

Explanatory Meeting for Business Results for the Second Quarter ended September 30, 2021

October 26, 2021

Hidehiko Matsui

Executive Officer, President, Marketing Div.

Keiichiro Shiojima

Executive Officer, CFO

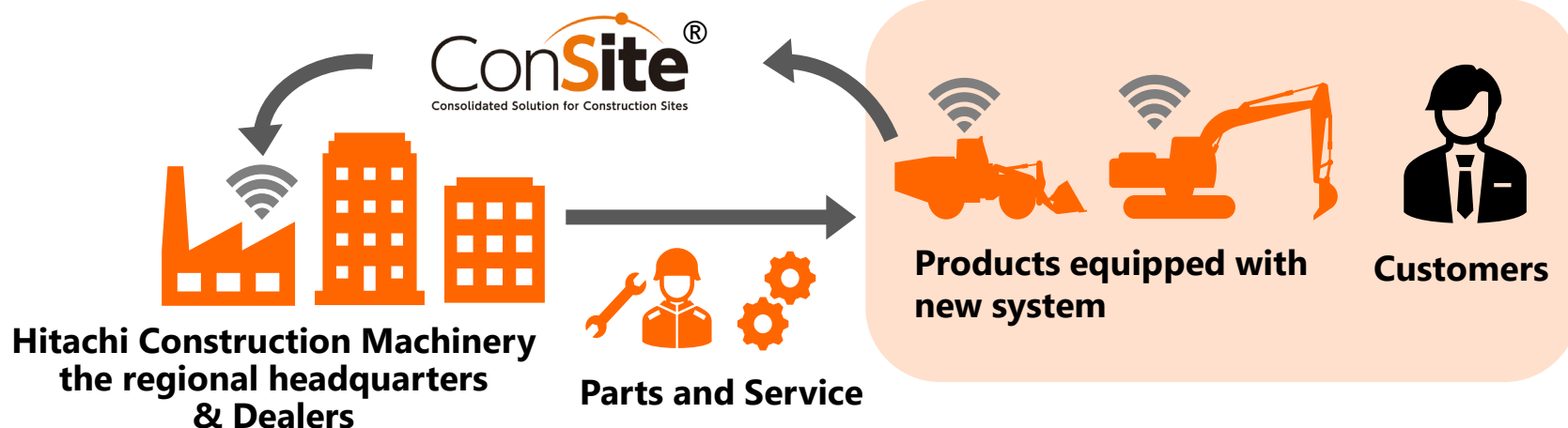
 **Hitachi Construction Machinery Co., Ltd.**

Building a structure for full-scale own development in the world's largest market

- Renamed the local company Hitachi Construction Machinery Americas, the regional headquarters, and is currently increasing its workforce
- Discussing contract details with leading dealers in North, Central, and South America
- Preparing hydraulic excavators equipped a new hydraulic system, safety device, and ConSite®



Structure in North, Central, and South America from March 2022



To launch attractive new products and take in highly profitable parts and service businesses through ConSite® data linkage

1. Regional Market Environments and Projections

Hidehiko Matsui

Executive Officer, President, Marketing Div.

Global Demand Trend for Hydraulic Excavators

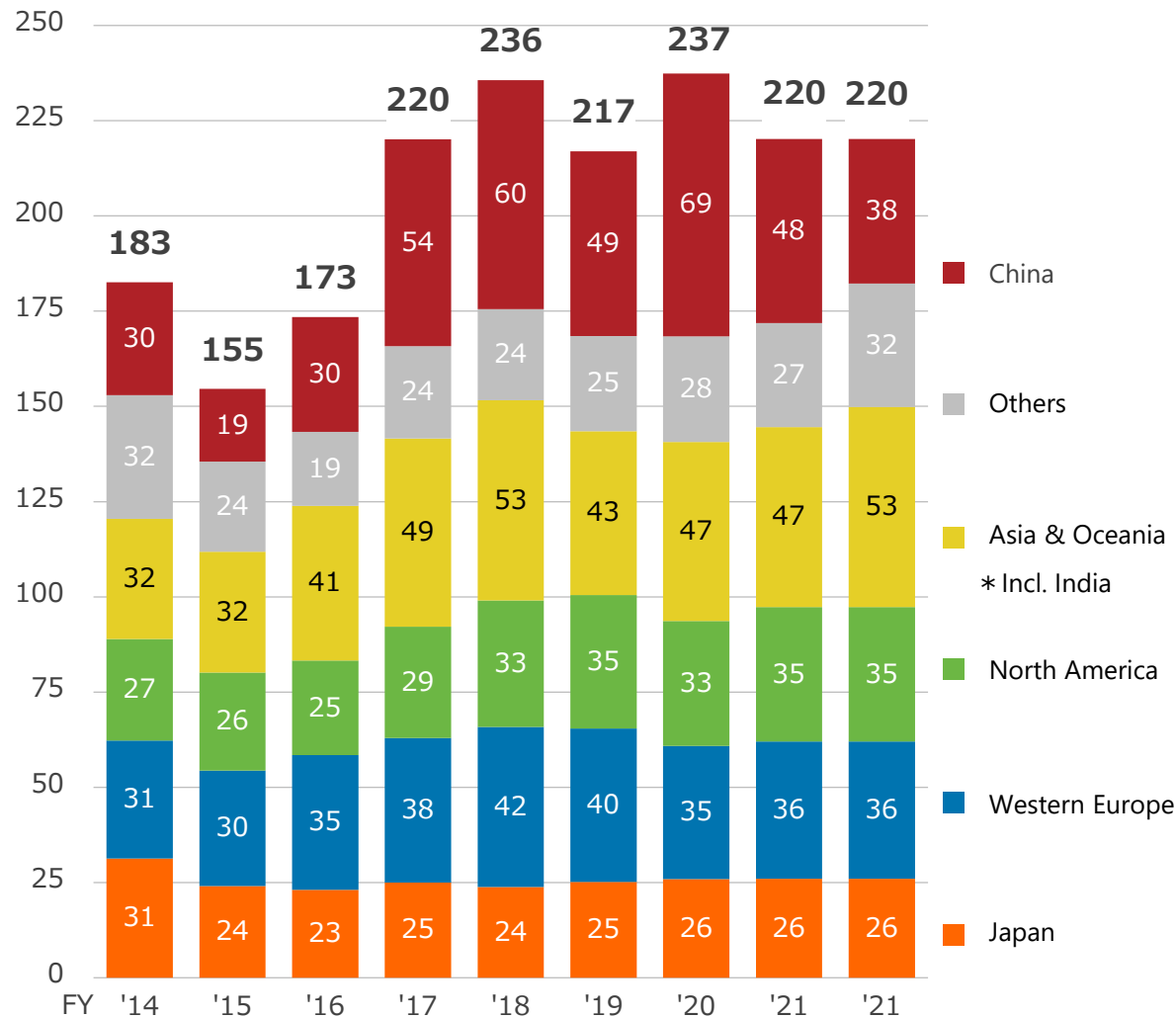
HITACHI

Reliable solutions

Emerging Markets ratio :
FY2021 : 56% (y-y Change : -5%)

[K units]

※Emerging Markets: China, Asia/Oceania, and others



Previous Current
Outlook Outlook

Year-on-Year Change by Region

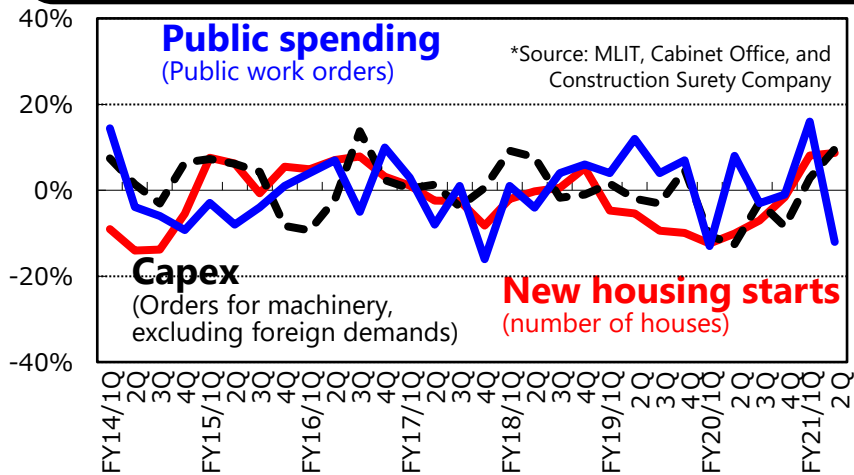
※Estimates by HCM, Excluding Chinese manufacturers

※Distributing, copying, or forwarding prohibited

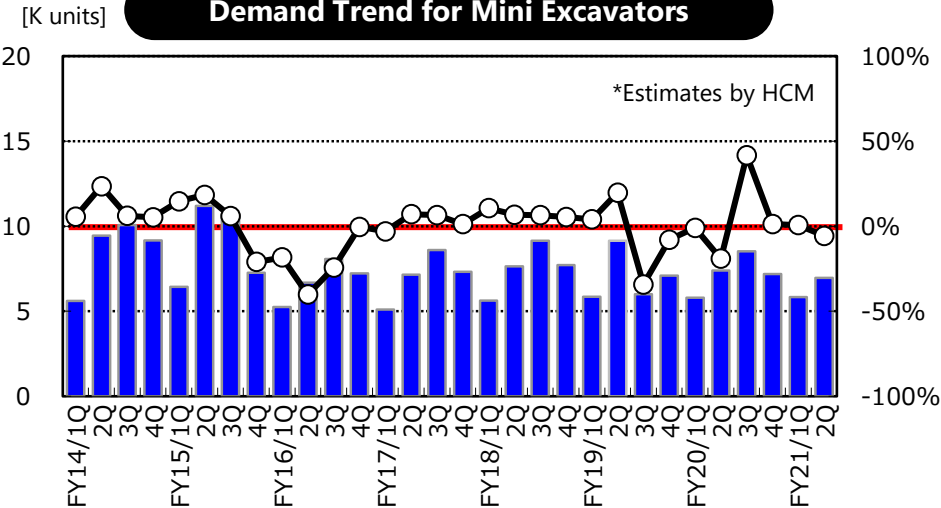
	'20	'21
Total	+9%	-7%
China	+42%	-45%
Russia,CIS, E Europe	-7%	+24%
Africa	+10%	+10%
Middle East	+10%	+25%
Latin America	+34%	+10%
Others	+11%	+17%
Asia	+12%	+20%
India	+5%	+0%
Oceania	+16%	+20%
Asia & Oceania	+9%	+12%
N America	-6%	+8%
W Europe	-13%	+3%
Japan	+3%	+0%

- Capital investment and Housing investment improved. Public investment decreased.
- Demand for hydraulic excavators at the same level of the previous year: Hydraulic excavators -2% y-y, Mini excavators -6% y-y, Wheel loaders +25% y-y, respectively.

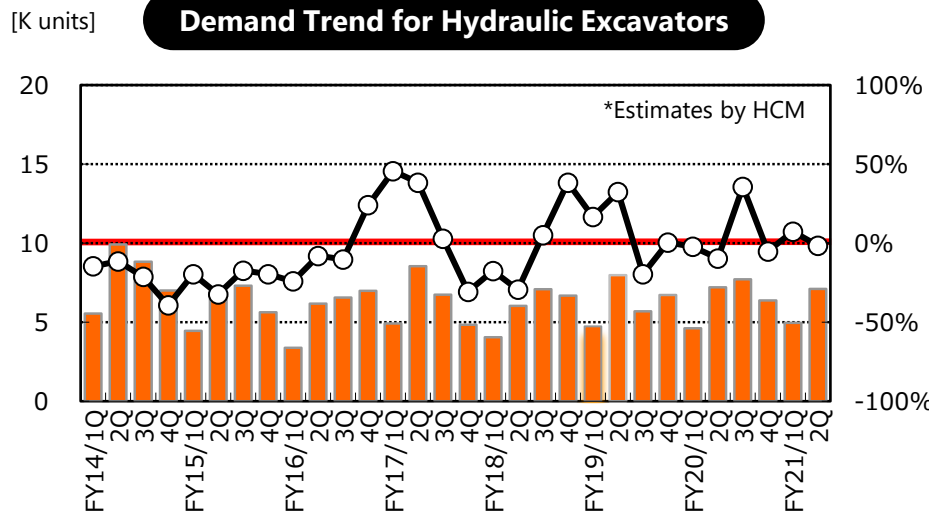
Market Environment Housing/Public Spending and Capex (y-y)



