

Consolidated Financial Results for the Third Quarter Ended December 31, 2025 (IFRS)

January 29, 2026

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 for 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 third quarter ended December 31, 2025 (April 1, 2025 to December 31, 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	%
December 31, 2025	979,349	(1.2)	92,592	(11.4)	91,972	(8.2)	63,169	(8.9)	56,206	(9.2)
December 31, 2024	991,277	(1.7)	104,488	(15.0)	100,226	(8.9)	69,338	(12.3)	61,878	(12.9)

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
December 31, 2025	264.21	264.21
December 31, 2024	290.92	290.92

References: Share of profits (losses) of investments accounted for using the equity method December 31, 2025: ¥2,673 million December 31, 2024: ¥2,529 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. As a result, for the 1Q-3Q of the 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.

(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	%
December 31, 2025	1,853,946	923,248	871,221	47.0
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	—	75.00	—		
March 31, 2026 (Projection)				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	1,370,000	(0.1)	137,000	(5.5)	128,000	(4.6)	78,000	(4.2)	366.66

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)

December 2025 215,115,038

March 2025 215,115,038

[2] Number of treasury shares

December 2025 2,378,491

March 2025 2,411,476

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

December 2025 212,730,291

December 2024 212,697,957

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 value chain business; [3] Expanding business in the Americas; and [4] Strengthening human capital and corporate capabilities.

During the Q1-Q3 of the fiscal year (April 1, 2025 to December 31, 2025), revenue slightly decreased year on year to ¥979,349 million (a decrease of 1.2% year on year). While sales declined in the Americas OEM business and Oceania, sales remained strong in Europe, Asia, and our own developing business in North America. Driven in part by selling price increases in global markets implemented alongside continuous cost reductions, revenue increased year on year excluding foreign exchange effects.

As for consolidated income items, although selling price increases contributed positively, the impact was more than offset by higher costs related to U.S. tariffs and growth investments, the unfavorable regional and product mix, and the effects of a stronger yen. As a result, an adjusted operating income decreased to ¥92,592 million (a decrease of 11.4% year on year). As for net income attributable to owners of the parent, despite improvements in financial income and expenses, the decrease in adjusted operating income led to a result of ¥56,206 million (a decrease of 9.2% year on year). On the other hand, due to the review of rental assets and other factors, operating cash flow and free cash flow increased year on year and remained solid.

Incidentally, 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 Q1-Q3 of the 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 operation.

Business results by segment are described below.

[1] Construction Machinery Business

During the Q1-Q3 of the fiscal year under review, revenue was ¥881,891 million (a decrease of 2.0% year on year) and adjusted operating income was ¥84,953 million (a decrease of 9.9% year on year), resulting in a decrease in both revenue and income compared to the same period of the previous year. Sales were solid in Europe, Asia, and our own developing business in North America, and selling price increases helped support both revenue and adjusted operating income. Nevertheless, cost increases—including those related to U.S. tariffs—together with the unfavorable regional and product mix and the effects of yen appreciation negatively impacted results.

[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 Q1-Q3 of the fiscal year under review, revenue was ¥103,711 million (an increase of 6.0% year on year), while adjusted operating income was ¥7,639 million (a decrease of 24.8% 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 investment restraint by some major customers and intensifying competitive conditions.

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

The following table summarizes consolidated net revenue by geographic area:

(Millions of yen)

		FY2025 (April 1, 2025- December 31, 2025)		FY2024 (April 1, 2024- December 31, 2024)		Increase (Decrease)	
		Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
	North America	211,826	21.6	217,920	22.0	(6,094)	(2.8)
	Central and South America	26,040	2.7	33,673	3.4	(7,633)	(22.7)
The Americas		237,866	24.3	251,593	25.4	(13,727)	(5.5)
Europe		133,226	13.6	108,953	11.0	24,273	22.3
	Russia-CIS	11,240	1.1	12,872	1.3	(1,632)	(12.7)
	Africa	62,279	6.4	64,478	6.5	(2,199)	(3.4)
	Middle East	26,695	2.7	24,480	2.5	2,215	9.0
Russia-CIS, Africa, and the Middle East		100,214	10.2	101,830	10.3	(1,616)	(1.6)
	Asia	89,755	9.2	84,325	8.5	5,430	6.4
	India	62,107	6.3	60,762	6.1	1,345	2.2
	Oceania	181,659	18.5	203,298	20.5	(21,639)	(10.6)
Asia and Oceania		333,521	34.1	348,385	35.1	(14,864)	(4.3)
China		17,977	1.8	23,754	2.4	(5,777)	(24.3)
Sub-total		822,804	84.0	834,515	84.2	(11,711)	(1.4)
Japan		156,545	16.0	156,762	15.8	(217)	(0.1)
Total		979,349	100.0	991,277	100.0	(11,928)	(1.2)

(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-3Q of the previous fiscal years, revenues are presented in amounts for continuing operations excluding discontinued operations.

