HITACHI

Reliable solutions

Corporate Vision

FY2021-4Q

Public Relations & Investor Relations Dept.
Corporate Brand & Communications Group

Hitachi Construction Machinery Co., Ltd.

Contents

1 Company Outline

2 Management Plan

3 Explanatory Meeting Material for Business Results for the Fourth Quarter ended March 31, 2022

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Company Outline

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Company Name	Hitachi Construction Machinery Co., Ltd. Stock Exchange Listings：Tokyo (#6305)
Major Operations	Manufacturing , sales and service of construction equipment, transportation equipment, and other machines and devices.
Established	1 October 1970
Capital	81.6 billion yen
Subsidiaries **Affiliates**	80 companies（Japan 7, Overseas 73） 22 companies（Japan 3, Overseas 19）
Number of Employees	Consolidated：24,987 Non-Consolidated：5,496

(As of March 31, 2022)

President and Executive Officer, CEO
Kotaro Hirano

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Corporate vision

To pass on a productive environment and prosperous cities to future generations...

Hitachi Construction Machinery Group helps to create comfortable living spaces

Shared values and code of conduct: Kenkijin spirit

3C

Challenge	Spirit of challenge
Customer	Individual customer orientation
Communication	Open atmosphere

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Business Scale Trend

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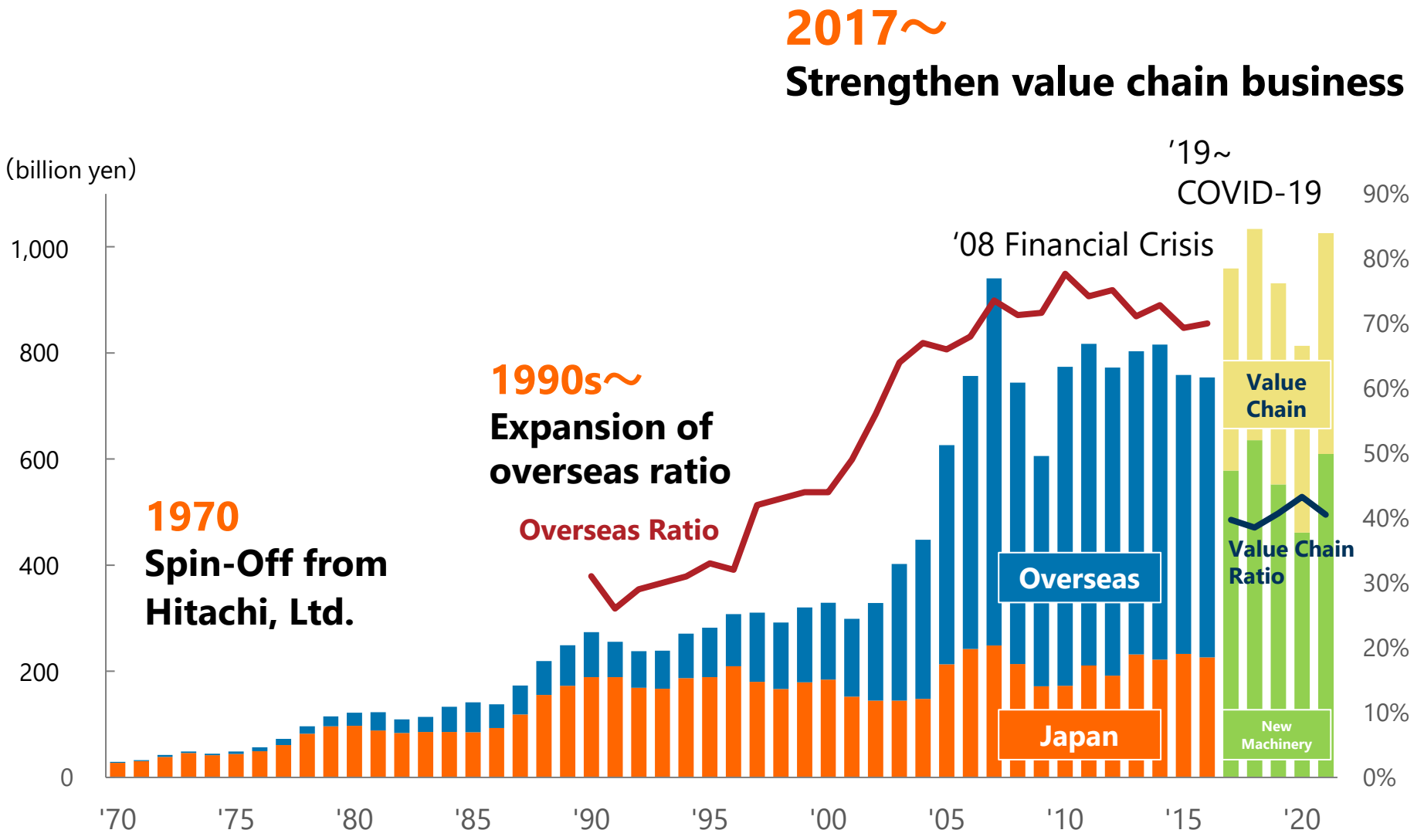

※Value chain: parts and service, rental, used equipment, remanufactured parts, financing, etc..

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Revenue Structure - Product Lineup and Sales Revenue Composition

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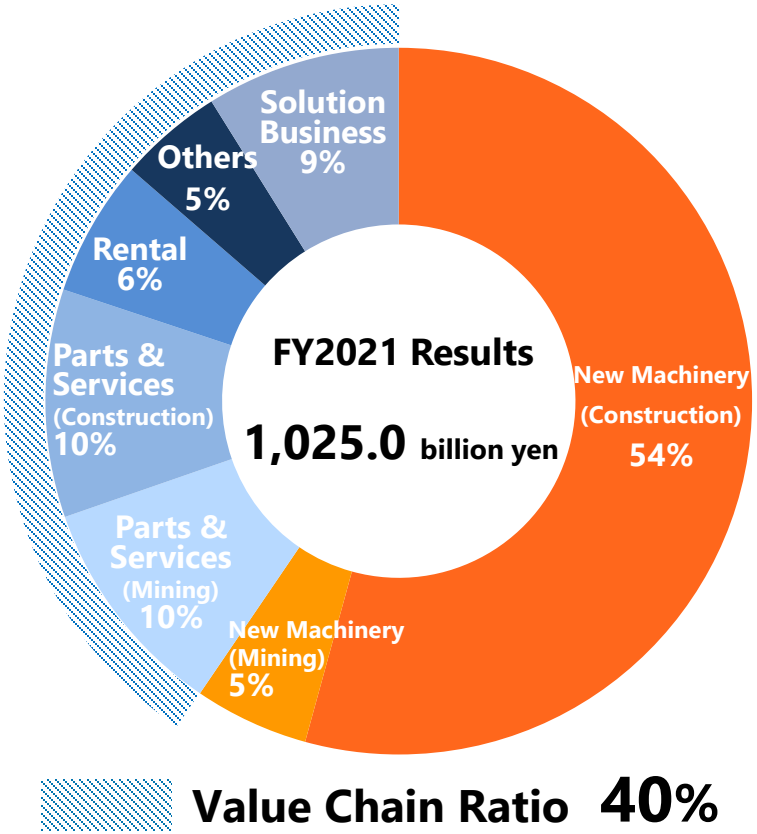


Value Chain Ratio 40%

Construction

Hydraulic Excavator

Mini Excavator

Wheel Loader

Mining

Rigid Dump Truck

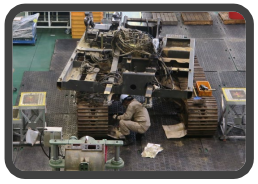
Ultra-large Hydraulic Excavator

Value Chain ※Businesses other than new machinery sales

Services utilizing digital technology

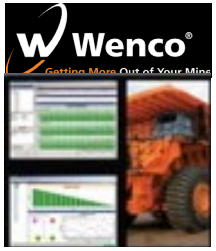
ConSite
Consolidated Solution for Construction Sites

Remanufacturing business



Mine management system

Wenco
Getting More Out of Your Mine



Solution business

HE PARTS INTERNATIONAL

BRADKEN

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Revenue Structure - Revenue by Geographic Region

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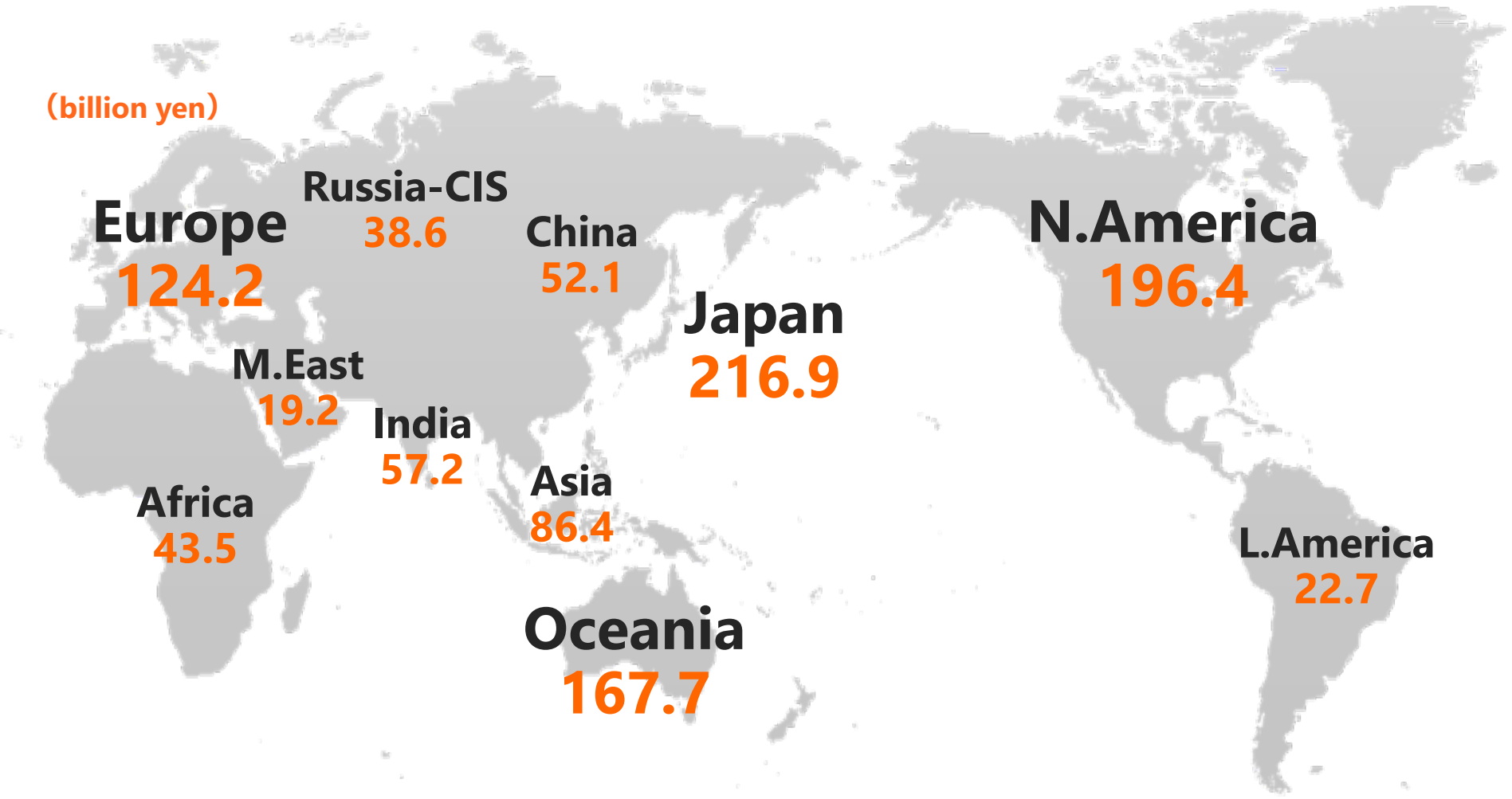
FY2021 Results

1,025.0 billion yen **Overseas Ratio 79%**



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Major Sites

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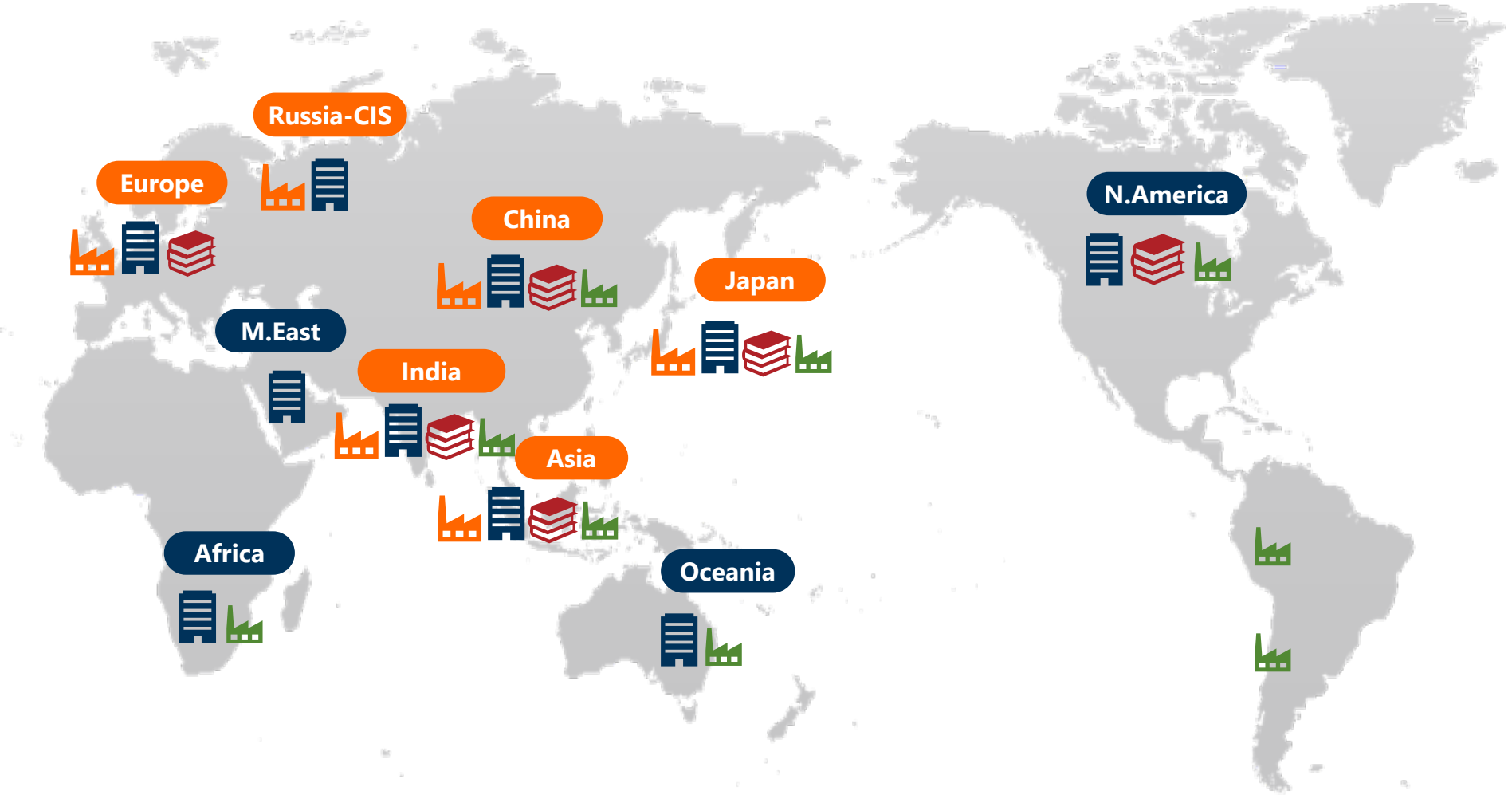
Production Base
Sales & Service Office
R&D Base
Remanufacuturing Base *
*Remanufacturing of parts and bodies



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Strength of Hitachi Construction Machinery

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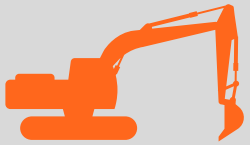
Product Appeal



We developed Japan's first hydraulic excavator using domestically produced technology. Our unique R&D and advanced production technologies not only provide superior safety, reliability, and durability, but also provide products that meet the needs of the times, such as environmentally conscious products.

Digital Solution

Providing optimal solutions for customers' operational efficiency and asset management through the use of ICT and IoT technologies.

Global Network

We have production and sales bases globally.
Building deep contact with customers based on direct sales and services.