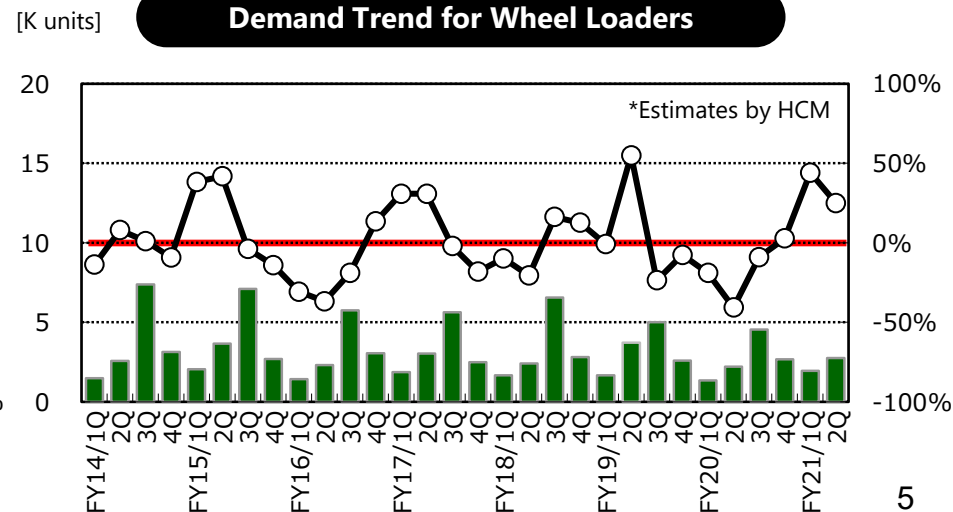
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

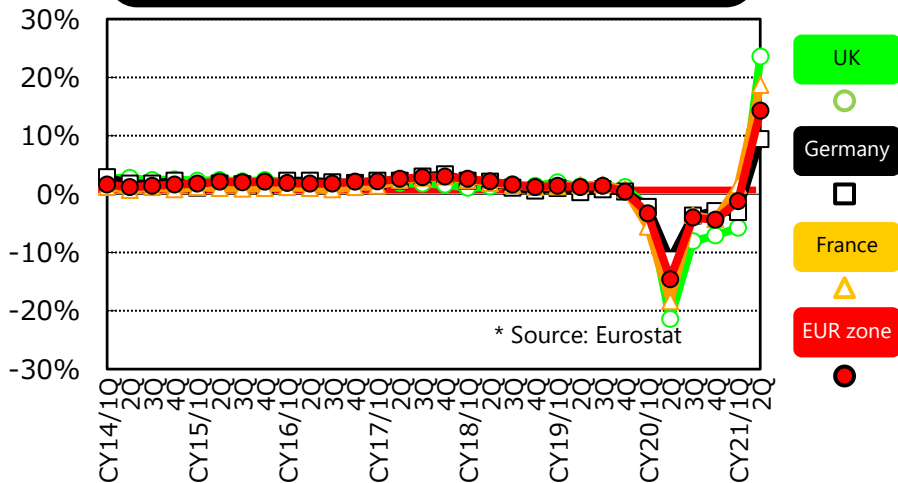


Demand Trend for Wheel Loaders

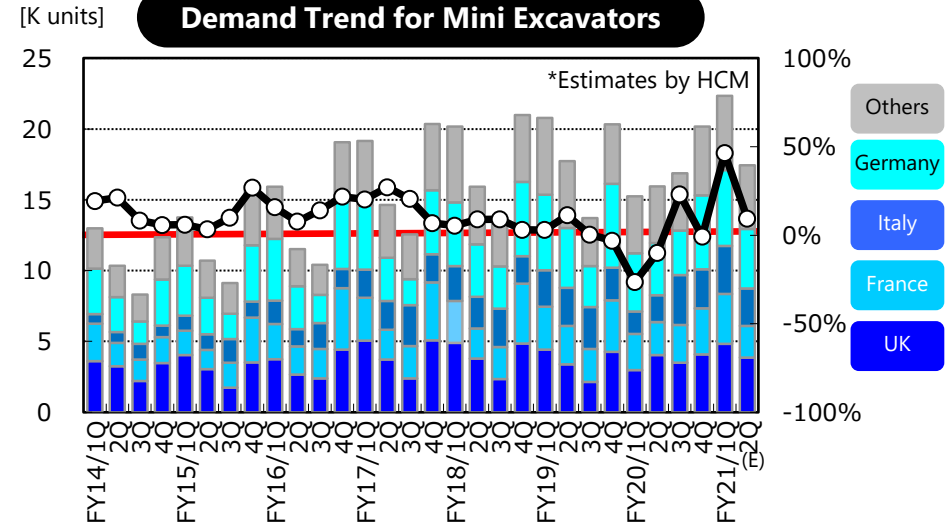


- The GDP growth rates rose significantly in all region.
- Demand for hydraulic excavators slightly increased: Hydraulic excavators +3% y-y, Mini excavators +9% y-y, Wheel loaders -13% y-y, respectively.

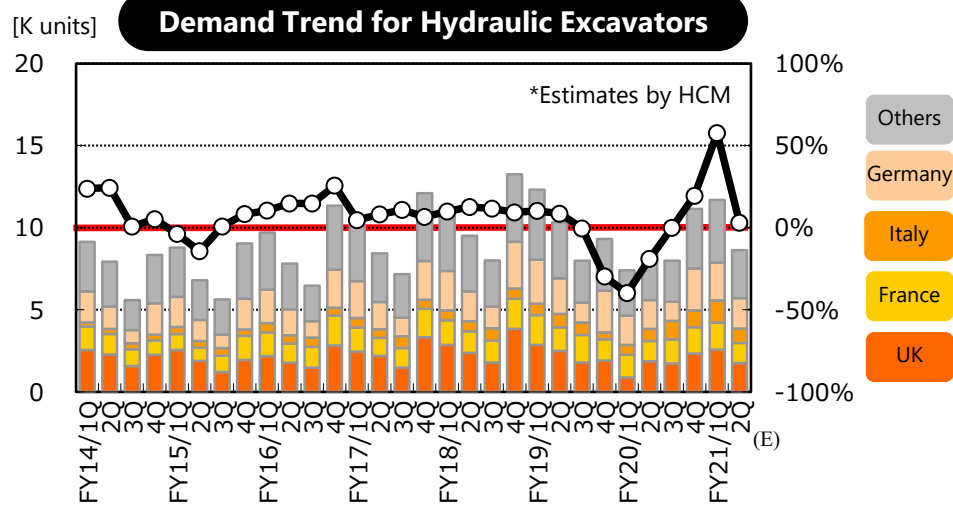
GDP Growth Rate in Major Countries (y-y)



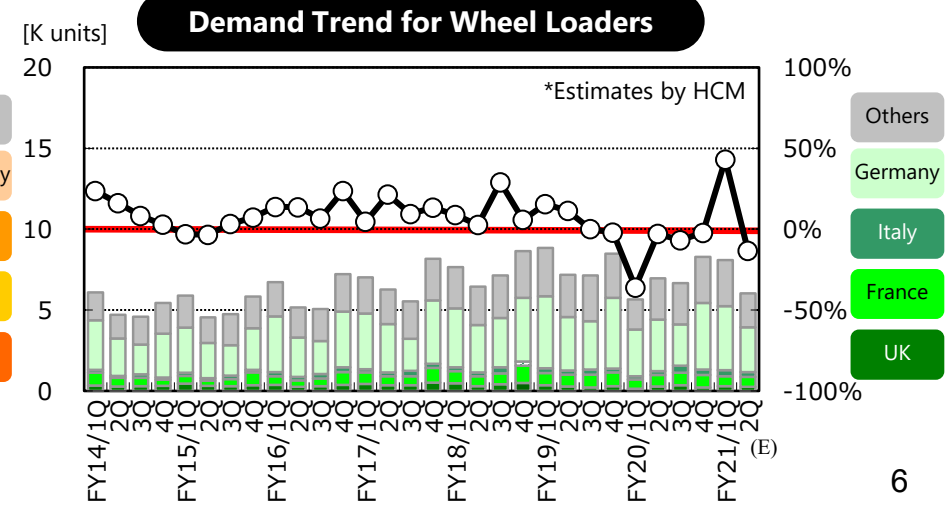
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



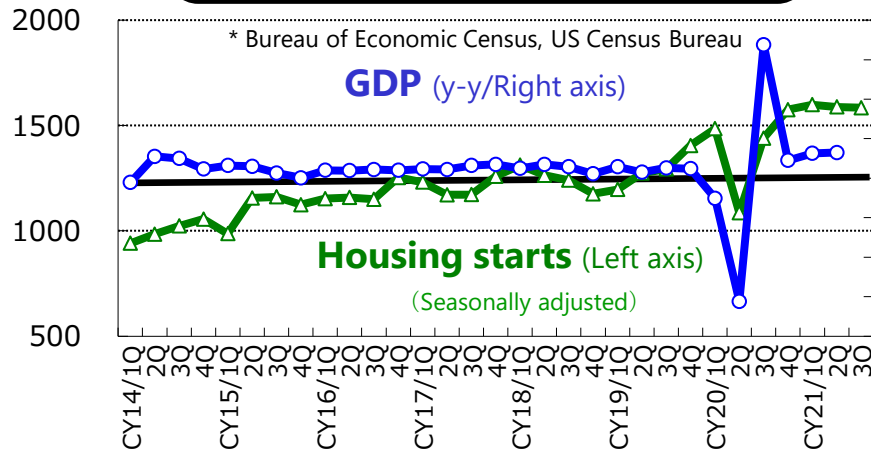
Demand Trend for Wheel Loaders



- Housing market is strong. Non-residential and public work remained at the same level of the previous year.
- Demand for hydraulic excavators increased: Hydraulic excavators +11% y-y, Mini excavators +3% y-y, respectively.

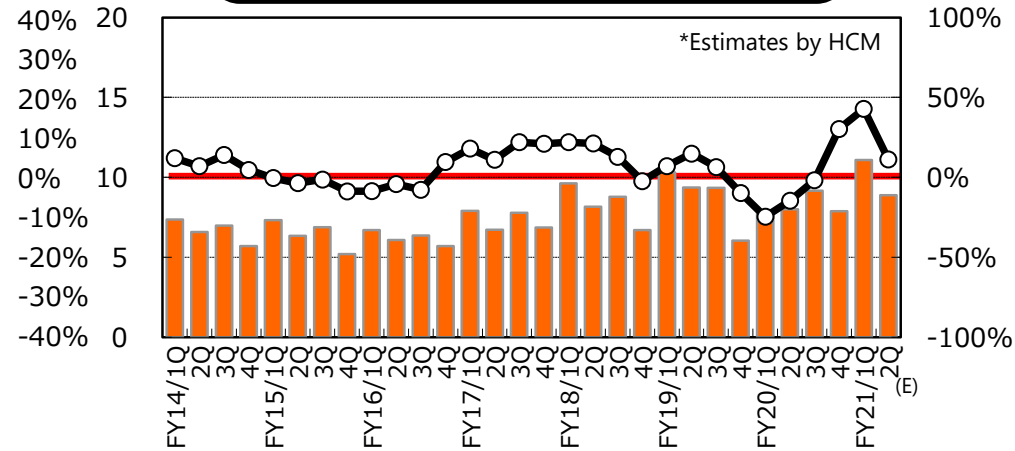
[K units]

GDP Growth Rate, Housing Starts in US

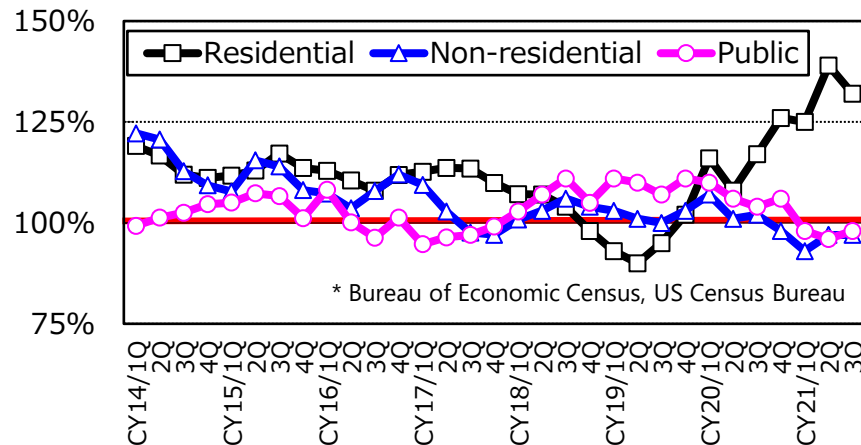


[K units]

Demand Trend for Hydraulic Excavators

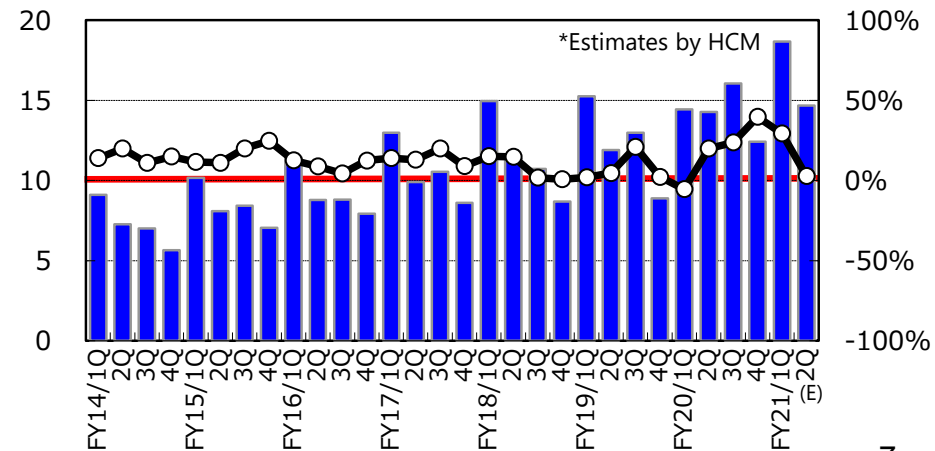


Construction Spending in US (y-y)



