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Notice Regarding Revisions to Financial Results Forecast

KATO WORKS CO., LTD. have revised the projections for consolidated business results for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026), which the Company announced on May 14, 2025.

1. Revisions to the forecast

Revisions to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

	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)	57,000	1,700	1,200	1,200	105.89
Revised Forecasts (B)	57,000	(500)	(1,000)	200	17.42
Change (B-A)	-	(2,200)	(2,200)	(1,000)	
Change (%)	-	-	-	(83.3)	
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2025)	52,932	903	1,401	(6,033)	(514.48)

2. Reason for the revisions

During the six-month period under review, under the theme of the Mid-Term Management Plan that began in the fiscal year ending March 31, 2026, “Leap Forward ; Into The Next Era,” the Company implemented initiatives in line with its basic policies of “Enhancement of corporate value,” “Strategy for growth with effective investment” “Further improvement of profitability,” and “Implementation of sustainability management.”

Regarding consolidated net sales for the full fiscal year of the current consolidated accounting period, the company expects to achieve the previously forecasted figure, supported by the full-scale sales of high-priced large rough terrain cranes following the resolution of supply constraints for key components, continued improvement in selling prices across most products, and ongoing flexible sales measures for certain hydraulic excavator models.

On the other hand, a significant recovery in demand for construction machinery is not expected in either domestic or overseas markets, and further increases in material and labor costs are anticipated.

In addition, reflecting the progress made this fiscal year in improving the soundness of our overseas portfolio, and as part of

the company's ongoing efforts to optimize inventories—an issue recognized as a current management priority—manufacturing costs have risen due to reduced operating rates, and valuation losses have been recorded for long-term inventories such as aftermarket parts. Consequently, profits are expected to fall below the previous forecast. Nevertheless, as announced in the “Notice Regarding the Completion of Transfer of Equity Interest in a Consolidated Subsidiary and Recording of Extraordinary Income (Progress of Disclosure)” dated October 29, 2025, the company plans to record a gain on the sale of shares in its consolidated subsidiary, KATO WORKS (CHINA) LTD. Accordingly, even after factoring in the impact of inventory optimization, profit attributable to owners of parent is expected to remain in the black. There is no revision to the dividend forecast associated with this earnings forecast revision.

*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.

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