

Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2026 (April – March)

KATO 株式会社 加藤製作所

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Status by segment (manufacturing base)



Evolution Towards True Value

*Year-on-year change.

Japan

Net sales
51,899million yen +11.2% *

Operating profit
(2,231) million yen -%

Manufacturing bases	Destinations	Key products
<ul style="list-style-type: none"> ■ Ibaraki ■ Gunma 	<ul style="list-style-type: none"> ■ Japan ■ United States ■ Europe (intercompany transactions) ■ Southeast Asia ■ Taiwan ■ Middle and Near East, etc. 	<ul style="list-style-type: none"> ■ Mobile cranes ■ Construction equipment

TOPICS Japan

- Recovery in sales of large construction cranes for the domestic market.
- Flexible sales of hydraulic excavators for the domestic market are being implemented.

TOPICS US(Export destination)

- Demand for hydraulic excavators in the U.S. continued to be sluggish.

Europe

Net sales
4,378million yen (8.5)%*

Operating profit
(239) million yen -%

Manufacturing bases	Destinations	Key products
<ul style="list-style-type: none"> ■ Italy 	<ul style="list-style-type: none"> ■ EU countries, etc. 	<ul style="list-style-type: none"> ■ Construction equipment

TOPICS Italy

- The downturn in construction machinery demand in Europe continued.
- A capital increase was implemented for the Italian subsidiary in the first quarter.

Others

Net sales
1,130million yen (58.7)% *

Operating profit
57million yen -%

Manufacturing bases	Destinations	Key products
<ul style="list-style-type: none"> ■ None 	<ul style="list-style-type: none"> ■ China etc. 	<ul style="list-style-type: none"> ■ Construction equipment

TOPICS China

- The Company transferred its equity interest in one of its Chinese subsidiaries.

Summary of consolidated financial results



Evolution Towards True Value

(Unit: millions of yen)

Net sales

56,335

Year on year
(**↑** +6.4%)

Operating profit and margin

(2,320)

Year on year
(**↓** -%)

Ordinary profit

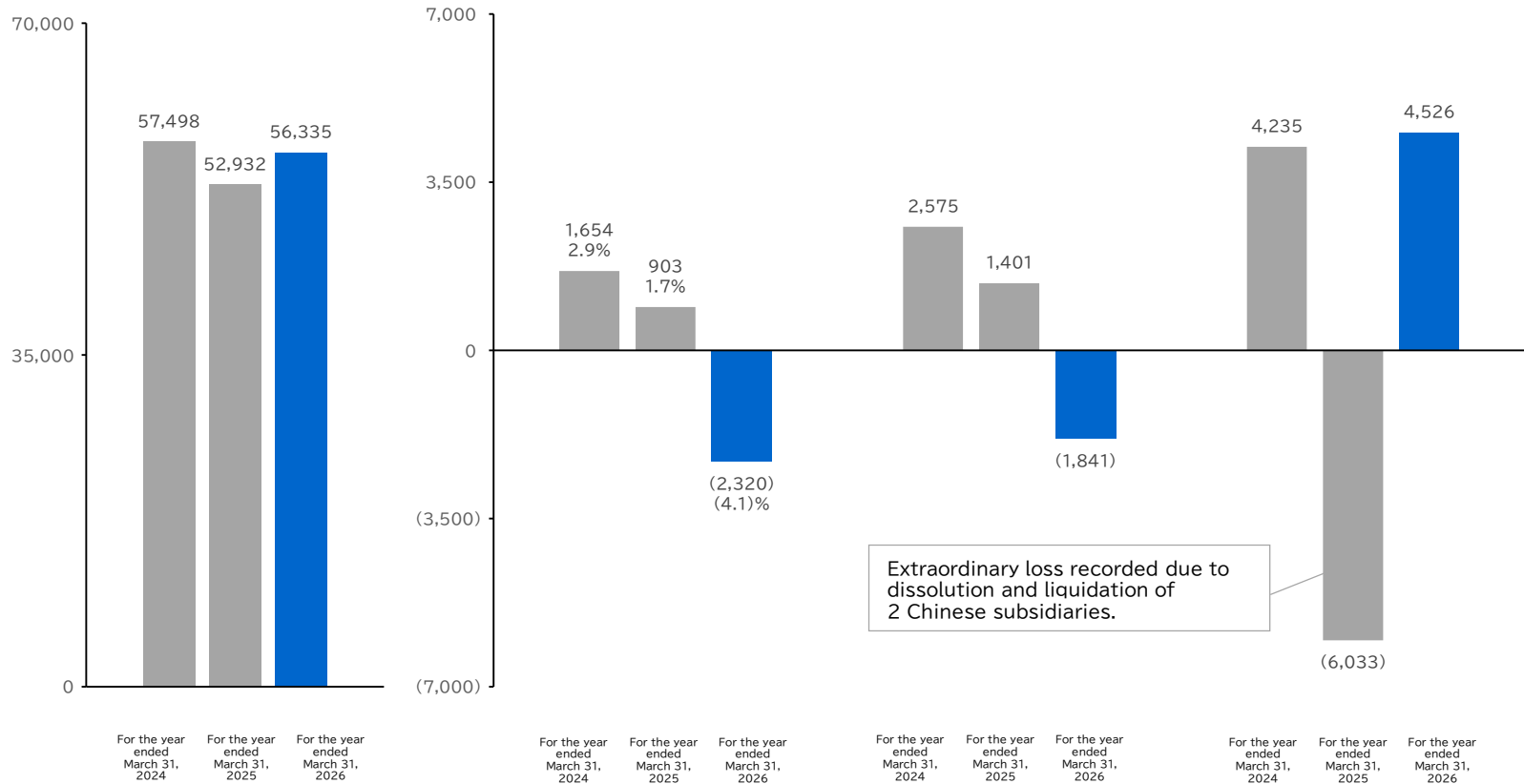
(1,841)

