

**Explanatory Meeting
for Business Results for the Fourth Quarter ended March 31, 2021
and Medium-term Management Plan**

April 27, 2021

Kotaro Hirano

Executive Officer, President & CEO

Keiichiro Shiojima

Executive Officer, CFO

Hidehiko Matsui

Executive Officer, President, Marketing Div.

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

1. Regional Market Environments and Projections

Hidehiko Matsui

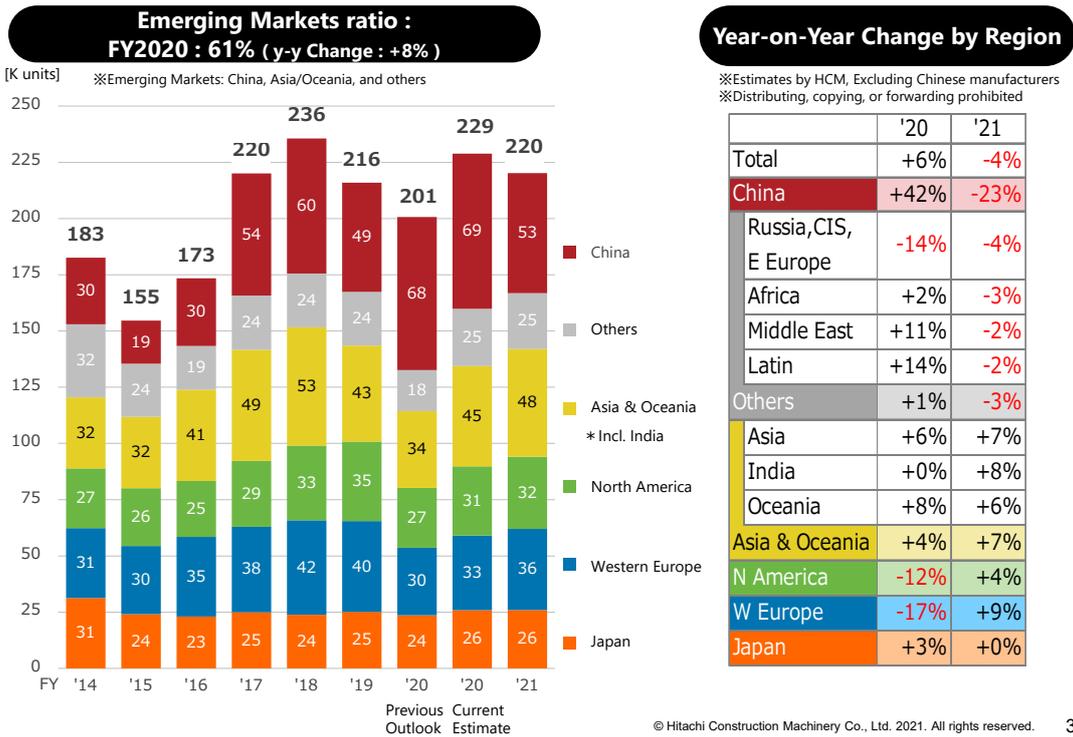
Executive Officer, President, Marketing Div.

The market environment and outlook by region explained by Hidehiko Matsui, Executive Officer, President, Marketing Division.

Global Demand Trend for Hydraulic Excavators

HITACHI

Reliable solutions



Demand for hydraulic excavators in FY2020 is estimated to increase by 28,000 units to 229,000 units, including our estimates, compared to the previous forecast of 201,000 units, an increase of 6% year-on-year.

The demand trend for hydraulic excavators by region is shown above.

Demand for hydraulic excavators in FY2020 increased in all regions from the previous third-quarter report, due in part to the recovery from COVID-19 and the effects of economic stimulus measures in each country. In the cumulative fiscal year, the year-on-year growth rate is positive in all regions except North America, Western Europe, and Russia.

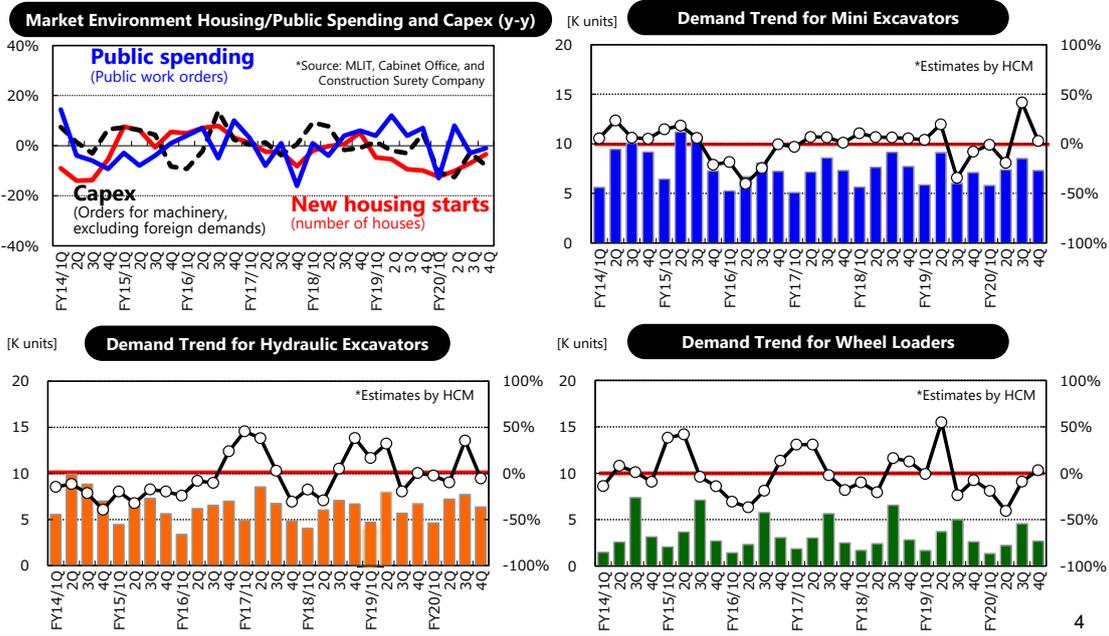
Demand in North America, Western Europe, and Russia, where we had anticipated a negative outlook, has been also showing a significant improvement recently.

The demand forecast for FY2021 is expected to remain solid as demand continues to recover in developed countries such as North America and Western Europe, as well as in Asia, India, and Oceania.

On the other hand, the demand forecast for FY2021 in China is expected to decrease by 4% year-on-year, partly due to a reaction to the sharp increase in demand for FY2020 in China.

The total global demand forecast for FY2021, excluding China, is expected to be 4% higher than the previous year.

■ Housing investment and capital investment continued decreasing y-y. Public investment stayed flat.
 ■ Demand for Hydraulic excavators and Mini excavators slightly increased: Hydraulic excavators -5% (YTD +3%), Mini excavators +3%, Wheel loaders +3% y-y, respectively.



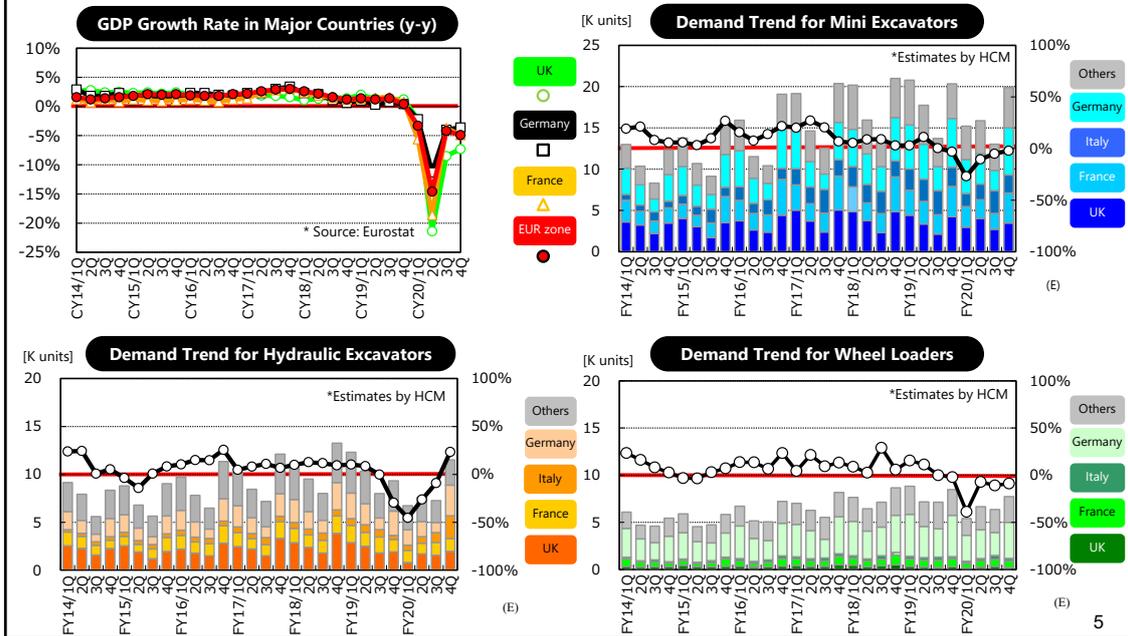
As you see from the graph on the top left , housing investment and capital investment for the fourth quarter in Japan decreased year on year; however, the pace of decline for housing investment has been shrinking.

In addition, public investment has remained flat.

Demand for hydraulic excavators in the fourth quarter was a negative 5% year-on-year in the lower left graph, while sales of mini excavators and wheel loaders in the lower right graph showed a slight increase of 3%.

Demand for hydraulic excavators for the full year of FY2020 had no negative impact of COVID-19 and increased slightly by 3% year on year.

■ Throughout the Eurozone, GDP growth rate stayed flat from the previous quarter, still negative growth y-y.
 ■ Demand : Hydraulic excavators +23% (YTD -17%), Mini excavators -2%, Wheel loaders -9% y-y, respectively.

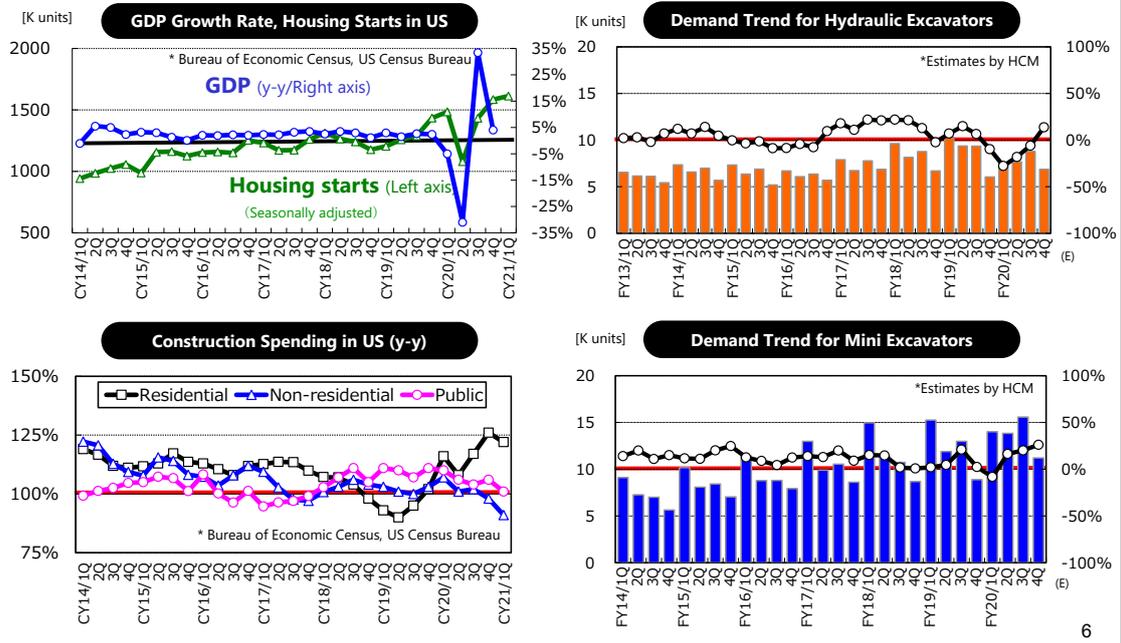


In the fourth quarter of CY2020, the Eurozone GDP growth rate continued to be negative year-on-year.

By country, although the pace of decline of GDP growth rates in the U.K. and Germany shrank, GDP growth rates in France, Italy, and other countries worsened year on year.