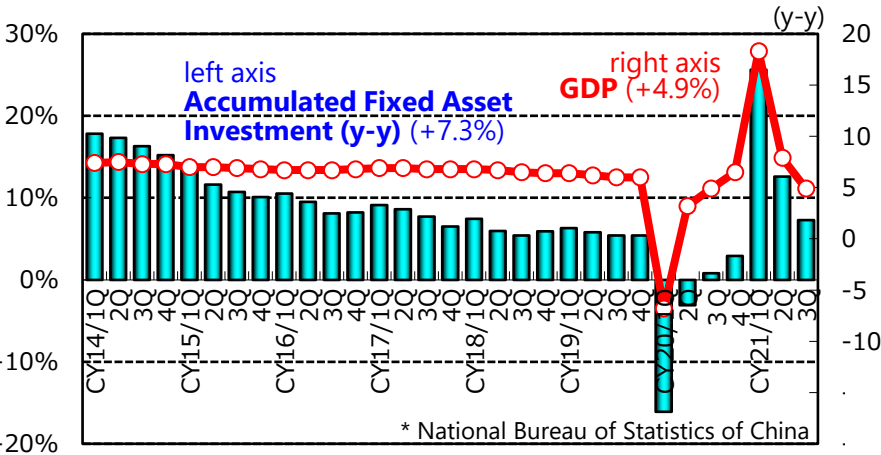
[K units]

Demand Trend for Mini Excavators



- The GDP growth rate, +4.9%.
- Demand for hydraulic excavators decreased. -57% y-y, Foreign manufactures only.

GDP and Fixed Asset Investment

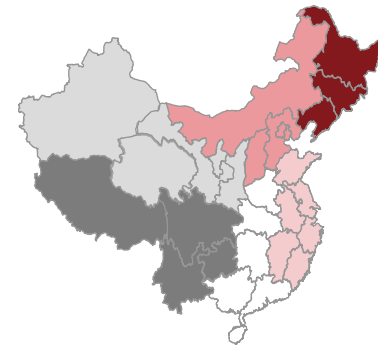


Quarterly Demand for Hydraulic Excavators by Region (y-y)

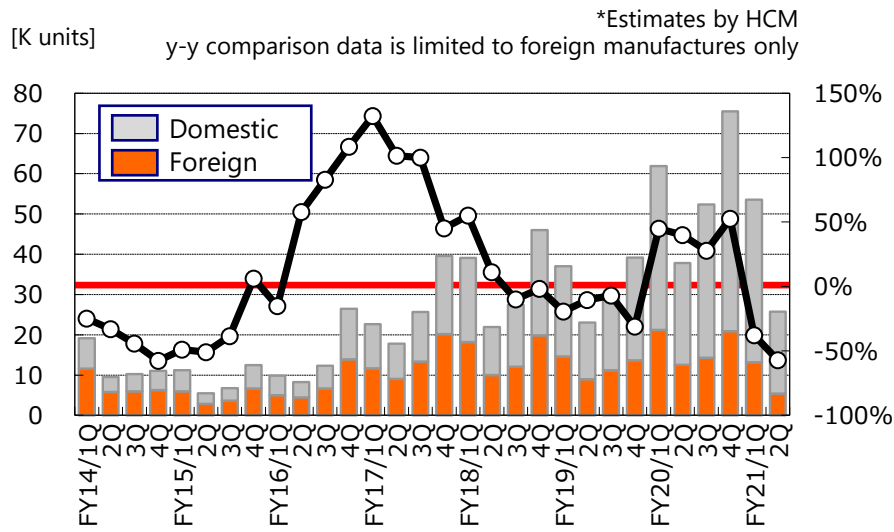
FY20(%)	3Q	4Q	1Q	2Q
North East	+27	+98	-31	-45
North	+23	+76	-20	-40
East	+36	+42	-42	-63
Central South	+22	+70	-42	-55
North West	+27	+68	-42	-62
South West	+26	+25	-35	-60
Total	+28	+53	-37	-57

*Estimates by HCM

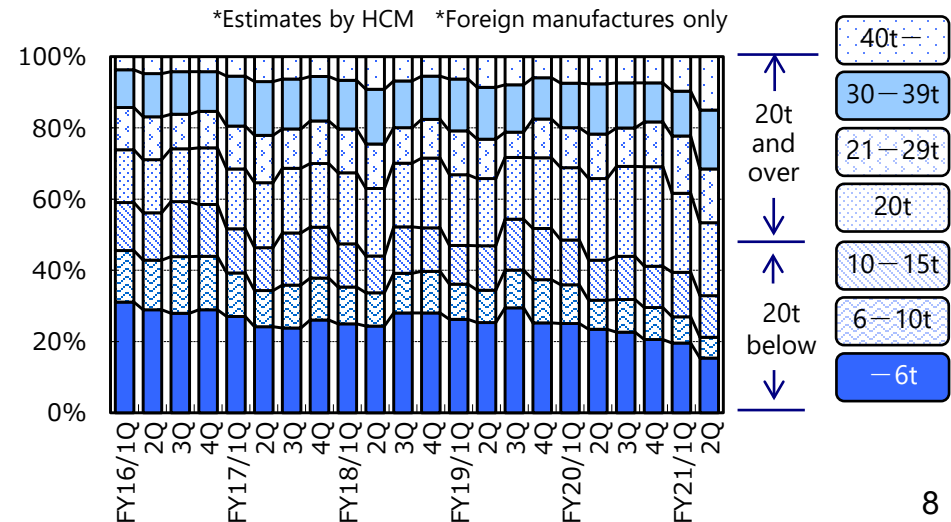
*Foreign manufactures only

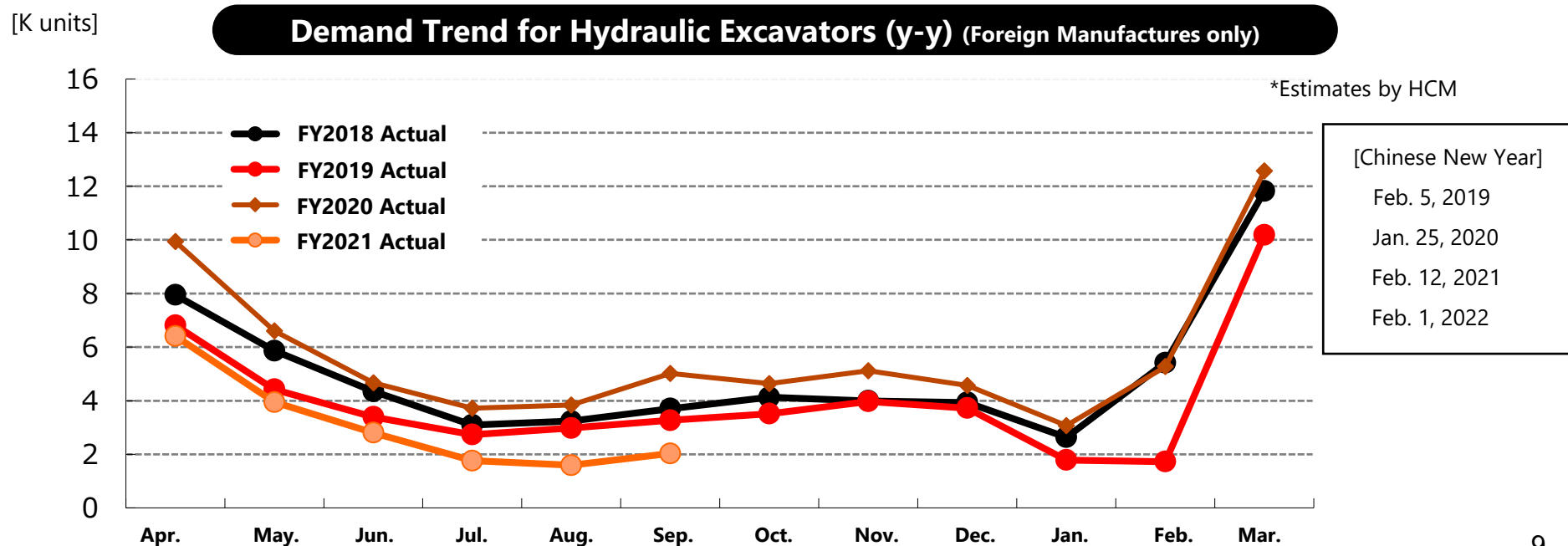
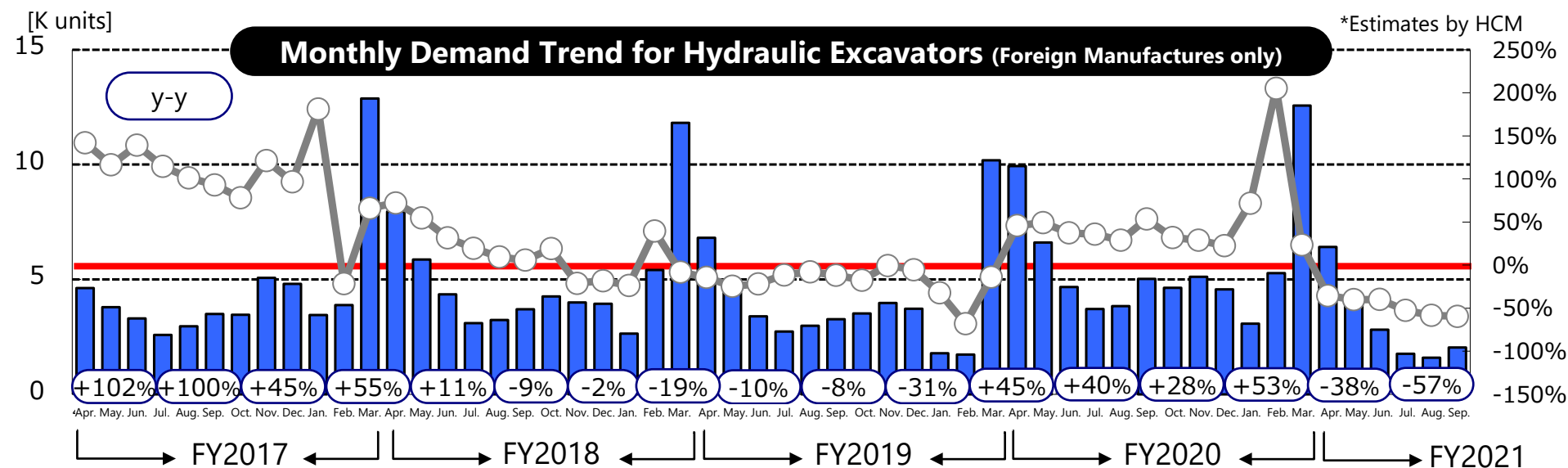


Demand Trend for Hydraulic Excavators



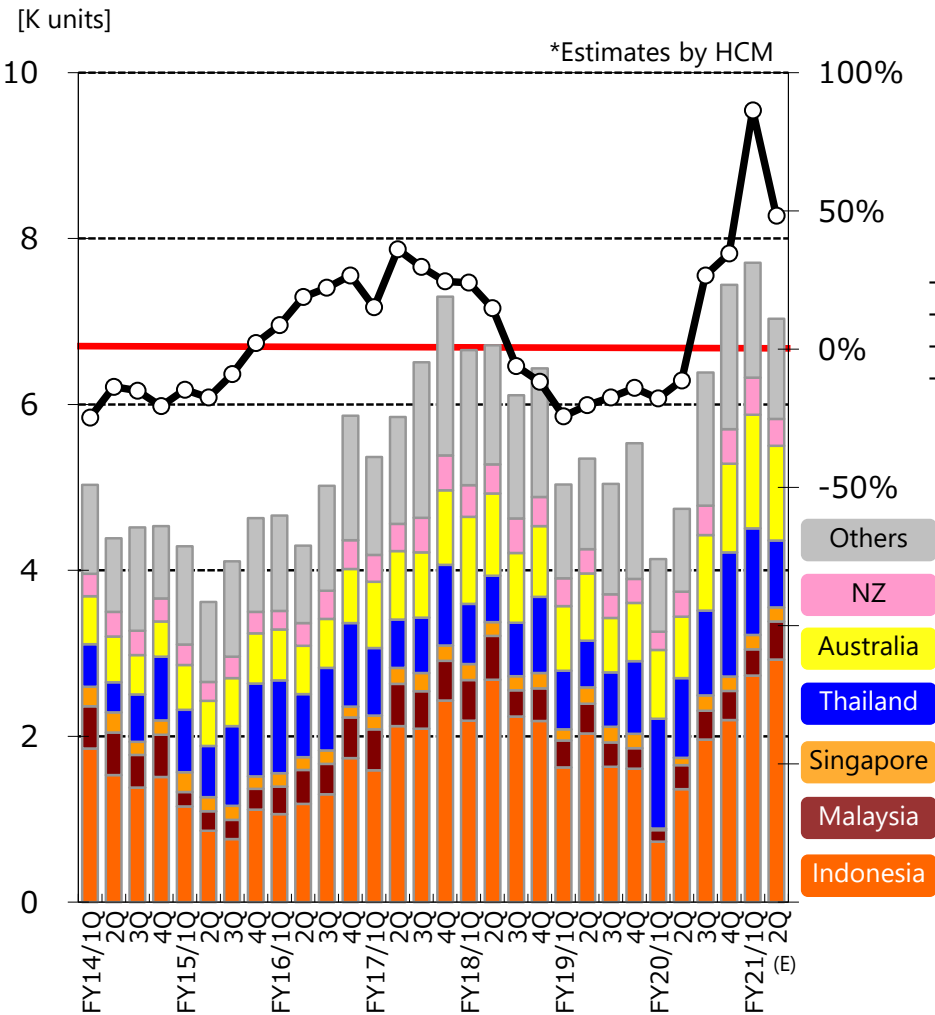
Demand Composition by Class for Mini Excavators and Hydraulic Excavators