Year on year
(**↓** -%)

Profit attributable to owners of parent

4,526

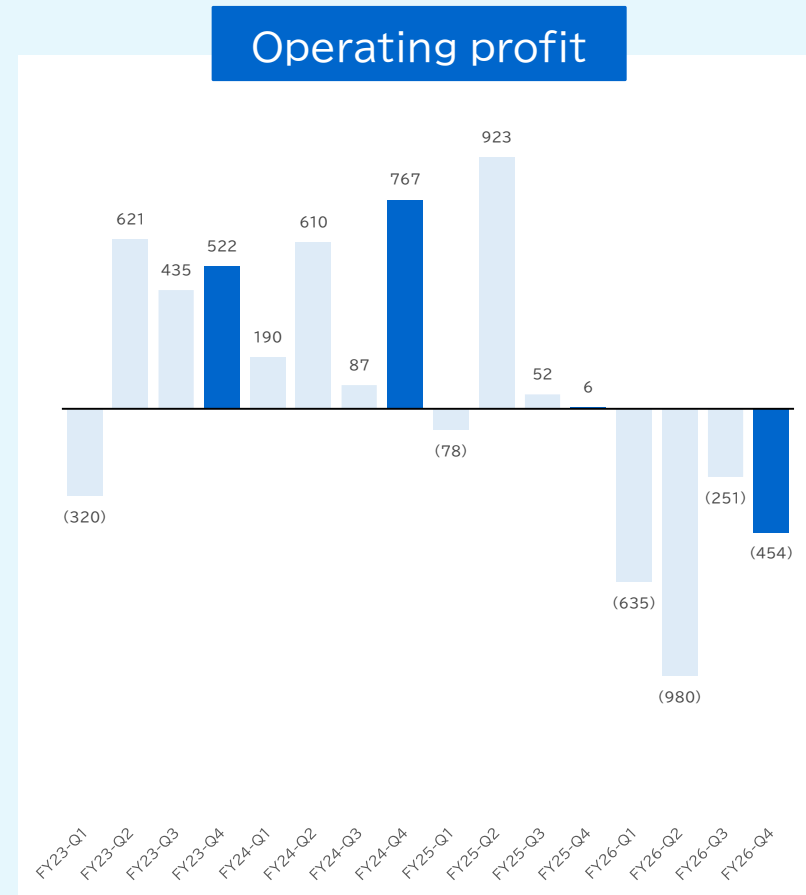
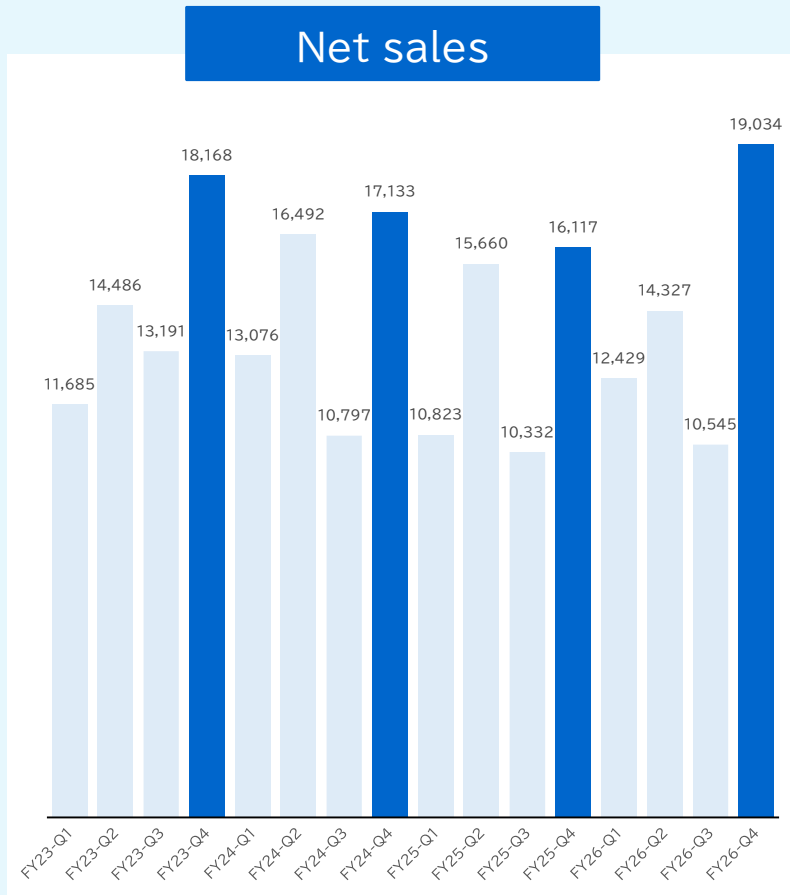
Year on year
(**↑** -%)



Summary of consolidated financial results (Quarterly net sales and operating profit)

(Unit: millions of yen)

✓ **Seasonality:** Sales tend to be concentrated in Q2 and Q4.