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Medium-term Management Plan "Realizing Tomorrow's Opportunities 2022"

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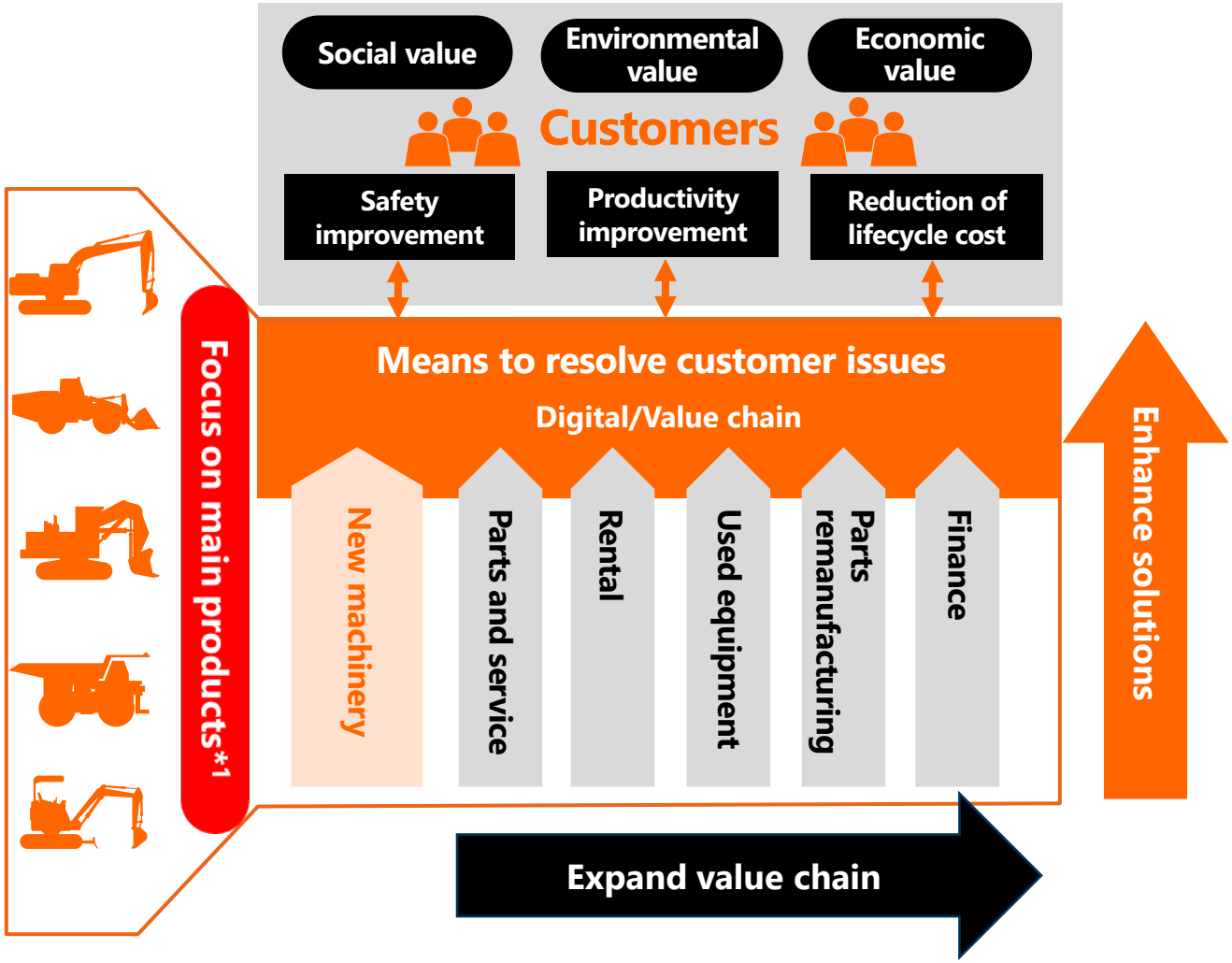
Term : FY2020-FY2022



Core of Corporate Strategy

- **Strengthen value chain business*2**
- **Provide enhanced solutions at every contact with customers**
- **Realize throughout North, Central and South America**
- **Form highly flexible corporate structure**

*1:Other products: Backhoe loader, Crawler crane, Bulldozer, Skid-steer loader

*2:value chain businesses: parts and service, rental, used equipment, remanufactured parts, financing, etc.

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Continuing to promote efforts to improve our enterprise value centered on the "Core of Corporate Strategy "

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Core of Corporate Strategy	Key Strategies
Strengthen value chain business	■ Strengthening rental/used equipment and remanufacturing businesses and expanding ConSite ■ Expansion of environmentally friendly products - Electric excavators, fully electric dump trucks, etc. ■ Investment in advanced development areas - Advancement and safety improvement of construction machinery (autonomy and driving support)
Provide enhanced solutions at every contact with customers	
Realize throughout North, Central and South America	■ Full-scale launch to further penetrate the market while reorganizing the supervising system and establishing a distributor network ■ Expanding value chain businesses and providing solutions through the introduction of ConSite in North America ■ Strengthen mining business in Latin America
Form highly flexible corporate structure	■ Restructuring bases to improve production efficiency

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Strengthen value chain business (Parts & Service)

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- Expanding services with ConSite menu, increasing touch point with customers
- Increasing the choice of service parts for various parts brands
- Strengthening traceability and make parts distribution more efficient

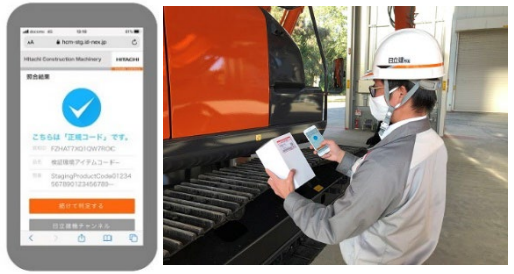
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Expanding services with ConSite

Increasing touch point

Customers

Strengthening traceability
Efficiency in parts distribution



Selectable from various parts brands

Hitachi Construction Machinery	Hitachi Construction Machinery	Hitachi Construction Machinery
GENUINE PARTS	REMANUFACTURED	SELECTED PARTS

Expand parts remanufacturing businesses sales revenue

FY2022
Parts remanufacturing 420%
Compared to FY2010

FY2030
Adoption of products and services that meet regional needs

Life cycle cost reductions

FY2022
ConSite Adoption rate 90%

FY2030
Aim for "zero" downtime

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Strengthen value chain business (Rental and Used equipment)

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- Differentiation by high-quality rental machines and provide bushiness globally
- Expansion as guaranteed and refurbished used equipment

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

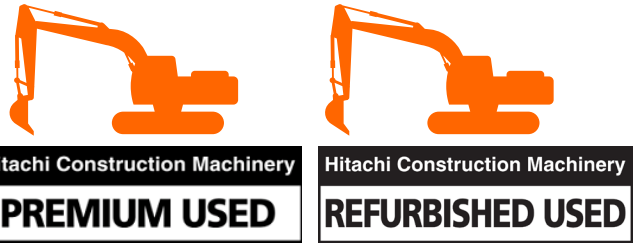
Expand rental business in various places

ConSite
Consolidated Solution for Construction Sites

Hitachi Construction Machinery
PREMIUM RENTAL

Proper maintenance by data utilization

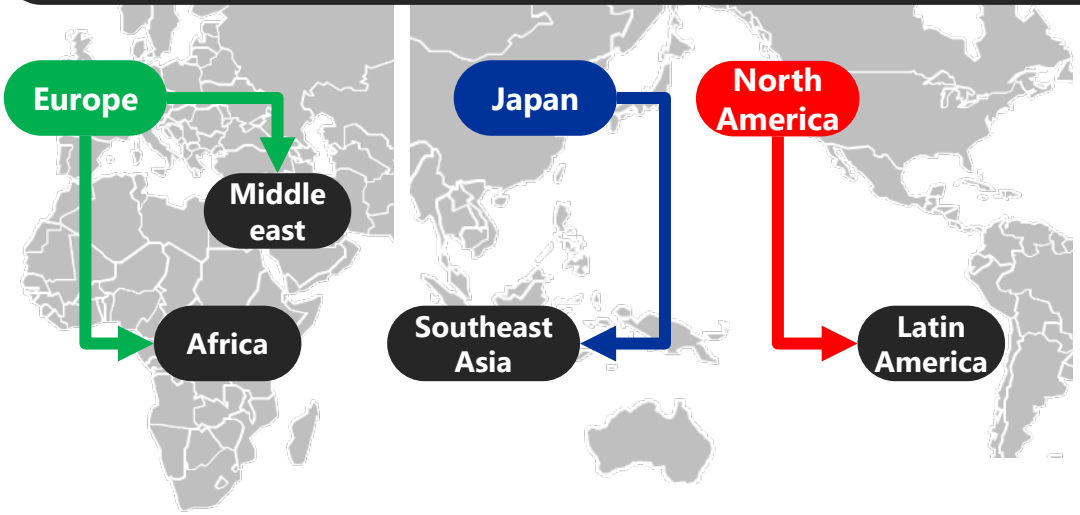
Used equipment with brands



Hitachi Construction Machinery
PREMIUM USED

Hitachi Construction Machinery
REFURBISHED USED

Distributing high-quality rental machines as used equipment around the world



Expand the used equipment business sales revenue

FY2022	FY2030
Used equipment 280%	Adoption of products and services that meet regional needs
Compared to FY2010	

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Strengthen value chain business

Aiming for conversion to recycling-oriented business model through the business

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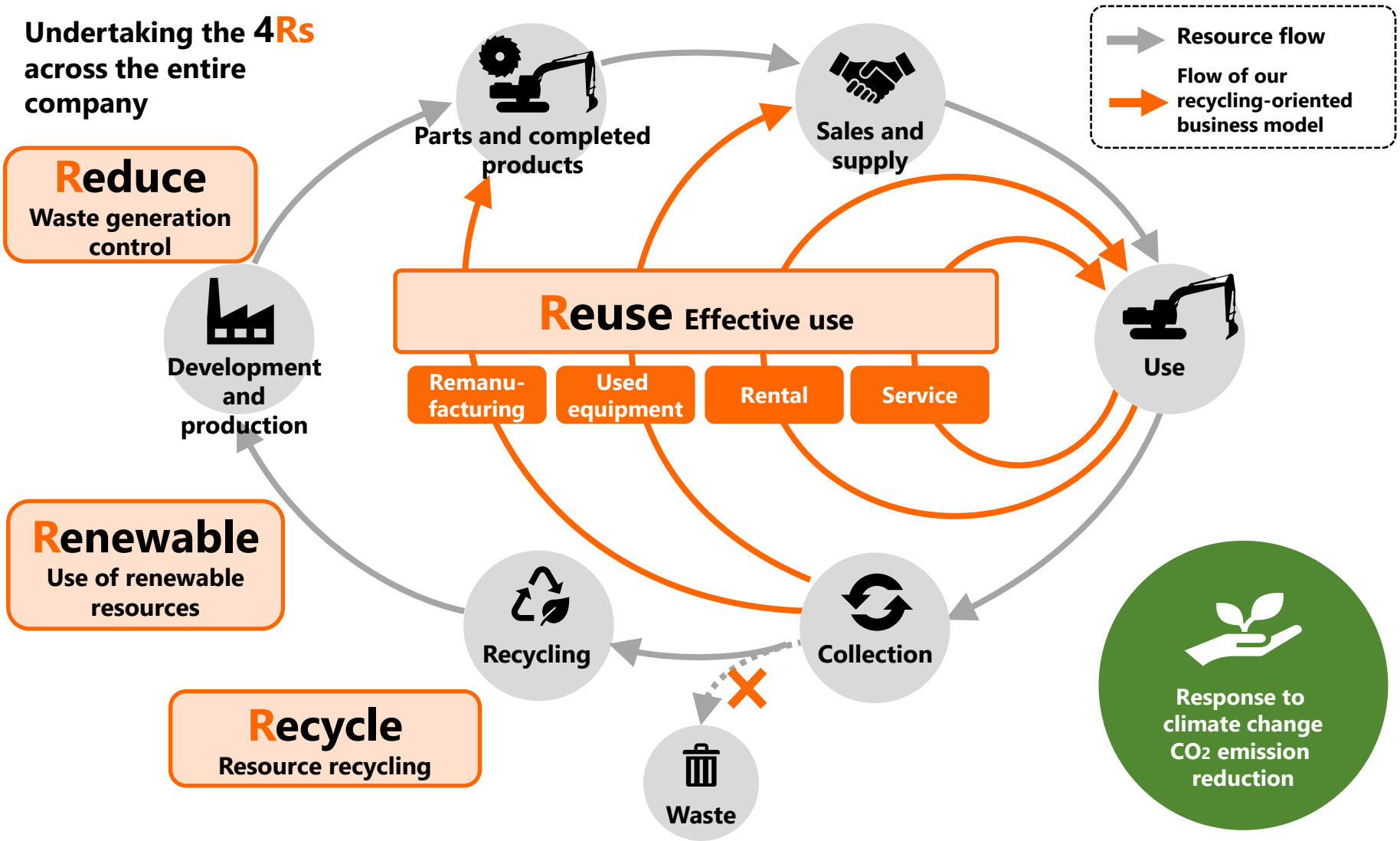

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Toward the realization of a sustainable society

HITACHI
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Long-term initiatives for reducing CO_2 emissions

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

Compact

Battery powered

- 8t class: Orders started in 2020, the order target for 2022 is 70 units.
- 5t class: Orders are scheduled to begin in June 2022, with an aim to sell 50 units by FY2024.

Developing in Europe, where demand for electrification is strong

Construction

Fuel cell powered | **Hydrogen engine** → Collaboration with research institutes, universities and partner companies

Mining

ABB collaboration | **All electrification in the mine** | **Improving the efficiency of the entire mine**

- Expanding sales of trolley type with ABB electric infrastructure
- Applying ABB Digital Solution to Machines

Reducing CO_2 emissions from products

FY2022	FY2030
▲20%	▲33%
Compared to FY2010	

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Toward the realization of a sustainable society
Environmentally Friendly Products Development Roadmap

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Expand the number of environmentally-friendly products and accelerate the speed through open innovation

	FY '20	'21	'22	'23	'24	'25	'26	'27	'28	'29	'30
Compact	5t	User tests (Japan, Europe) → Scheduled for release								Battery-driven	
		Bauma exhibition		Lineup expansion							
Construction	8t	Release (Europe)									
	15t or less	Bauma exhibition		Lineup expansion							
	20t or more	Under development			User tests		Hydrogen engine and fuel cell-driven				
Mining	Ultra-large excavator	Now available								Wired-type	
	Dump trucks	Under development		Demonstration test	Aiming for release					Battery-driven	

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Toward the realization of a sustainable society
Fully-Electric Dump Truck Being Jointly Developed With ABB

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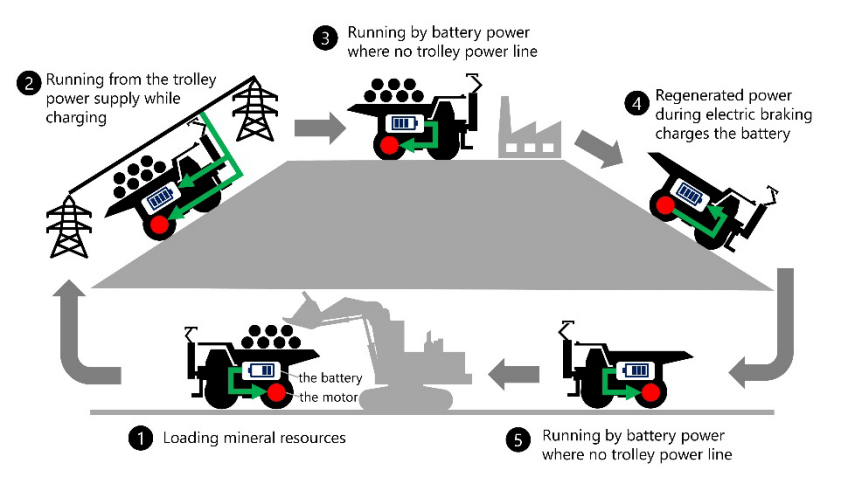
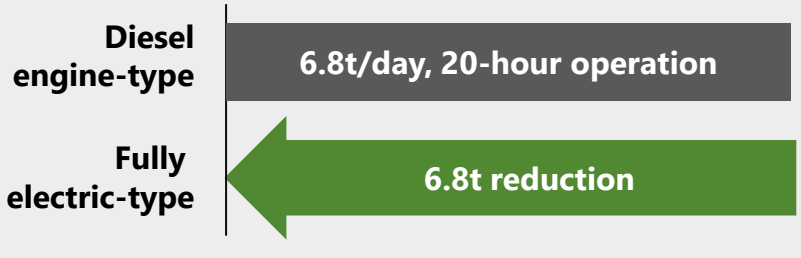
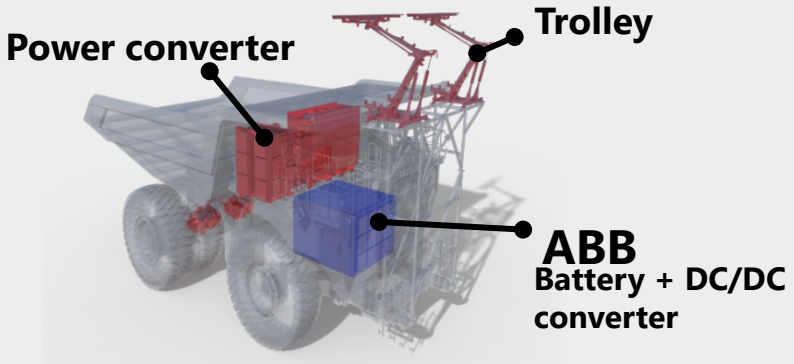
Using a fully electric dump truck with trolley charging



Effect of CO_2 reduction in a simulation with the EH3500AC-3





Merits for customers

- **Limits the required battery capacity through the dual use of a trolley feed and battery running**
- **The battery charges during trolley traveling, so there is no need for charging equipment or stopping for charging**
- **Shortening the development period through open innovation with ABB**

Contributions to the environment

- **Reducing the CO_2 emissions of the many dump trucks in operation at mining sites**

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Advancement of construction machinery and improvement of safety

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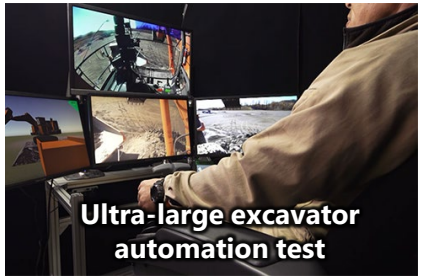
Aiming to realize “the optimal relationship between people and machinery” by enhancing site safety as a whole through Collaborative Construction Machinery, operation support systems, and various solutions

Advancement of construction machinery

- Developed "ZCORE", a system platform that realizes both Collaborative safety and advanced autonomous operation
- Excavation status judgment and automatic loading

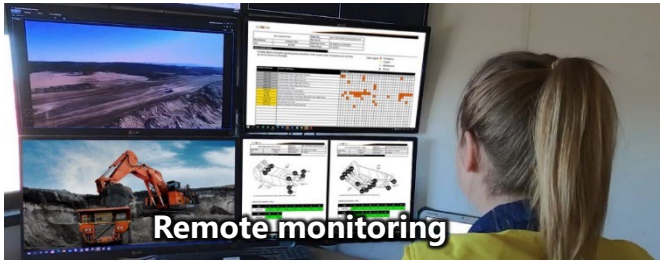
ZCORE concept machine


Ultra-large excavator automation test

Improvement of safety/Providing various solutions

- Surrounding recognition and automatic braking
- Operator status monitoring
- Site safety management and risk analysis
- Cooperation with disaster information, risk prediction

Reducing Contact Accidents by Recognizing Surroundings


Remote monitoring

ConSite
Consolidated Solution for Construction Sites

ConSite Mine

ICT construction solutions

Remotely verify construction progress

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Strategies for the Americas-1

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Current medium-term management Plan period (～2022)	1. Prompt construction of network for sales, service and rental 2. Market launch of the newest excavators 3. Total support across product life cycle with ConSite®
Future (2023～)	1. Planning for expansion of operational bases for product manufacturing, service and parts remanufacturing 2. Efforts to develop and introduce electrified products

Invest approx. 30 billion yen in parts and service network development and rental business expansion, etc.

