

Consolidated Financial Results for the First Quarter Ended June 30, 2021 (IFRS)

July 28, 2021

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

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

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

Representative: Kotaro Hirano, Executive Officer, President & CEO

Scheduled date for submission of the Quarterly Securities Report: August 5, 2021

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 (April 1, 2021 to June 30, 2021)

(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, 2021	228,136	34.1	11,838	302.7	12,005	571.8	7,844	557.0	7,127	—
June 30, 2020	170,157	(27.5)	2,940	(87.2)	1,787	(91.7)	1,194	(92.3)	201	(98.5)

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)
June 30, 2021	Yen 33.51	Yen 33.51
June 30, 2020	0.95	0.95

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

June 30, 2021: ¥1,162million June 30, 2020: ¥105million

(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, 2021	1,224,548	577,703	521,775	42.6
March 31, 2021	1,220,571	569,245	514,291	42.1

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2021	—	10.0	—	10.0	20.0
March 31, 2022	—	—	—	—	—
March 31, 2022 (Projection)	—	—	—	—	—

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

Note: Changes involving the dividend states for the fiscal year ending March 2022: None

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

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

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

Notes: Changes in consolidated earnings forecast: None

*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)

June 2021	215,115,038
March 2021	215,115,038
 - [2] Number of treasury shares

June 2021	2,463,415
March 2021	2,463,047
 - [3] Average number of common shares outstanding during the fiscal year (shares)

June 2021	212,651,818
June 2020	212,653,069

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure.

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

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

In order to further strengthen our value chain business, which we have been focusing on in the past, the Consolidated Group continues to use cutting-edge digital technologies at every point of contact with customers under “Realizing Tomorrow’s Opportunities 2022” medium-term management plan from fiscal 2020. In this way, we are providing deepened solutions and working to transform ourselves into a corporate structure that is resilient to changes.

During the 1Q of the current fiscal year (April 1, 2021 to June 30, 2021), revenue increased to ¥228,136 million (an increase of 34.1% year-on-year). This was due to an increase in new machinery sales and parts & service, and a steady increase in rentals and used vehicles in the value chain business on which we have been focusing, against a background of a recovery trend from COVID-19 showing mainly in the U.S. and Europe while the ongoing impact remained in some regions.

As for consolidated income items, adjusted operating income improved significantly to ¥11,838 million (an increase of 302.7% year-on-year), mainly due to an increase in revenue, a positive outcome of efforts to decrease both the cost of sales ratio and the selling, general and administrative expense ratio in order to increase production, and the impact of the yen's depreciation. Profit attributable to owners of the parent company improved significantly to ¥7,127 million (an increase of 3,445.8% year-on-year), mainly due to an increase in adjusted operating income and an increase in equity in earnings of affiliates of overseas bases.

Business results by segment are described below.

1. Construction machinery business

In the 1Q of the fiscal year under review, demand for hydraulic excavators in China declined significantly year-on-year partly due to a sense of surplus in the quantity of machinery owned by the market. However, demand for hydraulic excavators in all other major regions is on a recovery trend. As a result, overall demand increased year-on-year. In mining machinery, operations at some mining sites were shut down due to COVID-19, but operations are returning to normal and are on a recovery track.

Consequently, revenues in the 1Q of the fiscal year under review grew in both the sales of new hydraulic excavators and mining machinery and the sales of value chain business consisting largely of parts and service. In addition to the above, affected by exchange rates and other factors, revenue was ¥206,457 million (an increase of 37.4% year-on-year).

Adjusted operating income increased significantly to ¥10,147 million yen (an increase of 953.7% year-on-year) in line with the increase in revenue.

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 sales of mining facilities and machinery, and H-E Parts International LLC and its subsidiaries, which provide service solutions.

Revenue for the 1Q of the current fiscal year remained on a recovery track, and was ¥22,538 million (an increase of 10.6% year-on-year) partly due to the effect of foreign currency exchange.

On the other hand, adjusted operating income remained at ¥1,691 million (a decrease of 14.5% year-on-year), due to the postponement of delivery of some products and other factors.