Consolidated statement of income

(Unit: millions of yen)

	For the year ended March 31, 2025		For the year ended March 31, 2026		Year-on-Year	
	Amount	Percentage	Amount	Percentage	Amount change	Percentage change
Net sales	52,932	100.0%	56,335	100.0%	3,403	6.4%
Cost of sales	44,332	83.8%	50,510	89.7%	6,177	13.9%
Gross profit	8,599	16.2%	5,824	10.3%	(2,774)	(32.3)%
Selling, general and administrative expenses	7,695	14.5%	8,145	14.5%	449	5.8%
Operating profit	903	1.7%	(2,320)	(4.1)%	(3,224)	-
Non-operating income (expenses)	498	0.9%	479	0.9%	(18)	(3.8)%
Ordinary profit	1,401	2.6%	(1,841)	(3.3)%	(3,243)	-
Extraordinary income (losses)	(7,000)	(13.2)%	6,541	11.6%	13,541	-
Profit before income taxes	(5,598)	(10.6)%	4,699	8.3%	10,298	-
Income taxes	505	1.0%	201	0.4%	(303)	(60.1)%
Profit (loss) attributable to non-controlling interests	(70)	(0.1)%	(28)	0.0%	42	-
Profit (loss) attributable to owners of parent	(6,033)	(11.4)%	4,526	8.0%	10,559	-
ROE	(12.7)%		10.4%		+23.1pt	
Cost of equity	7.4%		7.9%		+0.5pt	
ROIC	0.9%		(3.3)%		(4.2)pt	
WACC	2.7%		2.9%		+0.2pt	

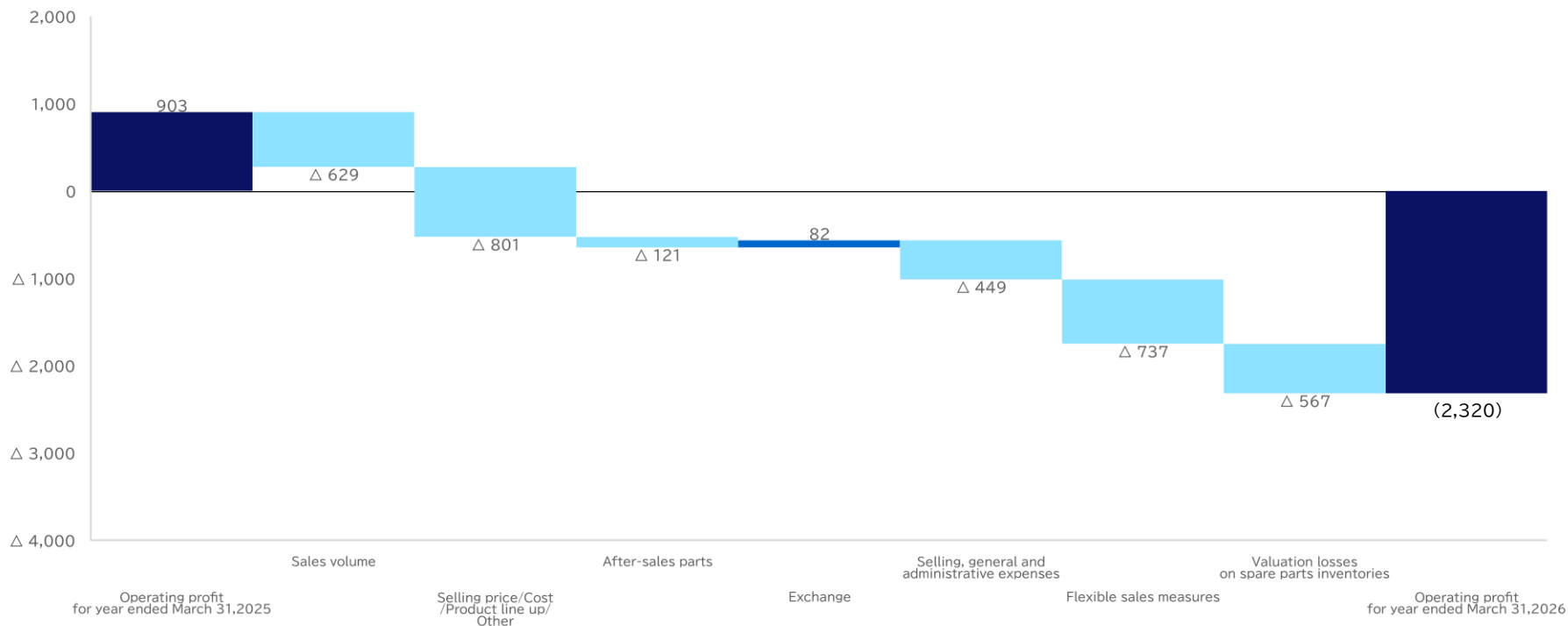
✓ **Net Sales:** Net sales increased by 6.4% year on year, partly due to the resumption of sales of large rough-terrain cranes in Japan and the continued implementation of flexible sales measures for certain hydraulic excavator products.

