

# Consolidated Financial Results for the First Quarter Ended June 30, 2025 (IFRS)

July 30, 2025

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

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

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

Representative: Masafumi Senzaki, President and Executive Officer, COO

Scheduled date of commencement of payment of dividends: —

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 first quarter ended June 2025 (April 1, 2025 to June 30, 2025)

### (1) Consolidated results

(The percentages indicated show 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	%
June 30, 2025	306,152	(6.7)	22,123	(31.9)	19,686	(49.6)	13,400	(49.8)	11,280	(54.1)
June 30, 2024	328,217	3.9	32,504	(13.5)	39,067	(10.4)	26,689	(20.5)	24,583	(21.8)

Note: “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)
	Yen	Yen
June 30, 2025	53.03	53.03
June 30, 2024	115.58	115.58

References: Share of profits (losses) of investments accounted for using the equity method; June 30, 2025: ¥954 million, June 30, 2024: ¥885 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”.

From the 4Q of the fiscal year ended March 31, 2024, 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 previous fiscal year, 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 operation.

### (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2025	1,777,601	843,043	792,981	44.6
March 31, 2025	1,791,006	857,952	809,337	45.2

## 2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2025	—	65.00	—	110.00	175.00
March 31, 2026	—				
March 31, 2026 (Projection)		75.00	—	100.00	175.00

Note: Changes involving the dividend states for the fiscal year ending March 2026: None

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

### 3. Consolidated earnings forecast for the full year ending March 2026 (April 1, 2025 to March 31, 2026)

(The percentages indicated show changes from the same period of the previous fiscal year)

	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, 2026	1,300,000	(5.2)	130,000	(10.3)	119,000	(11.3)	73,000	(10.4)	343.15

Notes: Changes in consolidated earnings forecast: Yes

#### \*Notes

(1) Important changes in the scope of the consolidation during period: 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)

June 2025 215,115,038

March 2025 215,115,038

[2] Number of treasury shares

June 2025 2,377,629

March 2025 2,411,476

[3] Average number of common shares outstanding during the fiscal year (shares)

June 2025 212,720,481

June 2024 212,688,654

Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm :None

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 2026” of the attachment for conditions serving as assumptions for results forecasts.

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## **1. Management Performance and Financial Conditions**

### **(1) Management Results**

Under the three-year medium-term management plan “BUILDING THE FUTURE 2025,” which concludes in the fiscal year ending March 31, 2026, the Company is committed to the sustainable growth and enhancement of corporate value through four management strategies: [1] Delivering innovative solutions for customer needs; [2] Enhancing the value chain business; [3] Expanding business in the Americas; and [4] Strengthening human capital and corporate capabilities.

During the first quarter of the fiscal year (April 1, 2025 to June 30, 2025), revenue decreased year on year due to the impact of the strong yen and a decline in sales mainly in North America. In North America, the outlook remains uncertain due to continued high interest rates and U.S. tariff policies, and the market environment remains challenging. While the market environment deteriorated in Japan and Oceania, sales remained steady in Europe and Asia, which are showing signs of recovery. As a result, consolidated revenue for the first quarter was ¥306,152 million (a decrease of 6.7% year on year).

As for consolidated income items, continued cost reductions and price increases supported income. However, the yen's appreciation, a decrease in sales volume, and increased growth investments in research and development and personnel expenses led to an adjusted operating income of ¥22,123 million (a decrease of 31.9% year on year). Additionally, net income attributable to owners of the parent decreased to ¥11,280 million (a decrease of 54.1% year on year), partly due to the deterioration of financial income and expenses caused by the yen's appreciation. On the other hand, operating cash flow and free cash flow increased year on year due to efforts to reduce working capital.

As a note, from the 4Q of the fiscal year ended March 31, 2024, 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 previous fiscal year, 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 operation.

Business results by segment are described below.

