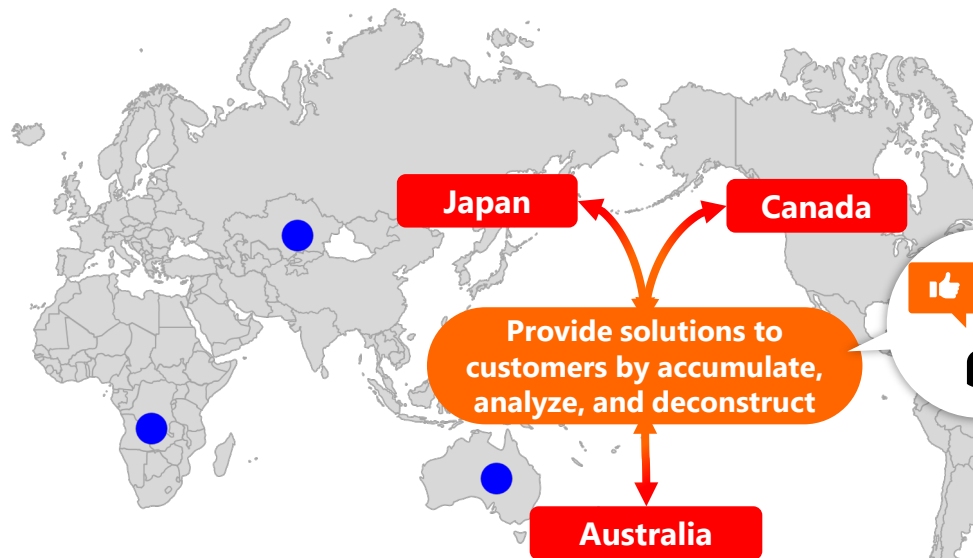
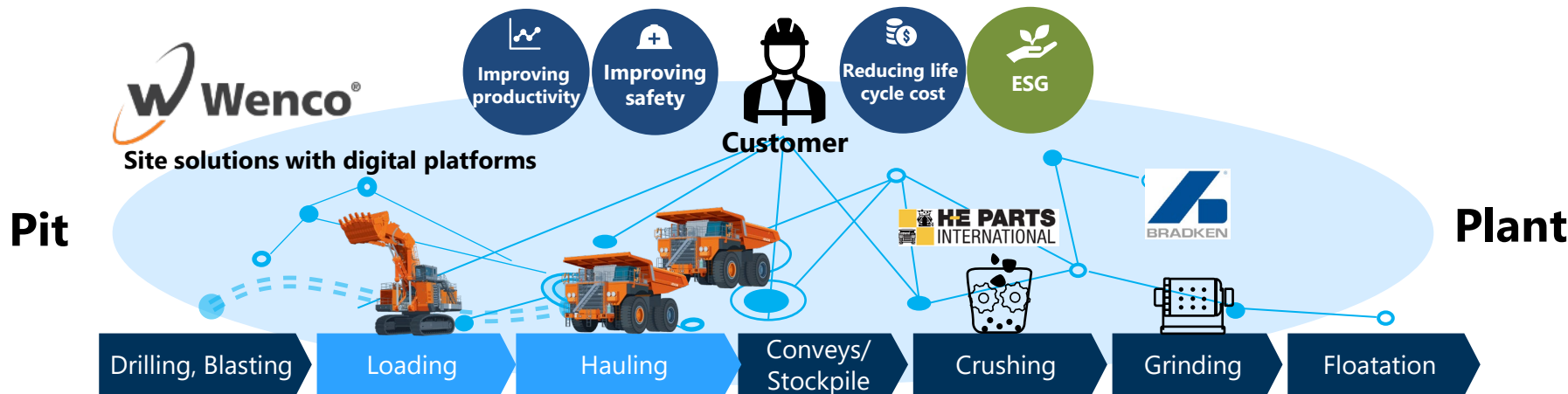


Establishment of the ZERO EMISSION EV-LAB by collaboration with partners

- Permanent demo area that recreates a construction site and a communication area for visitors
- In addition to electric excavators, mobile energy storage systems, EV trucks, compaction equipment, and carrier dump trucks are scheduled to be installed



Monitoring multiple mine sites while expanding the coverage to improve customer productivity