✓ **Cost of Sales Ratio:** 83.8% → 89.7% (an increase of 5.9 points) The manufacturing cost ratio deteriorated due to factors including a decline in factory utilization rates resulting from inventory adjustments, as well as rising materials prices and logistics costs.

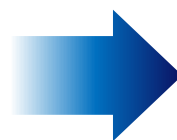
✓ **Extraordinary income (losses):** Gain on sale of shares of subsidiaries of 7,224 million yen was recorded in connection with the transfer of equity interests in a Chinese subsidiary. Impairment losses of 566 million yen were recorded for an Italian subsidiary.

Analysis of changes in operating profit (loss)

(Unit: millions of yen)



- Sales volume (629)
- Selling price/Cost/Product line up/Other (801)
- After-sales parts (121)
- Foreign exchange 82
- Selling, general and administrative expenses (449)
- Flexible sales measures (737)
- Valuation losses on spare parts inventories (567)



(2,320)
Year-on-year (3,223)

Decrease in operating profit compared to the previous fiscal year due to lower factory utilization rates associated with inventory adjustments, increase in cost of sales ratio resulting from higher material prices and logistics costs, as well as one-time valuation losses on long-term inventory of spare parts and other items

Consolidated balance sheet

(Unit: millions of yen)

Total assets as of
March 31, 2025
102,747



Total assets as of
March 31, 2026
92,365 (-10,381)

Current assets 80,292		Current liabilities 40,630	
·Cash and deposits	14,763	·Trade payables	10,536
·Trade receivables	17,983	·Short-term borrowings	26,470
·Inventories	45,272	·Other	3,624
·Other	2,274		
		Non-current liabilities 17,513	
		·Long-term borrowings	17,308
		·Other	205
		Net assets 44,603	
		·Retained earnings	27,457
		·Foreign currency translation adjustments	5,623
		·Other	11,523
Non-current assets 22,454			
·Property, plant and equipment	16,277		
·Intangible assets	1,318		
·Investments and other assets	4,858		

Assets

Liabilities and Net assets

Current assets 71,047		Current liabilities 36,469	
·Cash and deposits	11,068	·Trade payables	6,436
·Trade receivables	19,468	·Short-term borrowings	26,963
·Inventories	39,936	·Other	3,070
·Other	574		
		Non-current liabilities 13,428	
		·Long-term borrowings	13,220
		·Other	208
		Net assets 42,467	
		·Retained earnings	31,168
		·Foreign currency translation adjustments	889
		·Other	10,409
Non-current assets 21,318			
·Property, plant and equipment	15,025		
·Intangible assets	1,062		
·Investments and other assets	5,230		

Assets

Liabilities and Net assets

✓**Trade receivables ***

- Japan 16,178 → 18,490
- Europe 2,240 → 2,915
- Others 981 → 122

✓**Inventories ***

- Japan 41,365 → 36,771
- Europe 3,220 → 3,297
- Others 819 → 11

*These are reference figures prior to consolidation adjustments and do not match those in the balance sheet.

Positioning the optimization of inventories as a top priority, the Company continued to implement flexible sales measures for certain hydraulic excavator products and reviewed its production plans.

✓**Liabilities**

Liabilities decreased due to the repayment of long-term borrowings.

✓**Net assets**

Due to the exclusion of one Chinese subsidiary from consolidation, foreign currency translation adjustments decreased and retained earnings increased.

✓**Equity Ratio**

Maintaining a high equity ratio of 46.0%.

Consolidated cash flow statement

(Unit: millions of yen)

		FY25-Q4	FY26-Q4
		Amount	Amount
Operating Cash Flow	Profit before income taxes	(5,598)	4,699
	Depreciation	1,351	1,750
	Increase/decrease in trade receivables	8,317	(1,200)
	Increase/decrease in inventories	(13,486)	5,363
	Increase/decrease in trade payables	(3,291)	(4,449)
	Other	(612)	(6,424)
Total operating cash flow		(13,319)	(260)
Investing Cash Flow	Acquisition of fixed assets	(1,281)	(931)
	Other	351	2,951
	Total investing cash flow	(930)	2,019
Financing Cash Flow	Increase/decrease in interest-bearing debt	7,578	(4,298)
	Other	(940)	(1,575)
	Total financing cash flow	6,638	(5,874)
Net Increase/Decrease	Effect of exchange rate change	8	420
	Total net increase/decrease	(7,602)	(3,695)
Cash and cash equivalents at beginning of period		22,366	14,763
Cash and cash equivalents at end of period		14,763	11,068
Balance of interest-bearing debt		43,809	40,207

Operating Cash Flow

As part of efforts to optimize inventories, the Company reviewed its production plans and recorded:
Changes in inventories: +5,363 million yen.
(* Inventories decreased.)