Business Expansion | **Improve Customer Satisfaction** | **Stabilization of Revenue**

Reestablishing business in North, Central and South America, expand business aiming for over 1 trillion yen consolidated Sales Revenue or more and stable double-digit Operating Income Margin

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Strategies for the Americas-2

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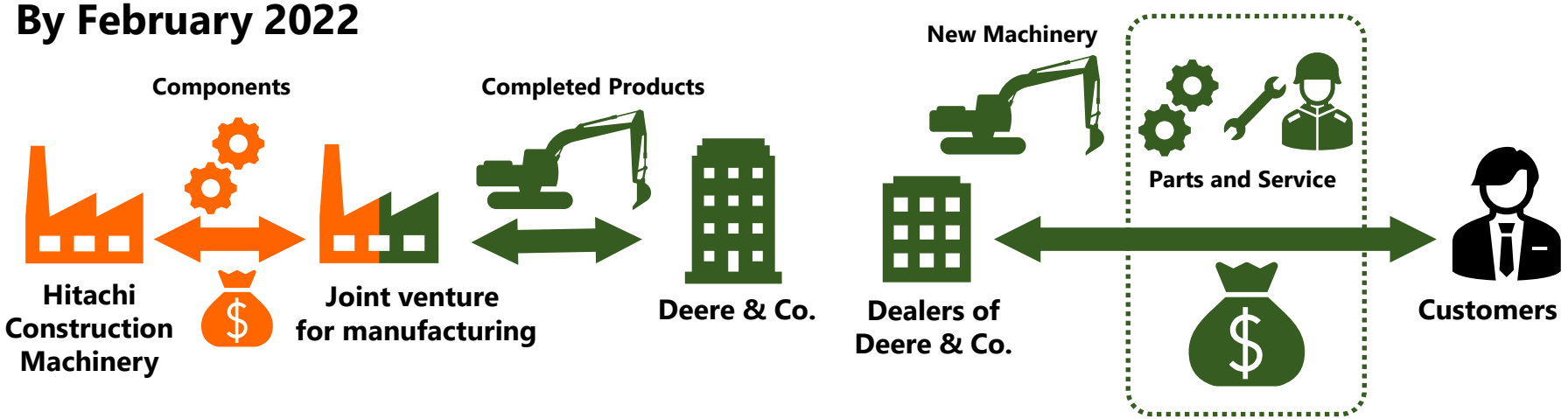
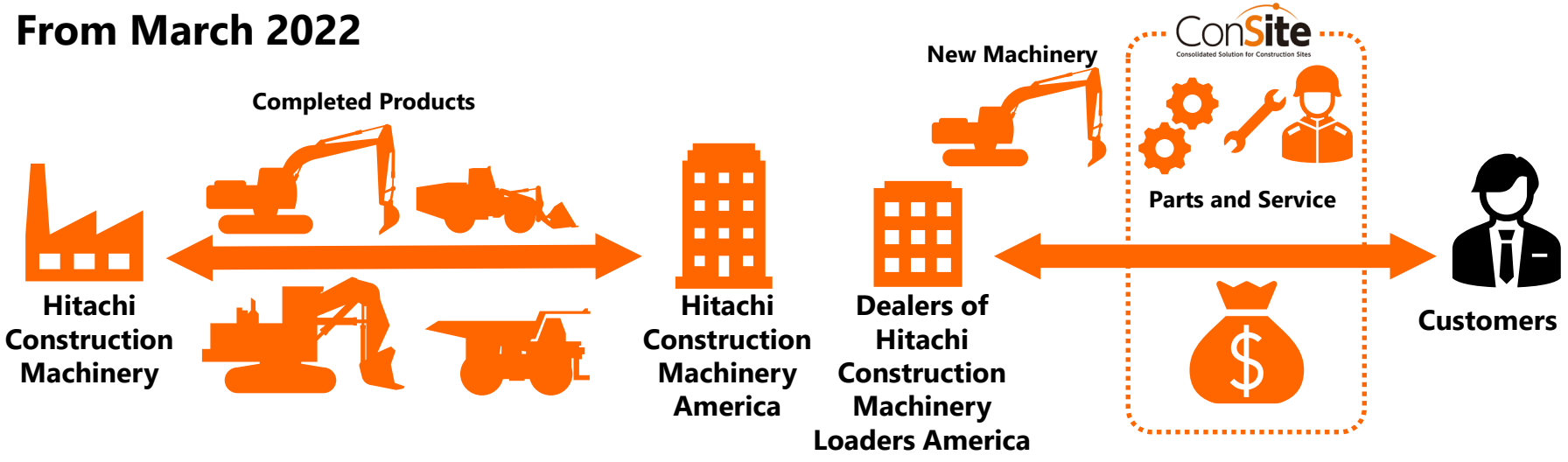
Take in highly profitable parts and service businesses mainly in North America

By February 2022



From March 2022



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Changes in Shareholder Composition

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Changes in Shareholder Composition and Relationship with Hitachi Group

Japan Industrial Partners and ITOCHU plan to hold 26% shares to support HCM
Continue to use the Hitachi brand and no change in company name, continued to collaborate with Hitachi group in various R&D field

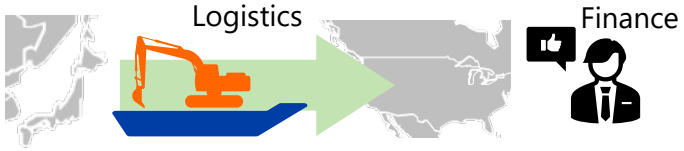
Accelerate Strengthening and Change of management strategy, ensure Growth

Provide enhanced solutions at every contact with customers	**Aiming for net zero emissions in collaboration with Hitachi Group and ABB**
Strengthen value chain business	**Collaborate with ITOCHU Group in logistics and finance in North America**
Form highly flexible corporate structure	**Strengthening of management base over the medium to long term with Japan Industrial Partners**

Electrification

LUMADA

Data utilization ConSite
Consolidated Solution for Construction Sites



Reestablishing business in North, Central and South America,
expand business aiming for over 1 trillion yen consolidated Sales Revenue or more
and stable double-digit Operating Income Margin

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Summary of KPI for this three-year plan

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The business environment has changed compared with the time of planning. It is now planned to take on new challenges with management decisions.

Changes in the business environment

- COVID-19 impact and geopolitical risks
- Soaring material prices and supply chain disruptions
- Yen depreciation (¥109 (20/3) ⇒ ¥125 (22/3))

Management decisions and new challenges

- Dissolution of the joint venture with Deere
- Start of full-scale proprietary development in North, Central, and South America
- Change in the shareholder composition

KPI		Previous medium-term plan	Current medium-term plan			
		FY2019	FY2020*	FY2021	FY2022	
		Result			Target	Outlook
Growth	• Revenue • Value chain ratio	931.3 billion yen 40%	813.3 billion yen 43%	1.025 trillion yen 40%	1 trillion yen 50%	960 billion yen 47%
Profitability	Adjusted operating income ratio	8.2% (7.8%)	4.0% (3.5%)	9.1% (10.4%)	More than 10% (-)	8.3% (7.9%)
Safety	Net D/E ratio	0.58	0.49	0.42	Less than 0.5	Less than 0.5
Efficiency	ROE	8.6%	2.1%	13.5%	More than 10%	More than 7%
Shareholder return	Dividend payout ratio	31%	41.1%	30.8%	30% or more	30% or more

*KPI of FY2020 is recalculated using retrospectively adjusted figures for consolidated financial statements due to changes in accounting policies.

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Initiatives to Realize the Circular Economy

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Our business growth related to realizing a sustainable society improves our enterprise value.

KPI		Previous medium-term plan	Current medium-term plan			
		FY2019	FY2020	FY2021	FY2022	
		Result			Target	Outlook
ESG *Compared to FY2010	• ConSite adoption rate • Parts remanufacturing businesses sales revenue • Reducing CO_2 emissions from products	73% 296%* -15.9%*	75% 308%* -16.5%*	72% 402%* -21.4%*	90% 420%* -20%*	90% 420%* -20%*

Contribution to reducing the environmental load due to a global business model that remanufactures entire machines.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Remanufacture of ultra-large hydraulic excavators (EX1200) by Hitachi Construction Machinery Zambia

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1. Regional Market Environments and Projections

Hidehiko Matsui
Executive Officer, CMO

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Global Demand Trend for Hydraulic Excavators

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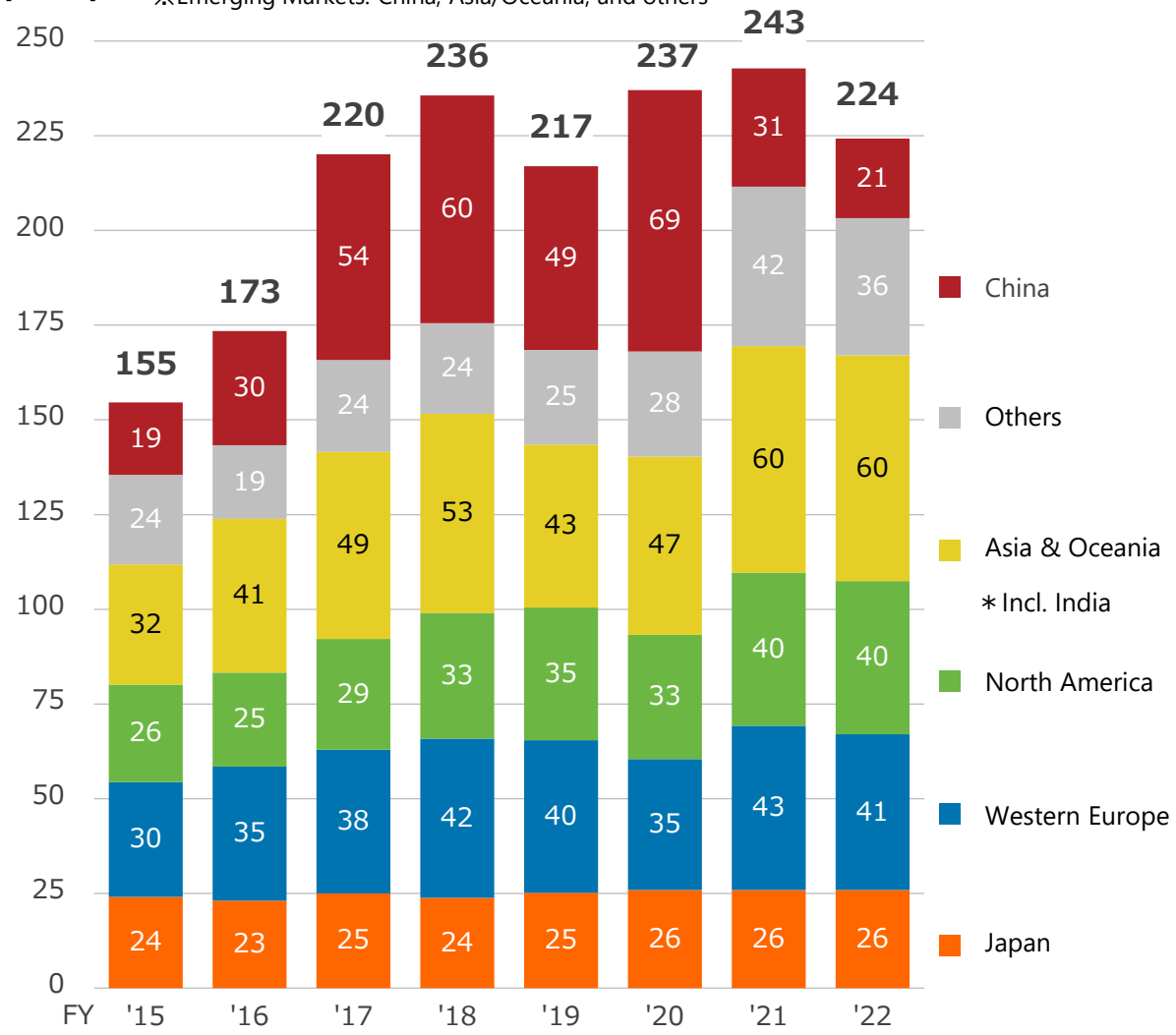
Emerging Markets ratio : FY2021 : 55% (y-y Change : -6%)

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



Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers
※Distributing, copying, or forwarding prohibited

	'21	'22
Total	+2%	-8%
China	-55%	-33%
Russia,CIS, E Europe	+76%	-45%
Africa	+45%	+1%
Middle East	+71%	+3%
Latin America	+27%	+6%
Others	+52%	-14%
Asia	+43%	+0%
India	+7%	-3%
Oceania	+32%	+6%
Asia & Oceania	+27%	-0%
N America	+23%	+0%
W Europe	+25%	-5%
Japan	-0%	+0%

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Japan: Fourth Quarter (from January to March 2022)

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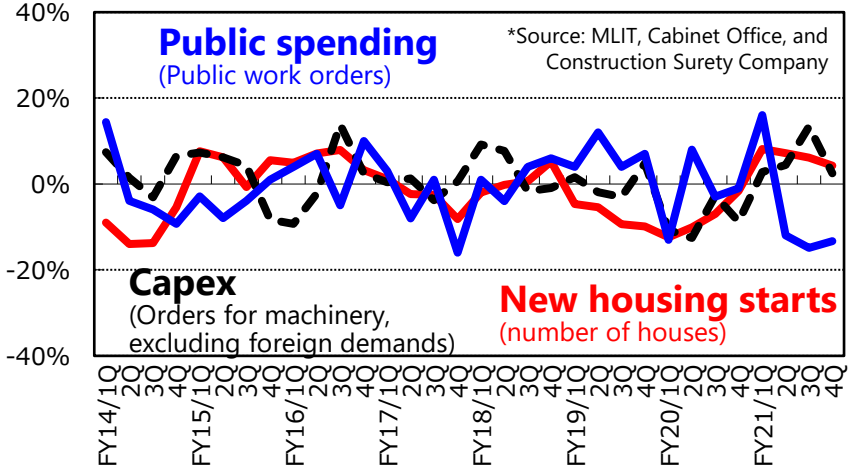
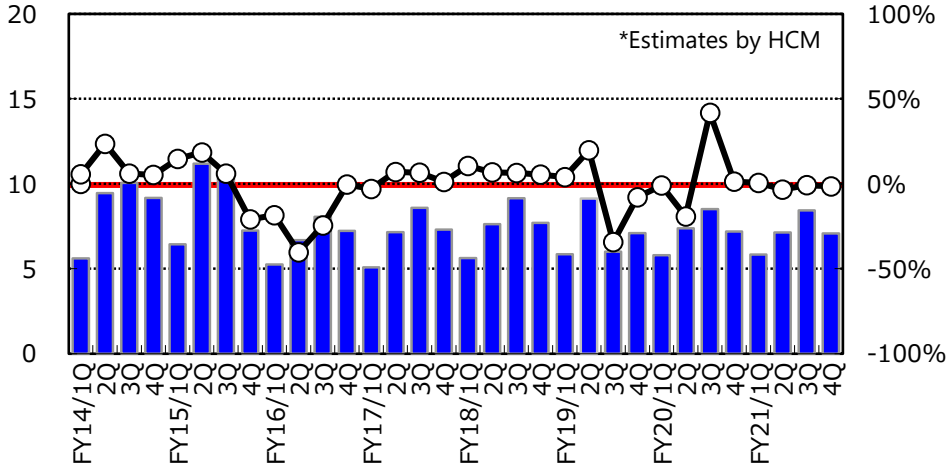
- House investment remained strong. Capital investment stayed flat. Public investment decreased.
- Demand for Hydraulic excavator slightly increased: Hydraulic excavator +3%、Mini excavator -1%
  WL +7% y-y, respectively.