[1] Construction Machinery Business

During the first quarter of the fiscal year under review, revenue was ¥274,477 million (a decrease of 7.9% year on year) and adjusted operating income was ¥19,660 million (a decrease of 32.4% year on year), resulting in a decrease in both revenue and income compared to the same period of the previous year. Sales in Europe and Asia remained steady, but the performance was impacted by the yen's appreciation, the downturn in the North American market, and increased growth investments such as research and development expenses and personnel costs.

[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 first quarter of the fiscal year under review, revenue was ¥34,083 million (an increase of 7.2% year on year), while adjusted operating income was ¥2,463 million (a decrease of 28.2% year on year). The increase in revenue was primarily due to the acquisition of U.S.-based Brake Supply Co., Inc. in December 2024. However, the adjusted operating income decreased due to the impact of yen appreciation and the adjustment phase in demand for mill liners, the major product of the segment, which led to a deterioration in product mix.

The above revenues of segments [1] and [2] are the figures before intersegmental adjustments.

The following table summarizes consolidated net revenue by geographic area:

(Millions of yen)

		FY2025 (April 1, 2025- June 30, 2025)		FY2024 (April 1, 2024- June 30, 2024)		Increase (Decrease)	
		Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
	North America	71,198	23.3	81,500	24.8	(10,302)	(12.6)
	Central and South America	6,770	2.2	13,023	4.0	(6,253)	(48.0)
The Americas		77,968	25.5	94,523	28.8	(16,555)	(17.5)
Europe		42,557	13.9	38,443	11.7	4,114	10.7
	Russia-CIS	4,253	1.4	4,585	1.4	(332)	(7.2)
	Africa	17,066	5.6	18,164	5.5	(1,098)	(6.0)
	Middle East	12,613	4.1	11,338	3.5	1,275	11.2
Russia-CIS, Africa, and the Middle East		33,932	11.1	34,087	10.4	(155)	(0.5)
	Asia	27,473	9.0	23,662	7.2	3,811	16.1
	India	17,459	5.7	19,025	5.8	(1,566)	(8.2)
	Oceania	59,659	19.5	68,799	21.0	(9,140)	(13.3)
Asia and Oceania		104,591	34.2	111,486	34.0	(6,895)	(6.2)
China		6,877	2.2	7,075	2.2	(198)	(2.8)
Sub-total		265,925	86.9	285,614	87.0	(19,689)	(6.9)
Japan		40,227	13.1	42,603	13.0	(2,376)	(5.6)
Total		306,152	100.0	328,217	100.0	(22,065)	(6.7)

(Rounded off to the nearest million)

Note: From the 4Q of the fiscal year ended March 31, 2024, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the 1Q of previous fiscal year, revenue is presented in amounts for continuing operations excluding discontinued operations.

## (2) Outlook for the Fiscal Year Ending March 2026

In the fiscal year ending March 2026, in North America, uncertainty regarding the future due to high interest rates and U.S. tariff policies is intensifying. We anticipate that the challenging demand environment will continue. Additionally, we will carefully monitor the global demand environment, taking into account the potential impact of U.S. tariff policies on other regions.

In the mining sector, while prices for copper and gold are expected to remain firm, resource prices for coal, iron ore, and other commodities are weakening due to the global economic slowdown, leading to an overall decline in new mining machinery demand.

In light of the growing uncertainty surrounding the demand environment, we are revising downward our consolidated earnings forecast for the fiscal year ending March 2026 (April 1, 2025 to March 31, 2026), which was previously announced in April, to reflect the impact of U.S. tariff policies that were not factored into the previous forecast. We are lowering our sales outlook based on the assumption that demand will decline globally, particularly in North America. In the mining business, we will reflect the slowdown in orders. Regarding the increased costs associated with the application of U.S. tariffs, we expect to absorb a certain portion through price increases.