Investing Cash Flow

Due to the transfer of equity interests in the Chinese subsidiary, the Company recorded; +2,717 million yen.

Financing Cash Flow

Borrowings increased due to increased production.

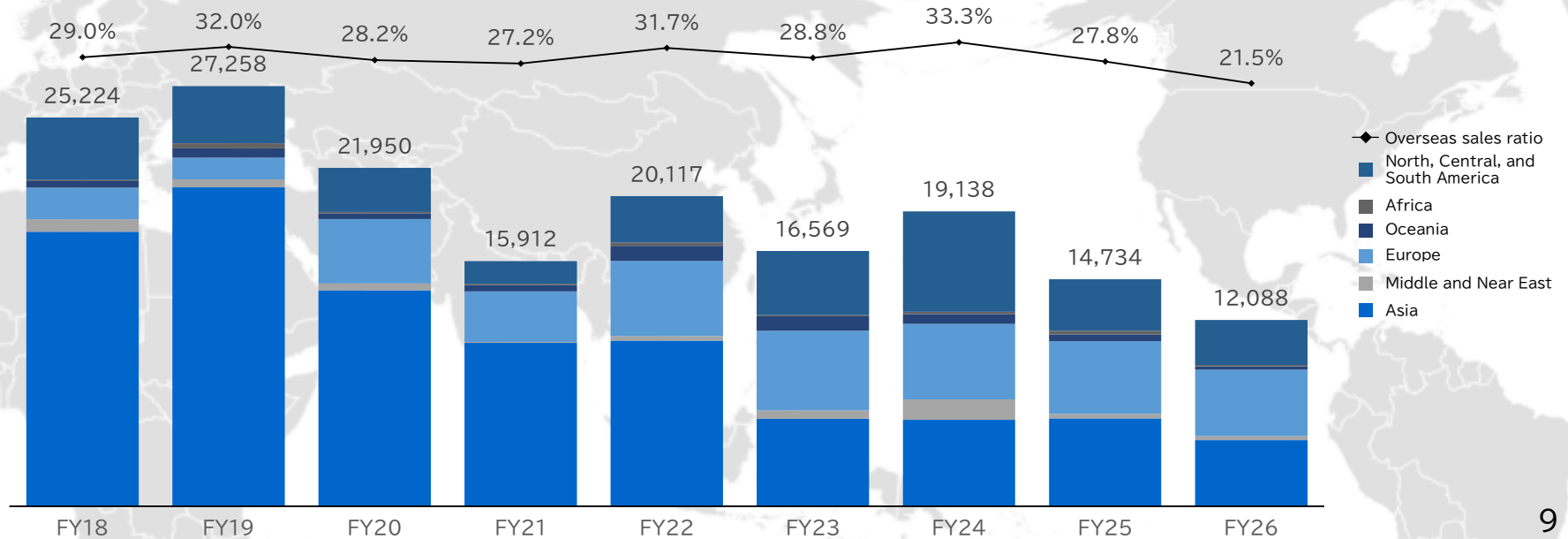
Cash and cash equivalents at end of period

Decreased from 14,763 to 11,068.

Changes in net sales by destination (excluding Japan)

(Unit: millions of yen)

	For the year ended March 31,2024		For the year ended March 31,2025		For the year ended March 31,2026		Year-on-Year		Composition ratio of total net sales
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount change	Percent change	
Asia	5,616	29.3%	5,718	38.8%	4,290	35.5%	(1,428)	(25.0)%	7.6%
Middle and Near East	1,323	6.9%	288	2.0%	265	2.2%	(22)	(7.9)%	0.5%
Europe	4,900	25.6%	4,703	31.9%	4,304	35.6%	(398)	(8.5)%	7.6%
Oceania	632	3.3%	445	3.0%	226	1.9%	(219)	(49.2)%	0.4%
Africa	160	0.8%	243	1.6%	86	0.7%	(156)	(64.4)%	0.2%
North, Central, and South America	6,504	34.0%	3,334	22.6%	2,915	24.1%	(419)	(12.6)%	5.2%
Total overseas sales	19,138	100.0%	14,734	100.0%	12,088	100.0%	(2,645)	(18.0)%	21.5%