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

The following table summarizes consolidated net revenue by geographic area:

	FY2021 (April 1, 2021- June 30, 2021)		FY2020 (April 1, 2020- June 30, 2020)		Increase (Decrease)	
	Revenue (A)	Proportion (%)	Revenue (B)	Proportion (%)	(A)-(B)	(A)/(B)-1 (%)
North America	42,116	18.5	27,908	16.4	14,208	50.9
Central and South America	4,691	2.1	2,807	1.6	1,884	67.1
The Americas	46,807	20.5	30,715	18.1	16,092	52.4
Europe	31,408	13.8	13,548	8.0	17,860	131.8
Russia-CIS	7,628	3.3	4,311	2.5	3,317	76.9
Africa	9,256	4.1	6,200	3.6	3,056	49.3
Middle East	6,496	2.8	3,339	2.0	3,157	94.5
Russia-CIS, Africa, and the Middle East	23,380	10.2	13,850	8.1	9,530	68.8
Asia	16,257	7.1	9,197	5.4	7,060	76.8
India	9,890	4.3	4,779	2.8	5,111	106.9
Oceania	39,652	17.4	33,086	19.4	6,566	19.8
Asia and Oceania	65,799	28.8	47,062	27.7	18,737	39.8
China	17,535	7.7	25,050	14.7	(7,515)	(30.0)
Sub-total	184,929	81.1	130,225	76.5	54,704	42.0
Japan	43,207	18.9	39,932	23.5	3,275	8.2
Total	228,136	100.0	170,157	100.0	57,979	34.1

(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 expect demand for hydraulic excavators to rise in major regions as the market recovers, compared with fiscal 2020, while demand for hydraulic excavators in China is expected to drop significantly due to a surplus in the quantity of machinery in operation. As forecasted in the previous announcement in April, we expect that the total demand for hydraulic excavators worldwide in numbers of units will remain at approximately 220 thousand units (a decrease of 7% over the previous fiscal year).

Demand for mining machinery increased due to the global economic recovery, and capital investment by mining companies and mining contractors resumed amid rising resource prices. As orders have started to increase, we expect parts and service and solutions businesses to gradually recover.

Based on the above market forecast, the forecast for the fiscal year ending March 2022 (April 1, 2021 to March 31, 2022) will defer the forecast for the consolidated results released on April 27, 2021, taking into account various factors of concern at this time.

These forecasts are based on the following exchange rates from the 2Q: ¥105 to one U.S. dollar, ¥125 to one euro, ¥16 to one Chinese yuan, and ¥80 to Australian dollar.

(3) Analysis of Financial Condition

[1] Status of Assets, Liabilities, and Net Assets

(a) Assets

Current assets amounted to ¥ 612,347 million, a decrease of 0.8%, or ¥ 4,846 million, from the previous fiscal year-end.

This was mainly due to a decrease of ¥ 7,671 million in cash and cash equivalents and ¥ 15,984 million in trade receivables and contract assets although there was an increase of ¥ 10,492 million in inventory.

Non-current assets amounted to ¥ 612,201 million, an increase of 1.5%, or ¥ 8,823 million, from the previous fiscal year-end. This was due mainly to an increase of ¥ 4,782 million in property, plant and equipment.

As a result, total assets increased by 0.3%, or ¥ 3,977 million, from the previous fiscal year-end to ¥ 1,224,548 million.

(b) Liabilities

Current liabilities amounted to ¥ 354,945 million, a decrease of 4.7%, or ¥ 17,509 million, from the previous fiscal year-end.

This was mainly due to a decrease of ¥9,951 million in bonds and borrowings and ¥ 7,769 million in trade and other payables.

Non-current liabilities amounted to ¥ 291,900 million, an increase of 4.7%, or ¥ 13,028 million, from the previous fiscal year-end. This was mainly due to an increase of ¥ 8,715 million in bonds and borrowings.

As a result, total liabilities decreased by 0.7%, or ¥ 4,481 million, from the previous fiscal year-end to ¥ 646,845 million.

(c) Equity

Total equity increased by 1.5%, or ¥ 8,458 million, from the previous fiscal year-end to ¥ 577,703 million. This was mainly due to improve net income.