Although the business environment surrounding the Company remains uncertain, we will maintain our annual dividend plan of ¥175 per share, the same as the previous year, in light of the recent stable cash flow. The exchange rates used as assumptions for this earnings forecast from the second quarter and beyond are unchanged from those announced in April. (US dollar: ¥145, euro: ¥155, Chinese yuan: ¥19.9, Australian dollar: ¥94)

### Consolidated Earnings Forecast for the Full Year Ending March 31, 2026

	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)
Previous Forecast	Millions of yen 1,375,000	Millions of yen 151,000	Millions of yen 149,000	Millions of yen 135,000	Millions of yen 83,000	Yen 390.22
Forecast	1,300,000	130,000	128,000	119,000	73,000	343.15
Change	(75,000)	(21,000)	(21,000)	(16,000)	(10,000)	—
Change (%)	(5.5)	(13.9)	(14.1)	(11.9)	(12.0)	—
(Reference) FY2024	1,371,285	144,989	154,730	134,168	81,428	382.83

(Rounded off to the nearest million)

#### Notes:

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 Net Assets**

##### **(Assets)**

Current assets amounted to ¥ 995,802 million, a decrease of 0.5%, or ¥ 4,953 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 26,432 million in trade receivables although there was an increase of ¥ 15,662 million in inventories.

Non-current assets amounted to ¥ 781,799 million, a decrease of 1.1%, or ¥ 8,452 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 3,183 million in property, plant and equipment.

As a result, total assets decreased by 0.7%, or ¥ 13,405 million, from the previous fiscal year-end to ¥ 1,777,601 million.

##### **(Liabilities)**

Current liabilities amounted to ¥ 617,123 million, an increase of 0.6%, or ¥ 3,867 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 26,110 million in bonds and borrowings although there was a decrease of ¥ 18,492 million in trade and other payables.

Non-current liabilities amounted to ¥ 317,435 million, a decrease of 0.7%, or ¥ 2,363 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 2,262 million in bonds and borrowings.

As a result, total liabilities increased by 0.2%, or ¥ 1,504 million, from the previous fiscal year-end to ¥ 934,558 million.

##### **(Equity)**

Total equity decreased by 1.7%, or ¥ 14,909 million, from the previous fiscal year-end to ¥ 843,043 million. This was mainly due to retained earnings and downturn in foreign currency translation adjustments.



## **[2] Analysis of the Status of Consolidated Cash Flows**

Cash and cash equivalents at the end of first quarter totaled ¥ 150,706 million, an increase of ¥ 3,570 million from the beginning of the fiscal year. Statement and factors relating to each cash flow category are as follows:

### **(Net cash provided by (used in) operating activities)**

Net cash provided by operating activities for the first quarter based on ¥ 13,400 million in net income, and included ¥ 16,557 million in depreciation, a ¥ 29,910 million decrease in trade receivables and contract assets, while a ¥ 12,325 million increase in inventories and a ¥ 12,105 million income tax paid as cash outflow.

As a result, net cash provided by operating activities for the first quarter totaled to an inflow of ¥ 23,020 million, an increase inflow of ¥ 14,705 million year on year.

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

Net cash used in investing activities for the first quarter amounted to ¥ 12,980 million, an increase of ¥ 465 million year on year. This was mainly due to an outlay of ¥ 10,823 million for capital expenditures.

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 ¥ 10,040 million.

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

Net cash used in financing activities for the first quarter amounted to ¥ 5,850 million. While there was an increase of ¥ 25,361 million in short-term debt, net and ¥ 4,277 million increase in proceeds from long-term debt and bond, this was mainly due to ¥ 6,246 payments on long-term debt and bond and a ¥ 23,455 million dividends paid (including dividends paid to non-controlling interests)

