

**Consolidated Financial Results for the Year Ended March 31, 2021  
(IFRS)**

April 27, 2021

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

Stock exchange: Tokyo (first section) Code number: 6305

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

Representative: Kotaro Hirano, Executive Officer, President & CEO

Scheduled date of ordinary General Meeting of Shareholders: June 28, 2021

Scheduled date of commencement of payment of dividends: May 31, 2021

Scheduled date for submission of Securities Report: June 29, 2021

Supplementary materials to the financial statements have been prepared: Yes

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

(Rounded off to the nearest million)

1. Consolidated results for the year ended March 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated results

	Revenue		Adjusted Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	813,331	(12.7)	32,710	(57.3)	25,578	(61.9)	14,627	(67.3)	10,340	(74.9)
March 31, 2020	931,347	(9.9)	76,618	(34.4)	67,103	(34.7)	44,768	(39.7)	41,171	(39.9)

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

	Net income attributable to owners of the Parent per share (basic)	Net income attributable to owners of the Parent per share (diluted)	Profit on equity attributable to owners of the parent	Ratio of income before income taxes	Operating income to Revenue
	Yen	Yen	%	%	%
March 31, 2021	48.62	48.62	2.1	2.1	3.5
March 31, 2020	193.61	193.61	8.6	5.7	7.8

References: Share of profits (losses) of investments accounted for using the equity method

March 31, 2021: ¥1,428million March 31, 2020: ¥2,682million

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2021	1,220,571	569,245	514,291	42.1	2,418.46
March 31, 2020	1,167,567	525,111	473,537	40.6	2,226.80

(3) Consolidated cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	91,339	(32,281)	(46,011)	80,330
March 31, 2020	22,682	(34,749)	10,993	62,165

2. Dividends status

	Cash dividends per share					Dividends paid (Total)	Dividend Payout Ratio (Consolidated)	Dividend attributable to owners of the parent (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	—	36.00	—	24.00	60.00	12,759	31.0	2.7
March 31, 2021	—	10.00	—	10.00	20.00	4,253	41.1	0.9
March 31, 2022 (Projection)	—	—	—	—	—	—	—	—

Interim and year-end dividends for the fiscal year ending March 2022 are to be determined.

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

3. Consolidated earnings forecast for the full year ending March 2022 (April 1, 2021 to March 31, 2022)

	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, 2022	880,000	8.2	62,000	89.5	56,000	118.9	32,300	212.4	151.89

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

\*Notes

(1) Important changes in the scope of the consolidation during period(changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates

[1] Changes in accounting policies required by IFRS	None
[2] Changes in accounting policies other than those in [1]	None
[3] Changes in accounting estimates	None

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares (including treasury shares)

March 2021 215,115,038

March 2020 215,115,038

[2] Number of treasury shares

March 2021 2,463,047

March 2020 2,461,867

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

March 2021 212,652,631

March 2020 212,654,154

(Reference) Non-consolidated Financial Results

1. Non-consolidated results for the year ended March 2021(April 1, 2020 to March 31, 2021)

(1) Non-consolidated results

(Rounded off to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	392,842	(18.6)	(23,550)	-	8,951	(74.0)	12,142	(64.1)
March 31, 2020	482,571	(11.6)	(4,665)	-	34,434	(40.3)	33,832	(33.0)

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

	Net income per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2021	57.10	57.10
March 31, 2020	159.10	159.10

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	609,918	300,991	49.3	1,415.42
March 31, 2020	608,967	295,232	48.5	1,388.33

(Reference) Total equity at fiscal year-end March 2021: ¥300,991 million March 2020: ¥295,232 million

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure.

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

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 2022” of the attachment for conditions serving as assumptions for results forecasts.

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

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

As the HCM Group's medium-term management plan starting in the fiscal year under review, "Realizing Tomorrow's Opportunities 2022," in order to further strengthen the value chain business, on which the Group continues to focus, the Group is using state-of-the-art digital technology to provide deeper solutions at every point of contact with customers, and is working to make its corporate structure resilient to change.