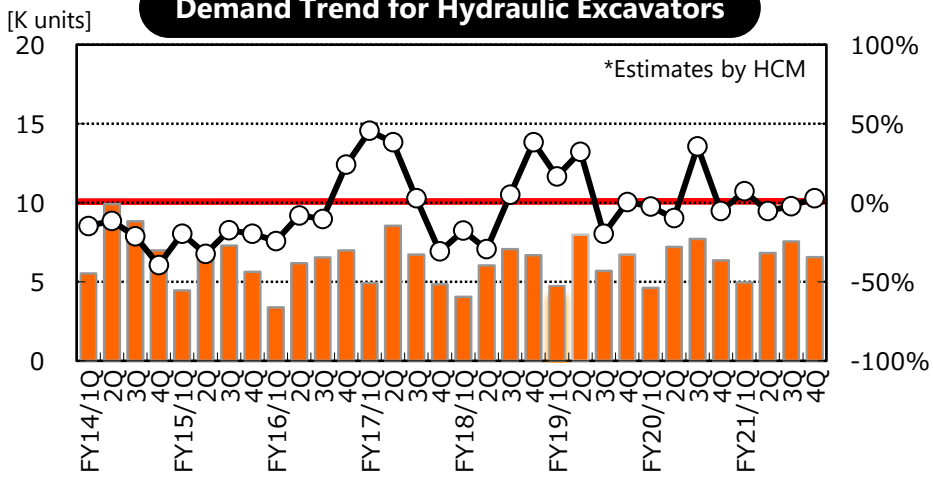
Market Environment Housing, Capex, and Public Spending (y-y)



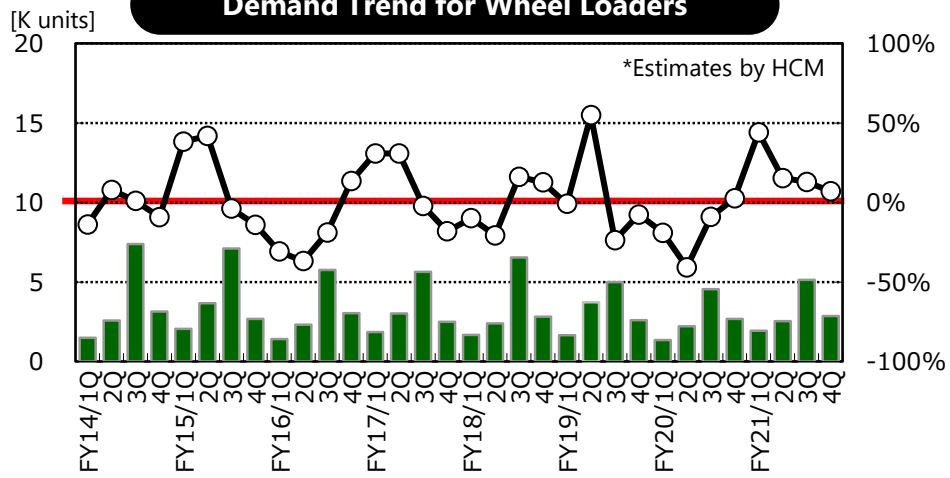
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



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Europe: Fourth Quarter (from January to March 2022)

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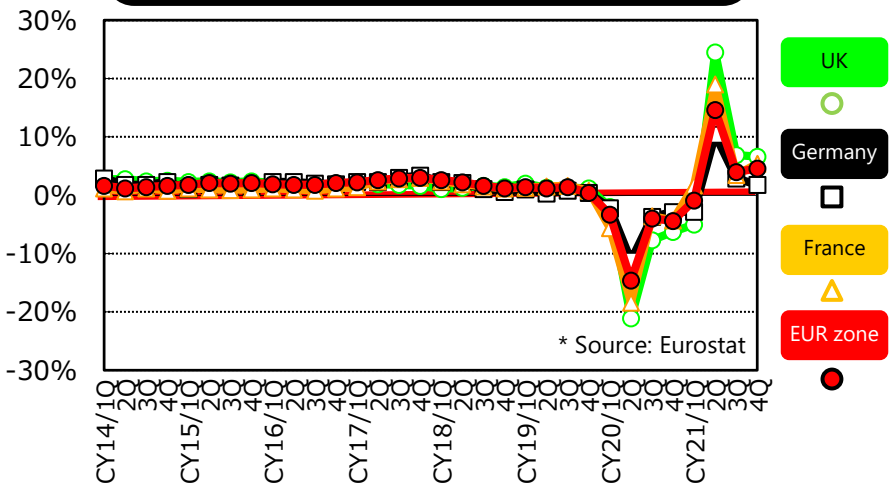
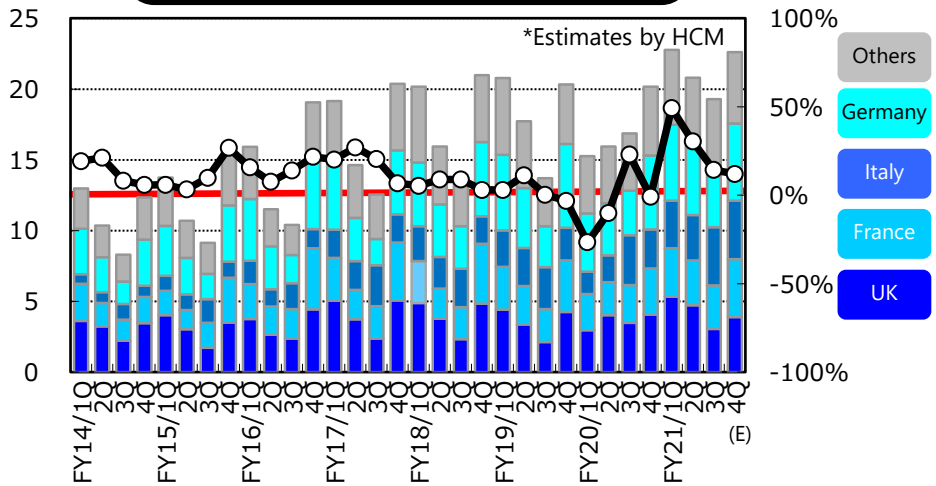
- GDP growth rate in FY21Q4 increased slightly
- Demand for Hydraulic excavator stayed flat: Hydraulic excavator +1%, Mini excavator +12%, WL -13% y-y, respectively.

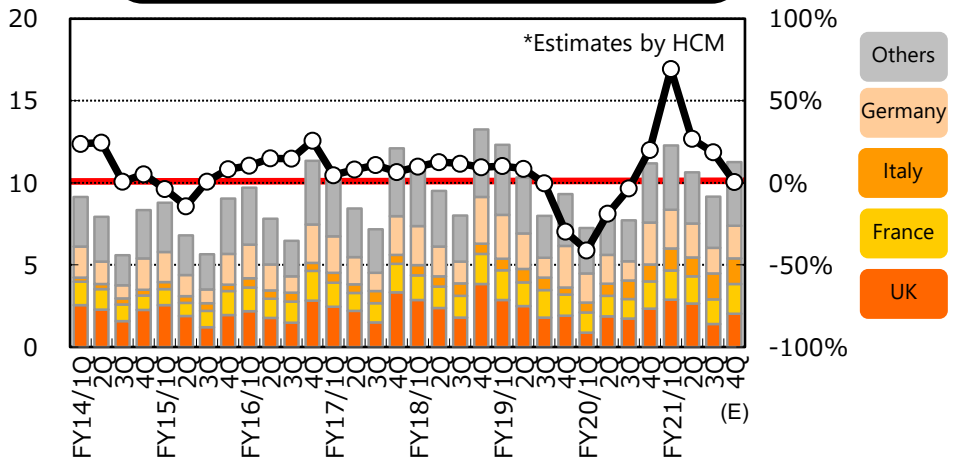
GDP Growth Rate in Major Countries (y-y)



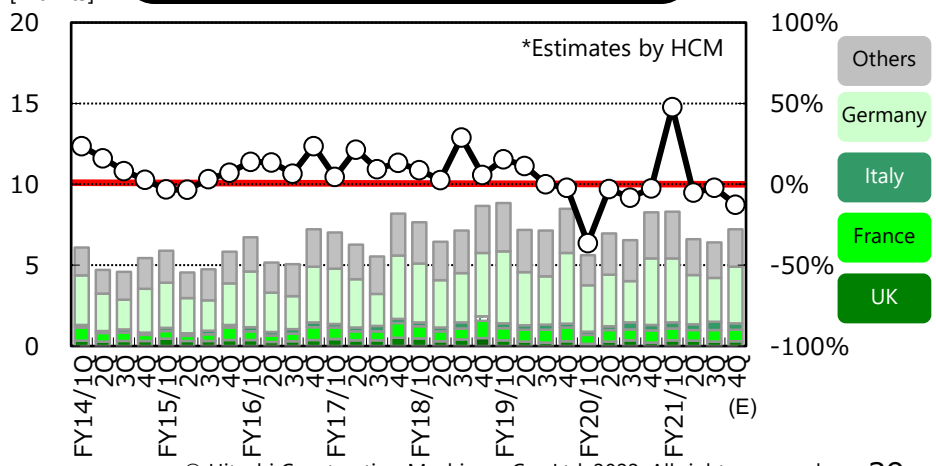
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



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North America: Fourth Quarter (from January to March 2022)

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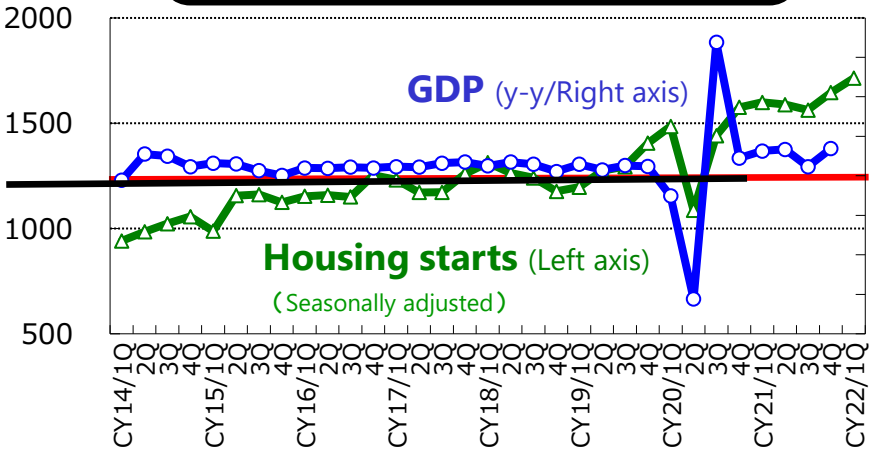
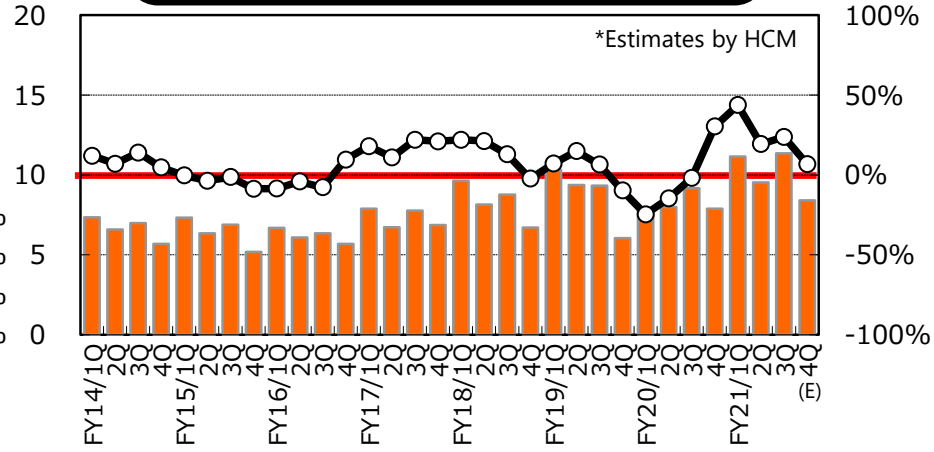
- Housing market stayed strong. Construction spending increased in Non-residential, stayed flat in public work.
- Demand for Hydraulic excavator increased: Hydraulic excavator +7%, Mini excavator +6% y-y, respectively.

GDP Growth Rate, Housing Starts in US

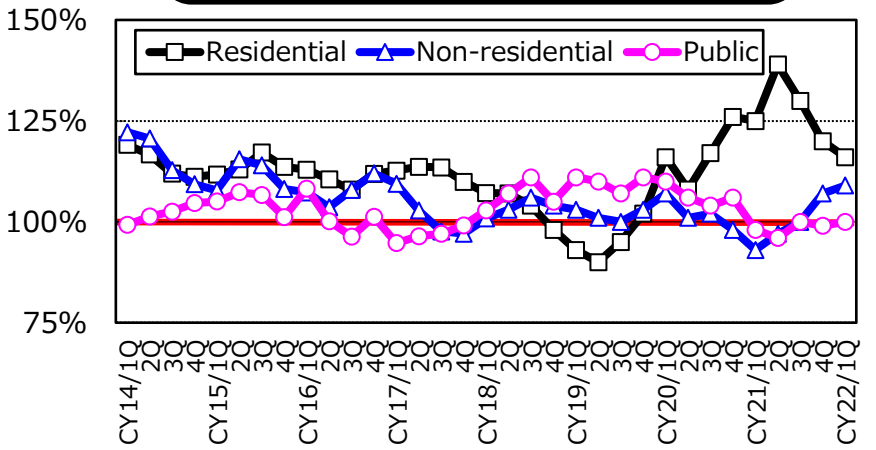


* Bureau of Economic Census, US Census Bureau

Demand Trend for Hydraulic Excavators

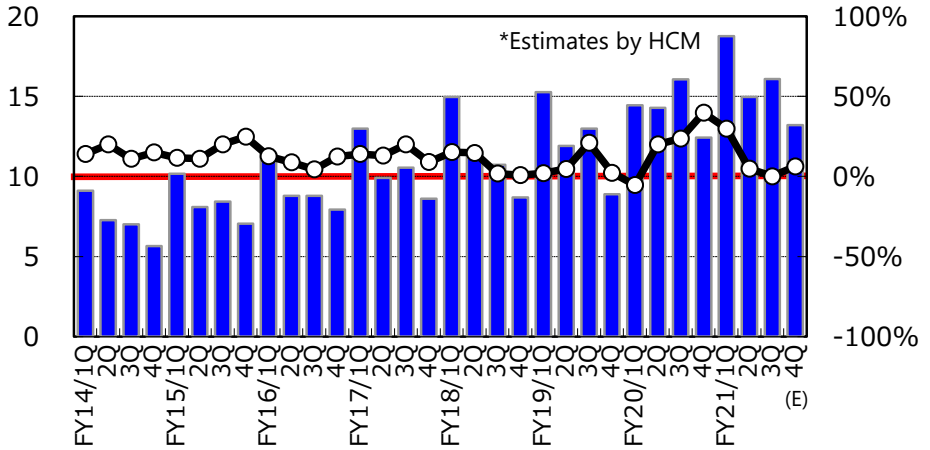


Construction Spending in US (y-y)



* Bureau of Economic Census, US Census Bureau

Demand Trend for Mini Excavators



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Progress of Self-Development in North and Latin America

After the Announcement of the Termination of Joint Venture Relationship with Deere in August 2021

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Initiatives for FY2021

1. **Establishment of an Organizational Structure**
   Launch of the regional headquarters "Hitachi Construction Machinery America" and expansion of functions and human resources

2. **Establishment of a Network for Sales and Supply**
   Development of a parts supply network/finance collaboration with ITOCHU Group in North America

3. **Building a Network of Dealers**
   Covering approximately 80% of the demand in North America

Full-scale self-development to begin in March 2022
Sales to dealers off to a good start

Hitachi Construction Machinery America Inc.

Initiatives for FY2022

- Support for dealers in building sales and service systems (initial stocking, training for mechanics)
- Reinforcement of mining sales and service systems in Latin America
  Continued collaboration with the Marubeni Group
- Strengthening of collaboration with the ITOCHU Group in North America
- Consideration of a local production system

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China: Fourth Quarter (from January to March 2022)

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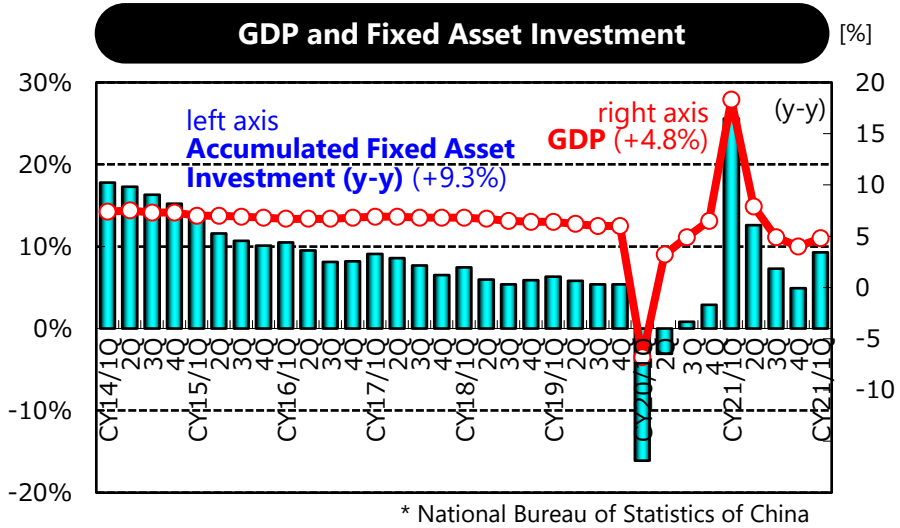
- The GDP growth rate was +4.8%.
- Demand for hydraulic excavators decreased. -66% y-y, Foreign manufactures only.