(2) Outlook for the Fiscal Year Ending March 2026

During the Q1-Q3 of the fiscal year under review, demand for hydraulic excavators in Asia, Europe, North America, and other regions exceeded forecasts and remained strong. Although we had concerns about the impact of U.S. tariff policies on demand in the United States and other regions, domestic demand in the U.S. has been supported by data center construction and public works projects. Furthermore, no clear signs of impact on other regions have been observed at this time. Given this situation, we have revised upward our outlook for global annual demand for hydraulic excavators to approximately 216 thousand units (a decrease of 2% year on year), representing an upward revision from the forecast announced in October. 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. Demand for new mining machinery is also expected to decrease year on year, with no change to the forecast. In addition, customers continue to maintain a cautious investment stance regarding maintenance investment.

Based on the performance during the third quarter under review, which was supported by a resilient demand environment, reductions in material costs including cost-down initiatives, and the progression of yen depreciation, we have revised upward our consolidated earnings forecast for the fiscal year ending March 2026 (April 1, 2025 to March 31, 2026). Regarding the increased costs associated with the application of U.S. tariff policies, 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 rate assumptions for this earnings forecast for the fourth quarter are set to US dollar at ¥150, euro at ¥178, Chinese yuan at ¥21.3, Australian dollar at ¥99.

In April 2027, Hitachi Construction Machinery will change its name to "LANDCROS Corporation" and our new corporate brand will be "LANDCROS". Even after the trade name changes to "LANDCROS Corporation" the company will continue as always to directly address customer issues and provide high-quality products and services to realize the company's long-stated vision. We will continue to grow together with customers as a solutions provider that offers innovative solutions to customers.

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 1,320,000	Millions of yen 132,000	Millions of yen 130,000	Millions of yen 121,000	Millions of yen 74,000	Yen 347.86
Forecast	1,370,000	137,000	137,000	128,000	78,000	366.66
Change	5,000	5,000	7,000	7,000	4,000	—
Change (%)	3.8	3.8	5.4	5.8	5.4	—
(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 ¥ 1,026,579 million, an increase of 2.6%, or ¥ 25,824 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 57,257 million in inventories although there was a decrease of ¥ 19,719 million in cash and cash equivalents.

Non-current assets amounted to ¥ 827,367 million, an increase of 4.7%, or ¥ 37,116 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 27,359 million in property, plant and equipment.

As a result, total assets increased by 3.5%, or ¥ 62,940 million, from the previous fiscal year-end to ¥ 1,853,946 million.

(Liabilities)

Current liabilities amounted to ¥ 609,708 million, a decrease of 0.6%, or ¥ 3,548 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥ 11,127 million in bonds and borrowings and ¥ 5,825 million in trade and other payables although there was an increase of ¥ 12,800 million in other financial liabilities.

Non-current liabilities amounted to ¥ 320,990 million, an increase of 0.4%, or ¥ 1,192 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 2,255 million in deferred tax liabilities although there was a decrease of ¥ 1,243 million in lease liabilities.

As a result, total liabilities decreased by 0.3%, or ¥ 2,356 million, from the previous fiscal year-end to ¥ 930,698 million.

(Equity)

Total equity increased by 7.6%, or ¥ 65,296 million, from the previous fiscal year-end to ¥ 923,248 million. This was mainly due to retained earnings and upturn in foreign currency translation adjustments.

[2] Analysis of the Status of Consolidated Cash Flows

Cash and cash equivalents at the end of third quarter totaled ¥ 127,417 million, a decrease of ¥ 19,719 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 third quarter based on ¥ 63,169 million in net income, and included ¥ 51,683 million in depreciation, a ¥ 35,067 million decrease in trade receivables and contract assets, while ¥ 11,583 million in interest paid and ¥ 31,089 million in income tax paid as cash outflow.