During the fiscal year under review (April 1, 2020 to March 31, 2021), revenue was ¥813,331 million (a decrease of 12.7% year-on-year), mainly due to the impact of the yen's appreciation, despite an increase in sales of rental and used machinery in the value chain business, on which we are focusing. This was due to a decrease in new machinery sales and parts and service caused by the deteriorating market conditions due to COVID-19 and a decrease in new mining machinery sales and parts and service due to customers restraining capital expenditure. As for consolidated income items, adjusted operating income was ¥32,710 million (a decrease of 57.3% year-on-year), mainly due to a decrease in revenue, an increase in the cost of sales ratio, and the impact of yen appreciation. Profit attributable to owners of the parent company was ¥10,340 million (a decrease of 74.9% year-on-year), mainly due to a decrease in adjusted operating income, a decrease in equity in earnings of unconsolidated subsidiaries and affiliates, and an increase in the contribution of non-controlling interests.

Business results by segment are described below.

#### 1. Construction machinery business

Demand for hydraulic excavators in the fiscal year under review was lower than that in the same period of the previous fiscal year in major regions such as Europe and North America, while worldwide demand increased from the previous fiscal year mainly due to a significant recovery in China. Mining companies continue to restrain their capital investment, and the demand from small and medium-sized mining companies decreased in particular.

Consequently, in the consolidated fiscal year under review, revenue was ¥734,207 million (a decrease of 12.7% year-on-year), reflecting the impact of lockdowns in various countries, a decrease in new machinery sales and parts and service, and the impact of yen appreciation, despite an increase in rentals and used machinery. Adjusted operating income was ¥25,798 million (a decrease of 62.4% year-on-year), mainly due to a decrease in revenue and the impact of yen appreciation.

#### 2. Solution business

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

Revenue for the fiscal under review was ¥82,437 million (a decrease of 10.4% year-on-year) due to a decline in demand.

Adjusted operating income was ¥6,912 million (a decrease of 14.6% year-on-year), due to the decrease in revenue.

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

The following table summarizes consolidated net revenue by geographic area:

	FY2020 (April 1,2020- March 31, 2021)		FY2019 (April 1,2019- March 31, 2020)		Increase (Decrease)	
	Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
North America	107,176	13.2	173,421	18.6	(66,245)	(38.2)
Central and South America	10,872	1.3	12,900	1.4	(2,028)	(15.7)
The Americas	118,048	14.5	186,321	20.0	(68,273)	(36.6)
Europe	87,849	10.8	103,565	11.1	(15,716)	(15.2)
Russia-CIS	22,692	2.8	32,636	3.5	(9,944)	(30.5)
Africa	33,592	4.1	38,033	4.1	(4,441)	(11.7)
Middle East	16,066	2.0	7,559	0.8	8,507	112.5
Russia-CIS, Africa, and the Middle East	72,350	8.9	78,228	8.4	(5,878)	(7.5)
Asia	52,716	6.5	85,911	9.2	(33,195)	(38.6)
India	50,028	6.2	50,735	5.4	(707)	(1.4)
Oceania	139,945	17.2	145,960	15.7	(6,015)	(4.1)
Asia and Oceania	242,689	29.8	282,606	30.3	(39,917)	(14.1)
China	89,059	10.9	75,023	8.1	14,036	18.7
Sub-total	609,995	75.0	725,743	77.9	(115,748)	(15.9)
Japan	203,336	25.0	205,604	22.1	(2,268)	(1.1)
Total	813,331	100.0	931,347	100.0	(118,016)	(12.7)

(Rounded off to the nearest million)

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

## (2) Outlook for the Fiscal Year Ending March 2022

In the fiscal year ending March 2022, we forecast at this stage that demand for hydraulic excavators will increase in major regions as the market recovers, compared with the previous fiscal year. However, demand in China will decline significantly compared with the previous fiscal year due to a recent surplus in the number of operating units in China. As a result, we assume that worldwide demand for hydraulic excavators will reach approximately 220,000 units (a decrease of 4% over the previous year).

Demand for new mining machinery has been sluggish until recently, but the market has been showing signs of recovery in some regions, and we expect this to turn upward gradually in the second half of Fiscal 2021 onward. In some areas, mining operations were shut down due to COVID-19. As a result, our parts and service business and solutions business were trending downward, but we expect that capital investment of mining companies will improve gradually as the global economy recovers.

Based on the above forecasts, the forecasts for the fiscal year ending March 2022 (from April 1, 2021 to March 31, 2022) are as follows, taking into account various factors of concern at this time.