In 4Q of FY2020, demand for hydraulic excavators and mini excavators improved to +23% and -2% respectively year on year, continuing to recover from the impact of COVID-19.

- Housing starts increased. Construction investment increased in Residential, stayed flat in public work.
- Demand increased: Hydraulic excavators +14% (YTD -12%), Mini excavators +26% y-y, respectively.



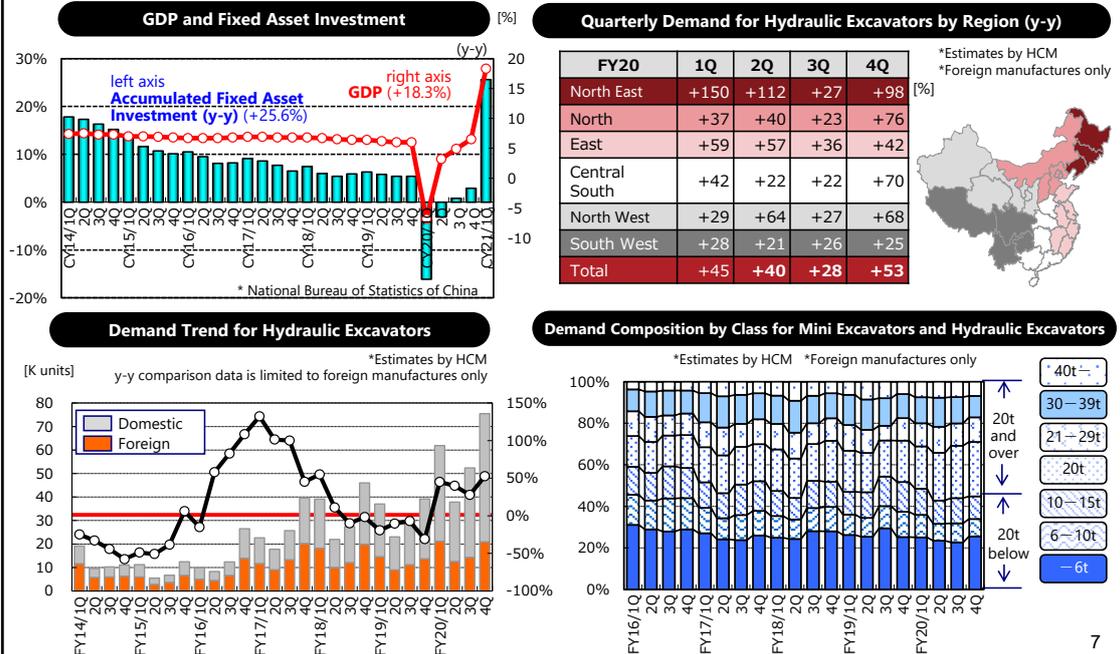
The graph on the top left shows that the number of housing starts continued to increase year on year, and the pace of growth became more rapid.

The graph in the lower left-hand corner shows construction spending in U.S. in which residential continued to increase year-on-year, public works remained flat, and non-residential declined.

Demand for hydraulic excavators in the fourth quarter of FY2020 turned positive, rising 14% year on year in the upper right graph.

Demand for mini excavators continued to be solid, rising 26% in the lower right graph. Demand remained at a high level in line with the increase in housing starts.

- The GDP growth rate was +18.3%.
- Demand for hydraulic excavators in China kept increased. +53% y-y (YTD +42%), Foreign manufactures only.



GDP growth rate was 18.3% year on year in the January-March period in CY2021.

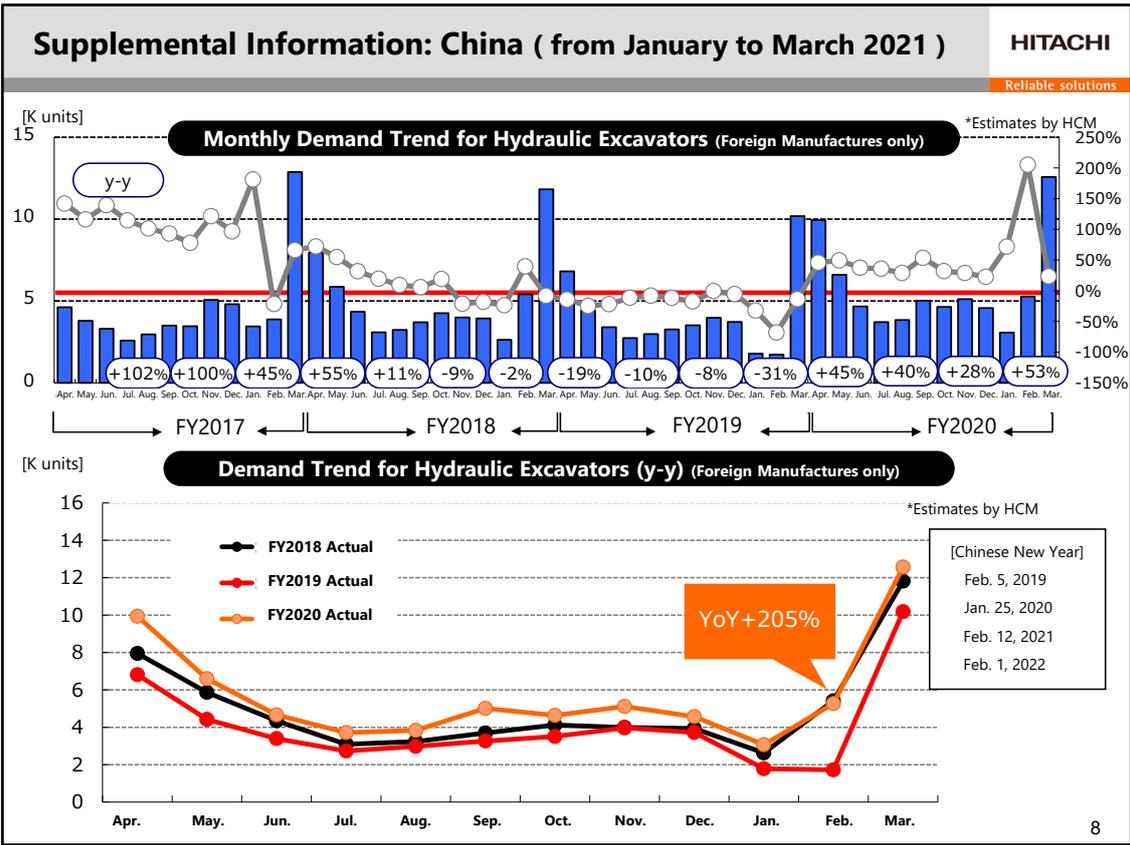
Fixed asset investment increased 25.6% year on year in the fourth quarter of CY2021, significantly recovering from the same period of the previous fiscal year, which had a significant negative impact of COVID-19.

Demand for hydraulic excavators remained at a high level, with a year-on-year increase of 93% in total demand, including Chinese manufacturers, in the fourth quarter of FY2020.

Demand for Chinese manufacturers increased by 114% and demand for non-Chinese manufacturers increased by 53% in the fourth quarter of FY2020.

In addition, in the trend of demand by region on the upper right, all regions showed a positive growth rate.

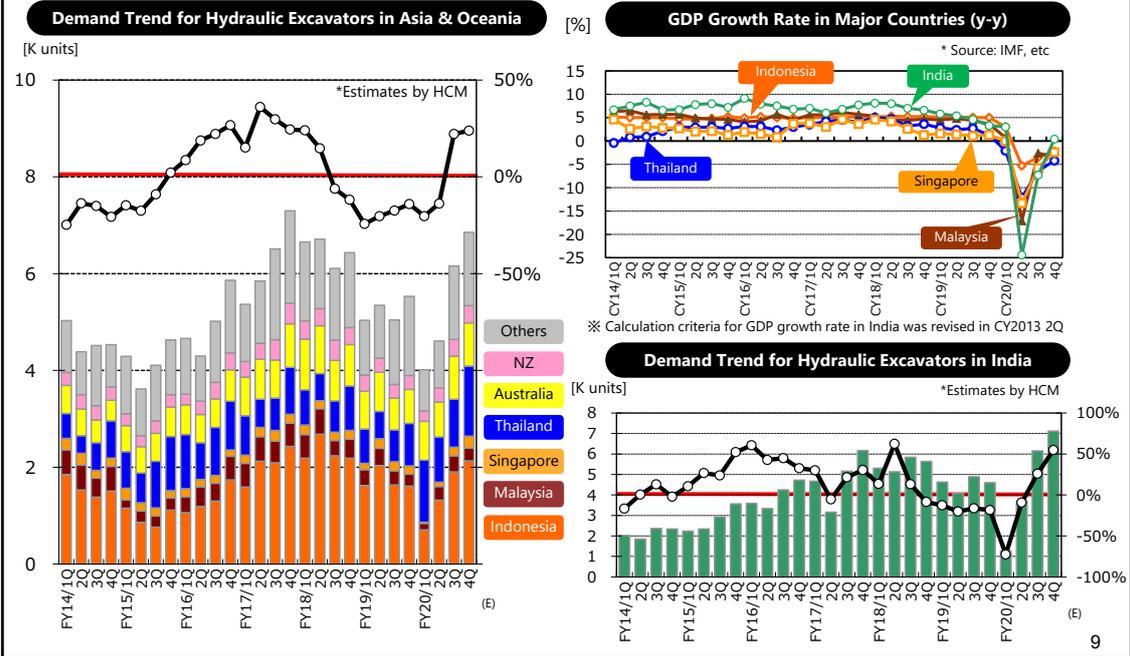
Please refer to the lower right graph showing the materials for the demand composition by class for mini excavators and hydraulic excavators.



Demand for hydraulic excavators by month by non-Chinese manufacturers in the top graph showed a significant 53% year-on-year increase in the fourth quarter of FY2020, partly due to a significant drop in January and February last year, which had a significant impact of COVID-19.

Since March last year, demand has remained at a high level, and, in February 2021 after the holiday of Chinese New Year, it increased significantly by 205% year on year.

- Demand for hydraulic excavators increased overall in the Asia Pacific region, +24% y-y (YTD +3%)
- Demand for hydraulic excavators in India was +55% y-y (YTD +0%)



The GDP growth rate of the major countries in the upper right graph shows that India turned positive year-on-year, and that the pace of decline has shrunk in other countries in Southeast Asia.

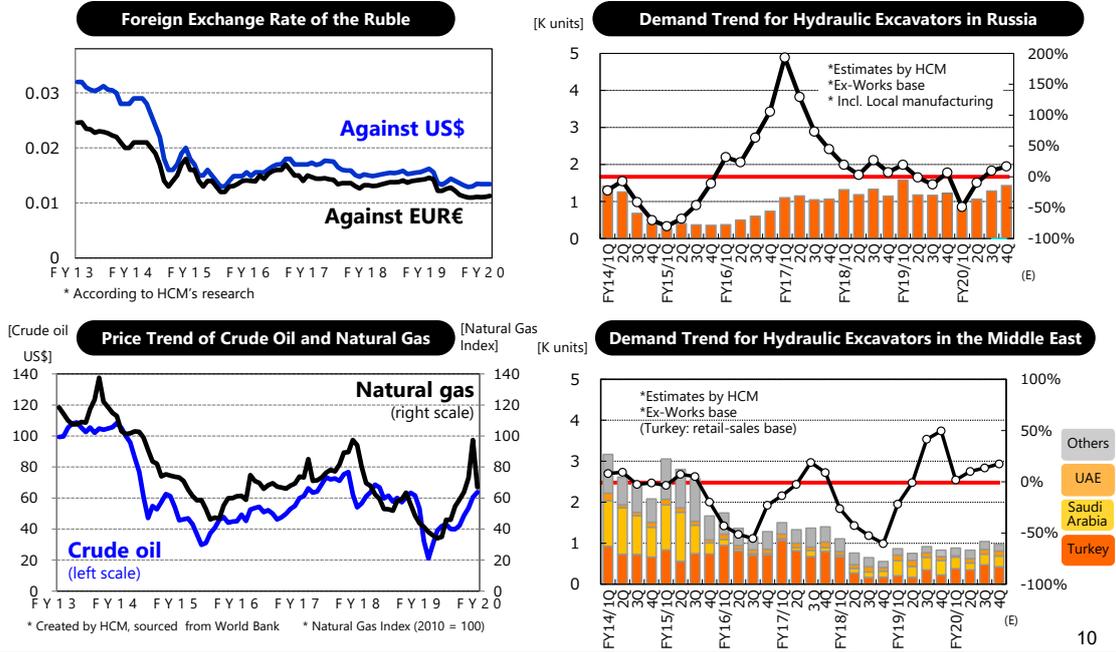
Demand for hydraulic excavators in the left-hand graph and demand in Asia and Oceania in the fourth quarter of FY2020 is estimated to increase 24% year-on-year.