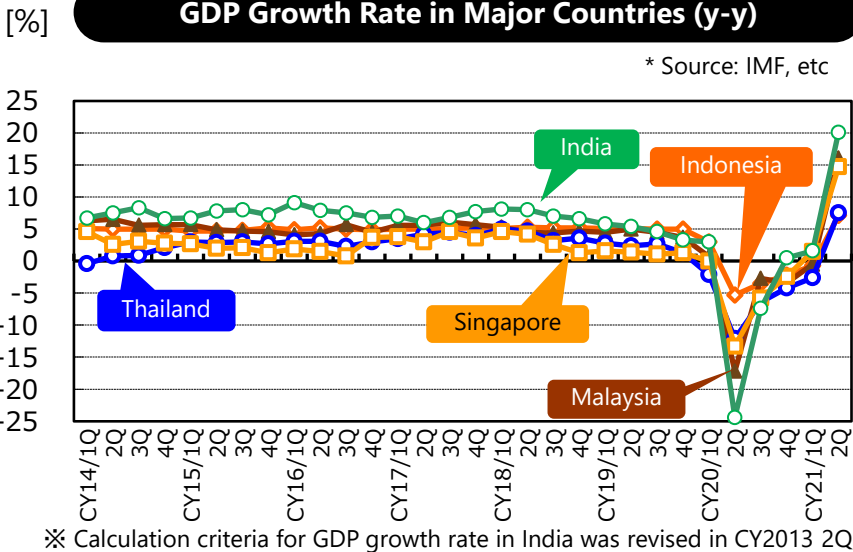


- Demand for hydraulic excavators overall in the Asia Pacific region, +48% y-y.
- Demand for hydraulic excavators in India, +28% y-y.

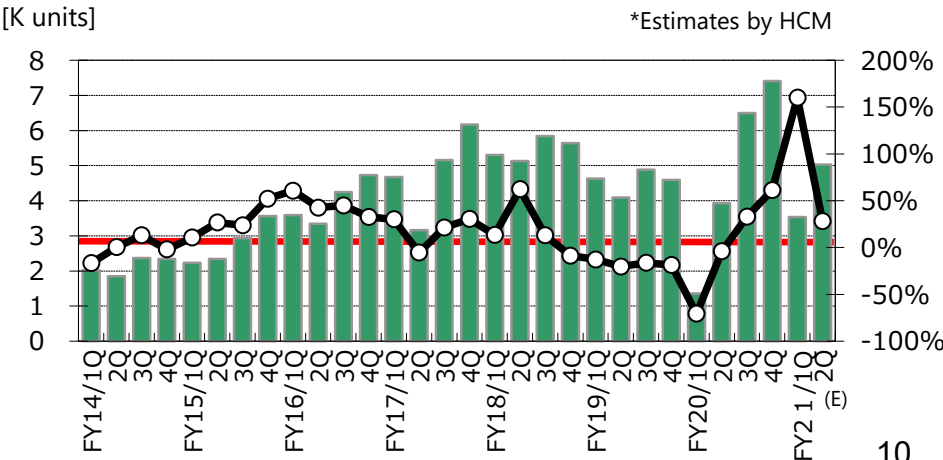
Demand Trend for Hydraulic Excavators in Asia & Oceania



GDP Growth Rate in Major Countries (y-y)

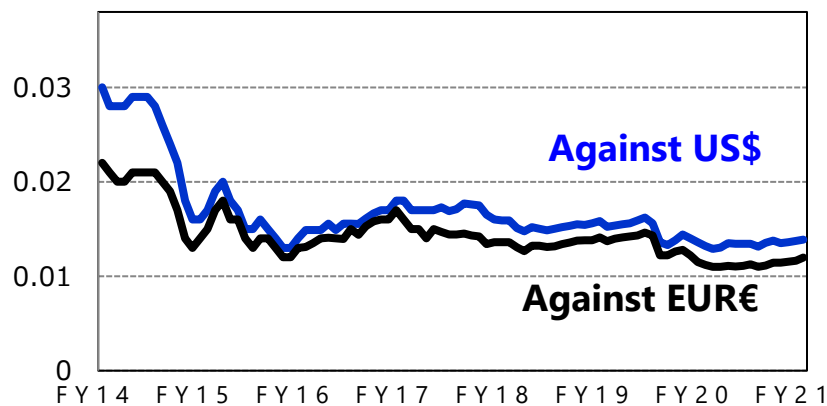


Demand Trend for Hydraulic Excavators in India



- Demand for hydraulic excavators in Russia, +71% y-y.
- Demand for hydraulic excavators in the Middle East, +79% y-y.

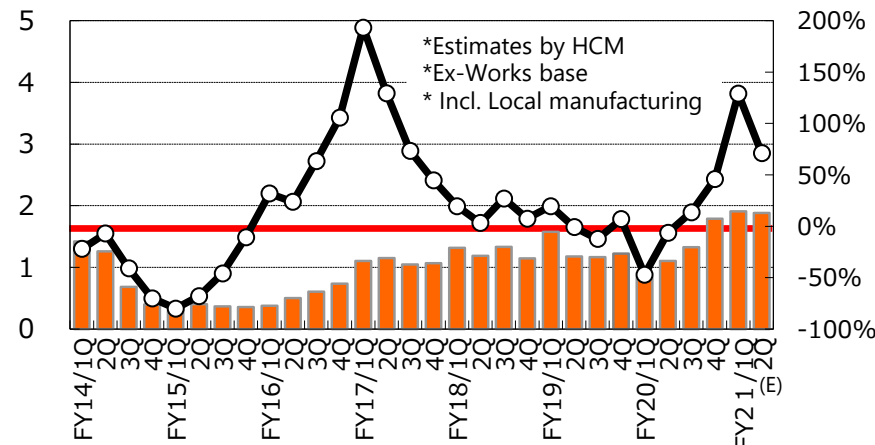
Foreign Exchange Rate of the Ruble



* According to HCM's research

[K units]

Demand Trend for Hydraulic Excavators in Russia



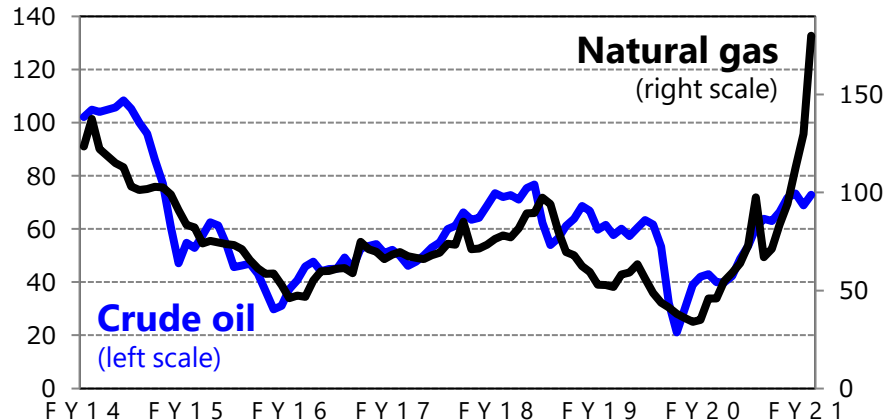
[Crude oil

US\$]

Price Trend of Crude Oil and Natural Gas

[Natural Gas Index]

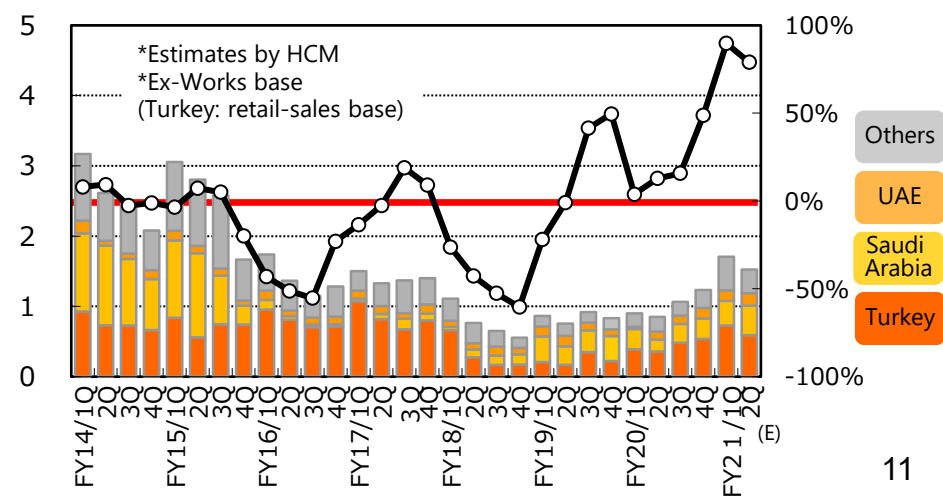
[K units]



* Created by HCM, sourced from World Bank

* Natural Gas Index (2010 = 100)

Demand Trend for Hydraulic Excavators in the Middle East

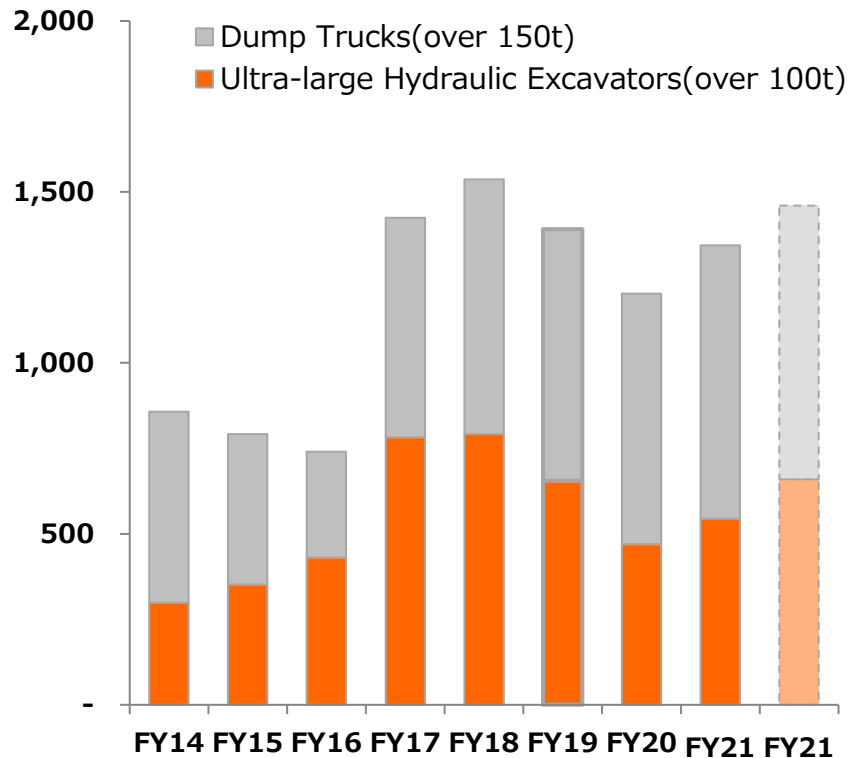


- Demand forecast for mining machinery in FY2021 is expected to increase by 21% y-y.
- Demand from hard-rock mines has been solid. Demand for 100t class hydraulic excavators increased for small and medium sized mines and constructors.