These forecasts are based on the following exchange rates: ¥105 to one U.S. dollar, ¥125 to one euro, ¥15.5 to one Chinese yuan, and ¥73 to one Australian dollar.

### Consolidated Earnings Forecast for the Full Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Revenue	Adjusted Operating Income	Operating income	Income before income taxes	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (basic)
Forecast	¥Millions 880,000	¥Millions 62,000	¥Millions 58,000	¥Millions 56,000	¥Millions 32,300	Yen 151.89
Change	66,669	29,290	29,765	30,422	21,960	
% Change	8.2	89.5	105.4	118.9	212.4	
(Reference) FY2020	¥Millions 813,331	¥Millions 32,710	¥Millions 28,235	¥Millions 25,578	¥Millions 10,340	Yen 48.62

(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**

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

Current assets at the end of the fiscal year amounted to ¥ 617,193 million, an increase of 0.7%, or ¥ 4,414 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 18,165 million in cash and cash equivalents although there was a decrease of ¥ 1,472 million in trade receivables and ¥ 3,456 million in inventory.

Non-current assets amounted to ¥ 603,378 million, an increase of 8.8%, or ¥ 48,590 million, from the previous fiscal year-end. This was due mainly to an increase of ¥ 30,382 million in property, plant and equipment.

As a result, total assets increased by 4.5%, or ¥ 53,004 million, from the previous fiscal year-end to ¥ 1,220,571 million.

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

Current liabilities amounted to ¥ 372,454 million, an increase of 0.3%, or ¥ 1,088 million, from the previous fiscal year-end. This was mainly due to increases of ¥ 6,801 million in trade and other payables and ¥ 2,227 million in Contract liabilities although there was a decrease of ¥ 10,185 million in Bonds and borrowings.

Non-current liabilities amounted to ¥ 278,872 million, an increase of 2.9%, or ¥ 7,782 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 1,732 million trade and other payables.

As a result, total liabilities increased by ¥ 8,870 million, from the previous fiscal year-end to ¥ 651,326 million.

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

Total equity increased by 8.4%, or ¥ 44,134 million, from the previous fiscal year-end to ¥ 569,245 million. This was mainly due to net income and upturn in foreign currency translation adjustments.

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



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

Cash and cash equivalents at the end of the fiscal year totaled ¥ 80,330 million, an increase of ¥ 18,165 million from the beginning of the fiscal year. Statement and factors relating to each cash flow category are as follows:

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

Net cash provided by operating activities for the fiscal year based on ¥ 14,627 million in net income and ¥ 44,412 million in depreciation, and included a ¥ 21,164 million decrease in trade receivables and contract assets, a ¥ 25,501 million decrease in inventories, a ¥ 19,237 million decrease in trade payables, and a ¥ 10,161 million income tax paid as cash outflow.

As a result, net cash provided by operating activities for the fiscal year totaled to an inflow of ¥ 91,339 million, an increase inflow of ¥ 68,657 million year on year.

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

Net cash used in investing activities for the fiscal year amounted to ¥ 32,281 million, a decrease of ¥ 2,468 million year on year. This was mainly due to an outlay of ¥ 28,311 million for capital expenditure and ¥ 4,893 million for intangible assets so forth.

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 ¥ 59,058 million.

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

Net cash used in financing activities for the fiscal year amounted to ¥ 46,011 million. This was due mainly to a decrease of ¥ 42,150 million in repayment from short-term borrowings and ¥ 11,528 million dividends paid (including dividends paid to non-controlling interests) as cash outflow.

As a result, cash for financing activities for the fiscal year produced an increased outflow of ¥ 57,004 million year on year.

