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Notice Regarding Revisions to Financial Results Forecast

KATO WORKS CO., LTD. (the “Company”) have revised the projections for consolidated business results for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025), which the Company announced on November 8, 2024.

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	Millions of yen	Million yen	Yen
Previous forecast (A)	61,500	1,500	1,600	(4,200)	(358.32)
Revised Forecasts (B)	52,500	1,500	2,100	(4,200)	(358.22)
Change (B-A)	(9,000)	-	500	-	
Change (%)	(14.6)	-	31.3	-	
(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 (second half) 1 US dollar = 150 yen, 1 yuan = 20 yen, 1 euro = 155 yen

2. Reason for the revisions

In the year ended March 31, 2025, we planned an increase in sales and established a system to increase production in line with the progress made in the Transformation into a Lean and Solid Structure under the theme of the medium-term management plan that we are currently promoting.

However, in the domestic market, in addition to the delayed sales of new large-scale rough terrain cranes in the high-priced range, the sales environment remained challenging due to factors such as a decline in replacement demand caused by a decline in prices in the used construction equipment market and sluggish demand for construction machinery caused by a shortage of personnel related to construction work.

Overseas as well, in the U.S., one of a main market, we refrained from buying before the presidential election, and in Europe, there was a rapid slump in demand. In the fourth quarter, we cannot expect a rapid recovery in demand in each market. As a result,

consolidated net sales are forecast to decline significantly from the 61.5 billion yen announced on November 8, 2024.

On the other hand, there is no change from the previous forecast for Operating profit. This was due to a sales strategy that emphasizes profit margins and a review of the manufacturing process with an emphasis on production efficiency.

Ordinary income exceeded the previous forecast due to the generation of compensation received and favorable performance in the hotel business.

Profit attributable to owners of parent has not been revised due to a change in the forecast of exchange rates.

The consolidated financial results for the fiscal year under review are expected to be temporarily difficult. However, the loss on liquidation of subsidiaries arising from the dissolution and liquidation of two Chinese subsidiaries, which has already been disclosed, is a one-time event, and we recognize that the consolidated financial results and capital profitability will improve from the next fiscal year onward as the sales of the large-scale rough terrain cranes mentioned above are also commenced.

The dividend forecast has not been revised due to the revision of the earnings forecast.

*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.