[2] Analysis of the Status of Consolidated Cash Flows

Cash and cash equivalents at the end of first quarter totaled ¥ 72,659 million, a decrease of ¥ 7,671 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 first quarter based on ¥ 7,844 million in net income, and included ¥ 11,499 million in depreciation, a ¥ 14,276 million decrease in trade receivables and contract assets, a ¥ 10,322 million increase in inventories and a ¥ 4,974 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 ¥ 6,687 million, a decrease inflow of ¥ 14,754 million year on year.

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

Net cash used in investing activities for the first quarter amounted to ¥ 8,207 million, a decrease of ¥ 1,063 million year on year. This was mainly due to an outlay of ¥ 4,659 million for purchase of property, plant and equipment.

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 outflow of ¥ 1,520 million.

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

Net cash used in financing activities for the first quarter amounted to ¥ 6,624 million. This was due mainly to a decrease of ¥ 1,499 million in short-term debt, a decrease of ¥ 2,888 million in lease liabilities and ¥ 2,138 million dividends paid (including dividends paid to non-controlling interests) as cash outflow.

As a result, cash for financing activities for the first quarter produced an increased outflow of ¥ 2,340 million year on year.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter As of Jun. 30, 2021 (A)	Previous fiscal year-end As of Mar. 31, 2021 (B)	(A)-(B)
Assets			
Current assets			
Cash and cash equivalents	72,659	80,330	(7,671)
Trade receivables	190,266	206,371	(16,105)
Contract assets	4,966	4,845	121
Inventories	308,258	297,766	10,492
Income tax receivables	3,636	4,025	(389)
Other financial assets	21,403	16,172	5,231
Other current assets	10,256	7,083	3,173
Subtotal	611,444	616,592	(5,148)
Assets held for sale	903	601	302
Total current assets	612,347	617,193	(4,846)
Non-current assets			
Property, plant and equipment	350,629	345,847	4,782
Right-of-use-asset	59,913	59,410	503
Intangible assets	41,275	41,576	(301)
Goodwill	36,051	35,406	645
Investments accounted for using the equity method	33,224	31,034	2,190
Trade receivables	40,771	41,436	(665)
Deferred tax assets	16,763	16,052	711
Other financial assets	19,898	18,643	1,255
Other non-current assets	13,677	13,974	(297)
Total non-current assets	612,201	603,378	8,823
Total assets	1,224,548	1,220,571	3,977
Liabilities			
Current liabilities			
Trade and other payables	172,904	180,673	(7,769)
Lease liabilities	12,870	12,489	381
Contract liabilities	8,624	8,820	(196)
Bonds and borrowings	140,311	150,262	(9,951)
Income taxes payable	5,603	4,632	971
Other financial liabilities	13,302	13,970	(668)
Other current liabilities	1,331	1,608	(277)
Total current liabilities	354,945	372,454	(17,509)
Non-current liabilities			
Trade and other payables	8,049	7,697	352
Lease liabilities	49,757	46,942	2,815
Contract liabilities	2,316	2,050	266
Bonds and borrowings	187,941	179,226	8,715
Retirement and severance benefit	17,745	17,748	(3)
Deferred tax liabilities	7,433	6,925	508
Other financial liabilities	3,450	3,569	(119)
Other non-current liabilities	15,209	14,715	494
Total non-current liabilities	291,900	278,872	13,028
Total liabilities	646,845	651,326	(4,481)
Equity			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	80,626	80,620	6
Retained earnings	356,082	350,918	5,164
Accumulated other comprehensive income	6,577	4,262	2,315
Treasury stock, at cost	(3,087)	(3,086)	(1)
Total Equity attribute to owners of the parent	521,775	514,291	7,484
Non-controlling interests	55,928	54,954	974
Total equity	577,703	569,245	8,458
Total liabilities and equity	1,224,548	1,220,571	3,977

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated cumulative quarter

Consolidated Statements of Income

(Millions of yen)