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

	March 2021	March 2020	March 2019
Equity attributable to owners of the parent ratio (%)	42.1	40.6	41.0
Equity attributable to owners of the parent ratio on a market price basis (%)	61.8	39.9	52.7
Interest-bearing debt to operating cash flow ratio (%)	3.6	14.9	(11.9)
Interest coverage ratio (times)	17.3	3.3	(4.8)

Notes:

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

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

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

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

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

#### **(4) Dividend Policy**

The Company will work to bolster its internal reserves while considering maintenance and strengthening of its financial structure and implementation plans for upfront investments, including investments for technology development and facilities based on medium- and long-term business strategies. At the same time, the Company will, in principle, pay dividends of surplus linked to its consolidated business results twice a year as interim and year-end dividends and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

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

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

## **2. Our Fundamental Position Concerning Selection of Accounting Standards Policy**

The HCM Group has been actively promoting global business development and aims to further increase its corporate value by building a management foundation that can accelerate management visualization and management enhancement as well as governance reinforcement. As part of these efforts and for the purpose of improving the international comparability of financial statements in the capital markets by introducing IFRS, which is a global standard, and unifying the accounting methods within the Group, HCM voluntarily adopts the International Financial Reporting Standards (IFRS) from the presentation of the consolidated financial statements in its annual securities report for the fiscal year ended March 31, 2015.

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

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	Third quarter As of Mar. 31, 2021 (A)	Previous fiscal year-end As of Mar. 31, 2020 (B)	(A)-(B)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	80,330	62,165	18,165
Trade receivables	206,371	207,843	(1,472)
Contract assets	4,845	4,701	144
Inventories	297,766	301,222	(3,456)
Income tax receivables	4,025	3,671	354
Other financial assets	16,172	20,309	(4,137)
Other current assets	7,083	12,868	(5,785)
Subtotal	616,592	612,779	3,813
Assets held for sale	601	-	601
<b>Total current assets</b>	617,193	612,779	4,414
<b>Non-current assets</b>			
Property, plant and equipment	345,847	315,465	30,382
Right-of-use-asset	59,410	57,853	1,557
Intangible assets	41,576	37,883	3,693
Goodwill	35,406	30,538	4,868
Investments accounted for using the equity method	31,034	33,177	(2,143)
Trade receivables	41,436	39,572	1,864
Deferred tax assets	16,052	15,094	958
Other financial assets	18,643	16,394	2,249
Other non-current assets	13,974	8,812	5,162
<b>Total non-current assets</b>	603,378	554,788	48,590
<b>Total assets</b>	1,220,571	1,167,567	53,004
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	180,673	173,872	6,801
Lease liabilities	12,489	12,996	(507)
Contract liabilities	8,820	6,593	2,227
Bonds and borrowings	150,262	160,447	(10,185)
Income taxes payable	4,632	4,756	(124)
Other financial liabilities	13,970	10,019	3,951
Other current liabilities	1,608	2,683	(1,075)
<b>Total current liabilities</b>	372,454	371,366	1,088
<b>Non-current liabilities</b>			
Trade and other payables	7,697	5,965	1,732
Lease liabilities	46,942	47,795	(853)
Contract liabilities	2,050	2,282	(232)
Bonds and borrowings	179,226	178,496	730
Retirement and severance benefit	17,748	17,084	664
Deferred tax liabilities	6,925	6,119	806
Other financial liabilities	3,569	3,255	314
Other non-current liabilities	14,715	10,094	4,621
<b>Total non-current liabilities</b>	278,872	271,090	7,782
<b>Total liabilities</b>	651,326	642,456	8,870
<b>Equity</b>			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	80,620	80,475	145
Retained earnings	350,918	347,668	3,250
Accumulated other comprehensive income	4,262	(33,101)	37,363
Treasury stock, at cost	(3,086)	(3,082)	(4)
<b>Total Equity attribute to owners of the parent</b>	514,291	473,537	40,754
Non-controlling interests	54,954	51,574	3,380
<b>Total equity</b>	569,245	525,111	44,134
<b>Total liabilities and equity</b>	1,220,571	1,167,567	53,004

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

### Consolidated Statements of Income

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2021 (A)	Previous fiscal year For the year ended Mar. 31, 2020 (B)	(A)/(B)×100 (%)
Revenue	813,331	931,347	87
Cost of sales	(619,988)	(680,590)	91
Gross profit	193,343	250,757	77
Selling, general and administrative expenses	(160,633)	(174,139)	92
Adjusted operating income	32,710	76,618	43
Other income	5,067	8,543	59
Other expenses	(9,542)	(12,312)	78
Operating income	28,235	72,849	39
Financial income	3,658	2,880	127
Financial expenses	(7,743)	(11,308)	68
Share of profits of investments accounted for using the equity method	1,428	2,682	53
Income before income taxes	25,578	67,103	38
Income taxes	(10,951)	(22,335)	49
Net income	14,627	44,768	33
Net income attributable to			
Owners of the parent	10,340	41,171	25
Non-controlling interests	4,287	3,597	119
Total net	14,627	44,768	33
EPS attributable to owners of the parent			
Net income per share (Basic) (yen)	48.62	193.61	25
Net income per share (Diluted) (yen)	48.62	193.61	25