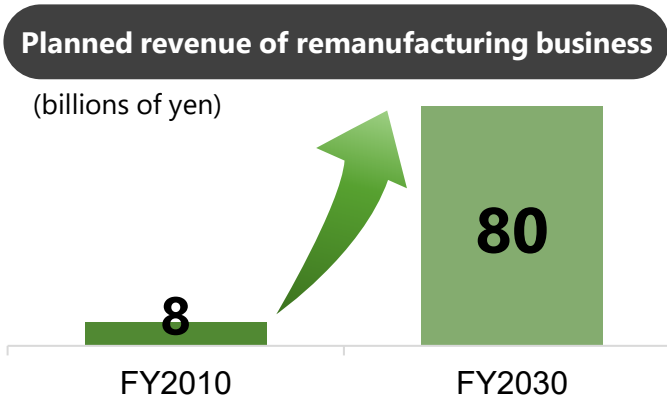


Remote support center for the mining site

● Mining Site to be monitored

Consolidating domestic remanufacturing sites and enhancing global remanufacturing sites aiming for a recycling-oriented business model

Establishing the Banshu Works as the mother factory of remanufacturing plants and strengthening cooperation worldwide



Strengthening remanufacturing business across the Americas

Hitachi Construction Truck Manufacturing

Operation started from October 2023.

Remanufacturing of parts for large and ultra-large hydraulic excavators, dump trucks, and wheel loaders



H-E Parts

Remanufacturing of cooling systems and engines for mining machinery

Number of remanufacturing sites (including Hitachi Construction Machinery)

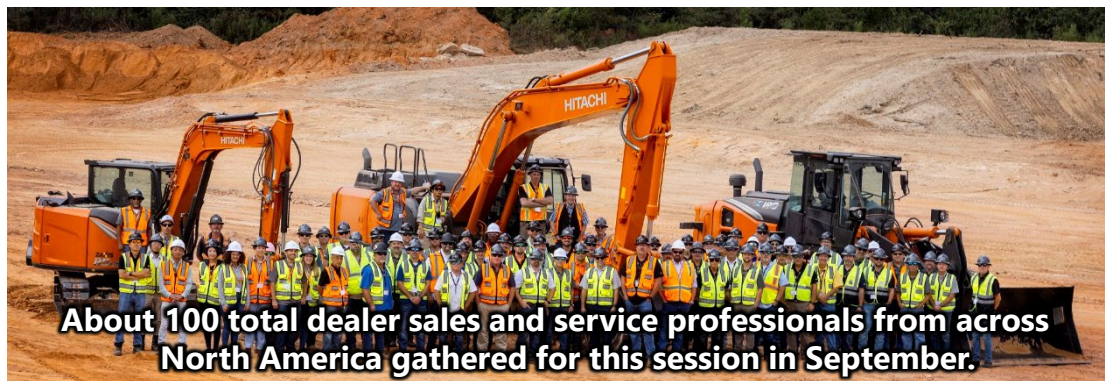
23 sites in 11 countries

- Hitachi Construction Machinery
- H-E Parts

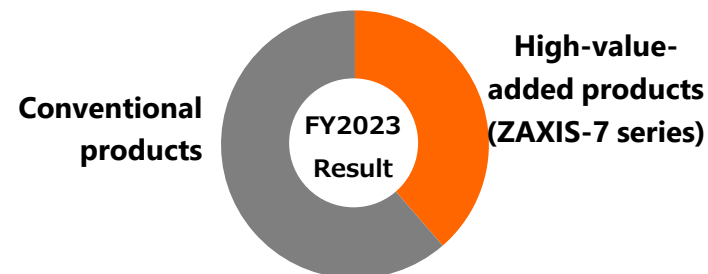


Delivery of high-value-added products started.