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

[Units]

Demand by product

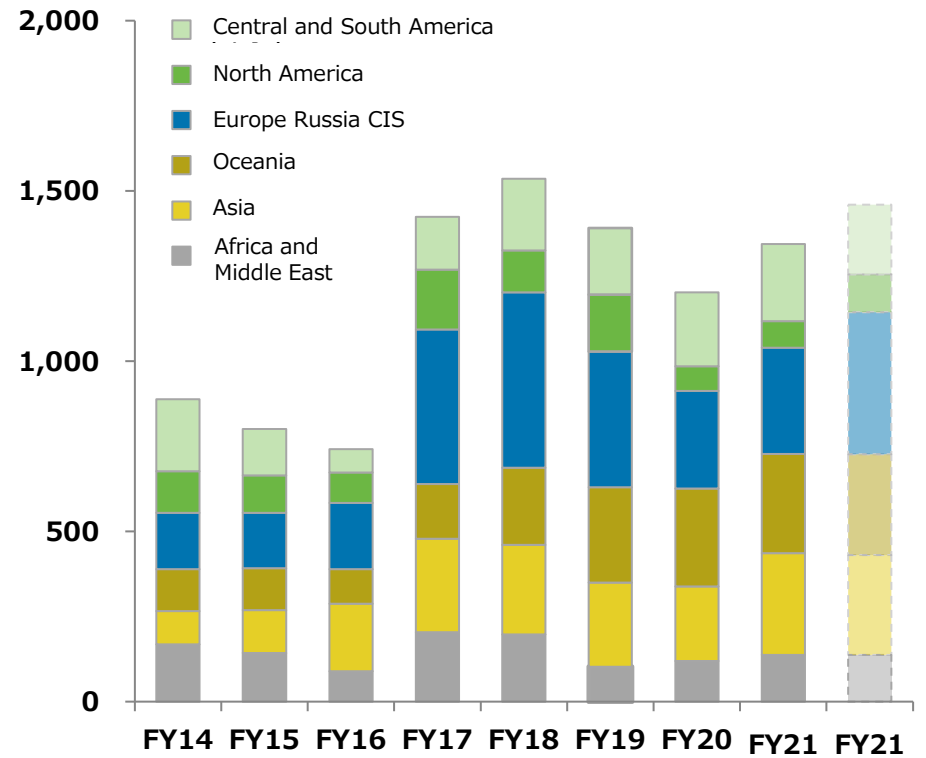


※ According to HCM's research

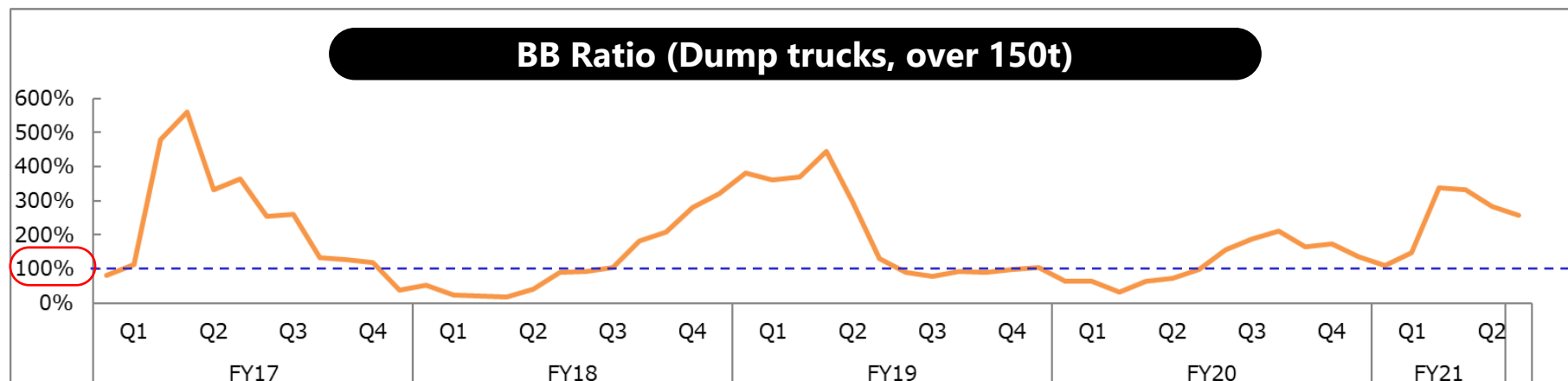
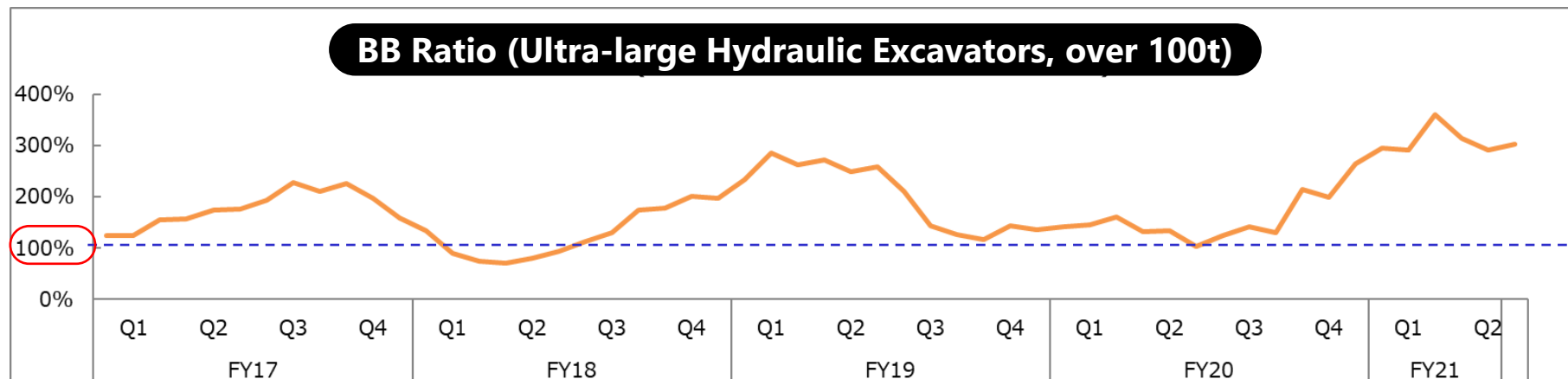
Previous Outlook Current Outlook

[Units]

Demand by region



Previous Outlook Current Outlook



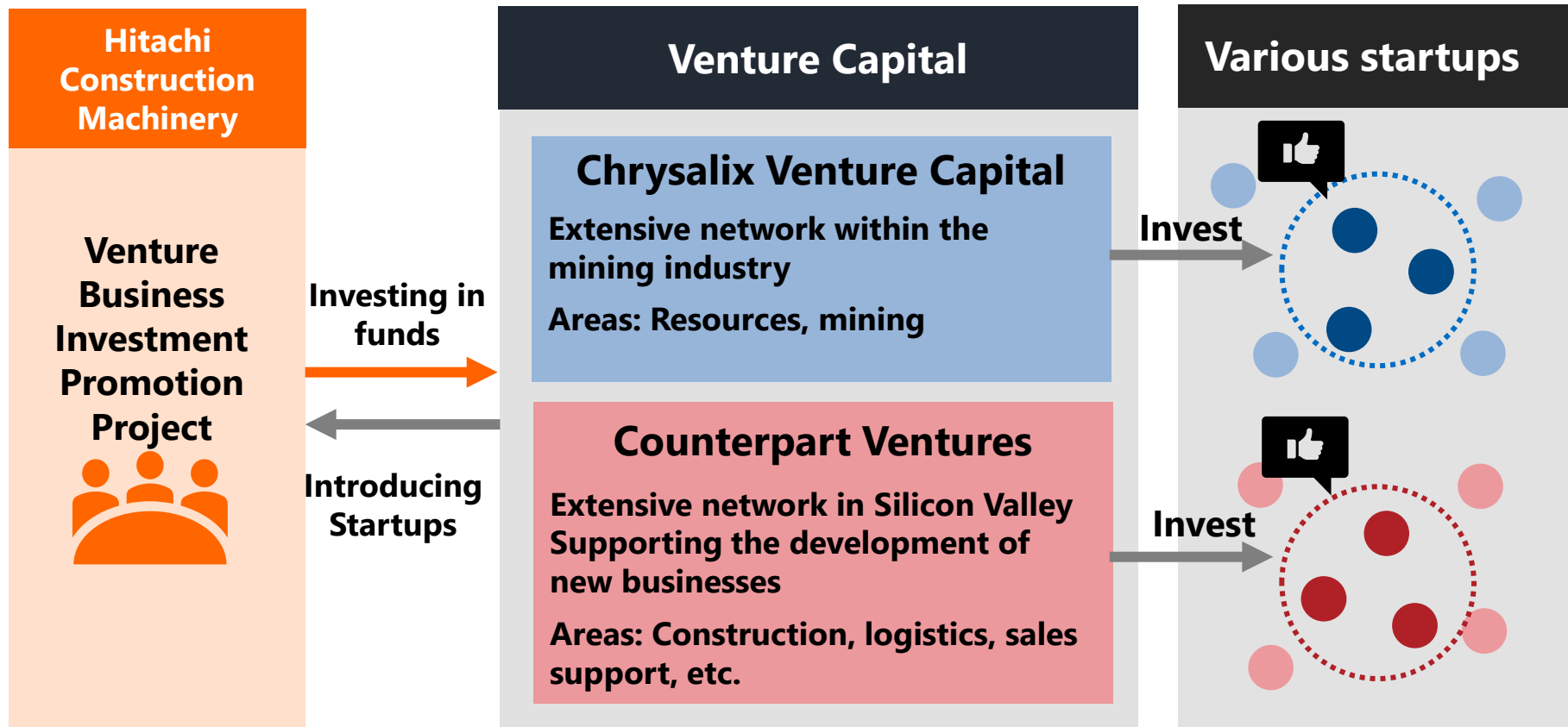
* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment)

Non-consolidated basis (average of 6 months)

Searching for promising startups by venture capital firms, strengthening collaboration



- **Launched the “Venture Business Investment Promotion Project”** in April 2020
- **Strengthening open innovation by investing in two venture capital funds** in October 2020 and April 2021



Joining the human resource development project for construction machinery operators promoted by the Zambian government, together with the Japanese government and UNIDO (to start in October 2021)



- Hitachi Construction Machinery Zambia to provide support for the creation of training curricula and materials and the provision of training equipment, with the aim of expanding employment opportunities for young people
- Contributing to the creation of 125 construction machinery operators per year
- Contributing to the resolution of social issues through our business



The run-up to commencement of this project, the signing ceremony



Joint declaration issued by UNIDO and Hitachi Construction Machinery

Yukie Nakayama 5th place in Tokyo 2020 Olympics Mixed Trap Shooting



Online debriefing session held to report Tokyo 2020 Olympics results internally

Profile

Joined the company in 1997. After playing softball until high school, switched to clay target shooting when she joined the company. Participating in clay target shooting for 24 years and competed in her fifth Olympics.

Thank you very much for your warm encouragement and support.

2. Business Results for the Second Quarter ended September 30, 2021

(April 1, 2021 - September 30, 2021)

Keiichiro Shiojima

Executive Officer, CFO

Summary of consolidated results

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Reliable solutions

In the first half of FY2021, despite the impact of COVID-19, revenue increased by 31% y-y and adjusted operating income increased 248%, partly due to the impact of yen depreciation of 24.2 billion yen.

[billions of yen]

		FY2021 1Q-2Q	FY2020 1Q-2Q	change
Revenue		473.7	360.9	31%
Adjusted operating income *1		8.0% 38.1	3.0% 10.9	248%
Operating income		8.1% 38.4	2.4% 8.5	349%
Income before income taxes		9.0% 42.6	1.3% 4.8	790%
Net income attributable to owners of the parent		6.7% 31.9	0.1% 0.2	-
EBIT *2		9.3% 43.9	1.8% 6.5	573%
FX rate	Rate (YEN/US\$)	109.8	107.0	2.8
	Rate (YEN/EURO)	131.0	121.8	9.2
	Rate (YEN/RMB)	17.0	15.2	1.7
	Rate (YEN/AU\$)	82.6	73.3	9.3
Cash dividend per share (yen) *3		45	10	35

*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

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

*3 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

Revenue increased in each region except China y-y, consolidated revenue increased by 112.8 billion yen.