(Rounded off to the nearest million)

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2021 (A)	Previous fiscal year For the year ended Mar. 31, 2020 (B)	(A)/(B)×100 (%)
Net income	14,627	44,768	33
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	1,952	(1,422)	-
Remeasurements of defined benefit obligations	3,576	(105)	-
Other comprehensive income of equity method associates	(1)	8	-
Items that can be reclassified into net income			
Foreign currency translation adjustments	38,611	(33,521)	-
Cash flow hedges	(583)	15	-
Other comprehensive income of equity method associates	(722)	(658)	110
Other comprehensive income, net of taxes	42,833	(35,683)	-
Comprehensive income	57,460	9,085	632
Comprehensive income attributable to			
Owners of the parent	47,844	9,874	485
Non-controlling interests	9,616	(789)	-

(Rounded off to the nearest million)

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

Year ended March 31, 2021

(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	80,475	347,668	(1,933)	5,700	228
Net income			10,340			
Other comprehensive income				3,602	1,951	(583)
Comprehensive income	-	-	10,340	3,602	1,951	(583)
Acquisition of treasury stock						
Dividends to stockholders of the Company			(7,231)			
Transfer to retained earnings			141		(141)	
Change in liabilities for written put options over non-controlling interests		145				
Transaction with owners	-	145	(7,090)	-	(141)	-
Balance at end of period	81,577	80,620	350,918	1,669	7,510	(355)

(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	(37,096)	(33,101)	(3,082)	473,537	51,574	525,111
Net income		-		10,340	4,287	14,627
Other comprehensive income	32,534	37,504		37,504	5,329	42,833
Comprehensive income	32,534	37,504	-	47,844	9,616	57,460
Acquisition of treasury stock			(4)	(4)		(4)
Dividends to stockholders of the Company				(7,231)	(6,219)	(13,450)
Transfer to retained earnings		(141)		-		-
Change in liabilities for written put options over non-controlling interests				145	(17)	128
Transaction with owners	-	(141)	(4)	(7,090)	(6,236)	(13,326)
Balance at end of period	(4,562)	4,262	(3,086)	514,291	54,954	569,245

Year ended March 31, 2020

(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	81,991	328,344	(2,330)	7,118	213
Cummulative impact of change in accounting policy			(1,447)			
Balance at beginning of period reflected change in accounting policy	81,577	81,991	326,897	(2,330)	7,118	213
Net income			41,171			
Other comprehensive income				(230)	(1,415)	15
Comprehensive income	-	-	41,171	(230)	(1,415)	15
Acquisition of treasury stock						
Dividends to stockholders of the Company			(19,776)			
Transfer to retained earnings			(624)	627	(3)	
Change in liabilities for written put options over non-controlling interests		(1,516)				
Transaction with owners	-	(1,516)	(20,400)	627	(3)	-
Balance at end of period	81,577	80,475	347,668	(1,933)	5,700	228

(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	(7,429)	(2,428)	(3,077)	486,407	56,254	542,661
Cummulative impact of change in accounting policy		-		(1,447)	(39)	(1,486)
Balance at beginning of period reflected change in accounting policy	(7,429)	(2,428)	(3,077)	484,960	56,215	541,175
Net income		-		41,171	3,597	44,768
Other comprehensive income	(29,667)	(31,297)		(31,297)	(4,386)	(35,683)
Comprehensive income	(29,667)	(31,297)	-	9,874	(789)	9,085
Acquisition of treasury stock		-	(5)	(5)		(5)
Dividends to stockholders of the Company		-		(19,776)	(3,939)	(23,715)
Transfer to retained earnings		624		-		-
Change in liabilities for written put options over non-controlling interests		-		(1,516)	87	(1,429)
Transaction with owners	-	624	(5)	(21,297)	(3,852)	(25,149)
Balance at end of period	(37,096)	(33,101)	(3,082)	473,537	51,574	525,111