As a result, cash for financing activities for the first quarter produced an increased outflow of ¥ 13,575 million year on year.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of Jun. 30, 2025 (A)	As of Mar. 31, 2025 (B)	(A)-(B)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	150,706	147,136	3,570
Trade receivables	243,827	270,259	(26,432)
Contract assets	449	623	(174)
Inventories	546,845	531,183	15,662
Income tax receivables	1,469	2,745	(1,276)
Other financial assets	26,021	31,324	(5,303)
Other current assets	26,485	17,485	9,000
Total current assets	995,802	1,000,755	(4,953)
Non-current assets			
Property, plant and equipment	482,848	486,031	(3,183)
Right-of-use-asset	66,257	67,328	(1,071)
Intangible assets	46,717	46,703	14
Goodwill	57,480	58,540	(1,060)
Investments accounted for using the equity method	25,927	25,968	(41)
Trade receivables	44,605	47,647	(3,042)
Deferred tax assets	24,268	25,438	(1,170)
Other financial assets	26,725	26,296	429
Other non-current assets	6,972	6,300	672
Total non-current assets	781,799	790,251	(8,452)
<b>Total assets</b>	<b>1,777,601</b>	<b>1,791,006</b>	<b>(13,405)</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	215,274	233,766	(18,492)
Lease liabilities	11,766	12,166	(400)
Contract liabilities	13,269	14,647	(1,378)
Bonds and borrowings	352,803	326,693	26,110
Income taxes payable	4,623	9,622	(4,999)
Other financial liabilities	14,695	11,918	2,777
Other current liabilities	4,693	4,444	249
Total current liabilities	617,123	613,256	3,867
Non-current liabilities			
Trade and other payables	1,879	2,317	(438)
Lease liabilities	59,666	60,399	(733)
Contract liabilities	8,734	8,284	450
Bonds and borrowings	208,903	211,165	(2,262)
Retirement and severance benefit	20,823	20,404	419
Deferred tax liabilities	11,747	11,861	(114)
Other financial liabilities	1,414	1,143	271
Other non-current liabilities	4,269	4,225	44
Total non-current liabilities	317,435	319,798	(2,363)
<b>Total liabilities</b>	<b>934,558</b>	<b>933,054</b>	<b>1,504</b>
<b>Equity</b>			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	75,863	75,768	95
Retained earnings	568,140	580,257	(12,117)
Accumulated other comprehensive income	70,392	74,768	(4,376)
Treasury stock, at cost	(2,991)	(3,033)	42
Total Equity attribute to owners of the parent	792,981	809,337	(16,356)
Non-controlling interests	50,062	48,615	1,447
<b>Total equity</b>	<b>843,043</b>	<b>857,952</b>	<b>(14,909)</b>
<b>Total liabilities and equity</b>	<b>1,777,601</b>	<b>1,791,006</b>	<b>(13,405)</b>

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated cumulative quarter

#### Consolidated Statements of Income

(Millions of yen)

	Three months ended Jun. 30, 2025 (A)	Three months ended Jun. 30, 2024 (B)	(A)/(B)×100 (%)
Continuing operations			
Revenue	306,152	328,217	93
Cost of sales	(215,739)	(224,408)	96
Gross profit	90,413	103,809	87
Selling, general and administrative expenses	(68,290)	(71,305)	96
Adjusted operating income	22,123	32,504	68
Other income	1,063	1,562	68
Other expenses	(1,105)	(1,251)	88
Operating income	22,081	32,815	67
Financial income	1,588	10,183	16
Financial expenses	(4,937)	(4,816)	103
Share of profits of investments accounted for using the equity method	954	885	108
Income before income taxes	19,686	39,067	50
Income taxes	(6,286)	(13,101)	48
Net income from continuing operations	13,400	25,966	52
Discontinued operations			
Net income from discontinued operations	-	723	-
Net income	13,400	26,689	50
Net income attributable to			
Owners of the parent	11,280	24,583	46
Non-controlling interests	2,120	2,106	101
Total net income	13,400	26,689	50
EPS attributable to owners of the parent			
Continuing operations	53.03	112.18	47
Discontinued operations	-	3.40	-
Net income per share (Basic) (yen)	53.03	115.58	46
Continuing operations	53.03	112.18	47
Discontinued operations	-	3.40	-
Net income per share (Diluted) (yen)	53.03	115.58	46

(Rounded off to the nearest million)