GDP and Fixed Asset Investment

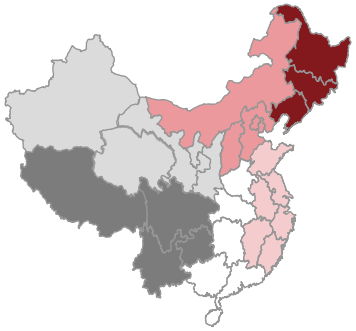


* National Bureau of Statistics of China

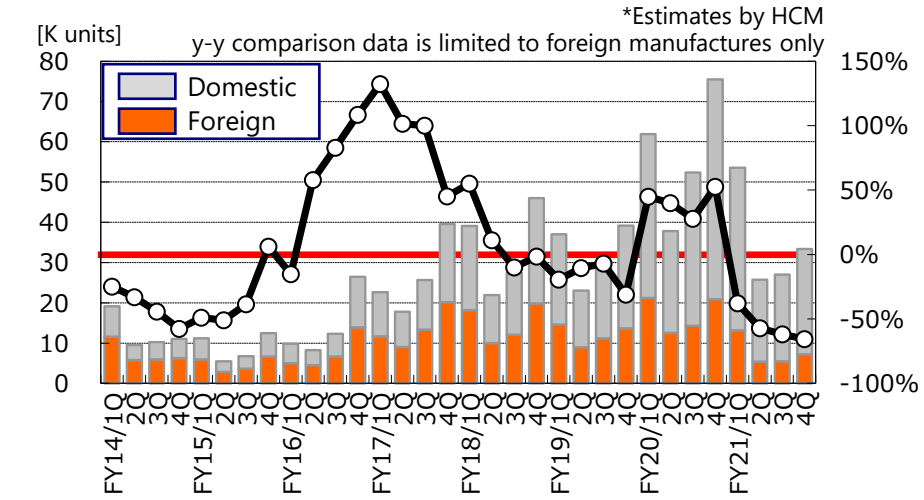
Quarterly Demand for Hydraulic Excavators by Region (y-y)

YoY(%)	FY20	FY21			
	4Q	1Q	2Q	3Q	4Q
North East	+98	-31	-45	-40	-70
North	+76	-20	-40	-20	-51
East	+42	-42	-63	-65	-67
Central South	+70	-42	-55	-69	-71
North West	+68	-42	-62	-60	-54
South West	+25	-35	-60	-69	-70
Total	**+53**	**-37**	**-57**	**-62**	**-66**

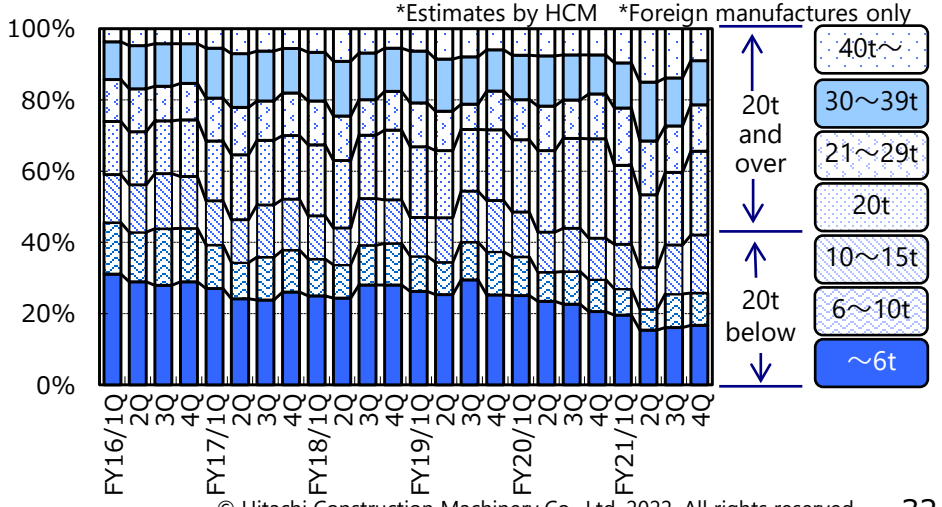
*Estimates by HCM
*Foreign manufactures only



Demand Trend for Hydraulic Excavators



Demand Composition by Class for Mini Excavators and Hydraulic Excavators



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Supplemental Information: China(from January to March 2022)

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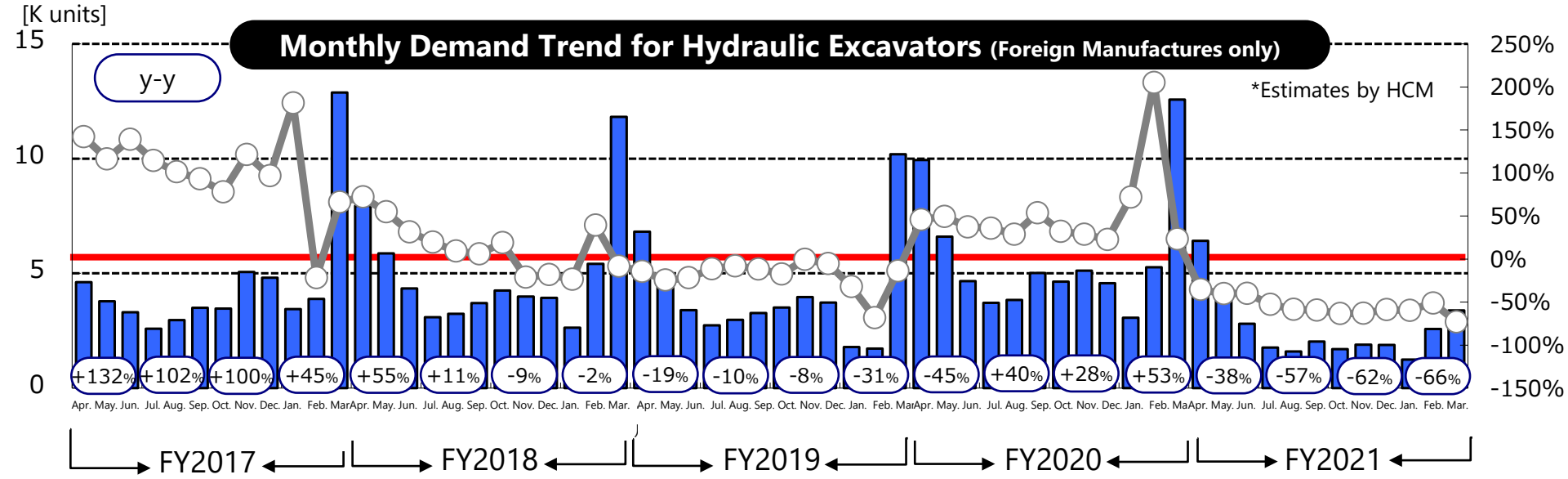

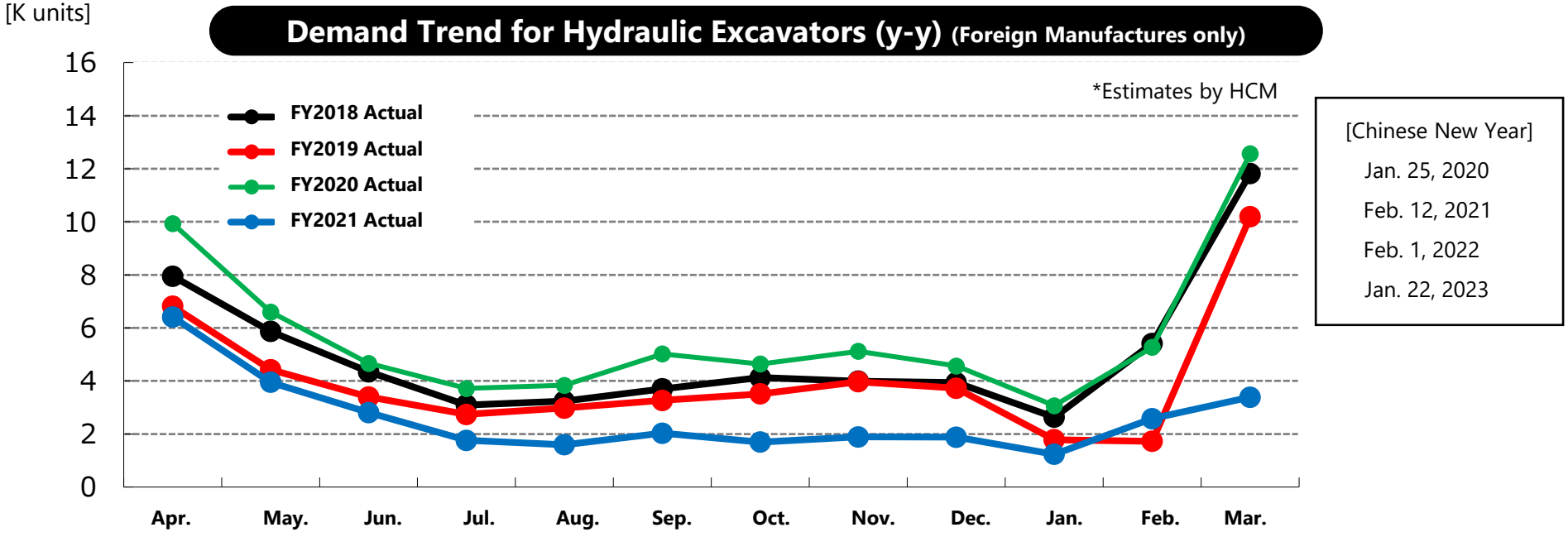

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Asia Pacific, and India: Fourth Quarter (from January to March 2022)

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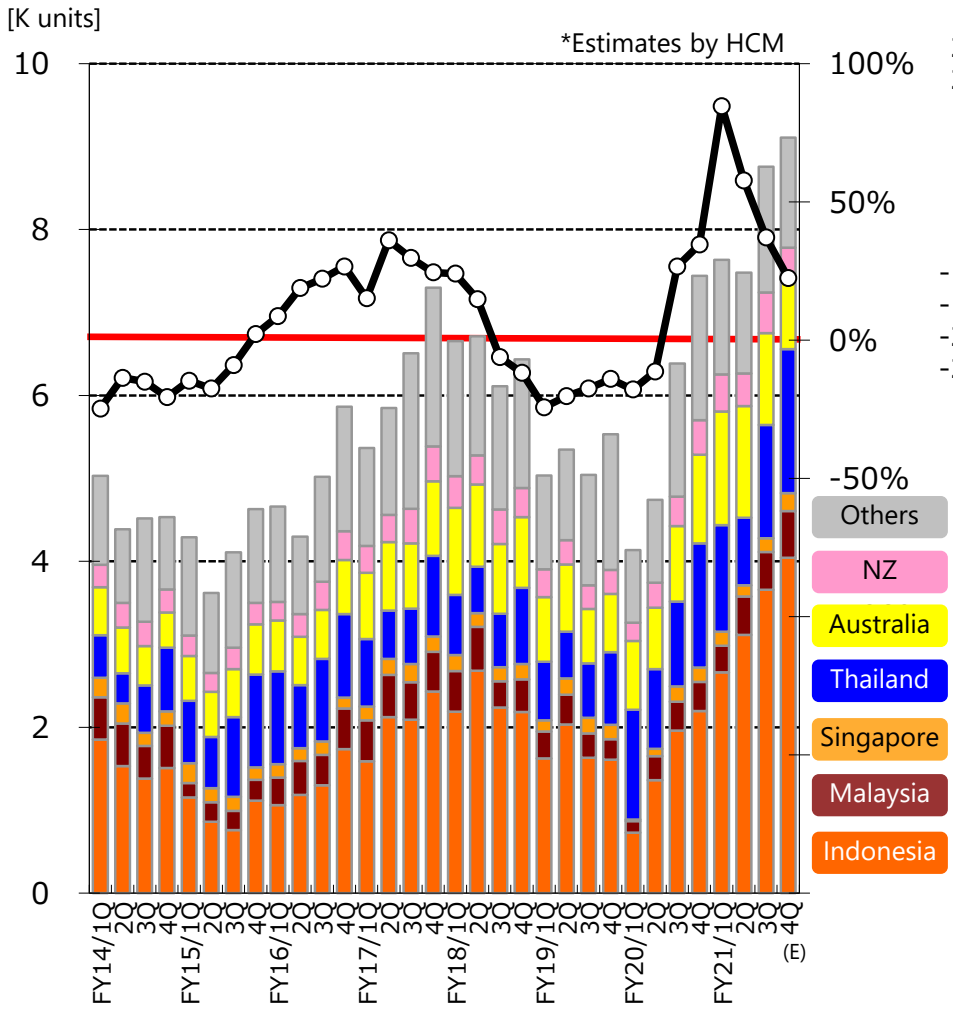
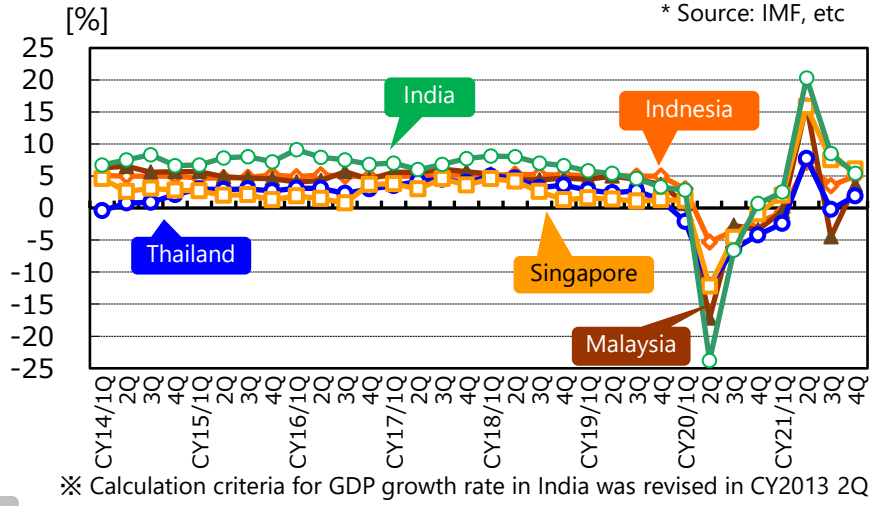
- Demand for hydraulic excavators increased overall in the Asia and Ocania region, +22% y-y.
- Demand for hydraulic excavators in India was -15% y-y.

Demand Trend for Hydraulic Excavators in Asia & Oceania

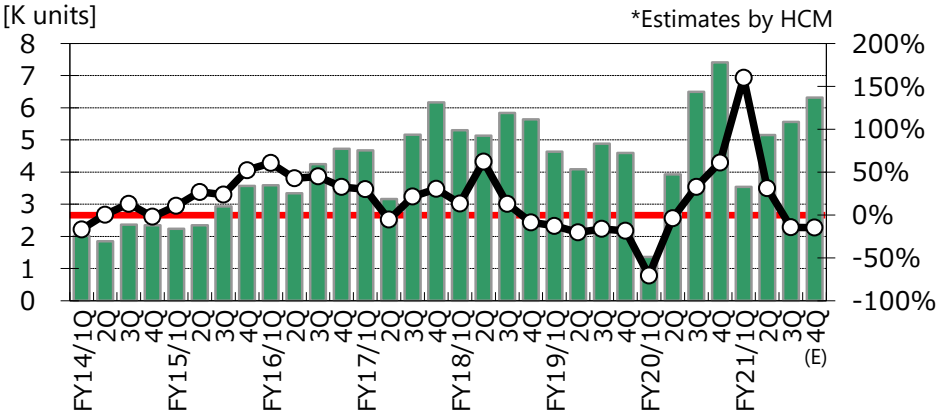


GDP Growth Rate in Major Countries (y-y)



※ Calculation criteria for GDP growth rate in India was revised in CY2013 2Q

Demand Trend for Hydraulic Excavators in India



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Russia and Middle East: Fourth Quarter (from January to March 2022)

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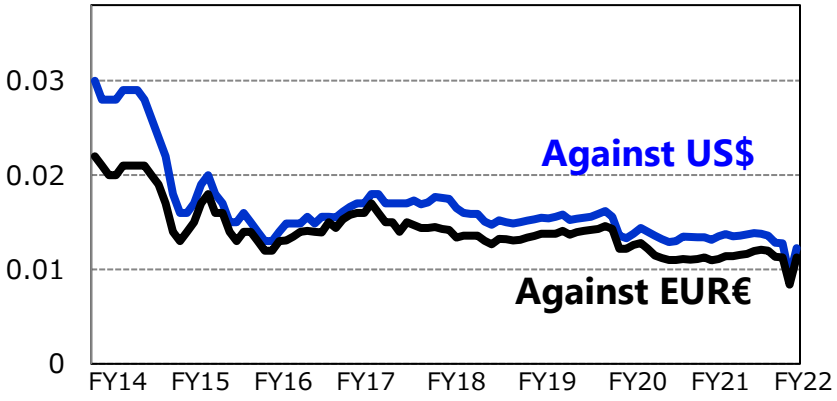
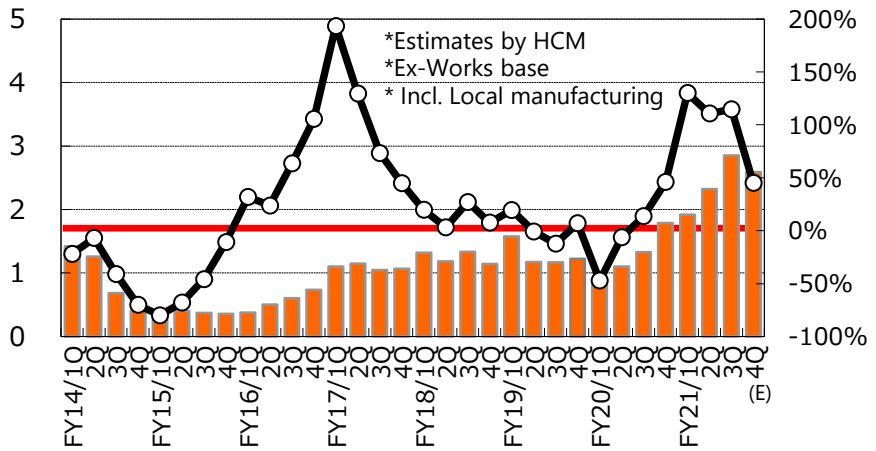
- Demand for hydraulic excavators in Russia was +45% y-y.
- Demand for hydraulic excavators in the Middle East was +18% y-y.