As a result, net cash provided by operating activities for the third quarter totaled to an inflow of ¥ 100,693 million, an increase inflow of ¥ 17,540 million year on year.

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

Net cash used in investing activities for the third quarter amounted to ¥ 33,371 million, a decrease of ¥ 18,555 million year on year. This was mainly due to an outlay of ¥ 28,954 million for capital expenditures and ¥ 5,826 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 ¥ 67,322 million.

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

Net cash used in financing activities for the third quarter amounted to ¥ 98,484 million. While there was an increase of ¥ 15,167 million in proceeds from long-term debt and bond, this was mainly due to ¥ 36,323 million payments on long-term debt and bond, ¥ 47,170 million in dividends paid (including dividends paid to non-controlling interests) and a ¥ 17,602 million decrease in short-term debt, net.

As a result, cash for financing activities for the third quarter produced an increased outflow of ¥ 65,144 million year on year.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Dec. 31, 2025 (A)	As of Mar. 31, 2025 (B)	(A)-(B)
Assets			
Current assets			
Cash and cash equivalents	127,417	147,136	(19,719)
Trade receivables	251,627	270,259	(18,632)
Contract assets	984	623	361
Inventories	588,440	531,183	57,257
Income tax receivables	3,554	2,745	809
Other financial assets	29,832	31,324	(1,492)
Other current assets	24,725	17,485	7,240
Total current assets	1,026,579	1,000,755	25,824
Non-current assets			
Property, plant and equipment	513,390	486,031	27,359
Right-of-use-asset	66,681	67,328	(647)
Intangible assets	47,858	46,703	1,155
Goodwill	62,375	58,540	3,835
Investments accounted for using the equity method	28,400	25,968	2,432
Trade receivables	44,018	47,647	(3,629)
Deferred tax assets	27,372	25,438	1,934
Other financial assets	30,040	26,296	3,744
Other non-current assets	7,233	6,300	933
Total non-current assets	827,367	790,251	37,116
Total assets	1,853,946	1,791,006	62,940
Liabilities			
Current liabilities			
Trade and other payables	227,941	233,766	(5,825)
Lease liabilities	11,648	12,166	(518)
Contract liabilities	13,422	14,647	(1,225)
Bonds and borrowings	315,566	326,693	(11,127)
Income taxes payable	6,774	9,622	(2,848)
Other financial liabilities	24,718	11,918	12,800
Other current liabilities	9,639	4,444	5,195
Total current liabilities	609,708	613,256	(3,548)
Non-current liabilities			
Trade and other payables	1,460	2,317	(857)
Lease liabilities	59,156	60,399	(1,243)
Contract liabilities	8,296	8,284	12
Bonds and borrowings	210,246	211,165	(919)
Retirement and severance benefit	21,552	20,404	1,148
Deferred tax liabilities	14,116	11,861	2,255
Other financial liabilities	1,308	1,143	165
Other non-current liabilities	4,856	4,225	631
Total non-current liabilities	320,990	319,798	1,192
Total liabilities	930,698	933,054	(2,356)
Equity			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	75,863	75,768	95
Retained earnings	597,738	580,257	17,481
Accumulated other comprehensive income	119,037	74,768	44,269
Treasury stock, at cost	(2,994)	(3,033)	39
Total Equity attribute to owners of the parent	871,221	809,337	61,884
Non-controlling interests	52,027	48,615	3,412
Total equity	923,248	857,952	65,296
Total liabilities and equity	1,853,946	1,791,006	62,940

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

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated cumulative quarter

Consolidated Statements of Income

(Millions of yen)