[billions of yen]

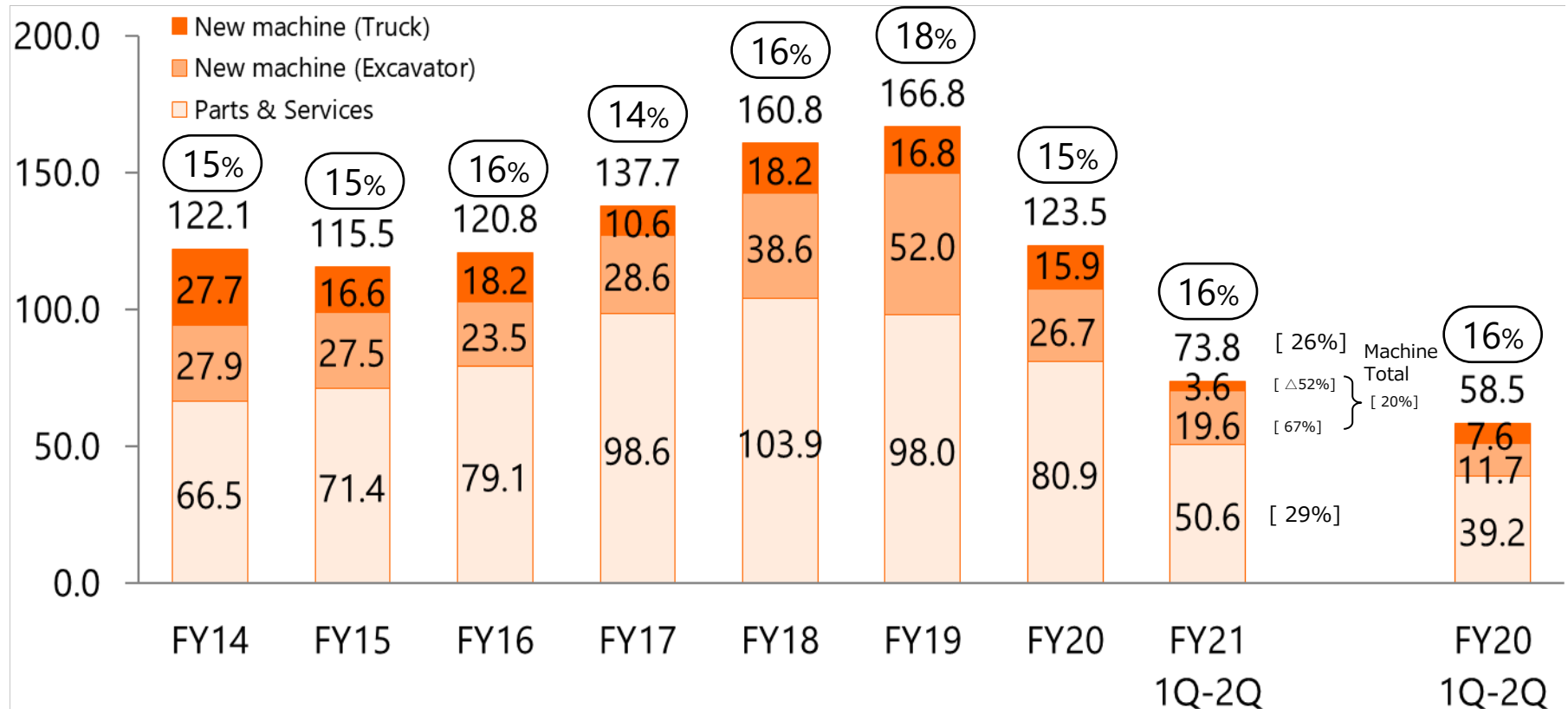
	FY2021 1Q-2Q		FY2020 1Q-2Q		change	
					amount	%
Japan	96.9	20%	91.1	25%	5.8	6%
Asia	35.7	8%	21.3	6%	14.4	67%
India	23.4	5%	16.0	4%	7.4	46%
Oceania	80.8	17%	69.4	19%	11.3	16%
Europe	58.4	12%	34.0	9%	24.4	72%
N.America	93.2	20%	47.7	13%	45.6	96%
L.America	10.2	2%	5.2	1%	5.0	98%
Russia-CIS	16.5	3%	9.9	3%	6.6	67%
M.East	10.2	2%	8.6	2%	1.6	18%
Africa	19.3	4%	15.5	4%	3.8	25%
China	29.1	6%	42.3	12%	-13.1	-31%
Total	473.7	100%	360.9	100%	112.8	31%
Overseas ratio	80%		75%			

In the first half of FY2021, Revenue of mining increased by 26% to 73.8 billion yen y-y, partly due to the impact of the depreciation of the yen, 5.7 billion yen.

[billions of yen]

(%) shows sales ratio against total company sales

[%] shows changed ratio from the same period of previous year

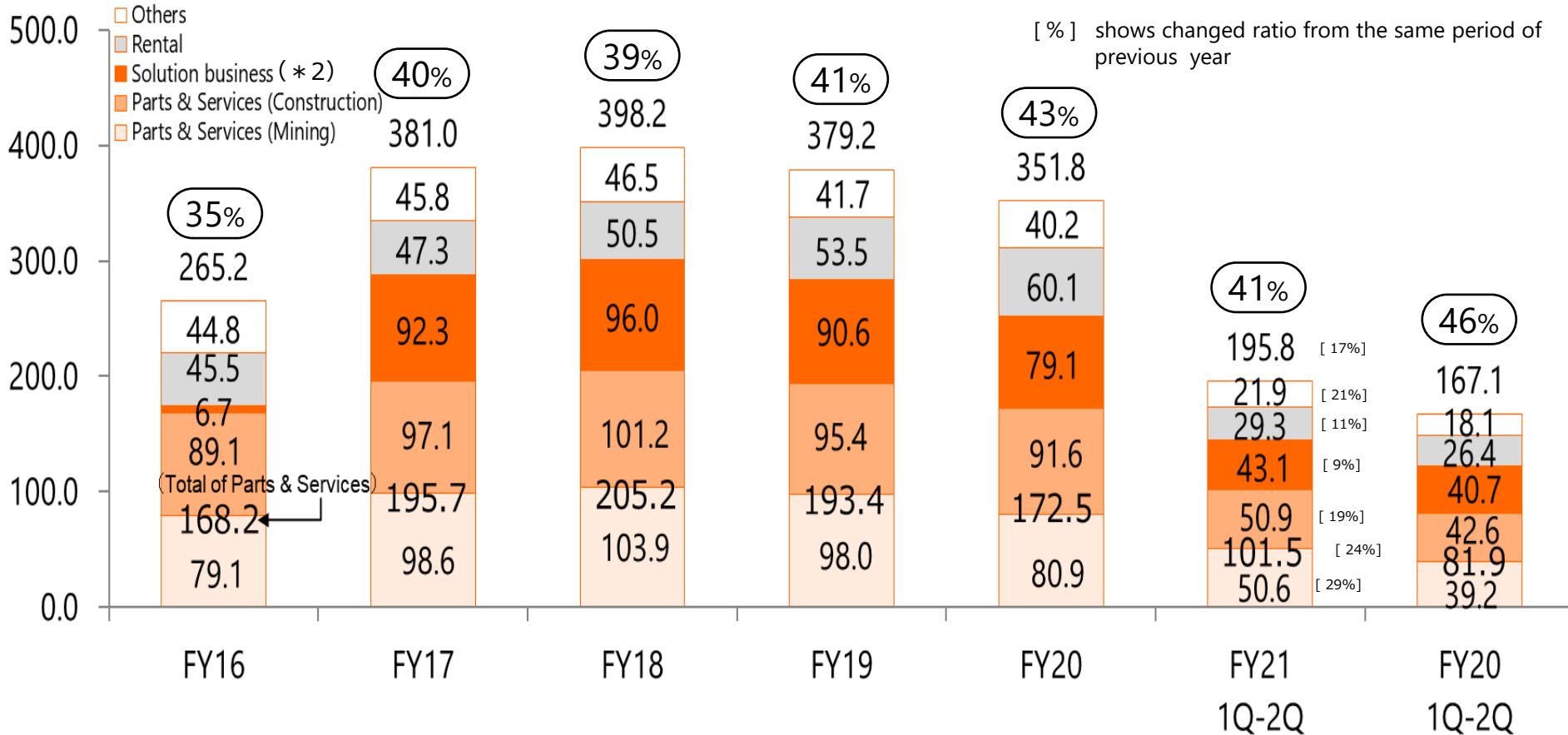


In the first half of FY2021, revenue of the value chain business increased by 17% to 195.8 billion yen y-y, partly due to the impact of the depreciation of the yen, 11.5 billion yen.

[billions of yen]

(%) shows sales ratio against total company sales

[%] shows changed ratio from the same period of previous year

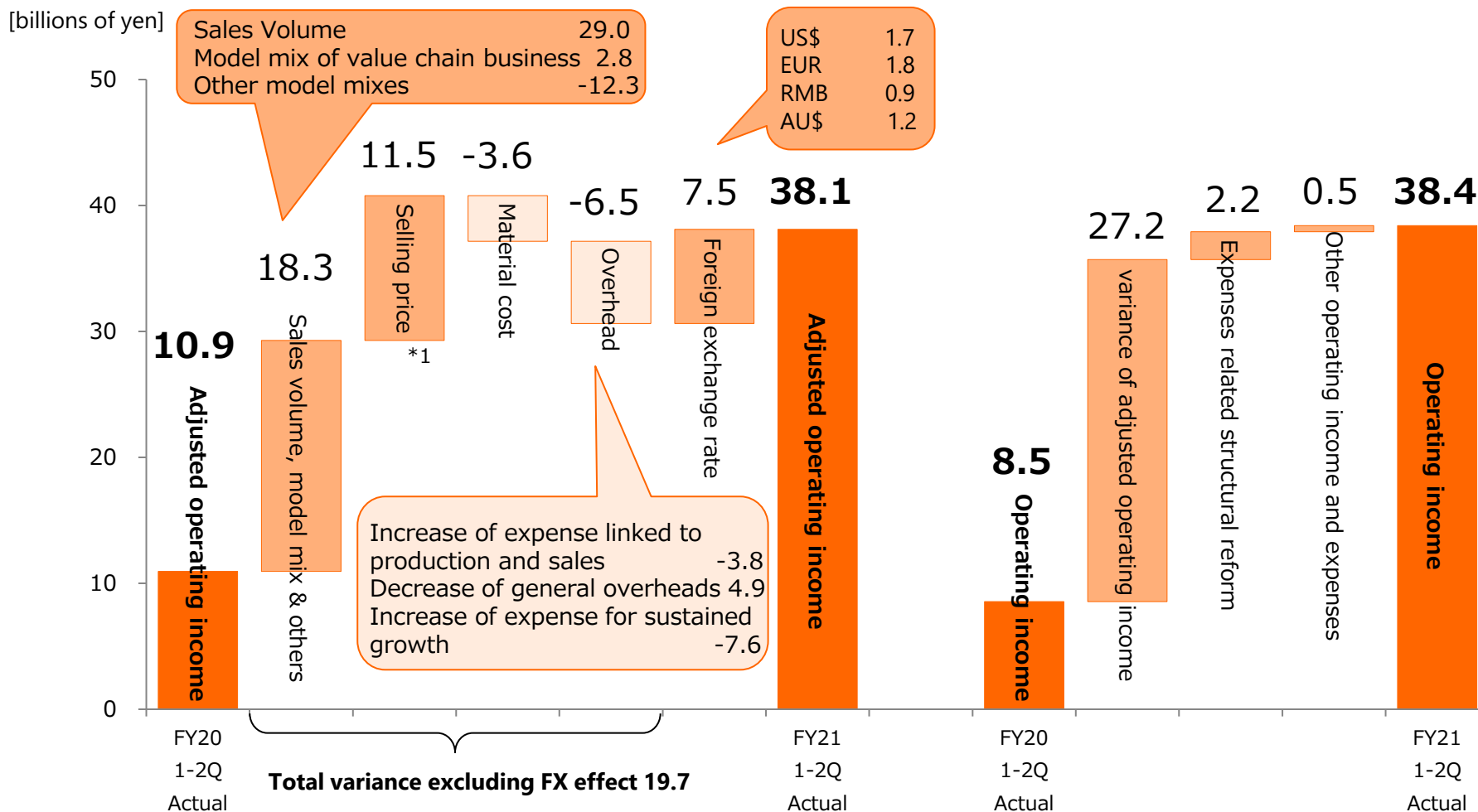


(*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

Comparison of consolidated income

Adjusted operating income increased by 27.2 billion yen y-y due to the increased sales volume, model mix, improved selling price, price adjustment in North, Central & South America and the impact of the depreciation of the yen.



*1 Selling price: Price adjustment in North, Central and South America(11.1 billion yen) is included.

SGA expenses increased by 12.2 billion yen to 88.7 billion yen y-y.