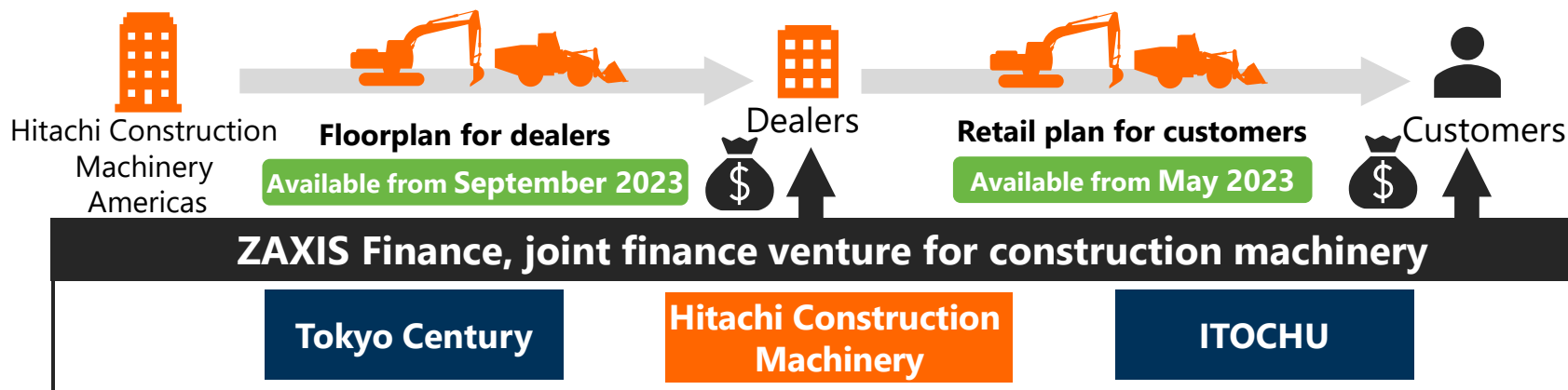
In August 2023, we started delivery of its newest ZAXIS-7 series, and the sales are expanding steadily.



Sales of high-value-added products in Americas

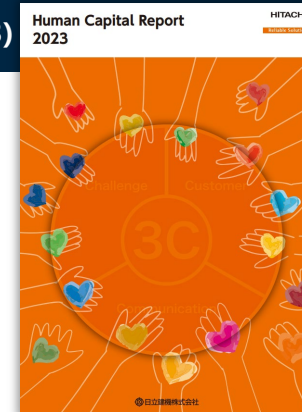


The joint finance venture with the ITOCHU Group begins operations.



Acquired human capital-related ISO certification (November 2023)

- First machinery manufacturer to acquire ISO 30414 certification, international guidelines for the disclosure of human capital reporting information
- Issued the "**Human Capital Report 2023**"
- Strengthening information disclosure, deepening dialogue with stakeholders, and utilizing this to improve human capital management



Concentrating R&D resources in Tsuchiura Works to promote innovation (May 2023)

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



Orange Innovation Plaza

Transforming the corporate culture through new business contests

- The First (FY2022-2023) KENKI β BUSINESS CHALLENGE (K β C) was hosted to learn not only value creation know-how but aim to actually commercialize it.



Scene from the actual screening

4. Targets of the Medium-term Management Plan

KPI		Medium-term Management Plan FY2025 targets	FY2023 results	
Growth	• Value chain ratio	50% or more	39.4%	
	• Own business revenue in the Americas	300.0 billion yen or more	217.5 billion yen	
	• R&D/Revenue ratio	3% or more	2.2%	
Profitability	• Adjusted operating income ratio	13% or more	12.0%	
	• EBITDA margin*1	18% or more	16.8%	
Safety	• Net D/E ratio	0.40 or less	0.57	
Efficiency	• Operating cash flow margin*1	10% or more	5.2%	
	• ROE	13% or more	13.1%	
	• ROIC*1*3	9% or more	9.8%	
Shareholder return*2	• Consolidated dividend payout ratio	Stable and continuous implementation with a consolidated dividend payout ratio of 30%-40% as a guide	34.2%	
ESG	• Reducing environmental impact and CO ₂ (total)	Production (Scope 1+2)	-40% VS. FY2010	Scheduled to be published in "Integrated Report 2024"
		Product (Scope 3)	-22% VS. FY2010	
	• Diversity, equity & inclusion	• Localization ratio of GM or higher in overseas group companies*1	75%	71%*4
		• Ratio of managers by gender (consolidated)*1	Women 13% Men 15%	Women 11%*5 Men 16%

*1: Newly established indicators in this medium-term management plan

*2: We aim to allocate one-third of operating cash flow to maintenance and strengthening investment, prior investment, and shareholder return & debt payment respectively, based on our fund allocation policy.

*3: The level of capital cost (WACC) to be compared in the ROIC target is recognized at about 7%.

*4: As of August 2023

*5: Outlook for result of FY2023

BUILDING THE FUTURE 2025

- Delivering Innovative Solutions for Customer Needs
- Enhancing Value Chain Business
- Expanding Business in the Americas
- Strengthening Human Capital and Corporate Capabilities

Health, Safety, & Compliance

Customer Interest First

Kenjin Spirit

**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.**



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

AERIAL ANGLE, ConSite, Solution Linkage and ZCORE are registered trademark of Hitachi Construction Machinery Co., Ltd.

April 24, 2024