Growth in demand for hydraulic excavators was also seen in Australia and New Zealand due to increased infrastructure investment in the region.

In Southeast Asia, demand for hydraulic excavators in Thailand remained steady due in part to the government's economic-stimulus measures against COVID-19 impact. Demand for hydraulic excavators in Indonesia also recovered in the agriculture and forestry sectors in line with business recovery in those sectors owing to rising resource prices and palm oil prices.

Demand for hydraulic excavators in India, shown in the graph on the lower right, continues to expand thanks to the success of economic-stimulus measures to spend public investment.

- Demand for hydraulic excavators in Russia was +17% y-y (YTD -11%)
- Demand for hydraulic excavators in the Middle East was +17% y-y (YTD +11%)



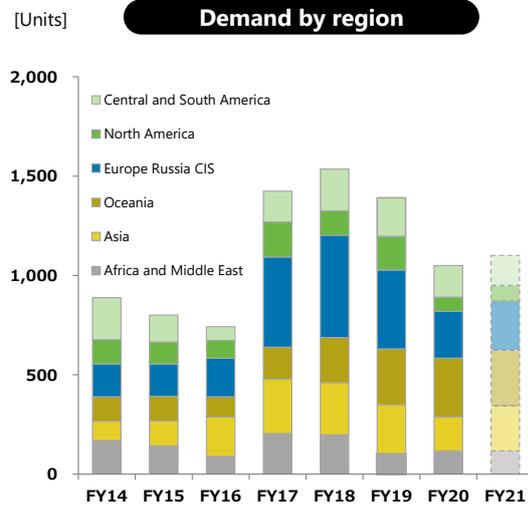
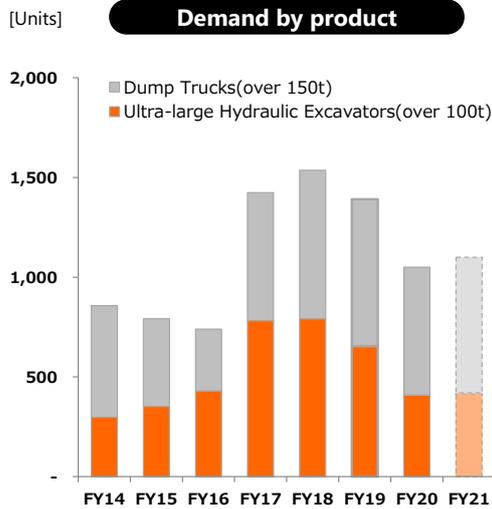
Demand for hydraulic excavators in Russia in the upper right graph for the fourth quarter of FY2020 increased by 17% year on year.

The market remained steady due in part to a rebound in resource prices, the bottoming out of the weak Russian ruble, and expectations for the start of COVID-19 vaccinations in the country.

Demand for hydraulic excavators in the right bottom graph in the Middle East rose 17% year on year in the fourth quarter of FY2020 because of steady recovery in the Turkish market and boosting demand in the entire Middle East.

- Demand forecast for mining machinery in FY2020 decreased at -25% y-y.
- Demand forecast for mining machinery in FY2021 is expected to increase +5% y-y.

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



※ According to HCM's research

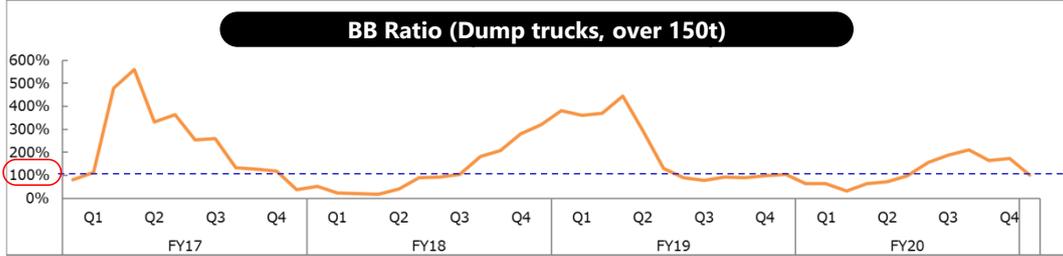
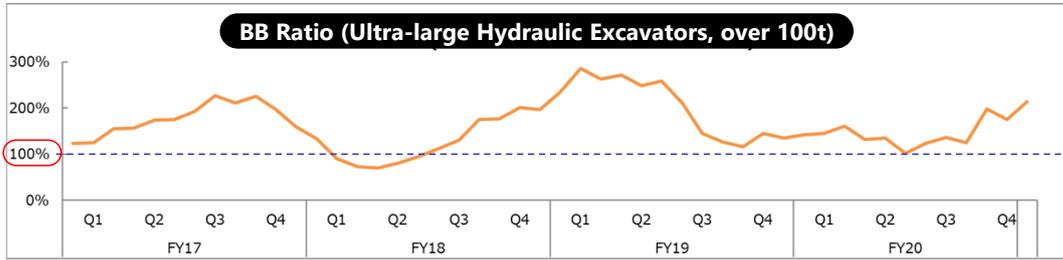
© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 11

Demand for ultra-large hydraulic excavators remained sluggish throughout FY2020, but demand for dump trucks showed signs of recovery in some areas in the second half of the fiscal year. Overall demand for mining machinery is estimated to decline by 25% year on year.

By type of mineral, demand from coal mines is still sluggish, while demand from hard rock mines is solid. Hard rocks mean such as iron ore, copper, and gold.

By region, demand for mining machinery in Australia remained solid, while demand in Russia, the CIS, and South America showed a recovery trend.

Demand from mining in FY2021 is expected to recover gradually from the second half of the fiscal year, and is expected to rise 5% year on year.



* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment)
 Non-consolidated basis (average of 6 months)

Strong hard rock prices and a sense of expectation of recovery from COVID-19 impact on the global economy have led to an increase in orders from customers, local sales companies, and distributors, securing a BB ratio at more than 100% in ultra-large hydraulic excavators and dump trucks.

Signed a MoU with ABB to collaborate to target net-zero emissions from mining machinery

Signed: March 2021

- Applying **ABB’s electrification, automation and digital solutions** to mining machinery
- Providing solutions that **streamline and optimize overall mining operations**



Rigid dump truck on trolley line



Investment in Australian Startup Baraja to accelerate development for autonomous operation

Invested: March 2021

- Accelerating the **development of LiDAR products with mine site specifications and strengthening local support.**
- Applying the **improvement of AHS and autonomous operation of ultra-large hydraulic excavators.**



Images captured by LiDAR



* LiDAR is an abbreviation for Light Detection And Ranging. This technology detects the shape of an object and the distance to the object by irradiating the object with a laser beam and capturing the reflected light with a sensor.

In recent years, the trend toward automated, autonomous, and electrified mining machinery has accelerated at mine sites, and there is a growing need for streamlining and optimization of overall mining operations. Against this backdrop, we are accelerating the development of solutions through open innovation. I would like to introduce two of our most recent initiatives.

First, we signed a MoU with ABB, a leading global major company.

We will apply ABB’s electrification, automation and digital solutions to our mining machinery and

provide solutions to target net-zero emissions.

Second, we invested in Australian Startup Baraja.

We will use Baraja's Spectrum-Scan™ , a must-have technology providing better autonomous operation and

accelerate the development of the improvement of AHS and autonomous operation of ultra-large hydraulic excavators.

Second parts remanufacturing base to be established in Indonesia

Start of operations : June 2021



- **Parts remanufacturing base for medium to large-sized hydraulic excavators**
(First location: Mainly for mining products)
- **Established a network** for parts collection, remanufacturing and supply in **Southeast Asia**, which also **reduces cost and lead time** of remanufactured parts.
- Contributing to **job creation, waste reduction, and realization of a resource-circulating society.**
- Strengthen parts and service business in Southeast Asia and expand value chain business.

Providing remanufactured parts at reduced cost and lead time

Development of social infrastructure is active in Southeast Asia

Parts remanufacturing in Indonesia

Example of parts remanufacturing (Hitachinaka Works)

A new parts remanufacturing base for medium to large-sized hydraulic excavators will be established in Indonesia and start operation in June.

We have been remanufacturing used parts, mainly for mining products, and supplying them to Indonesia.

By building supply network for collect, remanufacture, and reuse of parts in the Southeast Asia region with a new base to be established, customers will be able to reduce the cost and lead time for purchasing remanufactured parts.

Through the parts remanufacturing business, we will contribute to the revitalization of communities through job creation, as well as to the realization of circulating society by reducing environmental impact, and we will continue to deepen our value chain business.

Topic 3 :New ICT excavator to be launched this fall

HITACHI

Reliable solutions

New ICT Hydraulic Excavators ZX200X-7 and ZX330X-7 to be Released in Japan this October.

- New machine control **improves control precision and productivity.**
- " Area Control" **improves site safety** by setting the machine operating ranges.
- " Solution Linkage® Work Viewer" allows customers to **check the progress video of their work via smartphone.**



Safety improvement

Decelerate and stop when approaching the boundary

Productivity improvement

Target surface for construction

Improved accuracy of machine control

Managing construction progress

Solution Linkage® Work Viewer

ZX200X-7

CSPI-EXPO 2021
Construction & Survey Productivity improvement Expo
The actual model will be exhibited. Event date: 12-14 May, 2021 in Japan

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 15

Two new ICT hydraulic excavators, the ZX200X-7, and ZX330X-7, will be launched in Japan this October.

These models will support ICT construction at various sites, such as building foundations and civil engineering works, and improve productivity, by further improving machine control accuracy compared to the previous models.

In addition, the newly adopted function "Area control", which allows operator to set the machine operating ranges, will improve safety of narrow spaces and construction sites with obstacles.

"Solution Linkage® Work Viewer" is also available, which allows customers to check video via a smartphone in order to manage the progress of construction.

The actual model of ZX200X-7 will be exhibited at CSPI-EXPO in Japan, an exhibition for improving productivity in construction and surveying, to be held in May.

We look forward to seeing you at the Hitachi Construction Machinery booth.

2. Business Results for FY2020 ended March 2021
(April 1, 2020 - March 31, 2021)**Keiichiro Shiojima**

Executive Officer, CFO

Our Financial Results in FY2020 are explained by Keiichiro Shiojima, Executive Officer, CFO.

Summary of consolidated results

HITACHI

Reliable solutions

Revenue decreased by 13% and adjusted operating income decreased by 57% y-y due to the impact of COVID-19 and the appreciation of the yen, 9.2 billion yen.

[billions of yen]

		FY2020 Actual		FY2019 Actual		change
Revenue	<770.0>		813.3		931.3	-13%
Adjusted operating income *1	<40.0>	(4.0%)	32.7	(8.2%)	76.6	-57%
Operating income	<36.0>	(3.5%)	28.2	(7.8%)	72.8	-61%
Income before income taxes	<34.0>	(3.1%)	25.6	(7.2%)	67.1	-62%
Net income attributable to owners of the parent	<20.0>	(1.3%)	10.3	(4.4%)	41.2	-75%
EBIT *2	<37.6>	(3.5%)	28.7	(7.7%)	71.6	-60%
FX rate	Rate (YEN/US\$)	<105.7>	106.0		108.7	-2.7
	Rate (YEN/EURO)	<121.8>	124.6		120.8	3.8
	Rate (YEN/RMB)	<15.3>	15.7		15.7	0.0
	Rate (YEN/AU\$)	<73.6>	76.0		74.1	1.9
Cash dividend per share (yen) *3	<TBD>		20		60	-40

*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.

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 17

Total revenue in FY2020 decreased 13% year on year to ¥813.3 billion due to the appreciation of the yen against the U.S. dollar and the economic impact of COVID-19.

Adjusted operating income decreased 57% year on year to ¥32.7 billion, resulting in a profit margin of 4.0%,

Operating income was 28.2 billion yen, representing a profit margin of 3.5%.

Net income attributable to owners of the parent company decreased 75% year on year to ¥10.3 billion.

In terms of foreign currency exchange rates for the current fiscal year, compared with the previous year, the yen appreciated by ¥2.7 against the U.S. dollar and depreciated by ¥3.8 against the euro, the Chinese yuan was unchanged, and the Australian dollar also depreciated by ¥1.9.