Foreign Exchange Rate of the Ruble

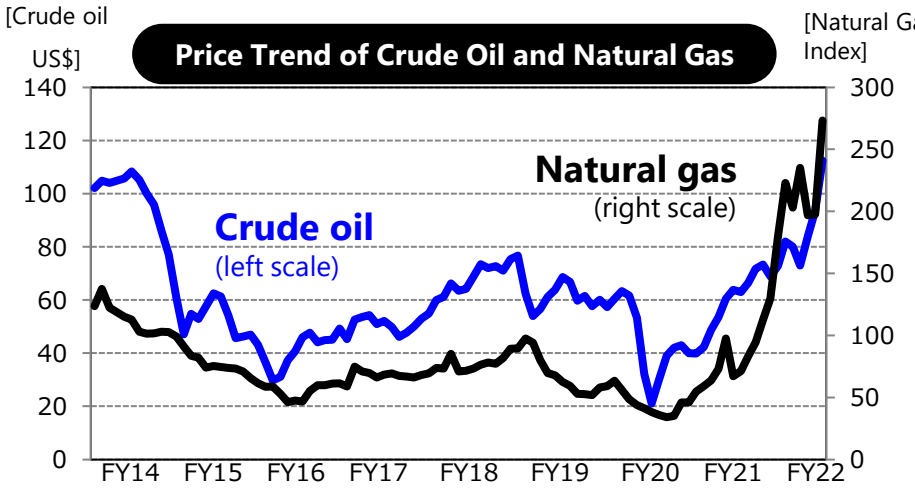


* According to HCM's research

Demand Trend for Hydraulic Excavators in Russia

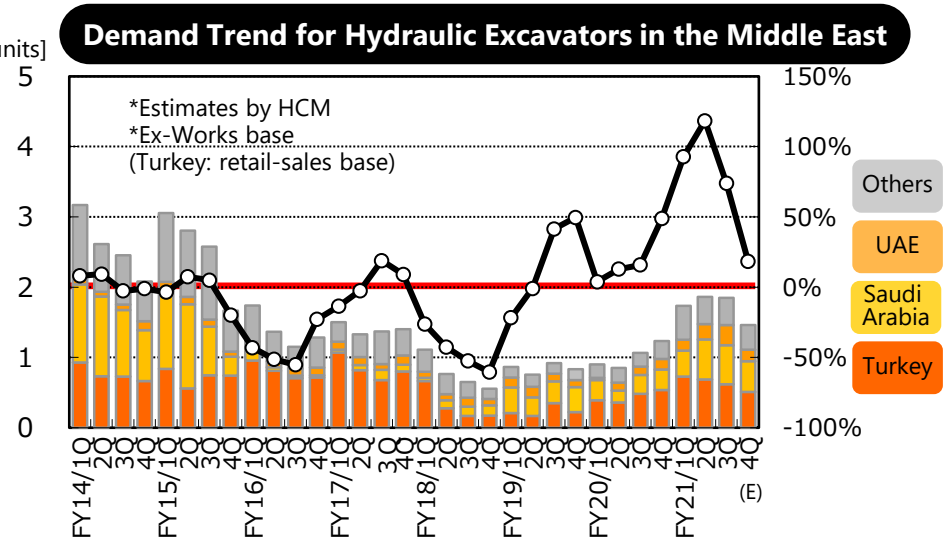


Price Trend of Crude Oil and Natural Gas



* Created by HCM, sourced from World Bank
* Natural Gas Index (2010 = 100)

Demand Trend for Hydraulic Excavators in the Middle East



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Mining machinery: FY2021 (from April 2021 to March 2022)

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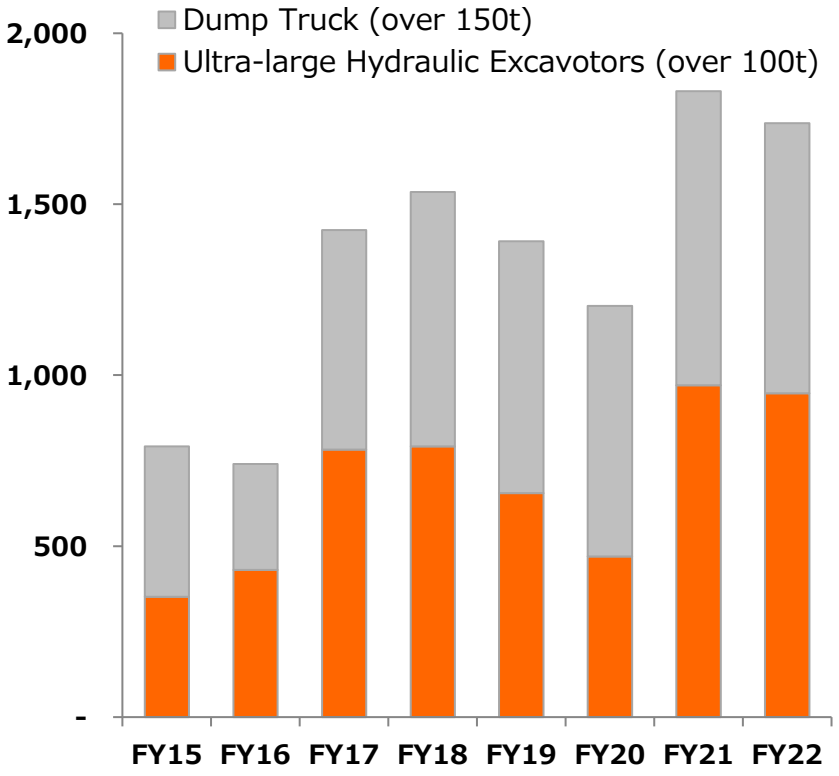
Reliable solutions

■ Demand for mining machinery in FY2021 increased significantly, centered on 100t class excavators, +52% y-y.
■ Demand forecast for mining machinery in FY2022 is expected to decrease -5% y-y.

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

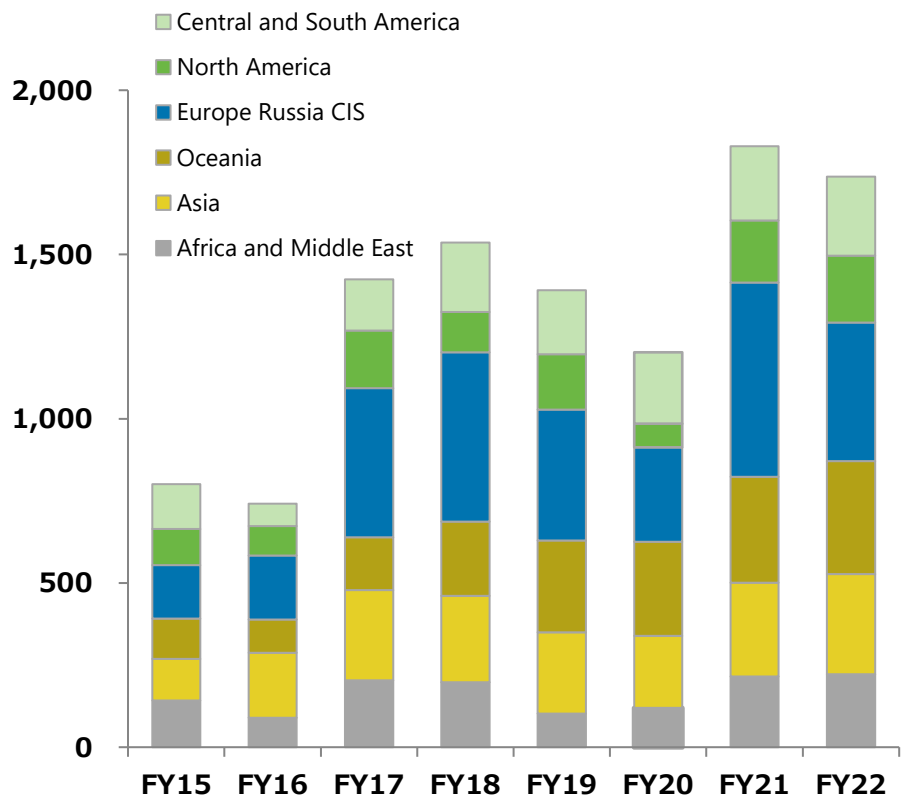
[Units]

Demand by product



[Units]

Demand by region



※ According to HCM's research

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Supplementary Information: BB Ratio

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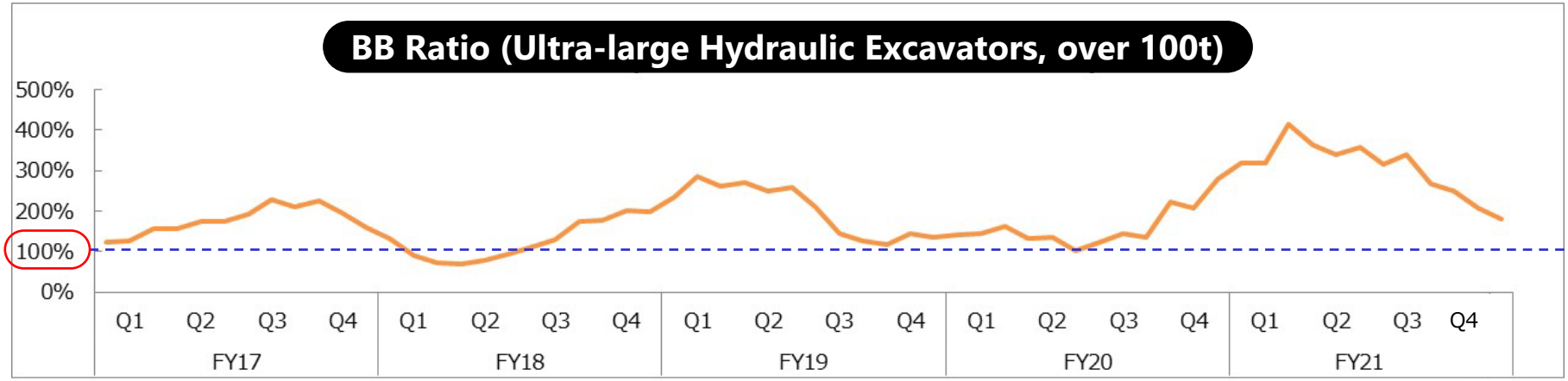

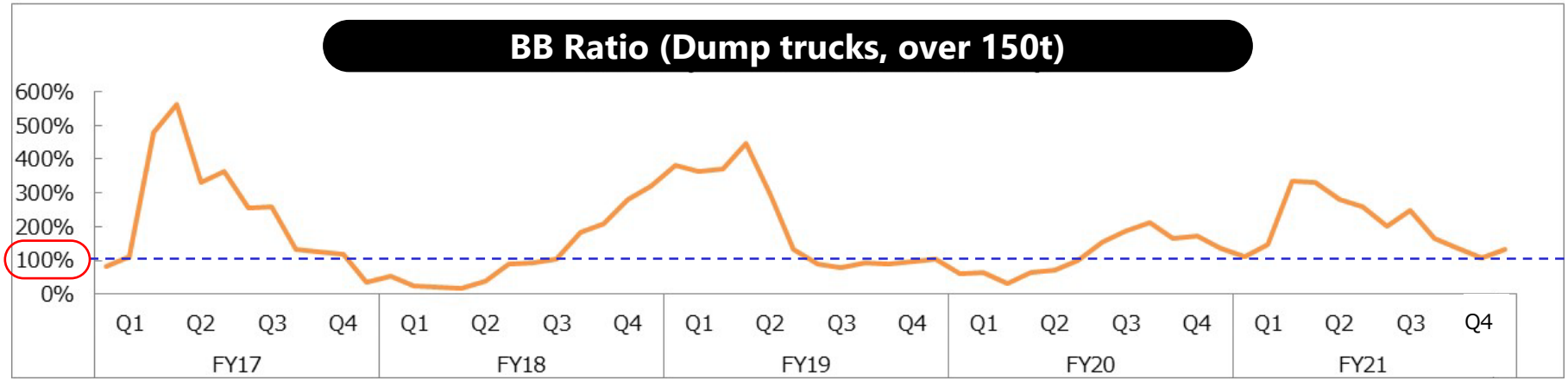

* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment)

Non-consolidated basis (average of 6 months)

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Topic : Continued Launch of Battery-Powered Excavators in Europe, and Increased Development and Production Facility Capacity in Japan

HITACHI
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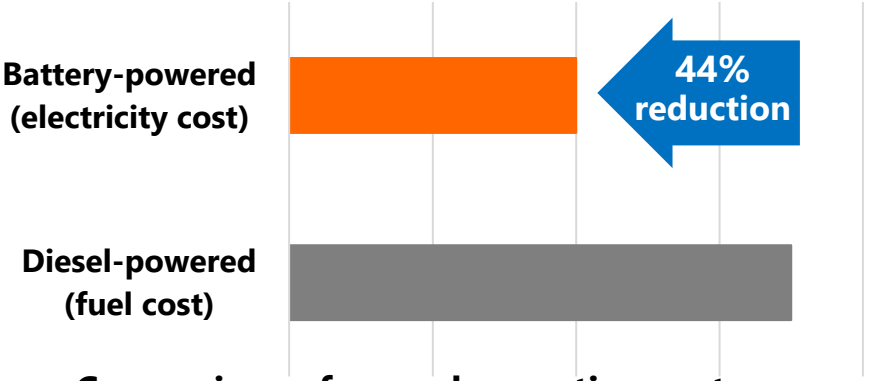
Starting to accept orders for 5-tonne-class battery-powered mini excavators in the European market from June 2022

- Long operating time by using both battery power and commercial power
- Expanded lineup that contributes to zero-emission at construction sites
- Expanded capabilities of the test site to conduct advanced testing of battery-powered excavators or others

Battery-powered mini excavator ZX55U-6EB



Comparison of annual operating costs for the 5-tonne class (European average)

Enhancing production facility capacity for compact products

- Utilizing the space after the relocation of the product test site
  Enhancing production facility capacity by approximately 1.3 times by FY2025

Production Line of Hitachi Construction Machinery Tierra

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2. Business Results for FY2021 ended March 31, 2022 (April 1, 2021 - March 31, 2022)

Keiichiro Shiojima
Vice President and Executive Officer, CFO

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Summary of consolidated results

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In the current fiscal year, despite the impact of COVID-19, revenue increased by 26% y/y and adjusted operating income increased by 186% due to the strong demand and the impact of yen depreciation.

[billions of yen]

		FY2021 Actual		FY2020 Actual		change
Revenue	<950.0>		1,025.0		813.3	26%
Adjusted operating income *1	<84.0>	(9.1%)	93.5	(4.0%)	32.7	186%
Operating income	<88.0>	(10.4%)	106.6	(3.5%)	28.2	278%
Income before income taxes	<88.0>	(10.8%)	110.9	(3.1%)	25.6	333%
Net income attributable to owners of the parent	<52.0>	(7.4%)	75.8	(1.3%)	10.3	633%
EBIT *2	<91.0>	(11.1%)	114.0	(3.5%)	28.7	297%
FX rate	Rate (YEN/US$) <110.9>		112.6		106.0	6.6
	Rate (YEN/EURO) <130.5>		130.6		124.6	6.0
	Rate (YEN/RMB) <17.3>		17.5		15.7	1.8
	Rate (YEN/AU$) <82.0>		83.0		76.0	7.0
Cash dividend per share (yen) *3	<TBD>		110		20	90

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

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Revenue by geographic region (consolidated)

HITACHI
Reliable solutions

Revenue increased in each region except China y/y, and consolidated revenue increased by 211.6 billion yen.

[billions of yen]

	FY2021 Actual		FY2020 Actual		change	
					amount	%
Japan	216.9	21%	203.3	25%	13.6	7%
Asia	86.4	8%	52.7	6%	33.7	64%
India	57.2	6%	50.0	6%	7.2	14%
Oceania	167.7	16%	139.9	17%	27.7	20%
Europe	124.2	12%	87.8	11%	36.3	41%
N.America	196.4	19%	107.2	13%	89.3	83%
L.America	22.7	2%	10.9	1%	11.9	109%
Russia-CIS	38.6	4%	22.7	3%	15.9	70%
M.East	19.2	2%	16.1	2%	3.1	19%
Africa	43.5	4%	33.6	4%	9.9	29%
China	52.1	5%	89.1	11%	-37.0	-42%
Total	1,025.0	100%	813.3	100%	211.6	26%
Overseas ratio	79%		75%			

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Mining revenue

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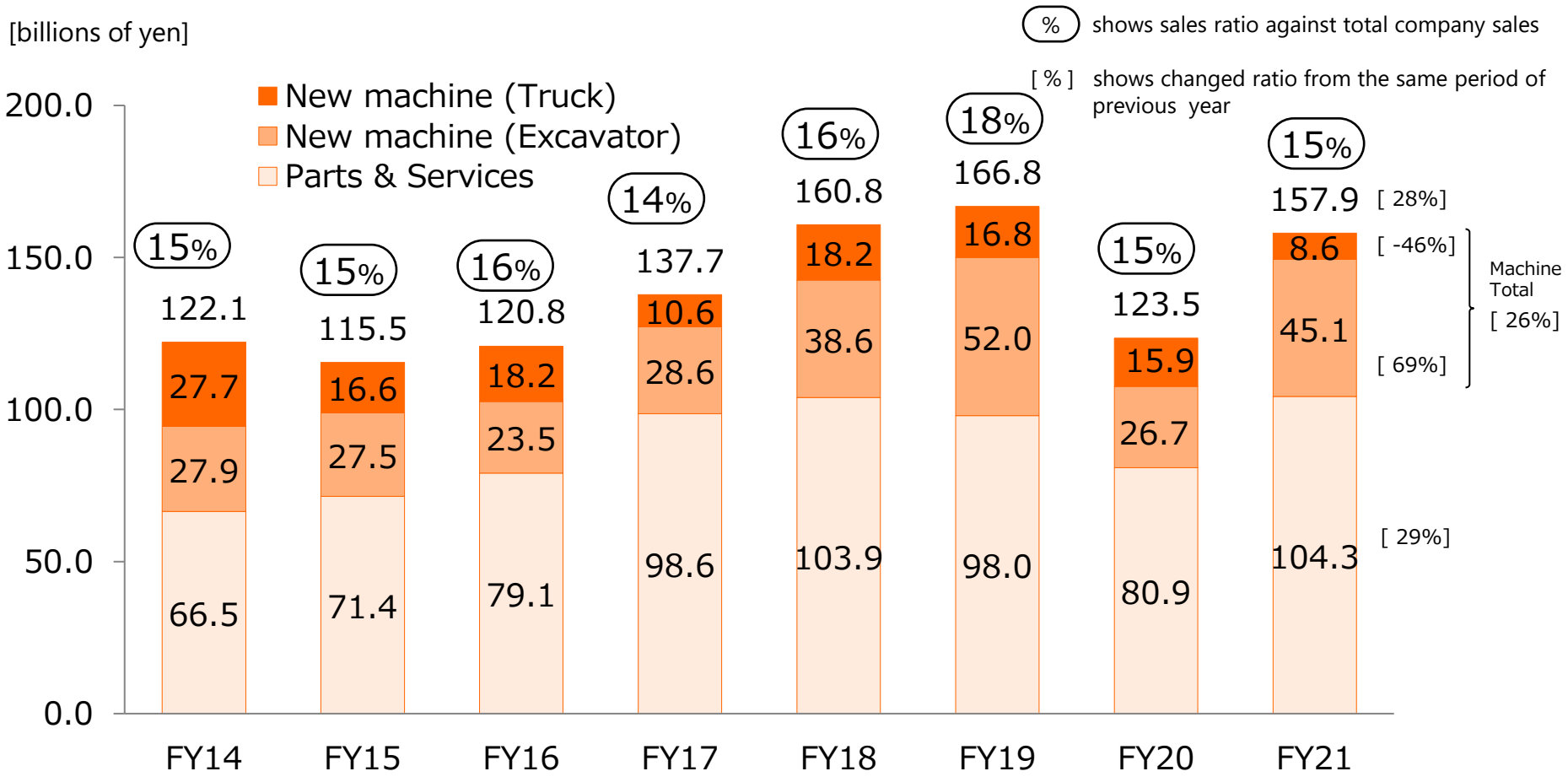
Revenue of mining increased by 28% to 157.9 billion yen y/y due to strong demand for mining excavators, increased sales volume in parts and service, and the impact of the depreciation of the yen.