	First quarter Three months ended Jun. 30, 2021 (A)	First quarter Three months ended Jun. 30, 2020 (B)	(A)/(B)×100 (%)
Revenue	228,136	170,157	134
Cost of sales	(172,070)	(130,582)	132
Gross profit	56,066	39,575	142
Selling, general and administrative expenses	(44,228)	(36,635)	121
Adjusted operating income	11,838	2,940	403
Other income	1,105	772	143
Other expenses	(1,031)	(1,200)	86
Operating income	11,912	2,512	474
Financial income	743	889	84
Financial expenses	(1,812)	(1,719)	105
Share of profits of investments accounted for using the equity method	1,162	105	1,107
Income before income taxes	12,005	1,787	672
Income taxes	(4,161)	(593)	702
Net income	7,844	1,194	657
Net income attributable to			
Owners of the parent	7,127	201	3,546
Non-controlling interests	717	993	72
Total net income	7,844	1,194	657
EPS attributable to owners of the parent			
Net income per share (Basic) (yen)	33.51	0.95	3,527
Net income per share (Diluted) (yen)	33.51	0.95	3,527

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter Three months ended Jun. 30, 2021 (A)	First quarter Three months ended Jun. 30, 2020 (B)	(A)/(B)×100 (%)
Net income	7,844	1,194	657
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	660	103	641
Other comprehensive income of equity method associates	-	(1)	-
Items that can be reclassified into net income			
Foreign currency translation adjustments	730	8,699	8
Cash flow hedges	553	(195)	-
Other comprehensive income of equity method associates	806	(312)	-
Other comprehensive income, net of taxes	2,749	8,294	33
Comprehensive income	10,593	9,488	112
Comprehensive income attributable to			
Owners of the parent	9,606	7,904	122
Non-controlling interests	987	1,584	62

(Rounded off to the nearest million)

(3) Consolidated Statements of Changes in Equity
Consolidated cumulative quarter
First quarter three months ended Jun. 30, 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	80,620	350,918	1,669	7,510	(355)
Net income			7,127			
Other comprehensive income					660	553
Comprehensive income	-	-	7,127	-	660	553
Acquisition of treasury stock						
Dividends to stockholders of the Company			(2,127)			
Transfer to retained earnings			164		(164)	
Change in liabilities for written put options over non-controlling interests		6				
Transaction with owners	-	6	(1,963)	-	(164)	-
Balance at end of period	81,577	80,626	356,082	1,669	8,006	198

(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	(4,562)	4,262	(3,086)	514,291	54,954	569,245
Net income		-		7,127	717	7,844
Other comprehensive income	1,266	2,479		2,479	270	2,749
Comprehensive income	1,266	2,479	-	9,606	987	10,593
Acquisition of treasury stock			(1)	(1)		(1)
Dividends to stockholders of the Company				(2,127)		(2,127)
Transfer to retained earnings		(164)				
Change in liabilities for written put options over non-controlling interests				6	(13)	(7)
Transaction with owners	-	(164)	(1)	(2,122)	(13)	(2,135)
Balance at end of period	(3,296)	6,577	(3,087)	521,775	55,928	577,703

First quarter three months ended Jun. 30, 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	80,475	347,668	(1,933)	5,700	228
Net income			201			
Other comprehensive income					102	(195)
Comprehensive income	-	-	201	-	102	(195)
Acquisition of treasury stock						
Dividends to stockholders of the Company			(5,104)			
Gains/losses on change in equity						
Transfer to retained earnings						
Change in liabilities for written put options over non-controlling interests		(63)				
Transaction with owners	-	(63)	(5,104)	-	-	-
Balance at end of period	81,577	80,412	342,765	(1,933)	5,802	33

(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		-		201	993	1,194
Other comprehensive income	7,796	7,703		7,703	591	8,294
Comprehensive income	7,796	7,703	-	7,904	1,584	9,488
Acquisition of treasury stock			(1)	(1)		(1)
Dividends to stockholders of the Company				(5,104)	(28)	(5,132)
Gains/losses on change in equity				-		-
Transfer to retained earnings				-		-
Change in liabilities for written put options over non-controlling interests				(63)	4	(59)
Transaction with owners	-	-	(1)	(5,168)	(24)	(5,192)
Balance at end of period	(29,300)	(25,398)	(3,083)	476,273	53,134	529,407

