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Notice Regarding Revisions to Financial Results Forecast

KATO WORKS CO., LTD. (the “Company”) has not determined profit attributable to owners of parent in the full-year consolidated financial results forecast for the fiscal year ending March 31, 2025 presented in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]” announced on May 14, 2024 due to the difficulty of reasonably estimating at the beginning of the period the amount of impact that would occur in association with the review of the Chinese business that is being promoted. The Company hereby announces that, however, it has decided to revise the undetermined forecast as follows, given that the Company has been able to calculate the approximate impact of this event at this point in time.

1. Revisions to the forecast

Revisions to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	70,000	2,100	1,500	—	—
Actual results (B)	70,000	2,100	1,500	(5,400)	(460.88)
Change (B-A)	0	0	0	—	
Change (%)	0.0	0.0	0.0	—	
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2024)	57,498	1,654	2,575	4,235	361.49

*Assumed exchange rate (first half) 1 US dollar = 135 yen, 1 yuan = 22 yen; (second half) 1 US dollar = 130 yen, 1 yuan = 22 yen

2. Reason for the revisions

The Chinese business of the Company has been playing a part in the performance of the Company as one of our mainstay businesses, as exemplified by the sufficient investment effect (approximately 4.2 billion yen) which includes losses that are estimated to be incurred in the future, supported in part by the high economic growth in China and product recognition in the market.

However, the Company has considered the fundamental review of the Chinese business, in consideration also of the impact on the consolidated financial results in the future, based on such facts as the recent emergence of local manufacturers in China and continued lower demand caused by slowdown in infrastructure investment arising from the real property market conditions, which resulted in our inability to foresee any sign of recovery in the business environment.

The Company has not determined the forecast for profit attributable to owners of parent because it was difficult to reasonably estimate the amount of impact associated with the review of the business at the beginning of the period. However, as stated in the “Notice Regarding Dissolution and Liquidation of Consolidated Subsidiaries” announced on June 20, 2024 and July 12, 2024, we determined to dissolve and liquidate two Chinese subsidiaries. Given these facts, the Company calculated the financial results forecast based on currently available information.

While the forecast for net sales, operating profit, and ordinary profit have been unchanged from the previous ones, the Company determined the forecast for profit attributable to owners of parent to be (5,400) million yen, as we estimated that an extraordinary loss incurred in association with this event (loss on liquidation of subsidiaries) is to be approximately 7,000 million yen at this point in time.

As stated above, consolidated financial results for the fiscal year under review are estimated to be temporarily severe. However, we consider that the consolidated financial results and capital profitability of the following fiscal year and beyond will improve following this event, because the recent loss incurred is a temporary one and the recent earnings base of the Company is being gradually stabilized thanks to various measures taken under the medium-term management plan, the final year of which is the fiscal year under review.

*The financial results forecast and other forward-looking statements described herein are based on the information currently available to the Company and certain assumptions that the Company considers reasonable, and actual financial results may significantly differ from the forecast and statements due to various factors.