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Value chain[*1] revenue

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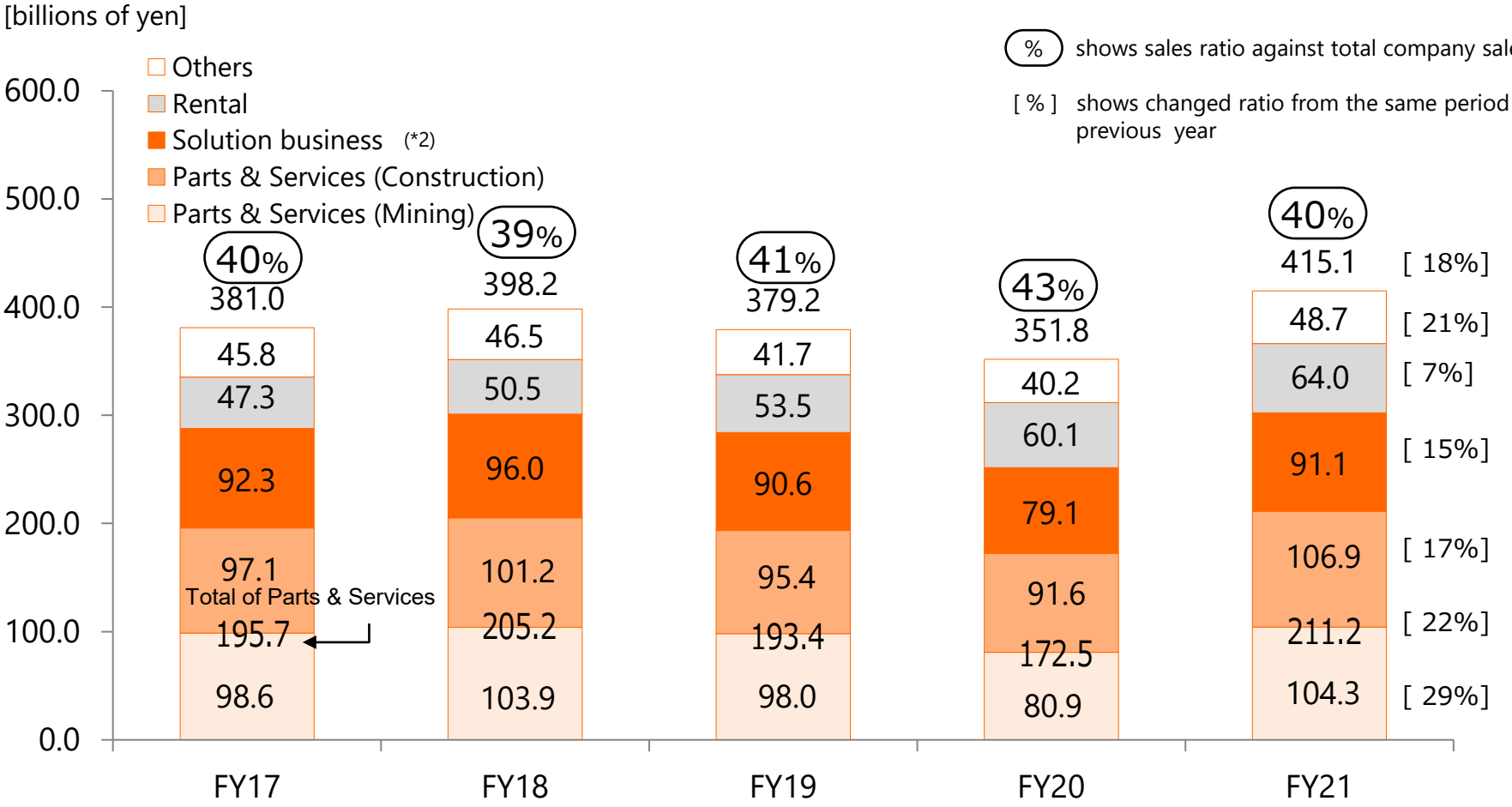
Revenue of the value chain business increased by 18% to 415.1 billion yen y/y due to increased volume in all segments and the impact of the depreciation of the yen.



(*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.

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Comparison of consolidated income

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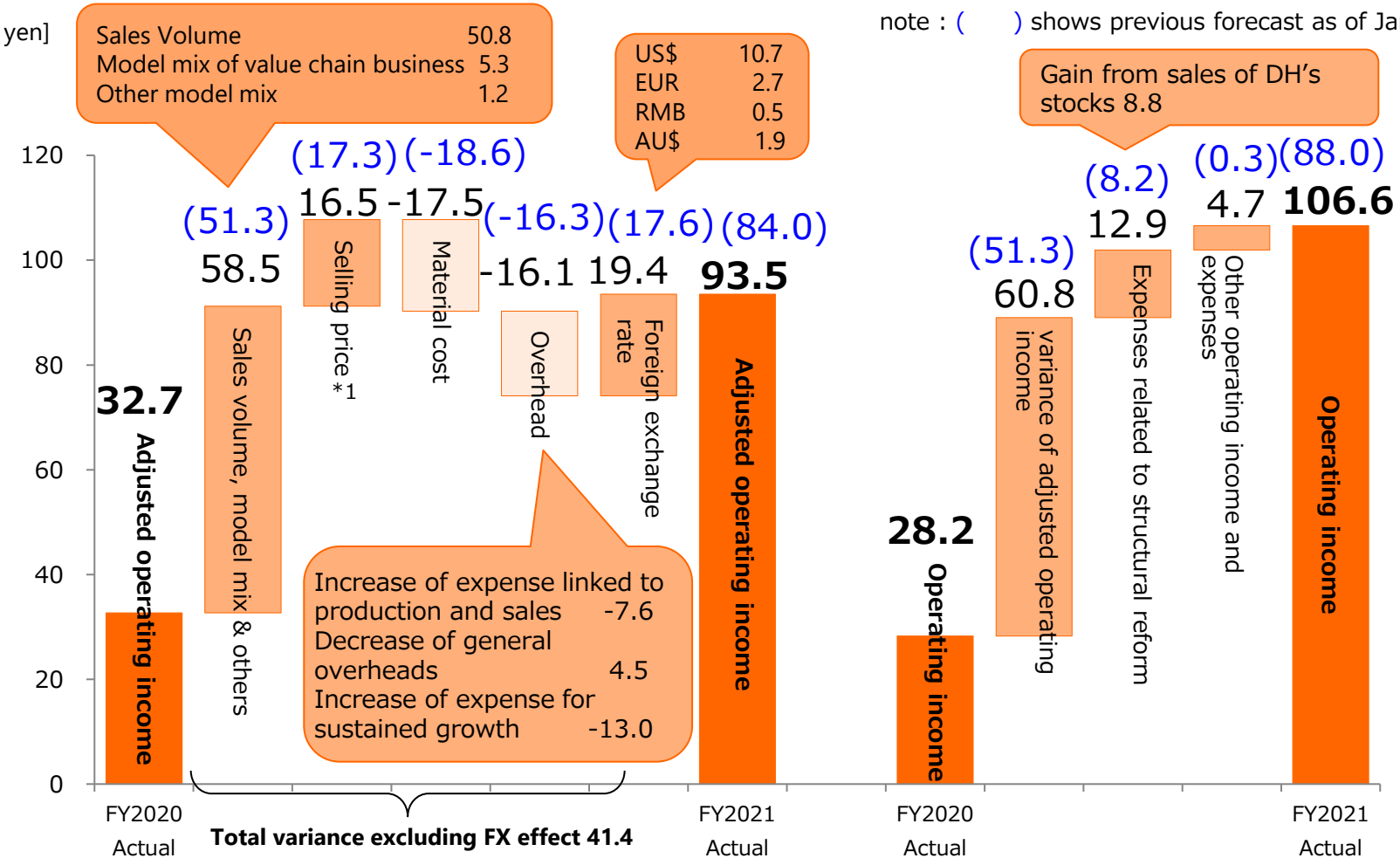
Adjusted operating income increased by 60.8 billion yen y/y due to the impact of the increased sales volume and model mix, a price increase, price adjustment in North, Central & South America, and the impact of the depreciation of the yen.

[billions of yen]

note : ( ) shows previous forecast as of January 2022



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

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Consolidated statement of income

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Net income attributable to owners of the parent increased by 65.5 billion yen to 75.8 billion yen y/y.

[billions of yen]

	FY2021 Actual		FY2020 Actual		change	
					amount	%
Revenue		1,025.0		813.3	211.6	26%
Cost of Sales	(72.7%)	745.0	(76.2%)	620.0	125.0	20%
SGA expenses	(18.2%)	186.5	(19.8%)	160.6	25.8	16%
Adjusted operating income *1	(9.1%)	93.5	(4.0%)	32.7	60.8	186%
Other Income/expenses		13.1		-4.5	17.5	-
Operating income	(10.4%)	106.6	(3.5%)	28.2	78.4	278%
Financial income/expenses		-1.9		-4.1	2.1	-52%
Share of profits of investments accounted for using the equity method		6.2		1.4	4.8	336%
Income before income taxes	(10.8%)	110.9	(3.1%)	25.6	85.3	333%
Income taxes		31.0		11.0	20.1	183%
Net income	(7.8%)	79.9	(1.8%)	14.6	65.2	446%
Net income attributable to owners of the parent	(7.4%)	75.8	(1.3%)	10.3	65.5	633%

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

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Summary of quarterly consolidated revenue and operating income (ratio)

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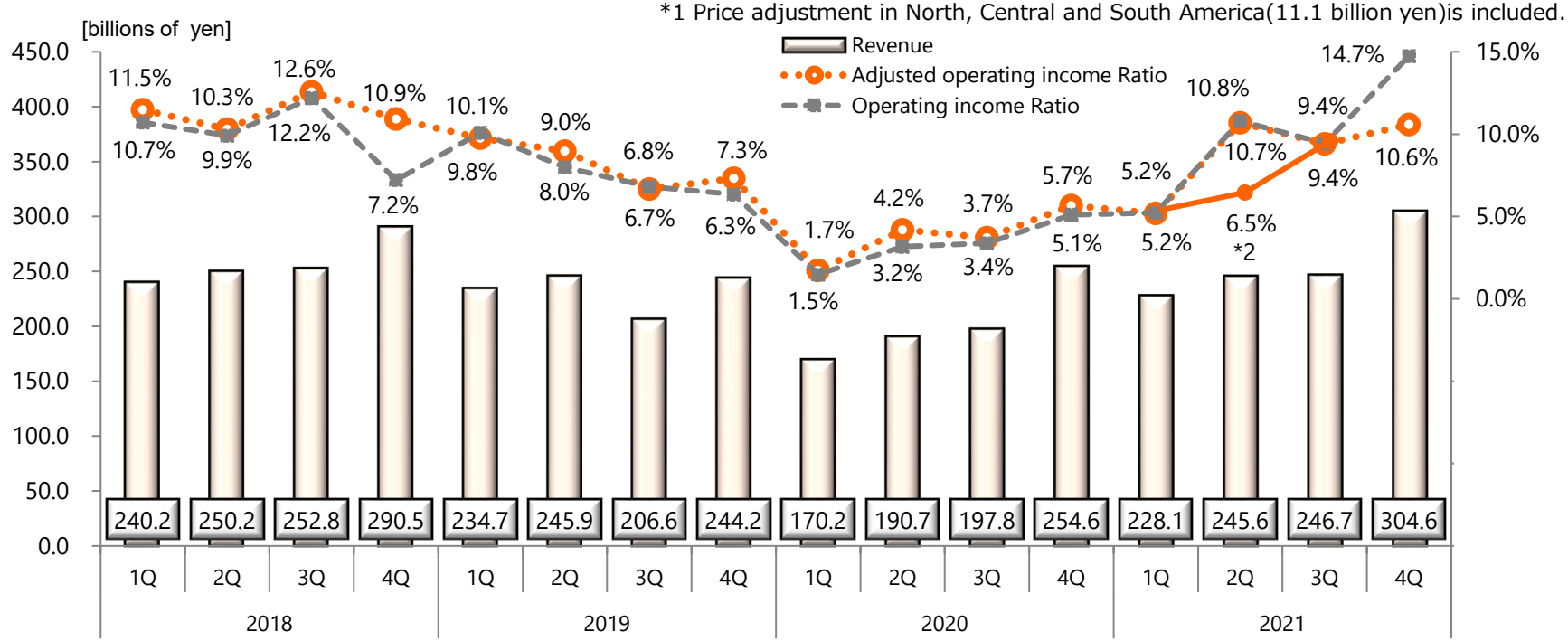
[billions of yen]

	2018				2019				2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q
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	246.7	304.6
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	23.2	32.2
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	23.3	44.9

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



*2 Price adjustment in North, Central and South America(11.1 billion yen)is excepted.

FX rate	2018				2019				2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Rate (YEN/US$)	109.1	111.5	112.9	110.2	109.9	107.4	108.8	108.9	107.6	106.2	104.5	105.9	109.5	110.1	113.7	116.2
Rate (YEN/EURO)	130.1	129.6	128.8	125.2	123.5	119.3	120.3	120.1	118.5	124.1	124.5	127.7	132.0	129.8	130.1	130.4
Rate (YEN/RMB)	17.1	16.4	16.3	16.3	16.1	15.3	15.5	15.6	15.2	15.4	15.8	16.4	17.0	17.0	17.8	18.3
Rate (YEN/AU$)	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	82.9	84.0

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Consolidated statement of financial position

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Total assets increased by 189.7 billion yen y/y due to an increase in inventories and trade receivables and property, plant and equipment.

[billions of yen]

	(A) Mar '2022	(B) Mar '2021	(A)-(B) change
Cash and cash equivalents	94.3	80.3	13.9
Trade receivables	266.3	211.2	55.0
Inventories	368.3	297.8	70.5
Total current assets	764.4	617.2	147.2
Total non-current assets	645.2	602.7	42.5
Total assets	1,409.6	1,219.9	189.7
Trade receivables incl. non-current	309.0	252.7	56.4
Inventories by products			
Unit	108.9	77.3	31.6
Parts	132.6	102.3	30.4
Raw materials, WIP and etc	126.8	118.2	8.5
Total inventories	368.3	297.8	70.5
On hand days(divided by revenue)			(Days)
Trade receivables	110	113	-3
Inventories	131	134	-3
Trade payables	51	49	2
Net working capital	186	194	-8

	(D) Mar '2022	(E) Mar '2021	(D)-(E) change
Trade and other payables	252.2	199.2	53.0
Bonds and borrowings	353.1	329.5	23.6
Total liabilities	741.6	651.3	90.3
(Equity attributable to owners of the parent ratio)	(43.4%)	(42.1%)	(1.3%)
Total equity	667.9	568.6	99.4
Total liabilities and equity	1,409.6	1,219.9	189.7
	(25.1%)	(27.0%)	(-2.0%)
Interest-bearing debt	353.1	329.5	23.6
Cash and Cash equivalents	94.3	80.3	13.9
	(18.4%)	(20.4%)	(-2.1%)
Net interest-bearing debt	258.9	249.2	9.7
Net D/E Ratio	0.42	0.49	-0.06

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Consolidated cash flow

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Free cash flows is positive at 32.5 billion yen.

[billions of yen]

	FY2021 Actual		FY2020 Actual		change	
Net income		79.9		14.6		65.2
Depreciation and amortization	135.3	55.5	64.8	50.2	70.5	5.3
(Increase)decrease in trade/lease receivables		-31.6		23.3		-54.9
(Increase)decrease in inventories	-64.6	-48.2	29.6	25.5	-94.2	-73.7
Increase(decrease) in trade payables		15.1		-19.2		34.3
Others, net		-31.4		-3.0		-28.4
Net cash provided by (used in) operating activities		39.3		91.3		-52.0
Cash flow margin for operating activities		3.8%		11.2%		-7.4%
Net cash provided by (used in) investing activities		-6.9		-32.3		25.4
Free cash flows		32.5		59.1		-26.6
Net cash provided by (used in) financing activities		-25.6		-46.0		20.4

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Summary of consolidated earnings forecast

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Although the consolidated income statement for FY2022 is expected to have a depreciation of the yen at the expected exchange rate of 10.5 billion yen, sales are expected to decrease by 65.0 billion yen y/y, mainly incorporating Russian risks.