(4) Consolidated Statements of Cash Flows
Consolidated cumulative quarter

(Millions of yen)

	First quarter Three months ended Jun. 30, 2021 (A)	First quarter Three months ended Jun. 30, 2020 (B)
Net income	7,844	1,194
Depreciation	11,499	10,975
Amortization of intangible asset	1,826	777
Impairment losses	45	24
Income tax expense	4,161	593
Equity in net earnings of associates	(1,162)	(105)
(Gain) loss on sales of property, plant and equipment	28	(12)
Financial income	(743)	(889)
Financial expense	1,812	1,719
(Increase) decrease in trade receivables and contract assets	14,276	39,820
(Increase) decrease in lease receivables	4,293	2,031
(Increase) decrease in inventories	(10,322)	(2,815)
Increase (decrease) in trade payables	886	(19,183)
Increase (decrease) in retirement and severance benefit	30	(280)
Other	(22,586)	(9,879)
Subtotal	11,887	23,970
Interest received	505	481
Dividends received	355	511
Interest paid	(1,086)	(1,307)
Income tax paid	(4,974)	(2,214)
Net cash provided by (used in) operating activities	6,687	21,441
Capital expenditures	(4,659)	(8,257)
Proceeds from sale of property, plant and equipment	37	189
Acquisition of intangible assets	(2,723)	(1,093)
Acquisition of investments in securities and other financial assets(including investments in associates)	(292)	-
Sales of investments in securities and other financial assets (including investments in associates)	370	-
(Increase) decrease in short-term loan receivables, net	88	4
Collection of long-term loan receivables	2	1
Payments for acquisition of businesses	(1,030)	-
Other	-	(114)
Net cash provided by (used in) investing activities	(8,207)	(9,270)
Increase (decrease) in short-term debt, net	(1,499)	599
Proceeds from long-term debt and bond	17,750	4,419
Payments on long-term debt	(17,848)	(5,163)
Payments on lease payables	(2,888)	(3,586)
Dividends paid to owners of the parent	(2,129)	(550)
Dividends paid to non-controlling interests	(9)	(2)
Other	(1)	(1)
Net cash provided by (used in) financing activities	(6,624)	(4,284)
Effect of exchange rate changes on cash and cash equivalents	473	947
Net increase (decrease) in cash and cash equivalents	(7,671)	8,834
Cash and cash equivalents at beginning of period	80,330	62,165
Cash and cash equivalents at end of period	72,659	70,999

(5)Notes on Consolidated Financial Statements

(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 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 first quarter three months ended Jun. 30, 2021

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Solution Business	Total		
Revenue					
External customers	206,456	21,680	228,136	-	228,136
Intersegment transactions	1	858	859	(859)	-
Total revenues	206,457	22,538	228,995	(859)	228,136
Adjusted operating income	10,147	1,691	11,838	-	11,838
Operating income	10,213	1,699	11,912	-	11,912
Financial income	-	-	-	743	743
Financial expenses	-	-	-	(1,812)	(1,812)
Share of profits of investments accounted for using the equity method	1,162	-	1,162	-	1,162
Income (loss) before income taxes	11,375	1,699	13,074	(1,069)	12,005

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 first quarter three months ended Jun. 30, 2020

(Millions of yen)

	Reportable segment			Adjustments (*1,2)	Total
	Construction Machinery Business	Solution Business	Total		
Revenue					
External customers	150,222	19,935	170,157	-	170,157
Intersegment transactions	1	442	443	(443)	-
Total revenues	150,223	20,377	170,600	(443)	170,157
Adjusted operating income	963	1,977	2,940	-	2,940
Operating income	881	1,631	2,512	-	2,512
Financial income	-	-	-	889	889
Financial expenses	-	-	-	(1,719)	(1,719)
Share of profits of investments accounted for using the equity method	105	-	105	-	105
Income (loss) before income taxes	986	1,631	2,617	(830)	1,787

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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