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended Jun. 30, 2025 (A)	Three months ended Jun. 30, 2024 (B)	(A)/(B)×100 (%)
Net income	13,400	26,689	50
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	277	622	45
Items that can be reclassified into net income			
Foreign currency translation adjustments	(4,890)	33,233	-
Cash flow hedges	(51)	182	-
Other comprehensive income of equity method associates	(385)	631	-
Other comprehensive income, net of taxes	(5,049)	34,668	-
Comprehensive income	8,351	61,357	14
Comprehensive income attributable to			
Owners of the parent	6,904	55,717	12
Non-controlling interests	1,447	5,640	26

(Rounded off to the nearest million)

### (3) Consolidated Statements of Changes in Equity

#### Consolidated cumulative quarter

For the three months ended Jun. 30, 2025

(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	75,768	580,257	2,286	9,965	(195)
Net income			11,280			
Other comprehensive income					277	2
Comprehensive income		-	11,280	-	277	2
Acquisition of treasury stock						
Dividends to stockholders of the Company			(23,397)			
Share-based payment transactions		95				
Change in liabilities for written put options over non-controlling interests						
Transaction with owners	-	95	(23,397)	-	-	-
Balance at end of period	81,577	75,863	568,140	2,286	10,242	(193)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income		Treasury stock, at cost	Total		
	Foreign currency translation adjustments	Total				
Balance at beginning of period	62,712	74,768	(3,033)	809,337	48,615	857,952
Net income		-		11,280	2,120	13,400
Other comprehensive income	(4,655)	(4,376)		(4,376)	(673)	(5,049)
Comprehensive income	(4,655)	(4,376)	-	6,904	1,447	8,351
Acquisition of treasury stock		-		-		-
Dividends to stockholders of the Company		-		(23,397)		(23,397)
Share-based payment transactions		-	42	137		137
Change in liabilities for written put options over non-controlling interests		-		-		-
Transaction with owners	-	-	42	(23,260)	-	(23,260)
Balance at end of period	58,057	70,392	(2,991)	792,981	50,062	843,043

For the three months ended Jun. 30, 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	75,965	526,307	(396)	8,660	(194)
Net income			24,583			
Other comprehensive income					622	109
Comprehensive income	-	-	24,583	-	622	109
Acquisition of treasury stock						
Dividends to stockholders of the Company			(13,824)			
Share-based payment transactions		104				
Change in liabilities for written put options over non-controlling interests		16				
Transaction with owners	-	120	(13,824)	-	-	-
Balance at end of period	81,577	76,085	537,066	(396)	9,282	(85)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income		Treasury stock, at cost	Total		
	Foreign currency translation adjustments	Total				
Balance at beginning of period	74,530	82,600	(3,069)	763,380	51,033	814,413
Net income		-		24,583	2,106	26,689
Other comprehensive income	30,403	31,134		31,134	3,534	34,668
Comprehensive income	30,403	31,134	-	55,717	5,640	61,357
Acquisition of treasury stock		-	(1)	(1)		(1)
Dividends to stockholders of the Company		-		(13,824)		(13,824)
Share-based payment transactions		-	40	144		144
Change in liabilities for written put options over non-controlling interests		-		16	(16)	-
Transaction with owners	-	-	39	(13,665)	(16)	(13,681)
Balance at end of period	104,933	113,734	(3,030)	805,432	56,657	862,089

#### (4) Consolidated Statements of Cash Flows

##### Consolidated cumulative quarter

(Millions of yen)