	Nine months ended Dec. 31, 2025 (A)	Nine months ended Dec. 31, 2024 (B)	(A)/(B)×100 (%)
Continuing operations			
Revenue	979,349	991,277	99
Cost of sales	(679,224)	(676,617)	100
Gross profit	300,125	314,660	95
Selling, general and administrative expenses	(207,533)	(210,172)	99
Adjusted operating income	92,592	104,488	89
Other income	18,384	21,308	86
Other expenses	(12,820)	(9,719)	132
Operating income	98,156	116,077	85
Financial income	4,476	4,769	94
Financial expenses	(13,333)	(23,149)	58
Share of profits of investments accounted for using the equity method	2,673	2,529	106
Income before income taxes	91,972	100,226	92
Income taxes	(28,803)	(32,305)	89
Net income from continuing operations	63,169	67,921	93
Discontinued operations			
Net income from discontinued operations	-	1,417	-
Net income	63,169	69,338	91
Net income attributable to			
Owners of the parent	56,206	61,878	91
Non-controlling interests	6,963	7,460	93
Total net income	63,169	69,338	91
EPS attributable to owners of the parent			
Continuing operations	264.21	284.26	93
Discontinued operations	-	6.66	-
Net income per share (Basic) (yen)	264.21	290.92	91
Continuing operations	264.21	284.26	93
Discontinued operations	-	6.66	-
Net income per share (Diluted) (yen)	264.21	290.92	91

(Rounded off to the nearest million)

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended Dec. 31, 2025 (A)	Nine months ended Dec. 31, 2024 (B)	(A)/(B)×100 (%)
Net income	63,169	69,338	91
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	2,791	833	335
Remeasurements of defined benefit obligations	112	-	-
Items that can be reclassified into net income			
Foreign currency translation adjustments	43,850	12,914	340
Cash flow hedges	(23)	186	-
Other comprehensive income of equity method associates	1,460	(434)	-
Other comprehensive income, net of taxes	48,190	13,499	357
Comprehensive income	111,359	82,837	134
Comprehensive income attributable to			
Owners of the parent	101,103	74,314	136
Non-controlling interests	10,256	8,523	120

(Rounded off to the nearest million)

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

(3) Consolidated Statements of Changes in Equity

Consolidated cumulative quarter

For the nine months ended Dec. 31, 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			56,206			
Other comprehensive income				111	2,791	(51)
Comprehensive income	-	-	56,206	111	2,791	(51)
Acquisition of treasury stock						
Dividends to stockholders of the Company			(39,353)			
Share-based payment transactions		95				
Decrease in capital of consolidated subsidiaries						
Transfer to retained earnings			628		(628)	
Change in liabilities for written put options over non-controlling interests						
Transaction with owners	-	95	(38,725)	-	(628)	-
Balance at end of period	81,577	75,863	597,738	2,397	12,128	(246)

(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	62,712	74,768	(3,033)	809,337	48,615	857,952
Net income		-		56,206	6,963	63,169
Other comprehensive income	42,046	44,897		44,897	3,293	48,190
Comprehensive income	42,046	44,897	-	101,103	10,256	111,359
Acquisition of treasury stock		-	(3)	(3)		(3)
Dividends to stockholders of the Company		-		(39,353)	(6,844)	(46,197)
Share-based payment transactions		-	42	137		137
Decrease in capital of consolidated subsidiaries		-		-		-
Transfer to retained earnings		(628)		-		-
Change in liabilities for written put options over non-controlling interests		-		-		-
Transaction with owners	-	(628)	39	(39,219)	(6,844)	(46,063)
Balance at end of period	104,758	119,037	(2,994)	871,221	52,027	923,248

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

For the nine months ended Dec. 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	75,965	526,307	(396)	8,660	(194)
Net income			61,878			
Other comprehensive income					833	166
Comprehensive income	-	-	61,878	-	833	166
Acquisition of treasury stock						
Dividends to stockholders of the Company			(27,650)			
Share-based payment transactions		104				
Decrease in capital of consolidated subsidiaries		(318)				
Transfer to retained earnings						
Change in liabilities for written put options over non-controlling interests		17				
Transaction with owners	-	(197)	(27,650)	-	-	-
Balance at end of period	81,577	75,768	560,535	(396)	9,493	(28)

(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	74,530	82,600	(3,069)	763,380	51,033	814,413
Net income		-		61,878	7,460	69,338
Other comprehensive income	11,437	12,436		12,436	1,063	13,499
Comprehensive income	11,437	12,436	-	74,314	8,523	82,837
Acquisition of treasury stock		-	(2)	(2)		(2)
Dividends to stockholders of the Company		-		(27,650)	(7,454)	(35,104)
Share-based payment transactions		-	40	144		144
Decrease in capital of consolidated subsidiaries		-		(318)	(4,022)	(4,340)
Transfer to retained earnings		-		-		-
Change in liabilities for written put options over non-controlling interests		-		17	(16)	1
Transaction with owners	-	-	38	(27,809)	(11,492)	(39,301)
Balance at end of period	85,967	95,036	(3,031)	809,885	48,064	857,949