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

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2021 (A)	Previous fiscal year For the year ended Mar. 31, 2020 (B)
Net income	14,627	44,768
Depreciation	44,412	41,443
Amortization of intangible asset	5,765	4,704
Impairment losses	1,391	6,002
Income tax expense	10,951	22,335
Gains or loss on business restructuring	425	(3,105)
Equity in net earnings of associates	(1,428)	(2,682)
(Gain) loss on sales of property, plant and equipment	43	(424)
Financial income	(3,658)	(2,880)
Financial expense	7,743	11,308
(Increase) decrease in trade receivables and contract assets	21,164	646
(Increase) decrease in lease receivables	2,137	9,213
(Increase) decrease in inventories	25,501	107
Increase (decrease) in trade payables	(19,237)	(32,769)
Increase (decrease) in retirement and severance benefit	163	133
Other	(8,568)	(43,258)
<b>Subtotal</b>	<b>101,431</b>	<b>55,541</b>
Interest received	2,058	2,086
Dividends received	3,300	3,382
Interest paid	(5,289)	(6,923)
Income tax paid	(10,161)	(31,404)
<b>Net cash provided by (used in) operating activities</b>	<b>91,339</b>	<b>22,682</b>
Capital expenditures	(28,311)	(32,044)
Proceeds from sale of property, plant and equipment	389	2,951
Acquisition of intangible assets	(4,893)	(7,311)
Acquisition of investments in securities and other financial assets(including investments in associates)	(315)	-
Sales of investments in securities and other financial assets (including investments in associates)	884	1,635
(Increase) decrease in short-term loan receivables, net	(72)	(1)
Collection of long-term loan receivables	40	33
Other	(3)	(12)
<b>Net cash provided by (used in) investing activities</b>	<b>(32,281)</b>	<b>(34,749)</b>
Increase (decrease) in short-term debt, net	(42,150)	9,694
Proceeds from long-term debt and bond	51,273	91,868
Payments on long-term debt	(32,069)	(52,486)
Payments on lease payables	(11,534)	(12,770)
Dividends paid to owners of the parent	(7,273)	(19,764)
Dividends paid to non-controlling interests	(4,255)	(5,544)
Other	(3)	(5)
<b>Net cash provided by (used in) financing activities</b>	<b>(46,011)</b>	<b>10,993</b>
Effect of exchange rate changes on cash and cash equivalents	5,118	(4,108)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>18,165</b>	<b>(5,182)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>62,165</b>	<b>67,347</b>
<b>Cash and cash equivalents at end of period</b>	<b>80,330</b>	<b>62,165</b>

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

(Notes on the Preconditions for a Going Concern)

There are no relevant items.

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

(Important matters for compiling consolidated financial statements)

## **1. Scope of consolidation**

Numbers of consolidated subsidiaries: 81

### (1) Main consolidated subsidiaries

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

(2) Number of companies included in consolidation during the fiscal year ended March 31, 2021: 1

- 1) Increase by newly established: 1

## **2. Application of the equity method**

Numbers of affiliates accounted for by the equity method: 23

### (1) Main affiliates subject to the equity method

- 1) Deere-Hitachi Construction Machinery Corp.
- 2) P.T. Hexa Finance Indonesia
- 3) HTC Leasing Company Limited
- 4) Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.

(2) Number of companies excluded from equity-method affiliates during the fiscal year ended March 31, 2021: 1

- 1) Decrease by sales part of shares: 1

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

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

### **3. Date of settlement of accounts for consolidated subsidiaries**

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

- 1) Hitachi Construction Machinery Holding U.S.A. Corporation
  - 2) Hitachi Construction Machinery (China) Co., Ltd.
  - 3) Hitachi Construction Machinery (Shanghai) Co., Ltd.
- Others: 19

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

(Segment Information)