	Three months ended Jun. 30, 2025 (A)	Three months ended Jun. 30, 2024 (B)
Net income	13,400	25,966
Net income from discontinued operations	-	723
Depreciation	16,557	16,041
Amortization of intangible asset	2,407	2,296
Impairment losses	10	-
Gains or loss on business restructuring	123	-
Income tax expense	6,286	13,051
Equity in net earnings of associates	(954)	(885)
(Gain) loss on sales of property, plant and equipment	(89)	(292)
Financial income	(1,588)	(10,183)
Financial expense	4,937	4,826
(Increase) decrease in trade receivables and contract assets	29,910	42,183
(Increase) decrease in lease receivables	751	1,107
Increase (decrease) in inventories	(12,325)	(17,703)
(Increase) decrease in trade payables	(3,973)	(12,924)
Increase (decrease) in retirement and severance benefit	422	(73)
Other	(19,149)	(35,711)
<b>Subtotal</b>	<b>36,725</b>	<b>28,422</b>
Interest received	1,290	1,307
Dividends received	805	688
Interest paid	(3,695)	(4,359)
Income tax paid	(12,105)	(17,743)
<b>Net cash provided by (used in) operating activities</b>	<b>23,020</b>	<b>8,315</b>
Capital expenditures	(10,823)	(9,389)
Proceeds from sale of property, plant and equipment	145	408
Acquisition of intangible assets	(2,277)	(2,951)
Acquisition of investments in securities and other financial assets(including investments in associates)	(45)	(31)
(Increase) decrease in short-term loan receivables, net	13	(560)
Collection of long-term loan receivables	12	16
Other	(5)	(8)
<b>Net cash (provided by) used in investing activities</b>	<b>(12,980)</b>	<b>(12,515)</b>
Increase (decrease) in short-term debt, net	25,361	29,457
Proceeds from long-term debt and bond	4,277	981
Payments on long-term debt and bond	(6,246)	(4,655)
Payments on lease payables	(3,190)	(4,147)
Dividends paid to owners of the parent	(23,401)	(13,827)
Dividends paid to non-controlling interests	(54)	(83)
Payments for a paid-in capital reduction to non-controlling interests	(2,597)	-
Other	-	(1)
<b>Net cash (provided by) used in financing activities</b>	<b>(5,850)</b>	<b>7,725</b>
Effect of exchange rate changes on cash and cash equivalents	(620)	9,127
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,570</b>	<b>12,652</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>147,136</b>	<b>143,530</b>
<b>Cash and cash equivalents at end of period</b>	<b>150,706</b>	<b>156,182</b>

## **(5) Notes on Consolidated Financial Statements**

(Accounting standards complied with)

While the Company's quarterly financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows) have been prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc. of the Tokyo Stock Exchange, Inc., certain disclosures and notes required by IAS 34 have been omitted. Therefore, these financial statements are not a set of condensed financial statements in accordance with IAS 34.

(Notes on the Preconditions for a Going Concern)

There are no relevant items.

(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.

From the 4Q of the fiscal year ended March 31, 2024, the non-core businesses in the Specialized Parts & Service business segment are classified as discontinued operations. As a result, for the 1Q of previous fiscal year, we only have presented amounts of continuing operations excluding amounts of discontinued operations.

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



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

For the three months ended Jun. 30, 2025

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	274,445	31,707	306,152	-	306,152
Intersegment transactions	32	2,376	2,408	(2,408)	-
Total revenues	274,477	34,083	308,560	(2,408)	306,152
Adjusted operating income	19,660	2,463	22,123	-	22,123
Operating income	19,563	2,518	22,081	-	22,081
Financial income	-	-	-	1,588	1,588
Financial expenses	-	-	-	(4,937)	(4,937)
Share of profits of investments accounted for using the equity method	-	-	-	954	954
Income (loss) before income taxes	19,563	2,518	22,081	(2,395)	19,686

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 TANSIN” originally issued in the Japanese language.)

For the three months ended Jun. 30, 2024

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	298,094	30,123	328,217	-	328,217
Intersegment transactions	17	1,679	1,696	(1,696)	-
Total revenues	298,111	31,802	329,913	(1,696)	328,217
Adjusted operating income	29,074	3,430	32,504	-	32,504
Operating income	29,384	3,431	32,815	-	32,815
Financial income	-	-	-	10,183	10,183
Financial expenses	-	-	-	(4,816)	(4,816)
Share of profits of investments accounted for using the equity method	885	-	885	-	885
Income (loss) before income taxes	30,269	3,431	33,700	5,367	39,067

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.

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