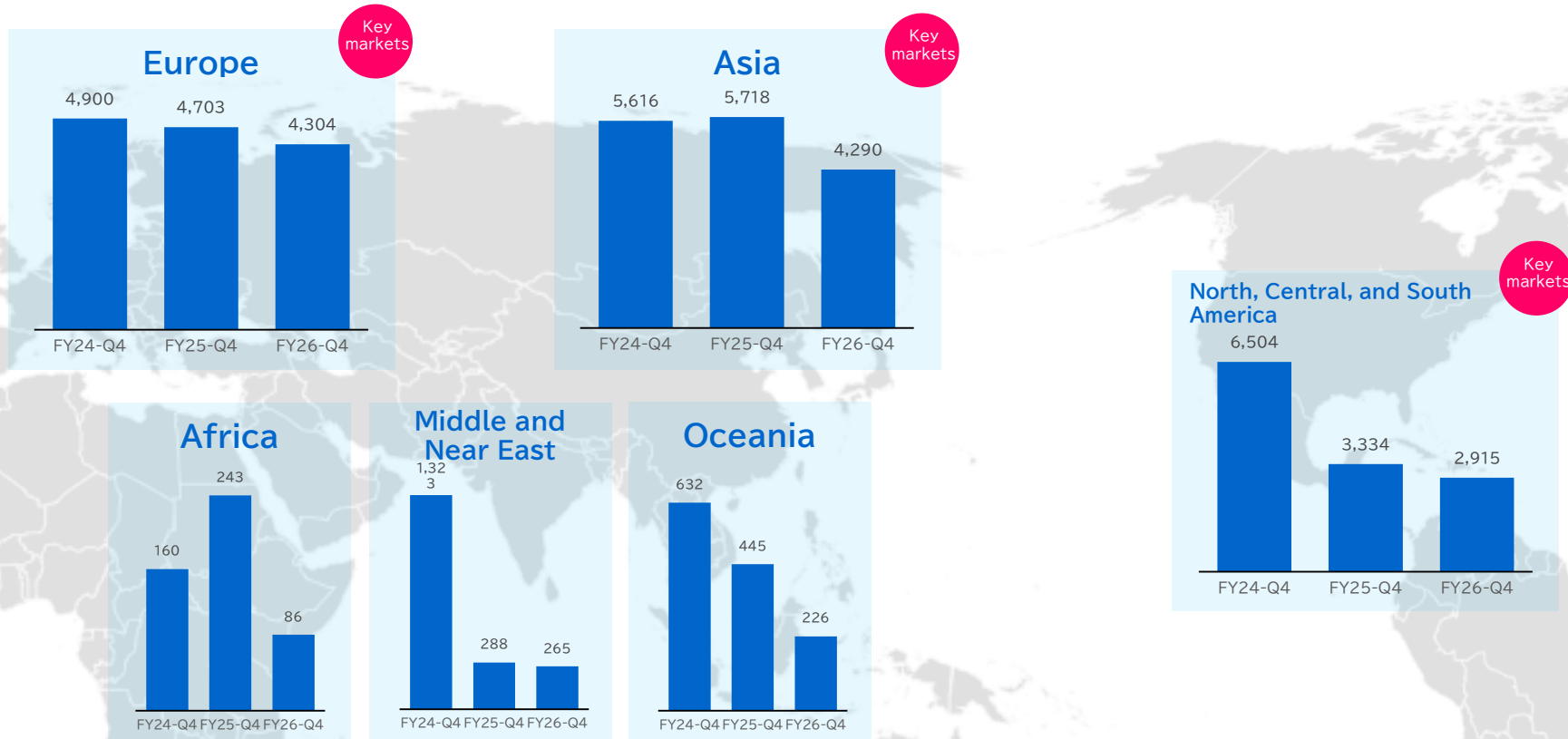


Changes in net sales by destination (excluding Japan)

(Unit: millions of yen)

Current initiatives in overseas markets

- ✓ **North, Central and South America:** Sales promotion activities are underway, supported by strong demand from energy-related industries, including pipelines.
- ✓ **Europe:** Demand remained sluggish across Europe, and the Company is currently promoting the reorganization of its European operations.
- ✓ **Asia:** The transfer of equity interests in one Chinese subsidiary was completed, and the Company established a joint venture with a local company in India, which is expected to be a growth market.

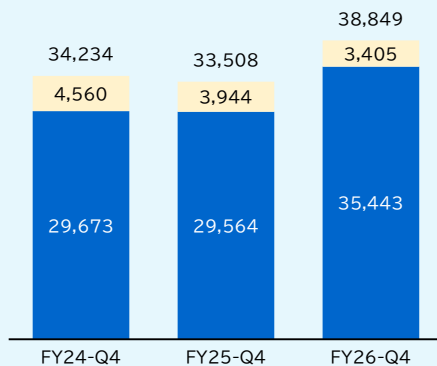


Changes in net sales by principal items

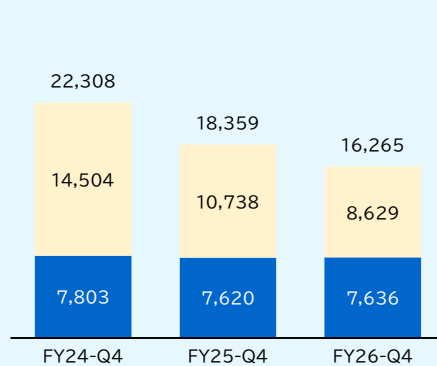
(Unit: millions of yen)