The annual cash dividend per share for FY2020 will be ¥20 per share.

Revenue by geographic region (consolidated)

HITACHI

Reliable solutions

Revenue decreased in each region except China and the Middle East y-y, consolidated revenue decreased by 118.0 billion yen.

[billions of yen]

	FY2020 Actual		FY2019 Actual		change	
	amount	%	amount	%	amount	%
Japan	203.3	25%	205.6	22%	-2.3	-1%
Asia	52.7	6%	85.9	9%	-33.2	-39%
India	50.0	6%	50.7	5%	-0.7	-1%
Oceania	139.9	17%	146.0	16%	-6.0	-4%
Europe	87.8	11%	103.6	11%	-15.7	-15%
N.America	107.2	13%	173.4	19%	-66.2	-38%
L.America	10.9	1%	12.9	1%	-2.0	-16%
Russia-CIS	22.7	3%	32.6	4%	-9.9	-30%
M.East	16.1	2%	7.6	1%	8.5	113%
Africa	33.6	4%	38.0	4%	-4.4	-12%
China	89.1	11%	75.0	8%	14.0	19%
Total	813.3	100%	931.3	100%	-118.0	-13%
Overseas ratio	75%		78%			

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 18

Total revenue in this FY2020 decreased by ¥118 billion year on year due to the impact of COVID-19.

The impact of the yen's appreciation at a negative ¥9.2 billion is included in the above numbers in our analysis.

All regions, except China and the Middle East, saw a year-on-year decrease in regional revenues.

Revenue declined significantly especially in Asia and North America, while in the 4Q three-month revenues in all regions, excluding these two regions and Oceania and Russia CIS, revenue increased on a local currency basis.

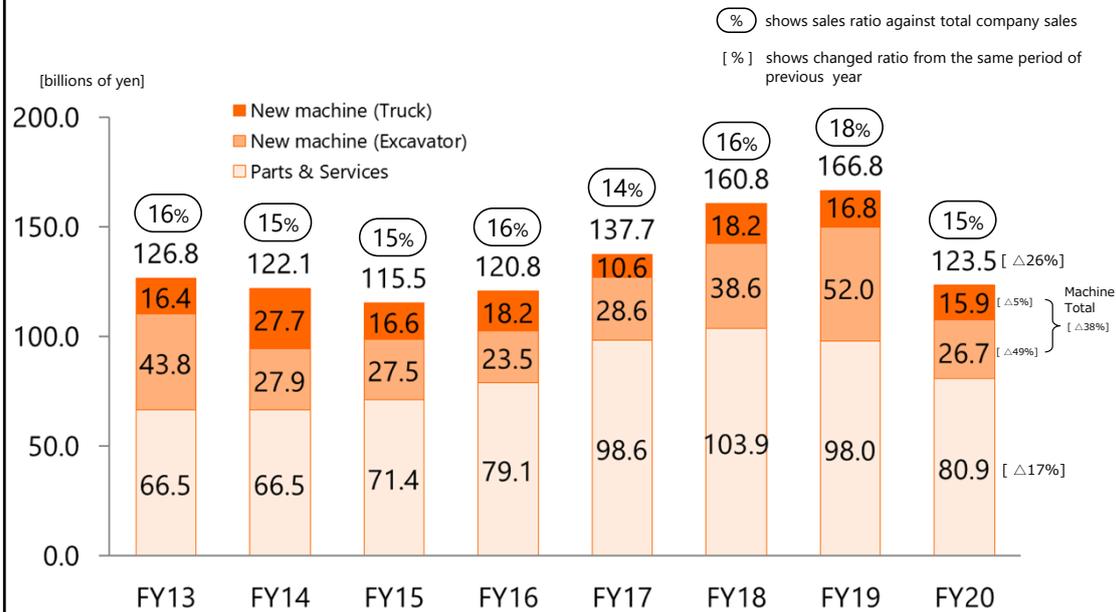
The overseas revenue ratio decreased by 3 percentage points to 75% year on year.

Mining revenue

HITACHI

Reliable solutions

Revenue of mining in FY2020 decreased by 26% to 123.5 billion yen y-y, partly due to the impact of the appreciation of the yen, 5.0 billion yen.



Mining revenue for FY2020 was ¥123.5 billion, down 26% year on year, as shown in the bar graph at the right edge.

The impact of yen appreciation is analyzed to be a negative 5.0 billion yen, equivalent to 3%.

Mining revenue decreased 38% year on year, consisting of a 5% decrease in dump trucks and a 49% sharp decrease year on year in excavators.

Revenue of parts and service also declined 17% year on year.

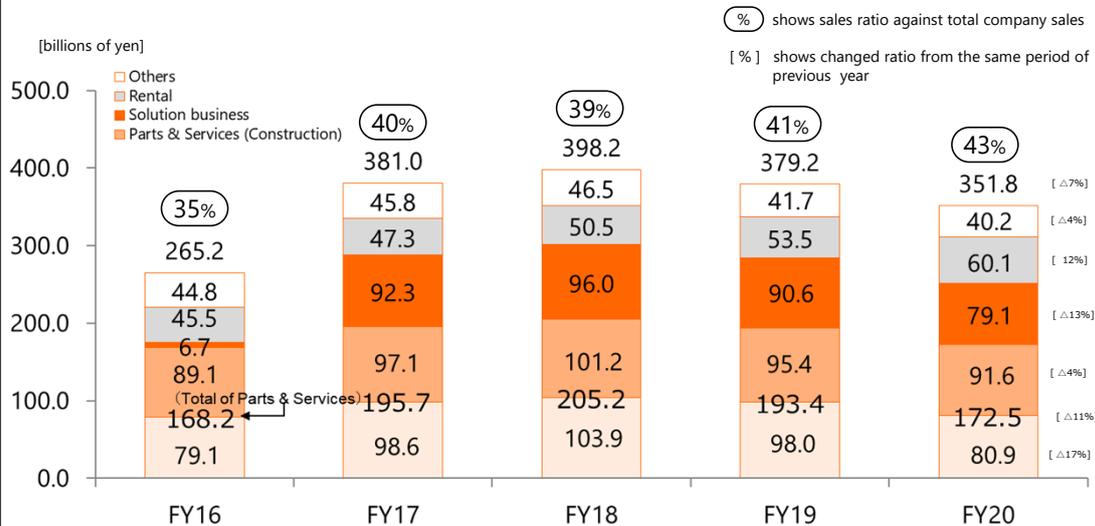
The ratio of mining revenue to consolidated revenue was 15%, down 3 percentage points from the previous fiscal year.

Value chain*1 revenue

HITACHI

Reliable solutions

Revenue of the value chain business in FY2020 decreased by 7% to 351.8 billion yen y-y, partly due to the impact of the appreciation of the yen, 3.7 billion yen despite an increase in revenue of rental by 12% 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.

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 20

FY2020's value chain revenue was ¥351.8 billion, down 7% year on year in the bar graph at the right edge.

We have analyzed the yen's appreciation as a factor behind a 1% decline in revenues, and, on a local currency basis, revenues were down 6% compared to the previous year.

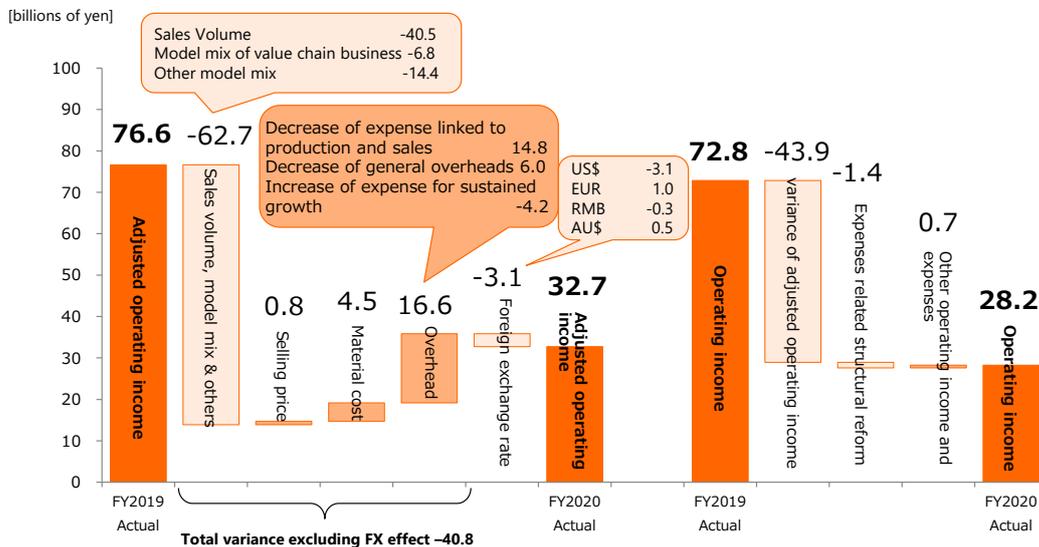
Looking at the breakdown, in the upper and second sections of the bar graphs in gray, revenue of rental business rose 12% year on year due to the positive effects of current measures implemented. However, in the third section of the bar graphs in orange, revenue of solutions business declined 13% year on year. Total revenue of parts and service declined 11% year on year.

Comparison of consolidated income

HITACHI

Reliable solutions

Adjusted operating income decreased by 43.9 billion yen y-y due to the impact of the decreased sales volume and model mix including the impact of COVID-19, despite the decreased overheads and material costs and improved selling price.



© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 21

On the left-hand side of the page, it shows major factors behind a decrease in adjusted operating income of ¥43.9 billion year on year.

In FY2020, due to the impact of COVID-19, lockdowns continued in various countries. As a result, it was unavoidable to significantly decrease sales, particularly in the first half of the fiscal year, which caused a decrease in profits of ¥62.7 billion in terms of sales volume, model mix and others.

On the other hand, in addition to the effects of improved selling prices of ¥800 million and the effects of lower material costs in Japan and Australia of ¥4.5 billion, in response to the sharp decrease in sales, we reduced overhead costs by as much as ¥16.6 billion, mainly decrease of expenses linked to production and sales.

As a result of the negative impact of the yen's appreciation (¥3.1 billion), adjusted operating income decreased ¥43.9 billion from the previous fiscal year to ¥32.7 billion.

On the right-hand side of the page, operating income decreased by ¥44.6 billion to ¥28.2 billion as a result of an increase of ¥1.4 billion from the previous year due to additional expenses-related structural reform.

Consolidated statement of income

HITACHI

Reliable solutions

- SGA expenses decreased by -13.5 billion yen to 160.6 billion yen y-y.
- Financial income/expenses improved by 4.3 billion yen to -4.1 billion yen y-y.

[billions of yen]

	FY2020 Actual	FY2019 Actual	change	
			amount	%
Revenue	813.3	931.3	-118.0	-13%
Cost of Sales	(76.2%) 620.0	(73.1%) 680.6	-60.6	-9%
SGA expenses	(19.8%) 160.6	(18.7%) 174.1	-13.5	-8%
Adjusted operating income *1	(4.0%) 32.7	(8.2%) 76.6	-43.9	-57%
Other Income/expenses	-4.5	-3.8	-0.7	19%
Operating income	(3.5%) 28.2	(7.8%) 72.8	-44.6	-61%
Financial income/expenses	-4.1	-8.4	4.3	-52%
Share of profits of investments accounted for using the equity method	1.4	2.7	-1.3	-47%
Income before income taxes	(3.1%) 25.6	(7.2%) 67.1	-41.5	-62%
Income taxes	11.0	22.3	-11.4	-51%
Net income	(1.8%) 14.6	(4.8%) 44.8	-30.1	-67%
Net income attributable to owners of the parent	(1.3%) 10.3	(4.4%) 41.2	-30.8	-75%

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

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 22

We will briefly explain the non-operating income and loss.

Financial income and expenses improved by ¥4.3 billion from the previous year due to an improvement in foreign exchange gains and losses and a decrease in interest expenses.

On the other hand, share of profits of investments accounted for using the equity method decreased by ¥1.3 billion from the previous year.

The COVID-19 crisis caused the performance of equity-method affiliates to deteriorate, particularly in the Americas.

Income taxes decreased by ¥11.4 billion from the previous year.