[billions of yen]

	FY2021 1Q-2Q	FY2020 1Q-2Q	change	
			amount	%
Revenue	473.7	360.9	112.8	31%
Cost of Sales	(73.2%) 346.9	(75.8%) 273.4	73.5	27%
SGA expenses	(18.7%) 88.7	(21.2%) 76.6	12.2	16%
Adjusted operating income *1	(8.0%) 38.1	(3.0%) 10.9	27.2	248%
Other Income/expenses	0.3	-2.4	2.7	-
Operating income	(8.1%) 38.4	(2.4%) 8.5	29.9	349%
Financial income/expenses	-0.5	-3.8	3.3	-87%
Share of profits of investments accounted for using the equity method	4.7	0.1	4.6	-
Income before income taxes	(9.0%) 42.6	(1.3%) 4.8	37.8	790%
Income taxes	8.6	2.6	6.0	228%
Net income	(7.2%) 34.0	(0.6%) 2.2	31.8	-
Net income attributable to owners of the parent	(6.7%) 31.9	(0.1%) 0.2	31.7	-

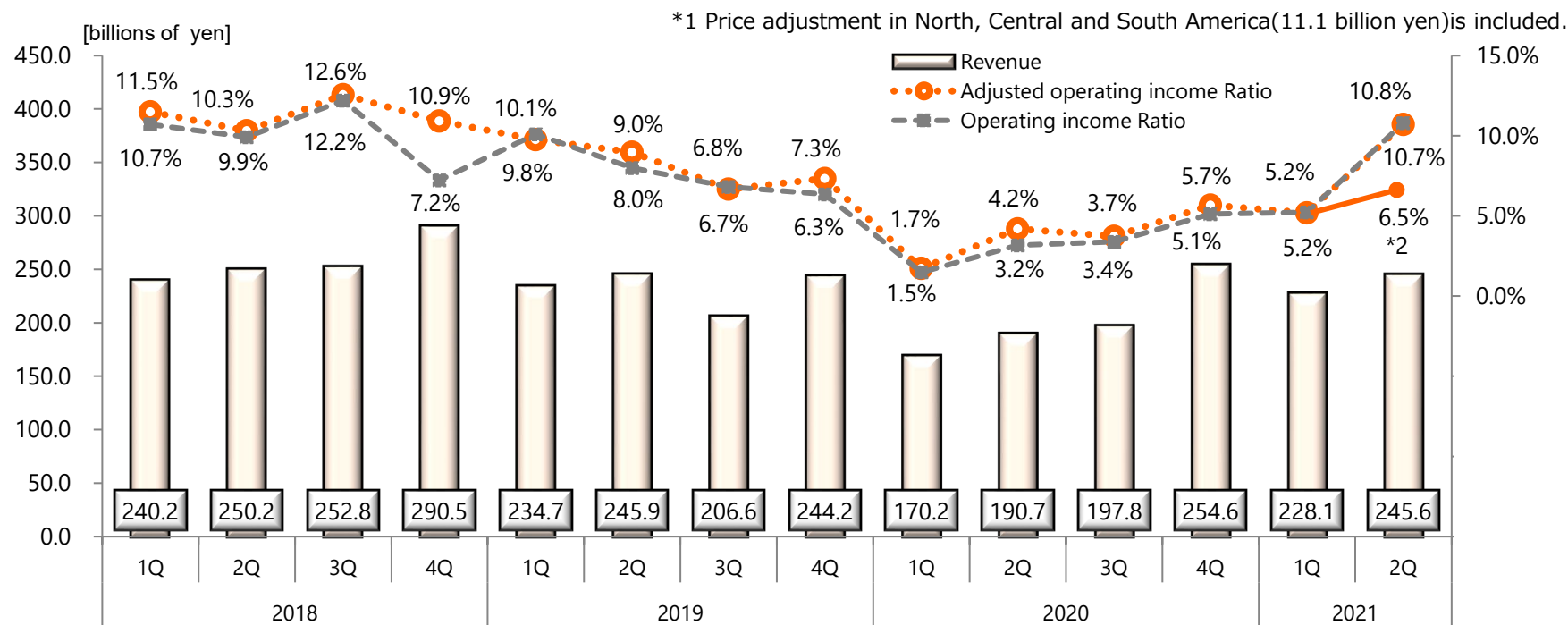
*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

Summary of quarterly consolidated revenue and operating income (ratio)

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Reliable solutions
[billions of yen]

	2018				2019				2020				2021	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q *1
Revenue	240.2	250.2	252.8	290.5	234.7	245.9	206.6	244.2	170.2	190.7	197.8	254.6	228.1	245.6
Adjusted operating income	27.6	25.8	31.8	31.7	22.9	22.1	13.8	17.9	2.9	8.0	7.4	14.4	11.8	26.3
Operating income	25.7	24.8	30.8	21.0	23.7	19.6	14.1	15.5	2.5	6.0	6.7	13.0	11.9	26.5



FX rate	2018				2019				2020				2021	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Rate (YEN/US\$)	109.1	111.5	112.9	110.2	109.9	107.4	108.8	108.9	107.6	106.2	104.5	105.9	109.5	110.1
Rate (YEN/EURO)	130.1	129.6	128.8	125.2	123.5	119.3	120.3	120.1	118.5	124.1	124.5	127.7	132.0	129.8
Rate (YEN/RMB)	17.1	16.4	16.3	16.3	16.1	15.3	15.5	15.6	15.2	15.4	15.8	16.4	17.0	17.0
Rate (YEN/AU\$)	82.6	81.5	81.1	78.5	76.9	73.6	74.3	71.8	70.7	75.9	76.3	81.8	84.3	80.9

Consolidated statement of financial position

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Total assets increased by 33.6 billion yen y-y due to increase by inventories and property, plant and equipment.

[billions of yen]

	(A) FY21-2Q	(B) Mar '2021	(C) FY20-2Q	(A)-(B) change		(D) FY21-2Q	(E) Mar '2021	(F) FY20-2Q	(D)-(E) change
Cash and cash equivalents	87.7	80.3	65.1	7.4	Trade and other payables	206.4	199.2	161.8	7.1
Trade receivables	199.1	211.2	173.9	-12.1	Bonds and borrowings	336.4	329.5	337.3	6.9
Inventories	309.4	297.8	296.6	11.7	Total liabilities	658.6	651.3	611.2	7.2
Total current assets	645.8	617.2	570.4	28.6	(Equity attributable to owners of the parent ratio)	(43.3%)	(42.1%)	(41.9%)	(1.2%)
Total non-current assets	608.4	603.4	571.2	5.0	Total equity	595.6	569.2	530.3	26.3
Total assets	1,254.1	1,220.6	1,141.5	33.6	Total liabilities and equity	1,254.1	1,220.6	1,141.5	33.6
Trade receivables incl. non-current	240.2	252.7	210.7	-12.4					
Inventories by products									
Unit	80.2	77.3	75.6	2.9		(26.8%)	(27.0%)	(29.5%)	(-0.2%)
Parts	101.3	102.3	106.9	-1.0	Interest-bearing debt	336.4	329.5	337.3	6.9
Raw materials, WIP and etc	128.0	118.2	114.1	9.8	Cash and Cash equivalents	87.7	80.3	65.1	7.4
Total inventories	309.4	297.8	296.6	11.7		(19.8%)	(20.4%)	(23.8%)	(-0.6%)
On hand days(divided by revenue)				(Days)	Net interest-bearing debt	248.6	249.2	272.2	-0.5
Trade receivables	95	113	95	-18					
Inventories	122	134	133	-12	Net D/E Ratio	0.46	0.48	0.57	-0.03
Trade payables	45	49	38	-5					
Net working capital	168	194	187	-26					

Net cash provided by (used in) operating activities totaled to positive 28.1 billion yen.

[billions of yen]

	FY2021 1Q-2Q		FY2020 1Q-2Q		change	
Net income		34.0		2.2		31.8
Depreciation and amortization	61.2	27.2	26.7	24.6	34.4	2.6
(Increase)decrease in trade/lease receivables		13.7		47.3		-33.6
(Increase)decrease in inventories	5.1	-12.2	28.9	11.4	-23.8	-23.6
Increase(decrease) in trade payables		3.6		-29.8		33.4
Others, net		-38.2		-17.9		-20.3
Net cash provided by (used in) operating activities		28.1		37.8		-9.7
Cash flow margin for operating activities		5.9%		10.5%		-4.6%
Net cash provided by (used in) investing activities		-15.9		-17.0		1.1
Free cash flows		12.2		20.8		-8.6
Net cash provided by (used in) financing activities		-5.6		-18.7		13.1

Summary of consolidated earnings forecast

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Consolidated income statement for FY2021 is revised upward from the previous forecast.

[billions of yen]

	FY2021			FY2020		change	
	Forecast			Actual		amount	%
Revenue	920.0			813.3		106.7	13%
Adjusted operating income	(8.0%) 74.0			(4.0%) 32.7		(4.0%) 41.3	126%
Operating income	(8.6%) 79.0			(3.5%) 28.2		(5.1%) 50.8	180%
Income before income taxes	(8.7%) 80.0			(3.1%) 25.6		(5.6%) 54.4	213%
Net income attributable to owners of the parent	(5.0%) 46.0			(1.3%) 10.3		(3.7%) 35.7	345%
EBIT	82.9			28.7		54.1	
Currency	1Q-2Q	3Q-4Q	Total	FY2020		change	
	Actual	Forecast	Forecast	Actual			
Rate (YEN/US\$)	109.8	105.0	107.2	106.0		1.2	
Rate (YEN/EURO)	131.0	125.0	127.9	124.6		3.3	
Rate (YEN/RMB)	17.0	16.0	16.4	15.7		0.7	
Rate (YEN/AU\$)	82.6	80.0	81.3	76.0		5.2	
Cash dividend per share (yen) *1	to be determined			20		-	

For FX sensitivity, please refer to appendix 1.

*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2021 is expected to increase by 40.0 billion yen from the previous forecast and by 106.7 billion yen compared to the previous year.

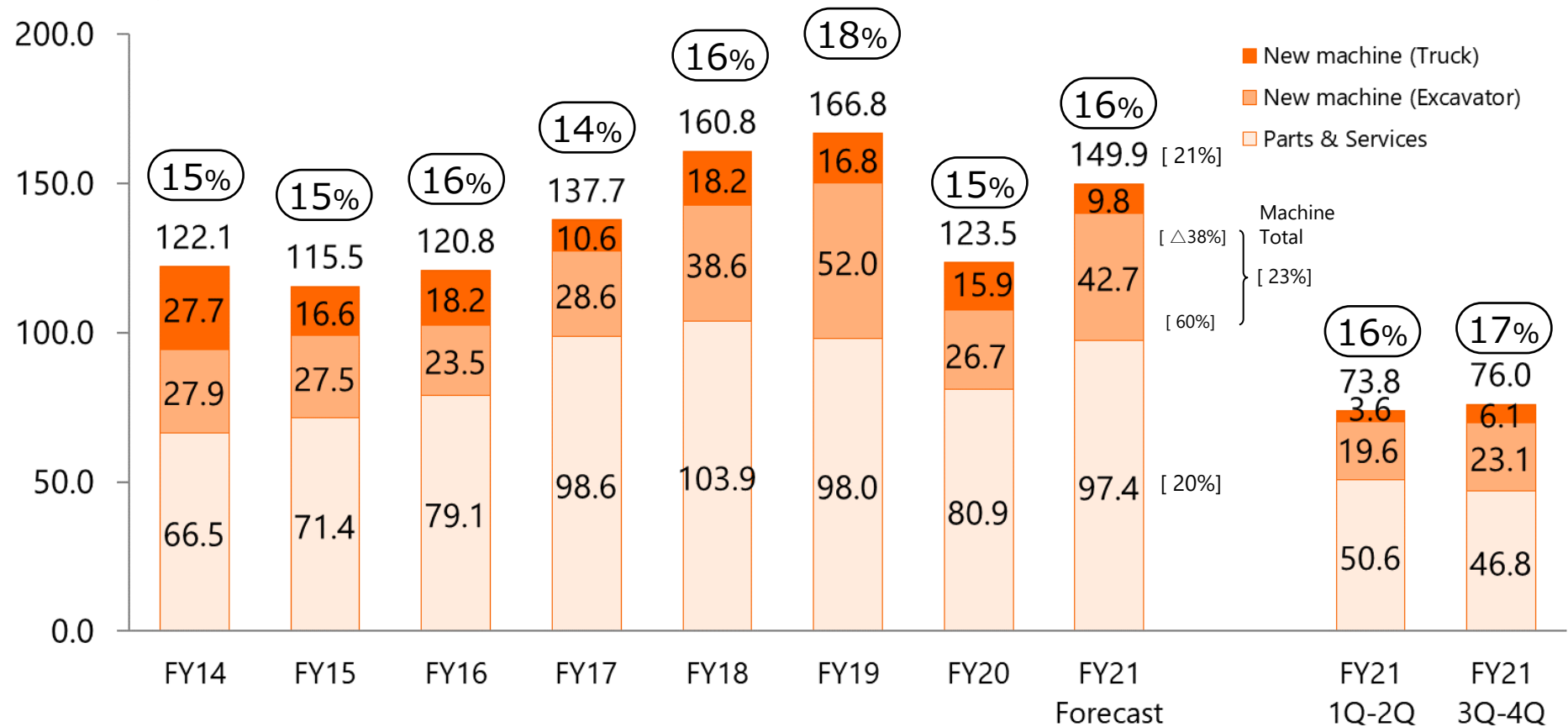
(billions of yen)

	FY2021 Forecast		FY2020 Actual		change	
					amount	%
Japan	207.3	23%	203.3	25%	4.0	2%
Asia	72.2	8%	52.7	6%	19.5	37%
India	49.5	5%	50.0	6%	-0.6	-1%
Oceania	155.9	17%	139.9	17%	16.0	11%
Europe	105.2	11%	87.8	11%	17.3	20%
N.America	160.1	17%	107.2	13%	52.9	49%
L.America	16.7	2%	10.9	1%	5.9	54%
Russia-CIS	38.0	4%	22.7	3%	15.3	67%
M.East	21.0	2%	16.1	2%	4.9	30%
Africa	35.3	4%	33.6	4%	1.7	5%
China	58.9	6%	89.1	11%	-30.1	-34%
Total	920.0	100%	813.3	100%	106.7	13%
Overseas ratio	77%		75%			

Revenue of mining in FY2021 is expected to increase by 9% from the previous forecast and by 21% compared to the previous year to 149.9 billion yen y-y.