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

(4) Consolidated Statements of Cash Flows

Consolidated cumulative quarter

(Millions of yen)

	Nine months ended Dec. 31, 2025 (A)	Nine months ended Dec. 31, 2024 (B)
Net income	63,169	67,921
Net income from discontinued operations	-	1,417
Depreciation	51,683	48,317
Amortization of intangible asset	7,127	6,982
Impairment losses	15	2,195
Income tax expense	28,803	32,372
Equity in net earnings of associates	(2,673)	(2,529)
(Gain) loss on sales of property, plant and equipment	(148)	(1,019)
Financial income	(4,476)	(4,769)
Financial expense	13,333	23,173
(Increase) decrease in trade receivables and contract assets	35,067	66,962
(Increase) decrease in lease receivables	1,579	686
Increase (decrease) in inventories	(10,553)	(1,421)
(Increase) decrease in trade payables	(4,648)	(24,827)
Increase (decrease) in retirement and severance benefit	477	(180)
Other	(41,820)	(82,466)
Subtotal	136,935	132,814
Interest received	3,978	4,083
Dividends received	2,452	1,560
Interest paid	(11,583)	(13,754)
Income tax paid	(31,089)	(41,550)
Net cash provided by (used in) operating activities	100,693	83,153
Capital expenditures	(28,954)	(25,988)
Proceeds from sale of property, plant and equipment	258	1,437
Acquisition of intangible assets	(5,826)	(9,812)
Acquisition of investments in securities and other financial assets (including investments in associates)	(1,256)	(1,158)
Sales of investments in securities and other financial assets (including investments in associates)	2,087	-
(Increase) decrease in short-term loan receivables, net	192	(17)
Collection of long-term loan receivables	236	47
Payments for transfer of business	-	(16,414)
Other	(108)	(21)
Net cash (provided by) used in investing activities	(33,371)	(51,926)
(Increase) decrease in short-term debt, net	(17,602)	31,673
Proceeds from long-term debt and bond	15,167	47,911
Payments on long-term debt and bond	(36,323)	(60,384)
Payments on lease payables	(9,956)	(11,919)
Dividends paid to owners of the parent	(39,348)	(27,644)
Dividends paid to non-controlling interests	(7,822)	(7,761)
Payments for acquisition of shares of subsidiaries from non-controlling interests	-	(3,623)
Payments for a paid-in capital reduction to non-controlling interests	(2,597)	(1,591)
Other	(3)	(2)
Net cash (provided by) used in financing activities	(98,484)	(33,340)
Effect of exchange rate changes on cash and cash equivalents	11,443	1,741
Net (increase) decrease in cash and cash equivalents	(19,719)	(372)
Cash and cash equivalents at beginning of period	147,136	143,530
Cash and cash equivalents at end of period	127,417	143,158

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

(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 3Q 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 nine months ended Dec. 31, 2025

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	881,841	97,508	979,349	-	979,349
Intersegment transactions	50	6,203	6,253	(6,253)	-
Total revenues	881,891	103,711	985,602	(6,253)	979,349
Adjusted operating income	84,953	7,639	92,592	-	92,592
Operating income	90,634	7,522	98,156	-	98,156
Financial income	-	-	-	4,476	4,476
Financial expenses	-	-	-	(13,333)	(13,333)
Share of profits of investments accounted for using the equity method	2,673	-	2,673	-	2,673
Income (loss) before income taxes	93,307	7,522	100,829	(8,857)	91,972

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 nine months ended Dec. 31, 2024

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Specialized Parts & Service Business	Total		
Revenue					
External customers	900,186	91,091	991,277	-	991,277
Intersegment transactions	60	6,716	6,776	(6,776)	-
Total revenues	900,246	97,807	998,053	(6,776)	991,277
Adjusted operating income	94,331	10,157	104,488	-	104,488
Operating income	106,692	9,385	116,077	-	116,077
Financial income	-	-	-	4,769	4,769
Financial expenses	-	-	-	(23,149)	(23,149)
Share of profits of investments accounted for using the equity method	2,529	-	2,529	-	2,529
Income (loss) before income taxes	109,221	9,385	118,606	(18,380)	100,226

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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