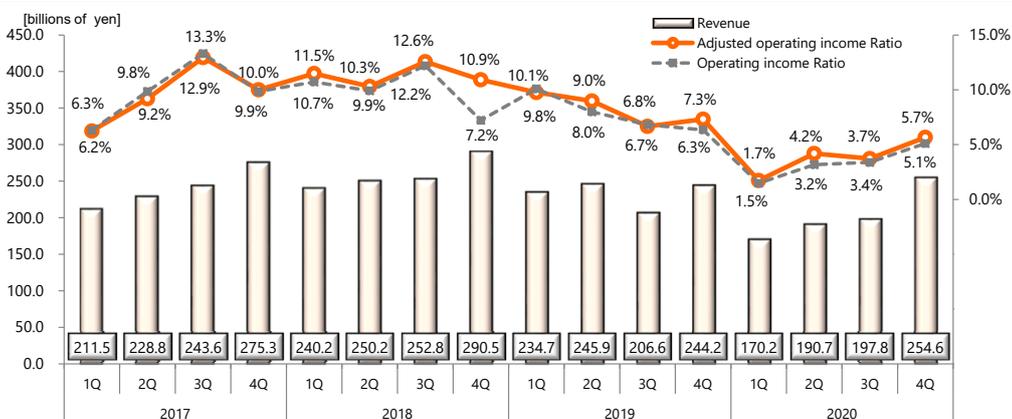
Nevertheless, the outflow of non-controlling interests was large year-on-year for the Chinese and India affiliates, and quarterly net income attributable to owners of the parent company decreased 75% year-on-year to ¥10.3 billion.

Summary of quarterly consolidated revenue and operating income (ratio)

HITACHI

Reliable solutions

	2017				2018				2019				2020			
	1Q	2Q	3Q	4Q												
Revenue	211.5	228.8	243.6	275.3	240.2	250.2	252.8	290.5	234.7	245.9	206.6	244.2	170.2	190.7	197.8	254.6
Adjusted operating income	13.2	21.0	31.5	27.5	27.6	25.8	31.8	31.7	22.9	22.1	13.8	17.9	2.9	8.0	7.4	14.4
Operating income	13.4	22.5	32.4	27.1	25.7	24.8	30.8	21.0	23.7	19.6	14.1	15.5	2.5	6.0	6.7	13.0



FX rate	2017				2018				2019				2020			
	1Q	2Q	3Q	4Q												
Rate (YEN/US\$)	111.1	111.0	113.0	108.3	109.1	111.5	112.9	110.2	109.9	107.4	108.8	108.9	107.6	106.2	104.5	105.9
Rate (YEN/EURO)	122.2	130.4	133.0	133.2	130.1	129.6	128.8	125.2	123.5	119.3	120.3	120.1	118.5	124.1	124.5	127.7
Rate (YEN/RMB)	16.2	16.6	17.1	17.1	17.1	16.4	16.3	16.3	16.1	15.3	15.5	15.6	15.2	15.4	15.8	16.4
Rate (YEN/AU\$)	83.4	87.6	86.8	85.3	82.6	81.5	81.1	78.5	76.9	73.6	74.3	71.8	70.7	75.9	76.3	81.8

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 23

Please refer to the fourth quarter of FY2020 on the right-hand side.

Revenue for the fourth quarter of FY2020 was ¥254.6 billion, an increase of ¥10.4 billion year-on-year from ¥244.2 billion in the same period of FY2019.

It was the first quarter in seven quarters to exceed the year-on-year rate.

The adjusted operating margin was 5.7%, as shown in the line graph.

Since Q1 of FY2020, when lockdowns have continued in various countries due to the impact of COVID-19, the trend has generally been improving.

Consolidated statement of financial position

HITACHI

Reliable solutions

Trade receivables and inventories at the end of the year were reduced by 1.3 billion yen and 3.5 billion yen from the end of the previous fiscal year.

	(A)	(B)	(A)-(B)		(D)	(E)	(D)-(E)
	Mar '2021	Mar '2020	change		Mar '2021	Mar '2020	change
Cash and cash equivalents	80.3	62.2	18.2	Trade and other payables	199.2	188.7	10.5
Trade receivables	211.2	212.5	-1.3	Bonds and borrowings	329.5	338.9	-9.5
Inventories	297.8	301.2	-3.5	Total liabilities	651.3	642.5	8.9
Total current assets	617.2	612.8	4.4	(Equity attributable to owners of the parent ratio)	(42.1%)	(40.6%)	(1.6%)
Total non-current assets	603.4	554.8	48.6	Total equity	569.2	525.1	44.1
Total assets	1,220.6	1,167.6	53.0	Total liabilities and equity	1,220.6	1,167.6	53.0
Trade receivables incl. non-current	252.7	252.1	0.5				
Inventories by products							
Unit	77.3	76.2	1.0	Interest-bearing debt	329.5	338.9	-9.5
Parts	102.3	103.0	-0.7	Cash and Cash equivalents	80.3	62.2	18.2
Raw materials, WIP and etc	118.2	122.0	-3.8	Net interest-bearing debt	249.2	276.8	-27.6
Total inventories	297.8	301.2	-3.5				
On hand days (divided by net sales)			(Days)	Net D/E Ratio	0.48	0.58	-0.10
Trade receivables	113	99	14				
Inventories	134	118	16				
Trade payables	49	43	6				
Net working capital	194	171	23				

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 24

As commented upon in the upper section, the comparison between the end of the previous year and the end of this year shows reduced trade receivables by ¥1.3 billion and inventories by ¥3.5 billion.

In particular, inventories are analyzed as a reduction of ¥25 billion on a local currency basis.

On the other hand, total assets were ¥1,220.6 billion, an increase of ¥53 billion from the end of the previous fiscal year, due to the acquisition of non-current assets, including operating assets for lease.

In terms of days on hand, due to the concentration of revenues at the end of the fiscal year, trade receivables were 113 days, an extension of 14 days from the end of the previous fiscal year, and inventories were 134 days, an extension of 16 days from the end of the previous fiscal year.

As a result, net working capital on hand was 194 days, 23 days longer than at the end of the previous fiscal year.

Total interest-bearing debt on the right side decreased by ¥9.5 billion from the end of the previous fiscal year to ¥329.5 billion, while net interest-bearing debt decreased by ¥27.6 billion to ¥249.2 billion, partly due to an increase of ¥18.2 billion in cash and deposits.

Total equity was ¥569.2 billion, and the ratio of equity attributable to owners of the parent company to total assets improved to 42.1% and the net debt equity ratio to 0.48.

Consolidated cash flow

HITACHI

Reliable solutions

- Net cash provided by (used in) operating activities improved by 68.7 billion yen to 91.3 billion yen y-y due to improved working capital.
- Free cash flows improved by 71.1 billion yen to positive 59.1 billion yen y-y.

[billions of yen]

	FY2020 Actual		FY2019 Actual		change	
Net income		14.6		44.8		-30.1
Depreciation and amortization	64.8	50.2	90.9	46.1	-26.1	4.0
(Increase)decrease in trade/lease receivables		23.3		9.9		13.4
(Increase)decrease in inventories	29.6	25.5	-22.8	0.1	52.4	25.4
Increase(decrease) in trade payables		-19.2		-32.8		13.5
Others, net		-3.0		-45.4		42.4
Net cash provided by (used in) operating activities		91.3		22.7		68.7
Cash flow margin for operating activities		11.2%		2.4%		8.8%
Net cash provided by (used in) investing activities		-32.3		-34.7		2.5
Free cash flows		59.1		-12.1		71.1
Net cash provided by (used in) financing activities		-46.0		11.0		-57.0

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 25

Net cash provided by (used in) operating activities FY2020 was a positive ¥91.3 billion, representing a year-on-year improvement of ¥68.7 billion.

Free cash flows also improved by ¥71.1 billion year on year to ¥59.1 billion, as cash provided by (used in) investing activities was kept down to ¥32.3 billion, a decrease of ¥2.5 billion year on year.

Summary of consolidated earnings forecast

HITACHI

Reliable solutions

Consolidated revenue for FY2021 is expected to increase by 66.7 billion yen y-y, despite the impact of the yen's appreciation on the forecast exchange rate of -18.7 billion yen.

[billions of yen]

	FY2021 Forecast		FY2020 Actual		change	
					amount	%
Revenue	880.0		813.3		66.7	8%
Adjusted operating income	(7.0%) 62.0		(4.0%) 32.7		29.3	90%
Operating income	(6.6%) 58.0		(3.5%) 28.2		29.8	105%
Income before income taxes	(6.4%) 56.0		(3.1%) 25.6		30.4	119%
Net income attributable to owners of the parent	(3.7%) 32.3		(1.3%) 10.3		22.0	212%
EBIT	58.8		28.7		30.0	
Currency	FY2021 Forecast		FY2020 Actual		change	
Rate (YEN/US\$)	105.0		106.0		-1.0	
Rate (YEN/EURO)	125.0		124.6		0.4	
Rate (YEN/RMB)	15.5		15.7		-0.2	
Rate (YEN/AU\$)	73.0		76.0		-3.0	
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.

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 26

Taking into account the demand environment for FY2021 as well as the performance of FY2020, global economic conditions and exchange rate trends, the forecast for FY2021 is revenue of ¥880 billion, adjusted operating income of ¥62 billion, and net income attributable to owners of the parent company of ¥32.3 billion.

This forecast is based on the assumption that the impact of COVID-19 will remain on demand until the end of the second quarter.

The forecast exchange rates are US dollar: ¥105, euro: ¥125, Chinese yuan: ¥15.5, and Australian dollar: ¥73.

Please see Appendix 1 for your reference. Currency sensitivity, which affects revenue and adjusted operating income, is also presented on page 31.

Consolidated revenue forecast by geographic region

HITACHI

Reliable solutions

Consolidated revenue for FY2021 is expected to increase by 66.7 billion yen y-y, despite the impact of the yen's appreciation on the forecast exchange rate of -18.7 billion yen.

(billions of yen)

	FY2021 Forecast		FY2020 Actual		change	
	amount	%	amount	%	amount	%
Japan	210.7	24%	203.3	25%	7.4	4%
Asia	64.0	7%	52.7	6%	11.3	21%
India	55.6	6%	50.0	6%	5.6	11%
Oceania	143.7	16%	139.9	17%	3.8	3%
Europe	97.8	11%	87.8	11%	9.9	11%
N.America	146.5	17%	107.2	13%	39.3	37%
L.America	11.3	1%	10.9	1%	0.4	4%
Russia-CIS	31.9	4%	22.7	3%	9.2	41%
M.East	17.2	2%	16.1	2%	1.2	7%
Africa	33.3	4%	33.6	4%	-0.3	-1%
China	67.9	8%	89.1	11%	-21.2	-24%
Total	880.0	100%	813.3	100%	66.7	8%
Overseas ratio	76%		75%			

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 27

Revenue in FY2021 is forecast to increase by ¥66.7 billion, or 8%, to ¥880 billion, including the negative impact of the yen's appreciation (¥18.7 billion).

Only Africa and China are expected to see a year-on-year decrease in revenue, but all other regions are expected to see an increase in sales.

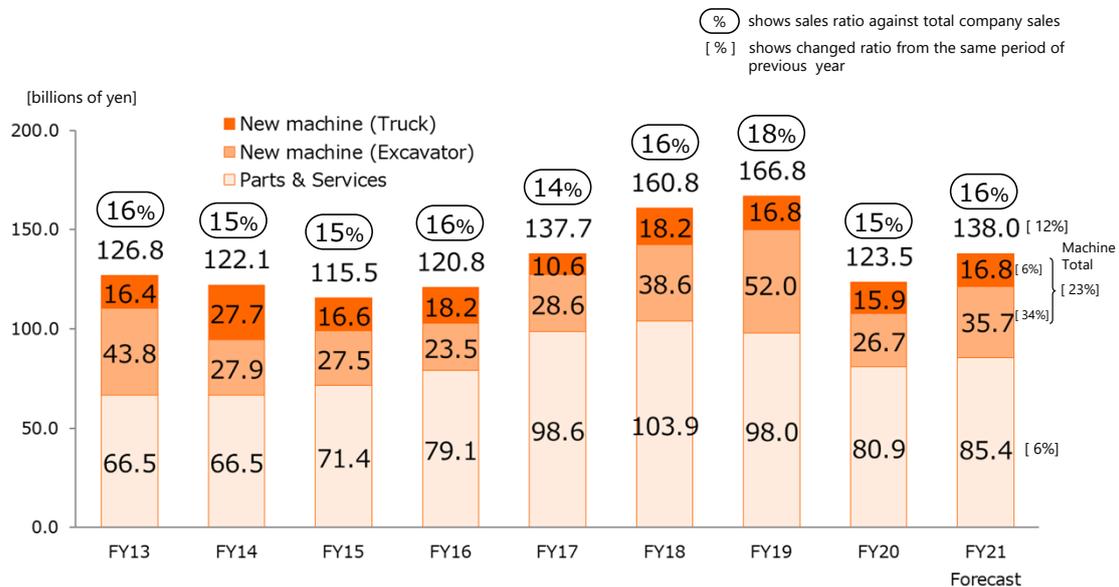
The overseas revenue ratio is expected to increase 1 percentage point year on year to 76%.