	For the year ended March 31, 2024		For the year ended March 31, 2025		For the year ended March 31, 2026		Year-on-Year	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount change	Percent change
Mobile Cranes								
Domestic sales	29,673	51.6%	29,564	55.9%	35,443	62.9%	5,878	19.9%
Overseas sales	4,560	7.9%	3,944	7.5%	3,405	6.0%	(538)	(13.7)%
Subtotal	34,234	59.5%	33,508	63.3%	38,849	69.0%	5,340	15.9%
Construction equipment								
Domestic sales	7,803	13.6%	7,620	14.4%	7,636	13.6%	15	0.2%
Overseas sales	14,504	25.2%	10,738	20.3%	8,629	15.3%	(2,109)	(19.6)%
Subtotal	22,308	38.8%	18,359	34.7%	16,265	28.9%	(2,093)	(11.4)%
Industrial equipment								
Domestic sales	883	1.5%	1,012	1.9%	1,167	2.1%	154	15.3%
Overseas sales	72	0.1%	51	0.1%	53	0.1%	1	3.6%
Subtotal	955	1.7%	1,063	2.0%	1,220	2.2%	156	14.7%
Total								
Domestic sales	38,360	66.7%	38,197	72.2%	44,246	78.5%	6,048	15.8%
Overseas sales	19,138	33.3%	14,734	27.8%	12,088	21.5%	(2,645)	(18.0)%
Subtotal	57,498	100.0%	52,932	100.0%	56,335	100.0%	3,403	6.4%

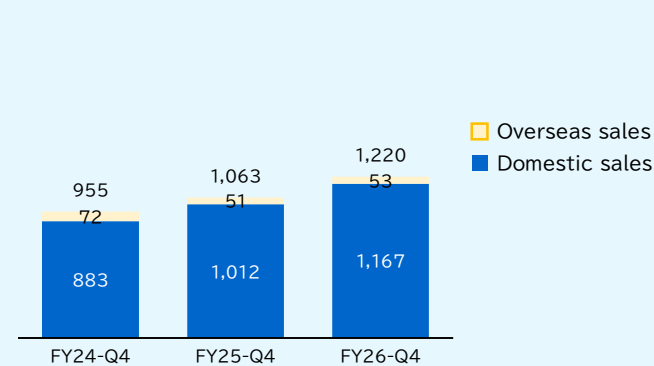
Mobile cranes



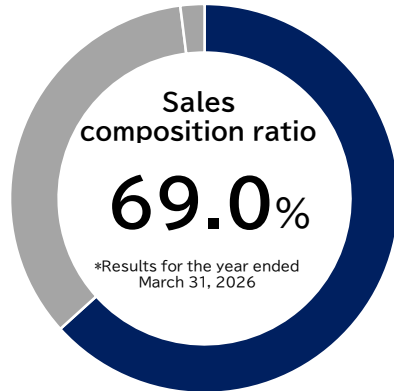
Construction equipment



Industrial equipment



Mobile cranes



Line up



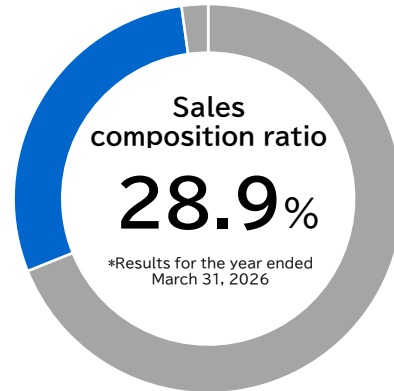
✓Rough terrain cranes

- *cabin integrated for traveling and crane operation
- ✓All terrain cranes
- *cabins separated for traveling and crane operation
- ✓Crawler cranes and other various mobile cranes, manufactured and sold

Purposes

- ✓Used at construction sites for infrastructure, buildings, and residential housing.

Construction equipment



Hydraulic excavators



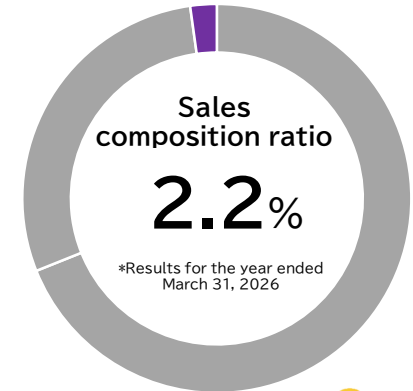
- ✓Mini excavators (vehicle body weight: 0.9-10 tons)
- ✓Mid- and large-sized excavators (vehicle body weight: 8-50 tons) manufactured and sold widely
- ✓Used for developing land for construction and demolishing structures

Crawler carriers



- ✓Used for carrying materials on rough terrain, such as infrastructure development, civil works, and disaster areas.

Industrial equipment



Street sweepers



Vacuum trucks



Snow sweepers



- ✓Customers include public institutions and airports. Sales composition ratio is low, but competition is limited, with a wide range of special-purpose vehicles manufactured and sold.

Differences between Full-year Consolidated Financial Results Forecasts and Actual Results

(Unit: millions of yen)

		For the year ended March 31, 2025	For the year ending March 31, 2026 (As previously announced)	For the year ending March 31, 2026 (Actual Results)
		Amount	Amount	Amount
Net sales		52,932	57,000	56,335
Operating profit(loss)		903	(500)	(2,320)
Ordinary profit		1,401	(1,000)	(1,841)
Profit (loss) attributable to owners of parent		(6,033)	5,800	4,526
Dividend per share	Interim	35yen	35yen	35yen
	Year-end	35yen	35yen	35yen
	Annual	70yen	70yen	70yen

Reasons for Differences

✓ Net sales were generally in line with the previously announced forecasts, mainly due to the continued implementation of flexible sales measures for certain products, including hydraulic excavators, and progress in optimizing inventory levels.