[billions of yen]

	FY2022 Forecast	FY2021 Actual	change amount	change %
Revenue	960.0	1,025.0	-65.0	-6%
Adjusted operating income	(8.3%) 80.0	(9.1%) 93.5	(-0.8%) -13.5	-14%
Operating income	(7.9%) 76.0	(10.4%) 106.6	(-2.5%) -30.6	-29%
Income before income taxes	(7.7%) 74.0	(10.8%) 110.9	(-3.1%) -36.9	-33%
Net income attributable to owners of the parent	(4.7%) 45.0	(7.4%) 75.8	(-2.7%) -30.8	-41%
EBIT	76.8	114.0	-37.2	

Currency	FY2022 Forecast	FY2021 Actual	change
Rate (YEN/US$)	120.0	112.6	7.4
Rate (YEN/EURO)	130.0	130.6	-0.6
Rate (YEN/RMB)	19.0	17.5	1.5
Rate (YEN/AU$)	80.0	83.0	-3.0
Cash dividend per share (yen) *1	to be determined	110	-

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.

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Consolidated revenue forecast by geographic region

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Consolidated revenue for FY2022 is expected to decrease significantly in Russia/CIS and China.

(billions of yen)

	FY2022 Forecast		FY2021 Actual		change	
					amount	%
Japan	202.0	21%	216.9	21%	-14.9	-7%
Asia	89.5	9%	86.4	8%	3.1	4%
India	52.5	5%	57.2	6%	-4.7	-8%
Oceania	162.9	17%	167.7	16%	-4.7	-3%
Europe	115.3	12%	124.2	12%	-8.9	-7%
N.America	208.8	22%	196.4	19%	12.4	6%
L.America	23.8	2%	22.7	2%	1.0	5%
Russia-CIS	13.6	1%	38.6	4%	-25.0	-65%
M.East	17.8	2%	19.2	2%	-1.4	-7%
Africa	41.4	4%	43.5	4%	-2.0	-5%
China	32.4	3%	52.1	5%	-19.7	-38%
Total	960.0	100%	1,025.0	100%	-65.0	-6%
Overseas ratio	79%		79%			

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Mining revenue forecast

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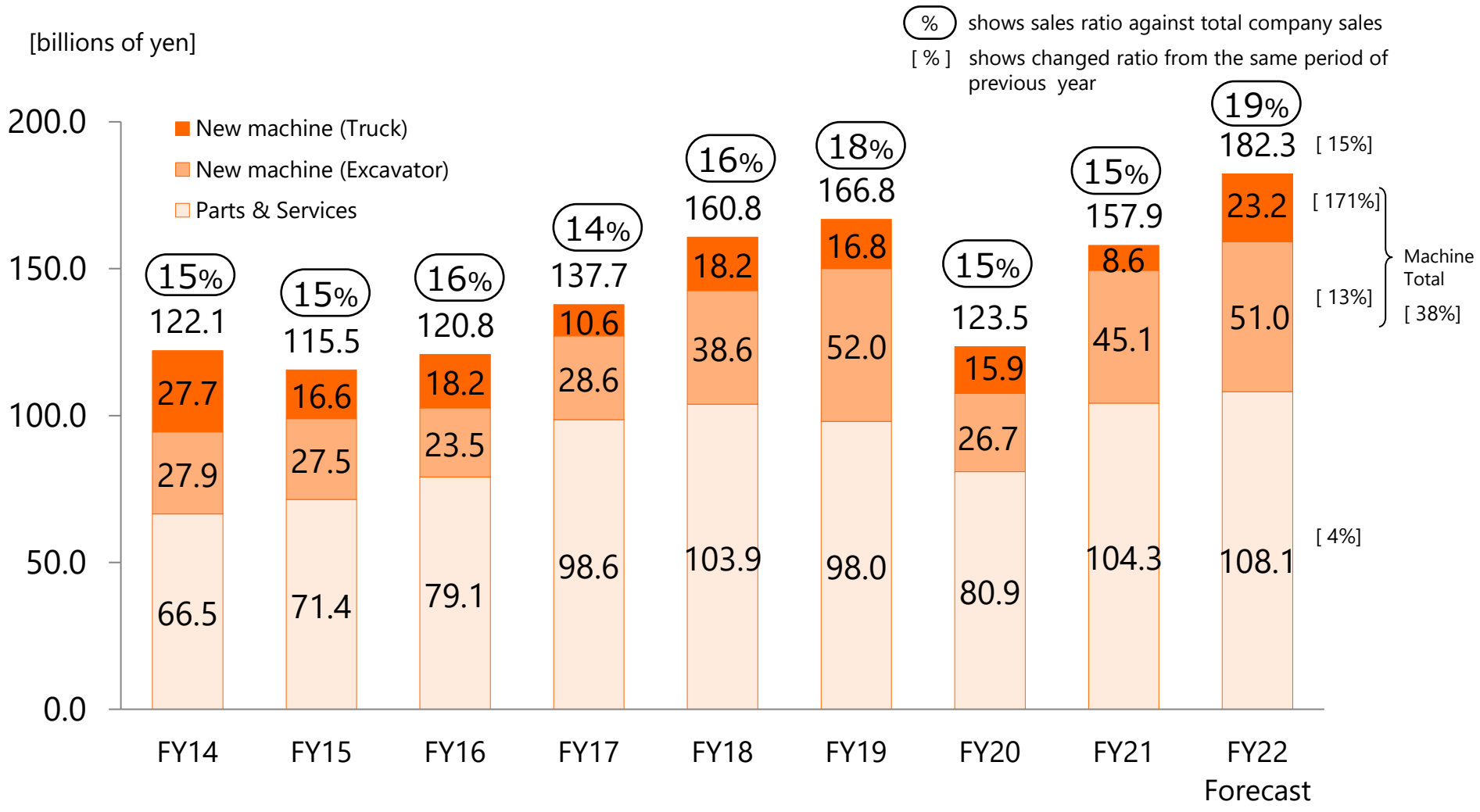
Revenue of mining in FY2022 is expected to increase by 15% to 182.3 billion yen y/y.



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Value chain*1 revenue forecast

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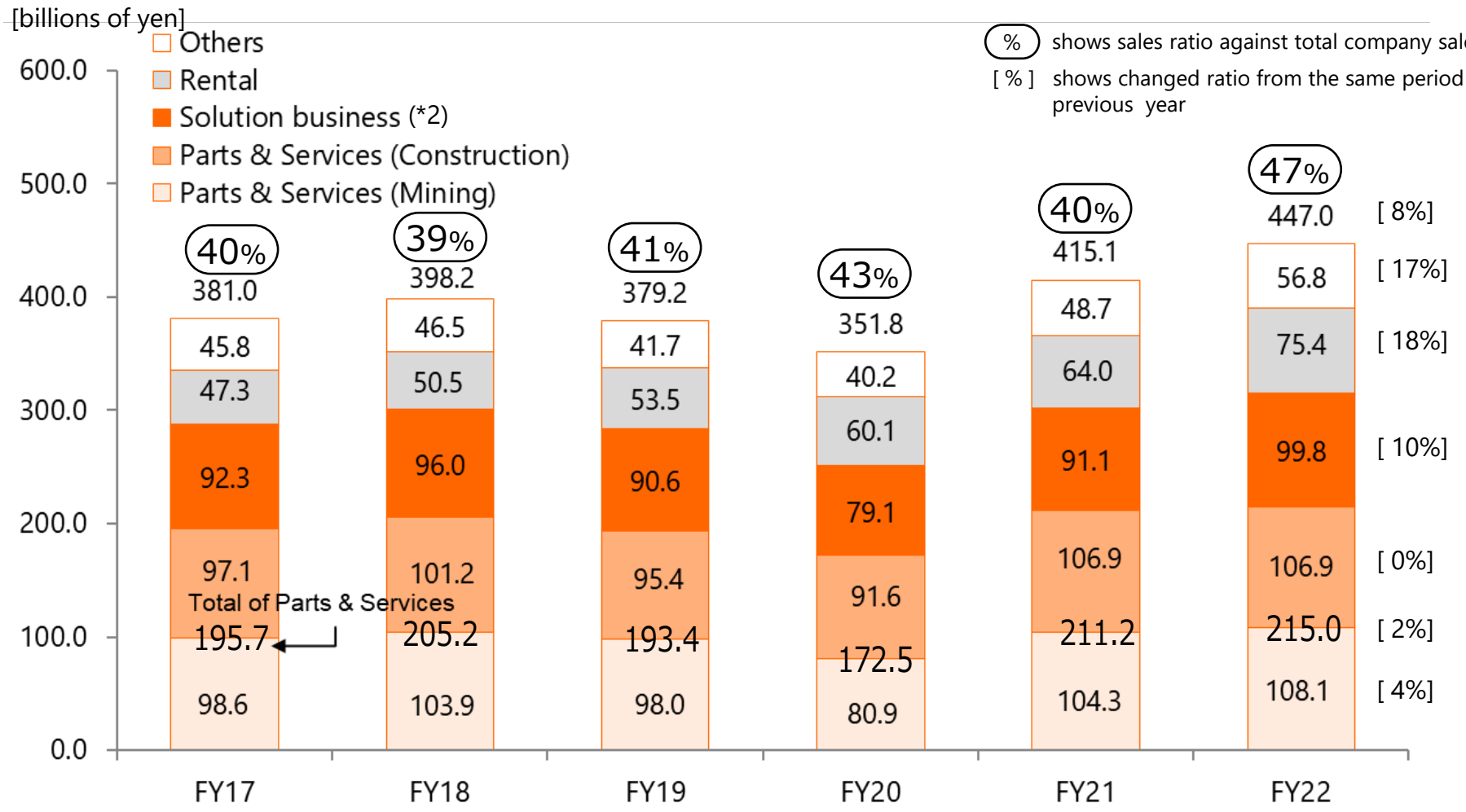
Revenue of the value chain in FY2022 is expected to increase by 8% to 447.0 billion yen y/y.



(*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.

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Comparison of consolidated income forecast

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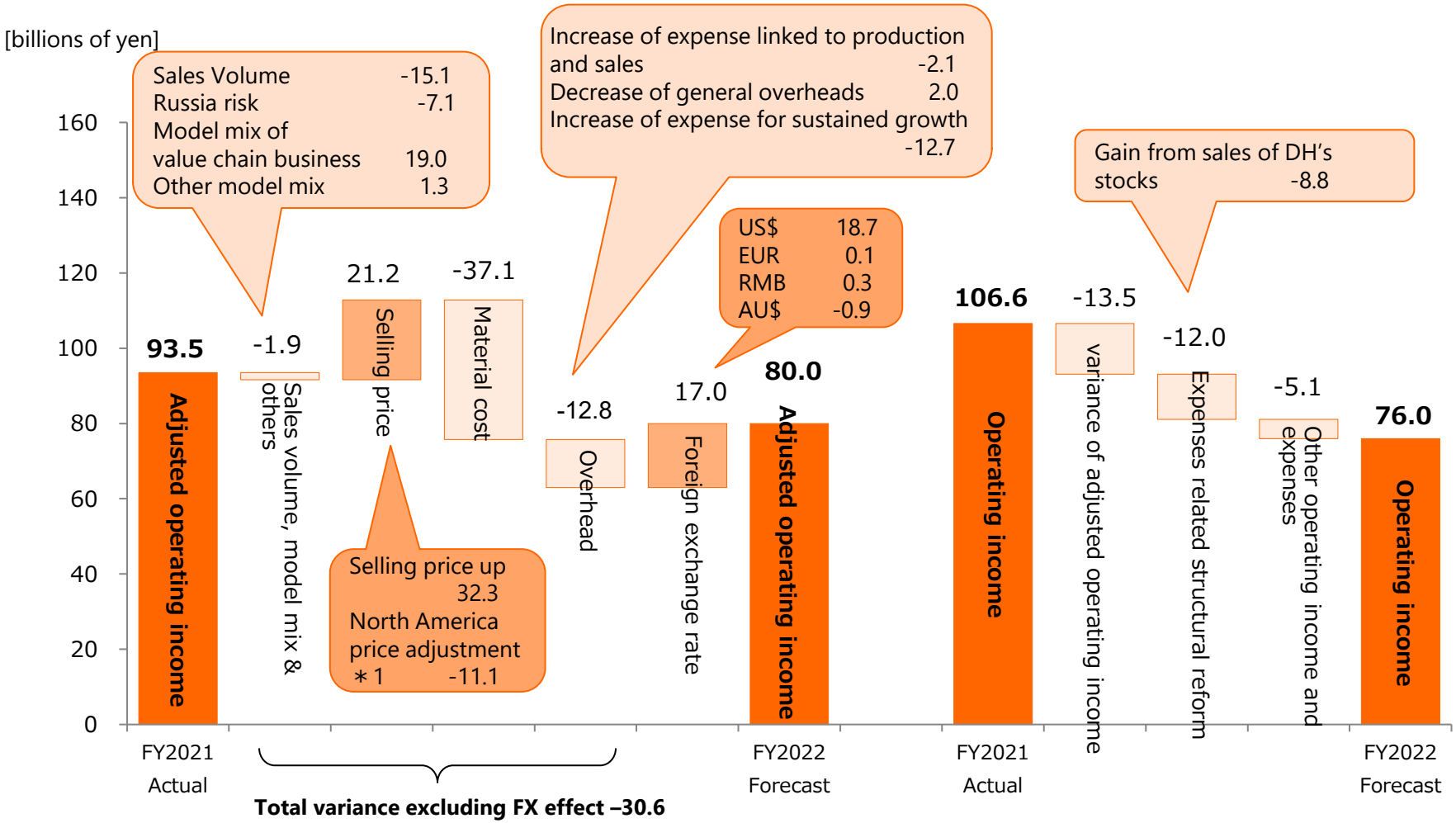
Adjusted operating income for FY2022 is expected to decrease by 13.5 billion yen y/y due to increasing material costs and Russian risks.



*1 Temporary price adjustment between HCM and John Deere does not occur in FY2022.

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Appendix 1: FX rate and FX sensitivity

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The forecast exchange rate for FY2022 was set within the expected fluctuation range for each currency.

FX rate and FX sensitivity

[billions of yen]

Currency	FX rate		FX sensitivity (1Q-4Q)		
	FY22 Forecast	FY21 Actual	Condition	Revenue	Adjusted operating income
US$	120.0	112.6	Impact by 1 yen depreciation	2.5	2.2
EURO	130.0	130.6	Impact by 1 yen depreciation	0.8	0.6
RMB	19.0	17.5	Impact by 0.1 yen depreciation	0.2	0.1
AU$	80.0	83.0	Impact by 1 yen depreciation	2.3	0.3

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Appendix 2: Detail of mining revenue

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(billions of yen)

		FY20 Actual(A)	FY21 Actual(B)	Change (B)-(A)	FY22 Forecast(C)	Change (C)-(B)
America	Excavator	10.6	9.4	-1.1	20.4	10.9
	Dump Truck	2.1	2.6	0.5	5.1	2.5
	Total	12.7	12.0	-0.6	25.5	13.4
Europe, Africa and Middle East	Excavator	15.3	27.5	12.1	25.9	-1.5
	Dump Truck	12.2	17.8	5.6	21.2	3.4
	Total	27.6	45.3	17.7	47.1	1.8
Asia & Oceania	Excavator	49.6	75.6	26.0	78.7	3.1
	Dump Truck	30.8	23.1	-7.8	29.7	6.6
	Total	80.5	98.7	18.2	108.4	9.7
China	Excavator	0.7	0.6	-0.1	0.7	0.1
	Dump Truck	0.1	0.1	0.0	0.1	0.0
	Total	0.8	0.7	-0.1	0.8	0.2
Japan	Excavator	1.6	1.3	-0.3	0.5	-0.8
	Dump Truck	0.4	0.0	-0.4	0.0	-0.0
	Total	2.0	1.3	-0.7	0.5	-0.8
Total	Excavator	77.9	114.4	36.5	126.2	11.9
	Dump Truck	45.6	43.6	-2.0	56.1	12.5
	Total	123.5	157.9	34.5	182.3	24.4

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Appendix 3: Segment information

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The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 1.1 billion yen are included in FY2021, and another 1.1 billion yen are included in the forecast for FY2022.

[billions of yen]

FY2021 Actual	Reportable segment				Adjustments *1	Total	
	Construction Machinery Business		Solution Business				
Revenue		933.9		94.8	-3.7		1,025.0
Adjusted operating income	9.2%	85.9	8.0%	7.6	-	9.1%	93.5

[billions of yen]

FY2022 Forecast	Reportable segment				Adjustments *1	Total	
	Construction Machinery Business		Solution Business				
Revenue		860.2		99.8	-		960.0
Adjusted operating income	8.1%	70.0	10.0%	10.0	-	8.3%	80.0

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

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

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Capital investment in FY2022 is specialized in recognizing new buildings in domestic factories and expanding the rental business.

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

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Capital Expenditure	30.4	47.2	34.7	45.3	78.6
Assets held for operating lease	27.2	36.9	38.6	44.3	56.2
Total	57.6	84.1	73.4	89.6	134.8

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

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Capital Expenditure	26.8	34.2	35.3	37.6	40.6
Assets held for operating lease	10.1	12.0	14.9	17.9	22.2
Total	37.0	46.1	50.2	55.5	62.8

3. R&D expenses [billion of yen]

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Total of consolidation	24.8	23.7	24.8	25.5	30.6

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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.

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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.

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