Mining revenue forecast

HITACHI

Reliable solutions

Revenue of mining in FY2021 is expected to increase by 12% to 138.0 billion yen y-y, despite the impact of the appreciation of the yen, 6.1 billion yen.



© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 28

Mining revenue in FY2021 is expected to increase 12% year on year to ¥138 billion.

Demand for hard rocks such as iron ore and copper, as well as for coking coal, is expected to recover, but that for thermal coal is expected to recover weakly, making it rather conservative.

Nevertheless, mining machinery is expected to record a 23% year-on-year increase in revenue of dump trucks and excavators, and a 6% year-on-year increase in sales of mining parts and service business.

The sales composition ratio is also expected to increase by 1 percentage point year on year to 16%.

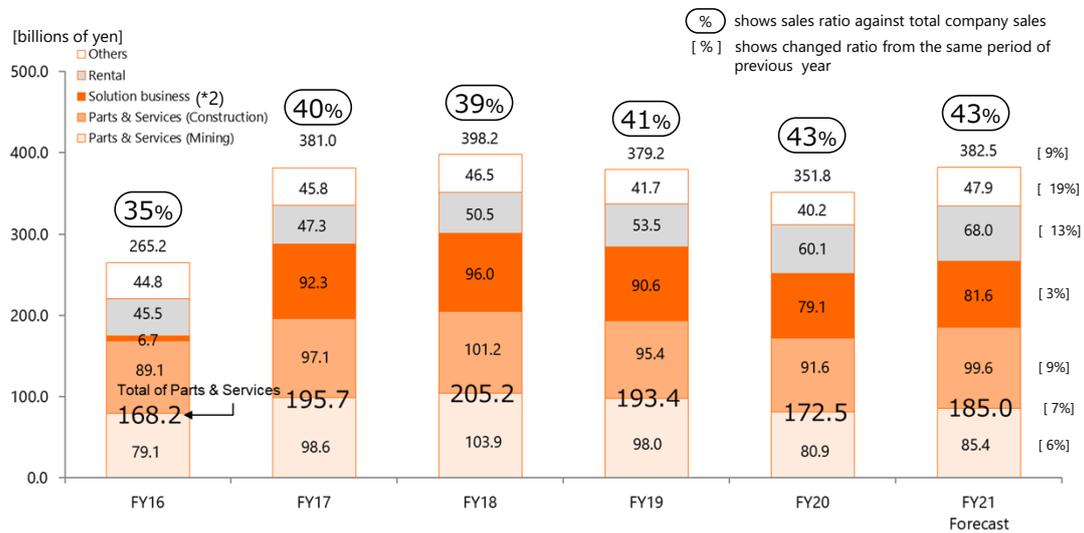
Please refer to "Mining Revenue Breakdown by Region" in Appendix 2 on page 32.

Value chain*1 revenue forecast

HITACHI

Reliable solutions

Revenue of value chain in FY2021 is expected to increase by 9% to 382.5 billion yen y-y, despite the impact of the appreciation of the yen, 8.4 billion 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.

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 29

The value chain revenue forecast in FY2021 is ¥382.5 billion, an increase of 9% year on year.

Parts and service sales are expected to increase 7% year on year to ¥185 billion, reflecting higher sales for both construction and mining machinery.

We also expect a 13% year-on-year increase in rentals to ¥68 billion and a 3% year-on-year increase in sales in the solutions business to ¥81.6 billion.

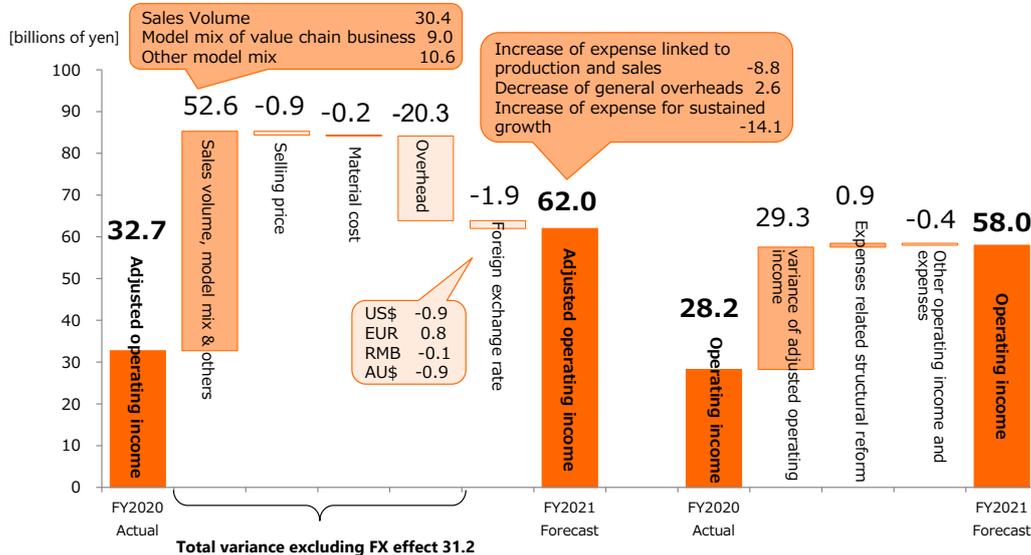
The sales ratio against total company sales is expected to be 43%, the same level as the previous fiscal year.

Comparison of consolidated income forecast

HITACHI

Reliable solutions

Adjusted operating income for FY2021 is expected to increase by 29.3 billion yen y-y due to an increase in sales volume and model mix, although there are the fall in the selling price, increase in overheads costs and material costs and the appreciation of the yen.



© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 30

Let me explain the factors behind the ¥29.3 billion year-on-year increase in the FY2021 adjusted operating income to ¥62.0 billion.

As shown in this diagram, the sales volume increase and the differences in model mix of ¥52.6 billion will be a major factor behind the increase in profits.

On the other hand, the factors that will reduce profits will be attributable to a decrease of ¥20.3 billion due to an increase in expense linked to production and sales resulting from an increase in sales volume and expense for sustained growth, including a ¥0.9 billion decrease in selling price fluctuation and a ¥1.9 billion negative impact from the appreciation of the yen.

Operating income is also expected to increase by ¥29.8 billion year on year to ¥58 billion due to the increase in adjusted operating income.

Please also refer to the appendices on page 31 onward.

Appendix 1: FX rate and FX sensitivity

HITACHI

Reliable solutions

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 (1Q-4Q)		
	FY21 Forecast	FY20 Actual	Condition	Revenue	Adjusted operating income
US\$	105.0	106.0	Impact by 1 yen depreciation	2.0	1.6
EURO	125.0	124.6	Impact by 1 yen depreciation	0.7	0.5
RMB	15.5	15.7	Impact by 0.1 yen depreciation	0.5	0.2
AU\$	73.0	76.0	Impact by 1 yen depreciation	2.1	0.3

Appendix 2: Detail of mining revenue

HITACHI

Reliable solutions

[billions of yen]

		FY19 Actual(A)	FY20 Actual(B)	Change (B)-(A)	FY21 Forecast(C)	Change (C)-(B)
America	Excavator	18.2	10.6	-7.7	6.8	-3.8
	Dump Truck	3.9	2.1	-1.8	2.5	0.4
	Total	22.1	12.7	-9.5	9.2	-3.4
Europe, Africa and Middle East	Excavator	23.0	15.3	-7.7	20.8	5.5
	Dump Truck	12.9	12.2	-0.7	13.9	1.7
	Total	35.9	27.6	-8.3	34.7	7.2
Asia & Oceania	Excavator	73.4	49.6	-23.8	64.6	15.0
	Dump Truck	32.9	30.8	-2.1	26.5	-4.3
	Total	106.3	80.5	-25.9	91.1	10.7
China	Excavator	0.6	0.7	0.1	0.6	-0.1
	Dump Truck	0.1	0.1	-0.1	0.1	0.1
	Total	0.8	0.8	0.0	0.7	-0.1
Japan	Excavator	1.7	1.6	-0.1	1.6	0.0
	Dump Truck	0.0	0.4	0.4	0.6	0.2
	Total	1.7	2.0	0.3	2.1	0.2
Total	Excavator	116.9	77.9	-39.1	94.4	16.5
	Dump Truck	49.8	45.6	-4.2	43.6	-2.0
	Total	166.8	123.5	-43.3	138.0	14.5

Appendix 3: Segment information

HITACHI

Reliable solutions

The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 1.0 billion yen each are included in the FY2020 and forecast for FY2021.

[billions of yen]

FY2020 Actual	Reportable segment		Adjustments*1	Total
	Construction Machinery Business	Solution Business		
Revenue	734.2	82.4	-3.3	813.3
Adjusted operating income	3.5% 25.8	8.4% 6.9	-	4.0% 32.7

[billions of yen]

FY2021 Forecast	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	798.4	81.6	-	880.0
Adjusted operating income	6.9% 55.2	8.4% 6.9	-	7.0% 62.0

*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

HITACHI

Reliable solutions

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]

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Capital Expenditure	18.7	30.4	47.2	34.7	59.8
Assets held for operating lease	23.1	27.2	36.9	38.6	51.3
Total	41.8	57.6	84.1	73.4	111.1

2. Depreciation (tangible and intangible fixed assets)

[billion of yen]

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Capital Expenditure	27.5	26.8	34.2	35.3	36.1
Assets held for operating lease	10.3	10.1	12.0	14.9	17.6
Total	37.8	37.0	46.1	50.2	53.8

3. R&D expenses

[billion of yen]

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Total of consolidation	24.6	24.8	23.7	24.8	29.0

Medium-term Management Plan “Realizing Tomorrow’s Opportunities 2022”

(FY 2020-2022)

Kotaro Hirano

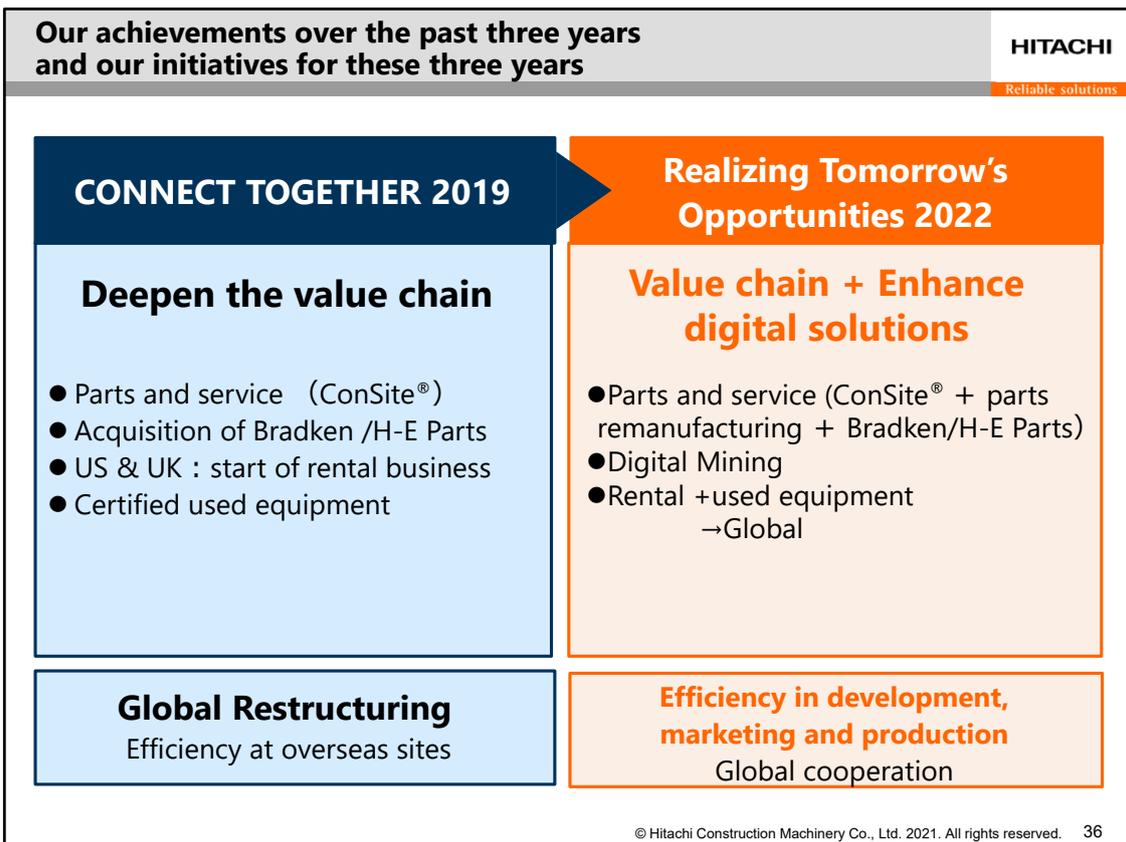
Executive Officer, President & CEO

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 35

The announcement of the figures for the medium-term management plan up to FY2022 was supposed to explain at the beginning of 2020.