## **1. Reportable segment information**

### 1) Overview of business segments

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

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

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

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

For the year ended March 31, 2021

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Solution Business	Total		
Revenue					
External customers	734,191	79,140	813,331	-	813,331
Intersegment transactions	16	3,297	3,313	(3,313)	-
Total revenues	734,207	82,437	816,644	(3,313)	813,331
Adjusted operating income	25,798	6,912	32,710	-	32,710
Operating income	23,638	4,597	28,235	-	28,235
Financial income	-	-	-	3,658	3,658
Financial expenses	-	-	-	(7,743)	(7,743)
Share of profits (losses) of investments accounted for using the equity method	1,428	-	1,428	-	1,428
Income before income taxes	25,066	4,597	29,663	(4,085)	25,578
Segment assets	1,104,588	116,839	1,221,427	(856)	1,220,571
Segment liabilities	583,693	68,489	652,182	(856)	651,326
Other items:					
Depreciation and amortization	(45,316)	(4,861)	(50,177)	-	(50,177)
Impairment losses	(168)	(1,223)	(1,391)	-	(1,391)
Business structure reform expenses	(2,288)	(1,251)	(3,539)	-	(3,539)
Investments accounted for using the equity method	31,034	-	31,034	-	31,034

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

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

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

For the year ended March 31, 2020

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Solution Business	Total		
Revenue					
External customers	840,751	90,596	931,347	-	931,347
Intersegment transactions	11	1,379	1,390	(1,390)	-
Total revenues	840,762	91,975	932,737	(1,390)	931,347
Adjusted operating income	68,529	8,089	76,618	-	76,618
Operating income	72,132	717	72,849	-	72,849
Financial income	-	-	-	2,880	2,880
Financial expenses	-	-	-	(11,308)	(11,308)
Share of profits (losses) of investments accounted for using the equity method	2,682	-	2,682	-	2,682
Income before income taxes	74,814	717	75,531	(8,428)	67,103
Segment assets	1,048,853	126,206	1,175,059	(7,492)	1,167,567
Segment liabilities	585,762	64,186	649,948	(7,492)	642,456
Other items:					
Depreciation and amortization	(41,082)	(5,065)	(46,147)	-	(46,147)
Impairment losses	(25)	(5,977)	(6,002)	-	(6,002)
Business structure reform expenses	(142)	(512)	(654)	-	(654)
Investments accounted for using the equity method	33,177	-	33,177	-	33,177

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

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

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

## 2. Information on products and services

The following tables show revenue from outside customers by product and service for the year ended March 31, 2021 and 2020.

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Mining machinery	123,456	166,771
Construction machinery and others	689,875	764,576
Total	813,331	931,347

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



(Note on consolidated statements of income)

The main components of other income for the year ended March 31, 2021 and 2020 are as follows:

	(Millions of yen)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Gain on sales of property, plants, and equipment	187	454
Subsidy income	321	570
Gain on business restructuring (note )	39	3,105
Other	4,520	4,414
Total	5,067	8,543

(note) Gain on business restructuring

Gain on business restructuring for the year ended March 31, 2020 is mainly recognized for sales of the Company's portion of shares of stock in Hitachi Construction Machinery Operators Training Center Co., Ltd., a consolidated subsidiary of the Group.

The main components of other expenses for the year ended March 31, 2021 and 2020 are as follows:

	(Millions of yen)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss on sales of property, plants, and equipment	230	30
Loss on disposal of property, plants, and equipment	750	779
Impairment losses (*1)	1,391	6,002
Business structure reform expenses (*2)	3,539	654
Other	3,632	4,847
Total	9,542	12,312

Note (\*1): Impairment losses

Impairment losses recognized for the year ended March 31, 2020 that mainly include a portion of the North American region's assets of H-E Parts to the amount of ¥5,684 million belong to the Solution Business Segment because of the decrease in estimated profit due to the change in the business environment.

Note (\*2): Business structure reform expenses

Business structure improvement expenses recognized for the year ended March 31, 2021 and 2020 include a special severance payment and so forth.

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

(Earnings per share)

A calculation of the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2021 and 2020 are as follows:

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Net income attributable to owners of the parent	10,340	41,171
Net income attributable to owners of the Parent (diluted)	10,340	41,171

(Number of shares)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of common shares outstanding	212,652,631	212,654,154
Dilutive effect of stock options	-	-
Weighted average number of common shares outstanding - diluted	212,652,631	212,654,154

(Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Net income attributable to owners of the parent per share (basic)	48.62	193.61
Net income attributable to owners of the parent per share (diluted)	48.62	193.61

	For the year ended March 31, 2021	For the year ended March 31, 2020
Summary of dilutive shares not included the calculation of diluted earnings per share (attributed to owners of the parent) due to no dilutive effect	-	-

(Important subsequent events)

There are no relevant items.

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