[billions of yen]

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

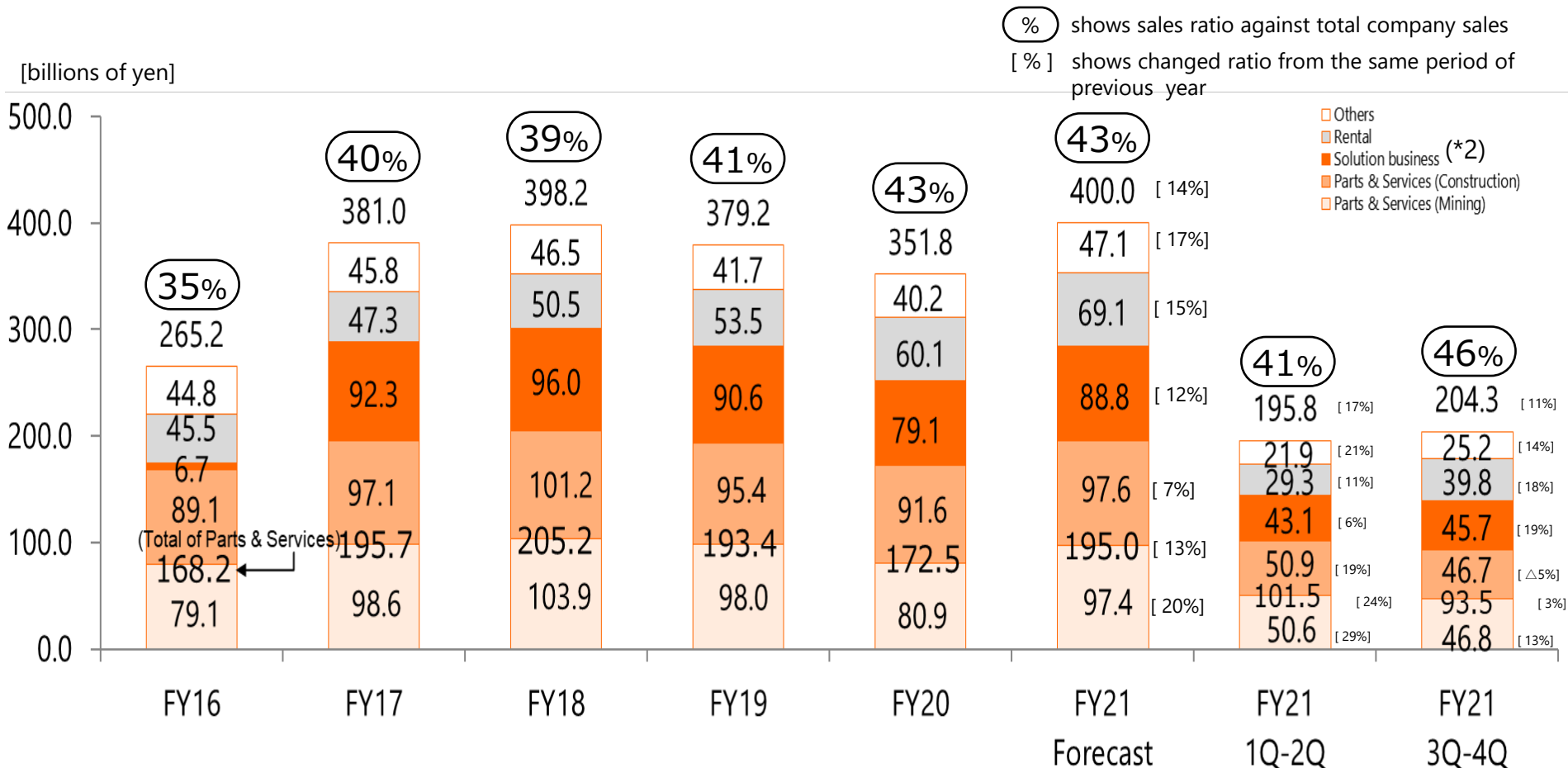


Value chain*1 revenue forecast

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Revenue of value chain in FY2021 is expected to increase by 2% from the previous forecast and by 14% compared to the previous year to 400.0 billion yen y-y.



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

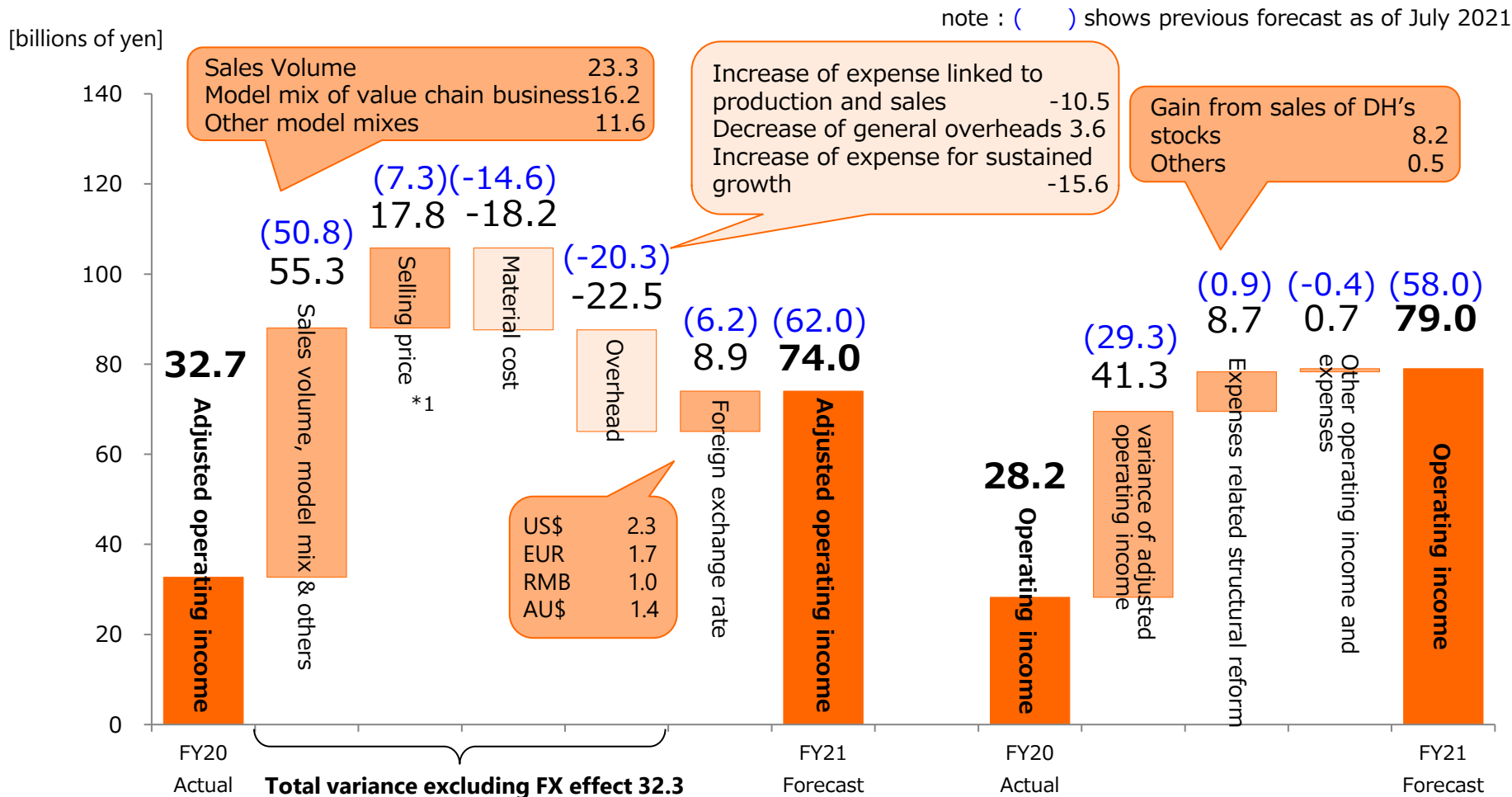
(*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

Comparison of consolidated income forecast

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Adjusted operating income for FY2021 is expected to increase by 41.3 billion yen y-y due to an increase in sales volume, model mix, improved selling price, price adjustment in North, Central & South America and the impact of the depreciation of the yen.



*1 Selling price: Price adjustment in North, Central and South America(11.1 billion yen)is included.

The forecast exchange rate for FY2021 was set within the expected fluctuation range for each currency.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (3Q-4Q)		
	FY21			FY20 Actual	Condition	Revenue	Adjusted operating income
	1Q-2Q Actual	3Q-4Q Forecast	Total Forecast				
US\$	109.8	105.0	107.2	106.0	Impact by 1 yen depreciation	1.1	0.9
EURO	131.0	125.0	127.9	124.6	Impact by 1 yen depreciation	0.3	0.3
RMB	17.0	16.0	16.4	15.7	Impact by 0.1 yen depreciation	0.2	0.1
AU\$	82.6	80.0	81.3	76.0	Impact by 1 yen depreciation	1.1	0.1

Appendix 2: Detail of mining revenue

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[billions of yen]

		FY20 Actual			FY21 Forecast			Change		
		1-2Q	3-4Q	Year	1-2Q	3-4Q	Year	1-2Q	3-4Q	Year
America	Excavator	4.9	5.7	10.6	6.4	2.6	9.0	1.5	-3.1	-1.6
	Dump Truck	0.6	1.5	2.1	1.4	1.3	2.6	0.8	-0.2	0.5
	Total	5.4	7.2	12.7	7.7	3.9	11.6	2.3	-3.3	-1.1
Europe, Africa and Middle East	Excavator	7.1	8.2	15.3	11.7	13.8	25.5	4.6	5.6	10.2
	Dump Truck	5.7	6.5	12.2	7.9	6.7	14.6	2.2	0.2	2.4
	Total	12.8	14.7	27.6	19.6	20.5	40.1	6.8	5.7	12.5
Asia & Oceania	Excavator	23.9	25.7	49.6	34.1	37.9	71.9	10.2	12.1	22.3
	Dump Truck	15.4	15.5	30.8	11.3	13.1	24.4	-4.1	-2.4	-6.4
	Total	39.3	41.2	80.5	45.4	51.0	96.4	6.1	9.8	15.9
China	Excavator	0.3	0.4	0.7	0.3	0.4	0.7	-0.0	-0.0	-0.1
	Dump Truck	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.1
	Total	0.3	0.4	0.8	0.3	0.4	0.8	-0.0	-0.0	-0.0
Japan	Excavator	0.4	1.2	1.6	0.7	0.3	1.0	0.3	-0.9	-0.5
	Dump Truck	0.3	0.1	0.4	0.0	0.0	0.0	-0.3	-0.1	-0.4
	Total	0.6	1.3	2.0	0.7	0.3	1.0	0.1	-1.0	-0.9
Total	Excavator	36.6	41.3	77.9	53.2	54.9	108.1	16.6	13.6	30.3
	Dump Truck	22.0	23.6	45.6	20.6	21.1	41.7	-1.3	-2.5	-3.9
	Total	58.5	64.9	123.5	73.8	76.0	149.9	15.3	11.1	26.4

The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 0.5 billion yen are included in the first half of FY2021, and in the 1.1 billion yen in the forecast for FY2021.

[billions of yen]

FY2021 1Q-2Q Actual	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	430.6	44.6	-1.5	473.7
Adjusted operating income	8.1% 34.7	7.7% 3.4	-	8.0% 38.1

[billions of yen]

FY2021 Forecast	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	831.2	88.8	0.0	920.0
Adjusted operating income	8.0% 66.2	8.8% 7.8	-	8.0% 74.0

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

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

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Capital investment in FY2021 is specialized in reorganizing domestic and overseas factories and expanding the rental business.

1.Capital Expenditure (Based on completion) [billion of yen]

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 1Q-2Q Actual	FY2021 3Q-4Q Forecast	FY2021 Forecast
Capital Expenditure	30.4	47.2	34.7	21.7	33.4	55.1
Assets held for operating lease	27.2	36.9	38.6	26.3	18.2	44.5
Total	57.6	84.1	73.4	48.0	51.6	99.6

2.Depreciation (tangible and intangible fixed assets) [billion of yen]

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 1Q-2Q Actual	FY2021 3Q-4Q Forecast	FY2021 Forecast
Capital Expenditure	26.8	34.2	35.3	18.6	19.0	37.6
Assets held for operating lease	10.1	12.0	14.9	8.5	10.6	19.1
Total	37.0	46.1	50.2	27.2	29.6	56.7

3.R&D expenses [billion of yen]

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 1Q-2Q Actual	FY2021 3Q-4Q Forecast	FY2021 Forecast
Total of consolidation	24.8	23.7	24.8	12.5	14.8	27.4

We have chosen to align our activities with 10 of the 17 SDG's.
Topics in this explanatory material are shown together with their corresponding SDG icon.



Cautionary Statement

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

END

For further inquiries:

Corporate Brand & Communications Div.

 **Hitachi Construction Machinery Co., Ltd.**