However we only explained the direction of the measures and postponed the announcement of the numerical targets, considering volatile market environment and uncertainty about the future due to the impact of COVID-19.

COVID-19 is not calm, but now that the second year of the medium-term plan has begun, we will explain the long-term measures and numerical targets of the current medium-term management plan, positioning it as 2022 as a process with an eye on 2030."



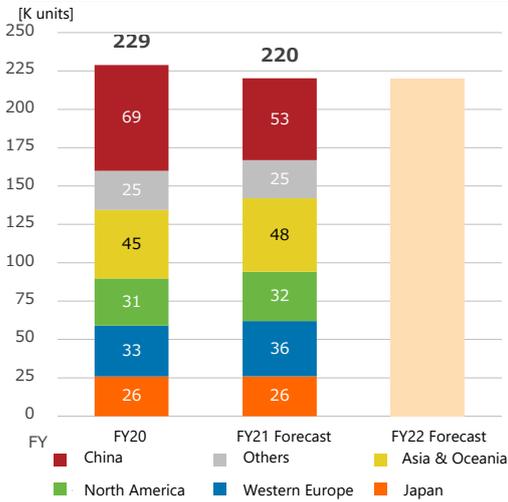
Under the previous medium-term management plan, we not only focused our management resources on the business of existing major products, but also transformed our business model from a business model centered on new machine sales to a "value chain business" targeting machinery that operates worldwide.

In addition, we have worked to stabilize our earnings structure and at the same time restructure our operations at locations around the world, including Japan, in an effort to improve management efficiency.

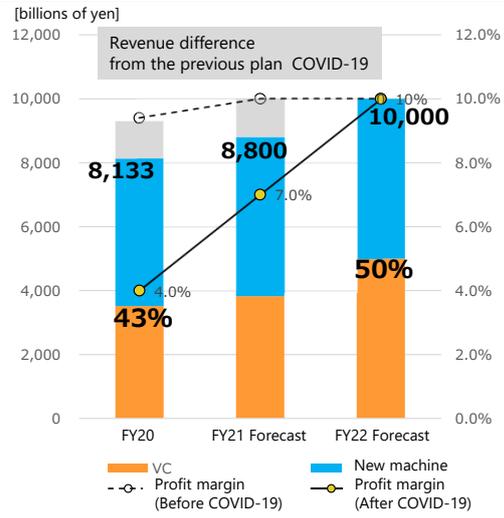
Under the current medium-term plan, which ends in FY2022, we will review our investment plan and strengthen our R&D capabilities in order to deepen the solutions we provide at every point of contact with customers by utilizing digital technologies in the value chain business that we focused on under the previous medium-term plan.

Performance deteriorated in FY2020 due to the impact of COVID-19
Full-fledged recovery in market conditions other than China is expected to occur from the second half of FY2021 onward
Performance grows due to expansion of the value chain and deepening of solutions

Demand Trend for Hydraulic Excavators



Revenue and Adjusted Operating Income Ratio



© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 37

This section explains again the ongoing impact of COVID-19 on the business.

First, although the market environment for our mainstay hydraulic excavators declined sharply from fiscal 2019 to the first half of FY2020 due to the spread of COVID-19 infections and then recovered gradually, a full-fledged market recovery is expected to begin in the second half of FY2021.

Our performance deteriorated due to factors such as the substantial production adjustments in the first half of FY2020, but we expect to recover in FY2021 by reaping the benefits of the measures we have been implementing thus far.

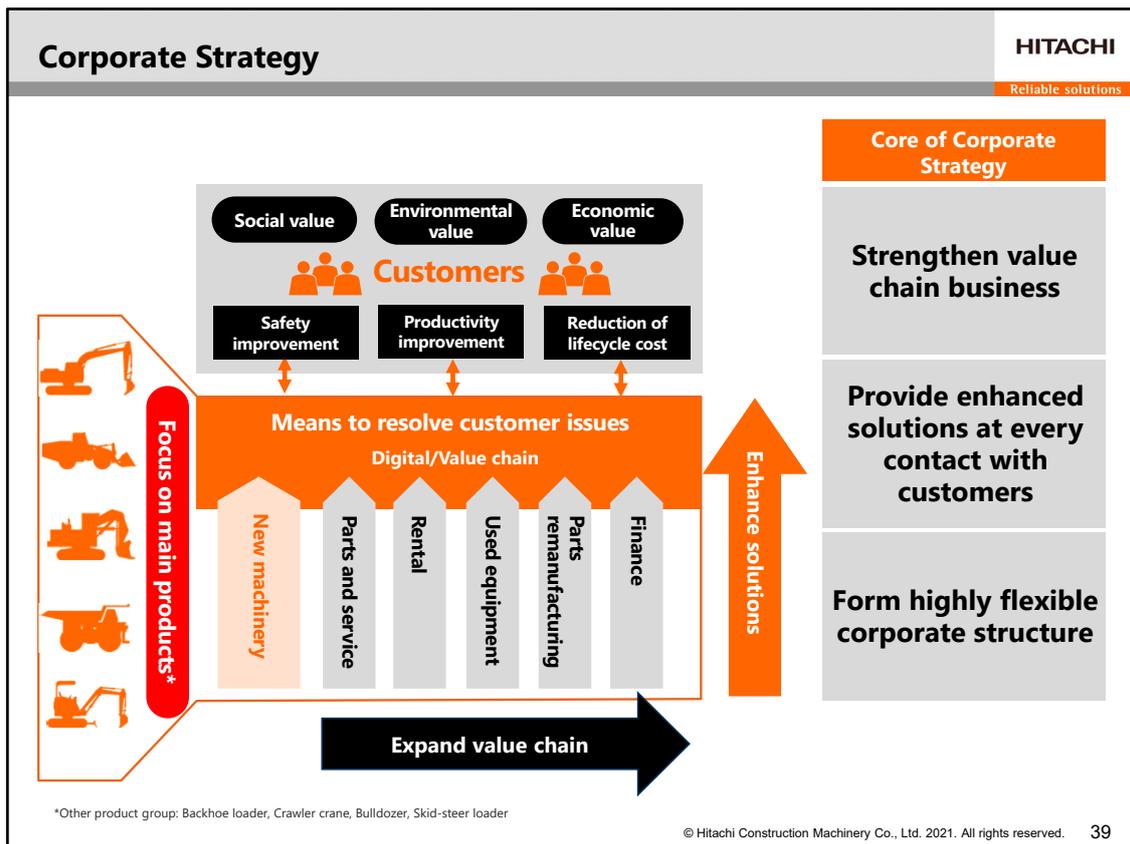
Strengthen development of digital and advanced technologies		HITACHI
Global restructuring of production sites is almost completed Restructuring domestic production sites and development bases is on-going		
	Initial plan	Reviewed plan
Investment plan	Invest 42 billion yen by 2022	Invest 50 billion yen by 2027 Restructuring functions at Tsuchiura Works and Ryugasaki Works
Profit contribution from production-related restructuring	6 billion yen / year	
Development of Collaborative Construction Equipment and accelerate the promotion of technological development for reducing CO2 emissions R&D expense ratio raised to 4%; Development of bases in Japan, Europe and North America + Open innovation		
	Main research and development themes	
Achieve collaborative control between people and machinery	<ul style="list-style-type: none"> • Achieve "Collaborative safety" and advanced autonomous operation system platform "ZCORE" • Operation support system • Site safety 	
Initiatives for reducing CO2 emissions	<ul style="list-style-type: none"> • New drive systems such as batteries, fuel cells, hydrogen, etc. • New technology development for "Net Zero Emissions" 	
<small>© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 38</small>		

During the period of the previous medium-term management plan, we focused on restructuring regions other than Japan.

Under the new medium-term management plan, which began in FY2020, we decided to extend the period of restructuring of production bases in Japan to FY2027 in order to avoid concentrated investment in a short period of time, amid continued uncertainty over the future due to COVID-19. Thus we keep strengthening our ability to develop accelerating digital technologies.

The amount of this reorganization investment will be ¥50 billion, and the effect of adjusted operating income is planned to be ¥6 billion per year.

On the other hand, progress in digital technology is accelerating, and we will strengthen our development capabilities centering on developing new technologies for the "ZCORE" system platform, new operation systems such as site safety, batteries, fuel cells, and hydrogen engines, as well as "net-zero emissions" in cooperation with ABB.

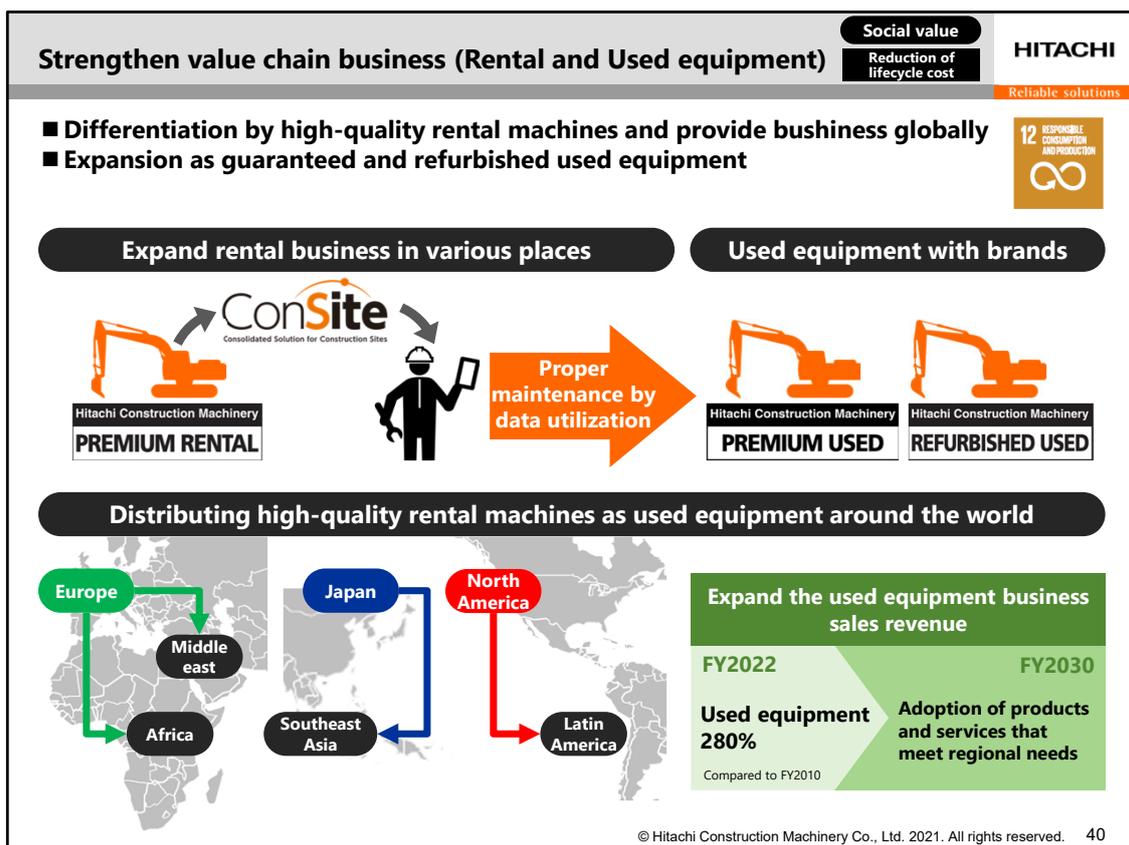


The medium-term corporate strategy, which we have been implementing since this fiscal year, has remained unchanged in its basic direction to date.