On the other hand, operating profit and ordinary profit fell below the previously announced forecasts, mainly due to a decline in factory utilization rates resulting from inventory adjustments aimed at optimizing inventories, an increase in the manufacturing cost ratio caused by rising materials prices and logistics costs, and the impact of one-time valuation losses on long-term inventories, including spare parts.

Profit attributable to owners of parent also fell below the previously announced forecasts due to the above factors, despite the recording of extraordinary income associated with the completion of the equity transfer of a Chinese subsidiary, as stated in the “Notice Regarding the Recording of Extraordinary Income Arising from the Deconsolidation of an Overseas Subsidiary and the Revision of Earnings Forecasts” announced on February 13, 2026.

There is no change to the dividend forecast.

Consolidated earnings forecast for FY27

(Unit: millions of yen)

		For the year ended March 31,2026	For year ended March 31,2027(Forecast)	
		Amount	Amount	Percent change
Net sales		56,335	61,000	8.3%
Operating profit(loss)		(2,320)	600	—
Ordinary profit		(1,841)	120	—
Profit (loss) attributable to owners of parent		4,526	0	—
Dividend per share	Interim	35yen	35yen	
	Year-end	35yen	35yen	
	Annual	70yen	70yen	

✓ With regard to the consolidated financial results forecasts for the fiscal year ending March 31, 2027, geopolitical risks, including the situations in Ukraine, the US and the Middle East, have not been resolved at the beginning of the fiscal year, and the Company expects the uncertain business environment to continue. Under these circumstances, although a rapid increase in demand for construction machinery in the overall market is not expected, the Company forecasts net sales of 61.0 billion yen, up 8.3% year on year, mainly due to the launch in the domestic market of a new hydraulic excavator series currently under development, the commencement of operations in the India business, and expectations for a certain degree of recovery in demand in the US market, which has remained sluggish in recent years.

On the profit front, although the Company expects to return to operating profit, profit levels are expected to fall short of those envisioned in the Medium-term Management Plan, due to concerns over further increases in materials prices and logistics costs, as well as the continued implementation of flexible sales strategies aimed at improving its financial position.

Under these circumstances, the Company will work to secure earnings by bringing the India business, which is expected to become a new pillar of earnings, onto a stable growth trajectory at an early stage, while optimizing product and parts prices to absorb various costs that continue to rise sharply.



Notice concerning partnership with a local company

- The investment amount and investment ratio have been determined with Action Construction Equipment Ltd. (hereinafter, “ACE”) as the joint investment partner for the joint venture company planned to be established in India.
- The joint venture aims to commence operations from April 2026 and plans to produce heavy cranes for the Indian domestic market and overseas markets for the time being.
- Operations are scheduled to commence in the first half of the fiscal year ending March 31, 2027.

Overview of the joint venture

Proposed Company Name: ACE KATO Pvt.Ltd.

Capital : 2.0 billion INR (approximately 3.4 billion JPY), jointly invested by the KATO WORKS CO., LTD. and ACE (50% ownership by KATO WORKS CO., LTD.)

Location : Haryana State, Republic of India

Business : Production of heavy cranes (truck cranes, crawler cranes, and rough terrain cranes)



Features

Next-generation hydraulic excavators fully redesigned to improve work efficiency and environmental performance.

- Further enhancement of the highly acclaimed operating feel and improved work efficiency through shorter cycle times
- Improved environmental performance and fuel efficiency through the adoption of a new engine compliant with European Stage V emissions regulations and optimization of the hydraulic system
- Pursuit of a comfortable cab environment for operators through the adoption of a new cab and latest seats with enhanced cushioning
- Improved structure designed with daily inspections and maintenance in mind through a new design that reviews every detail of the machine
- The telematics-based machine operation management system “K-cast” supports monitoring of operating status and efficient machine management.
- Compatibility with a wide variety of attachments, enabling use across a broad range of worksites

Suggested sales price

From 21.5~30 million yen (excluding tax)

Launch month

July 2026

Sales targets

200~400 units / year

*Press release (May 14, 2026)

Overview

The Company is scheduled to exhibit at the 8th International Construction and Surveying Expo (CSPI2026), to be held at Makuhari Messe from Wednesday, June 17 to Saturday, June 20, 2026.

Products and technologies that contribute to reducing environmental impact, enhancing safety, and improving productivity in the construction and surveying fields will be showcased.

Exhibition highlights

- Demonstration of “SR-250HV,” the world’s first environmentally friendly hybrid rough terrain crane
- Advance display of “HD514MR-9,” one of four new hydraulic excavator models scheduled to go on sale in July 2026
- Display of “IC110R,” a full-slewing crawler carrier that combines transportability and safety
- Introduction of “K-Cast,” the machine operation management system and one of the Company’s DX initiatives



*Photo for illustrative purposes only.

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Notes

Contents on the present plans and the forecasts included in these materials are based on information presently obtained and certain premises deemed reasonable by the Company.

Actual business results, etc. may be significantly different due to various factors. Therefore, the materials do not promise or guarantee the realization of the plans or forecasts.