The three pillars of our corporate strategy are "strengthening value chain businesses," "providing enhanced solutions at every point of contact with customers," and "forming highly flexible corporate structure."

Going forward, we will continue to deepen our solutions centered on digital technology that takes into consideration the safety of our customers' sites and environmental measures to reduce CO2 emission.

In the following slides, we will explain measures for each of the pillars of corporate strategy.



This section explains the strengthening of the rental and used equipment businesses.

The rental business has been promoted in Japan, North America, and Europe, but due to the impact of COVID-19, more and more customers worldwide are considering leasing machinery as an option.

One of the strengths of our rental business is that we can provide machines in the best possible condition with using the operating data of one machine per ConSite.

We respond to the diversifying needs of our customers by maintaining and repairing the machinery that we lease as rentals and selling them as grade line-up such as "Premium Used" and "Refurbished Used" to the used equipment market.

As a result, in FY2022, the used equipment business will triple its FY2010 level, and we will further develop businesses that meet market needs.

Strengthen value chain business (Parts & Service)

Social value
Reduction of lifecycle cost

HITACHI
Reliable solutions

■ 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

Customers

Increasing touch point

Strengthening traceability Efficiency in parts distribution

Selectable from various parts brands

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

Expand parts remanufacturing businesses sales revenue

FY2022	FY2030
Parts remanufacturing 420% Compared to FY2010	Adoption of products and services that meet regional needs

Life cycle cost reductions

FY2022	FY2030
ConSite® Adoption rate 90%	Aim for "zero" downtime

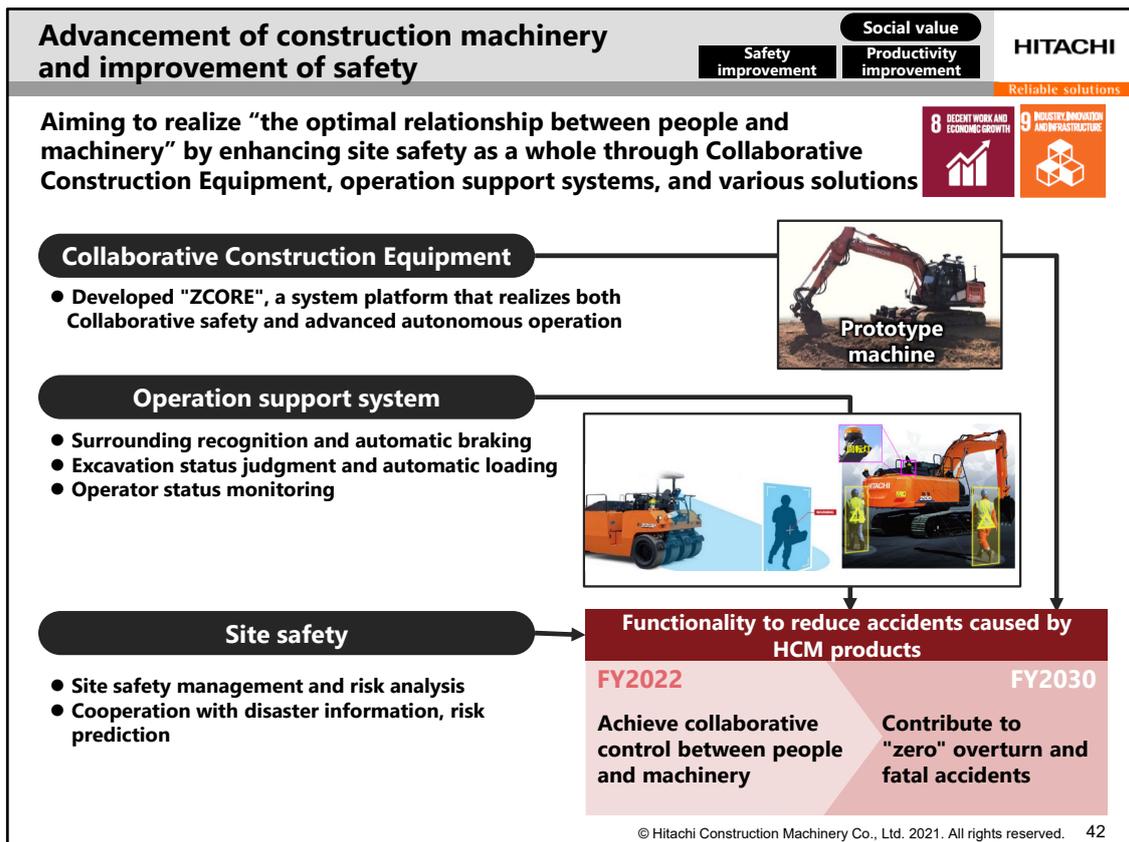
© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 41

Parts and service business is the core of our value chain business, and we will further strengthen it.

By raising the ConSite adoption rate to 90% and further disseminating it, we will aim for "zero" downtime for machinery through proactive approaches from manufacturers and distributors to customers, and at the same time expand our parts and service business.

As an after-sales business, in addition to the conventional Genuine Parts, we have established a certified parts called Selected Parts and will establish a system to respond to the diverse needs of customers while expanding the parts remanufacturing business globally.

In addition, we will review our supply chain, strengthen traceability, promote inventory and delivery optimization, and expand our parts and service business.



The second pillar of our management strategy is to provide in-depth solutions at every touch point with customers.

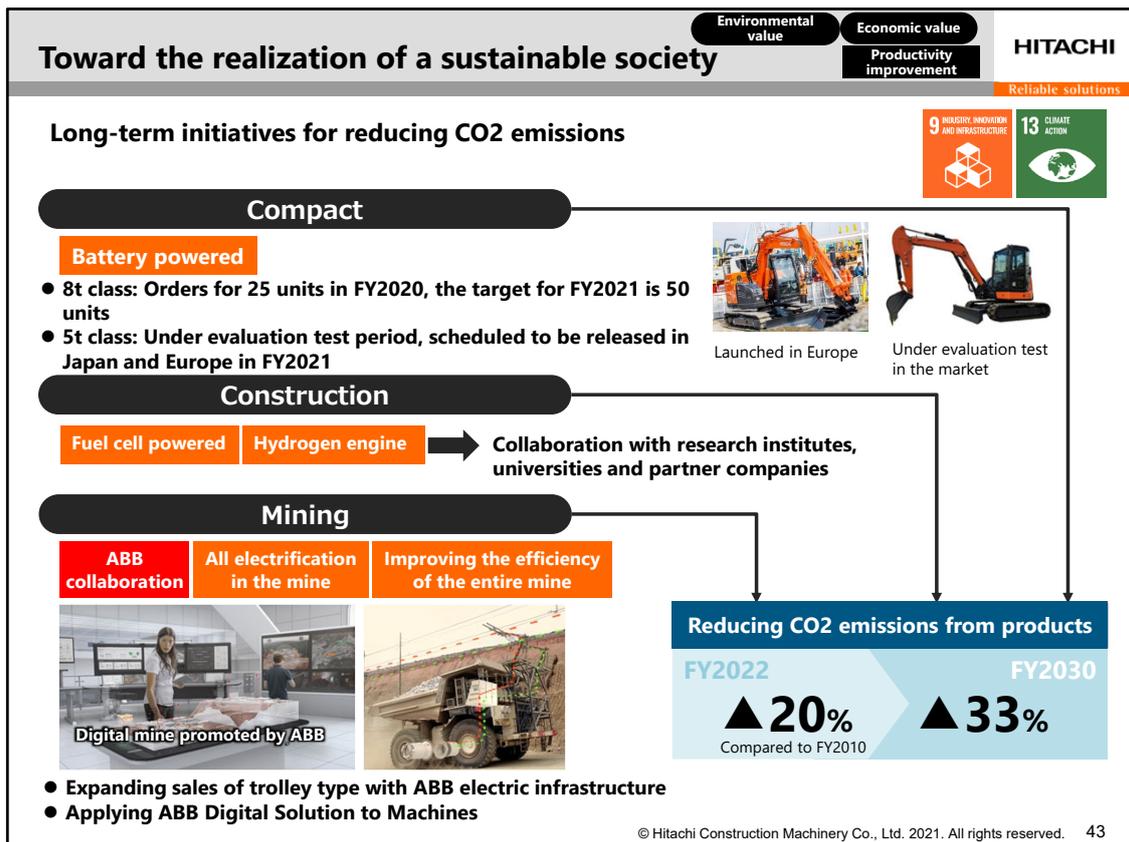
We will advance the sophistication of construction machinery, improve safety, and provide customers with even more in-depth solutions.

We will strive to realize an optimal relationship between people and machinery by enhancing entire site safety through Collaborative Construction Equipment, operating support systems, and various solutions.

Toward "zero" falls and fatal accidents in the workplace,

- Development of Collaborative Construction Equipment
- Installation of an operation support system
- Development and installation of software and apps for site safety

We aim to realize collaborative control between people and machinery.



In addition, I will explain our efforts to realize a sustainable society.

Construction machinery has conventionally complied with the exhaust gas regulations of engines applied in each region, but since then we have begun implementing long-term measures to reduce CO2 emission by requiring drastic technological innovations.

Research themes differ depending on the size of the product and the workload required.

- Battery-powered for Compact.
- Developing new operation systems such as fuel cells and hydrogen engines for Construction.
- In mining, there is an urgent need for electrification and efficiency in order to achieve net-zero emissions for customers' entire mines. We will introduce solutions to reduce greenhouse gas emissions related to mining equipment to the market through collaboration with ABB, which we announced the other day. That is all for an explanation of the measures.

Summary of KPI for these three years plan

HITACHI

Reliable solutions

Realizing Tomorrow's Opportunities

	KPI	Previous medium-term plan FY2019 result	Current medium-term plan FY2022 target
Growth	<ul style="list-style-type: none"> • Revenue • Value chain ratio 	<ul style="list-style-type: none"> • 931.3 billion yen • 41% 	<ul style="list-style-type: none"> • 1 trillion yen • 50%
Profitability	Adjusted operating income ratio	8.2%	More than 10%
Safety	Net D/E Ratio	0.58	Less than 0.5
Efficiency	ROE	8.6%	More than 10%
ESG *Compared to FY2010	<ul style="list-style-type: none"> Social value Environmental value Economic value 	<ul style="list-style-type: none"> ConSite adoption rate 73% parts remanufacturing businesses sales revenue 296%* Reducing CO2 emissions from products -15.9%* 	<ul style="list-style-type: none"> ConSite adoption rate 90% parts remanufacturing businesses sales revenue 420%* Reducing CO2 emissions from products -20%*
Shareholder return	Dividend payout ratio	31%	30% or more

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 44

Finally, I will explain the target values for FY2022 as a result of the implementation of the measures thus far.

First of all, growth. With regard to revenue, we are aiming for 50% of a value chain sales ratio to total revenue with a target of ¥1 trillion of total revenue, given the demand for hydraulic excavator, which is currently forecast, roughly on par with the current fiscal year.

Next is profitability. We aim to achieve an adjusted operating income rate of 10% or more in FY2022, the final year of the medium-term management plan.

Next is safety. We aim to achieve a net D/E ratio of 0.5 or less.

In terms of efficiency, we aim to achieve an ROE of 10% or more.

ConSite adoption rate of 90% as an ESG index.

Parts remanufacturing businesses sales revenue was 420% of the FY2010 level.

CO2 emissions from products will also be reduced by 20%.

In terms of shareholder returns, the dividend payout ratio shall be "30% or more."

**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.**



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

In addition to the safety and environmental measures described today, ten SDGs are applicable to Hitachi Construction Machinery.

We are expanding them globally as a priority target.

HITACHI
Reliable solutions

Hitachi Construction Machinery Group
Mid-term Management Plan

HITACHI
Reliable solutions

Realizing Tomorrow's Opportunities 2022

-  Delivering greater customer benefit through value chain solutions.
-  Creating unique value through customer focused solutions.
-  Challenge to Change

Safety, Health and Compliance | Continuous Improvement by PDCA | Kenjin Spirit

© Hitachi Construction Machinery Co., Ltd. 2021. All rights reserved. 46

As explained above, in the dramatically changing construction and mining sites, customers face a number of challenges, including improving site safety and productivity and reducing lifecycle costs.

In addition, environmental measures such as reducing CO₂ emission are becoming increasingly important.

Hitachi Construction Machinery will increase customer satisfaction by providing optimal solutions to these many challenges.

We will take advantage of market changes, customer changes, and our changes as opportunities to further expand our business.

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.**