

Financial Results Briefing Materials for the Six Months Ended September 30, 2025 (April – September)

130th Anniversary
Since 1895

KATO 株式会社 加藤製作所

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Status by segment (manufacturing base)

*Year-on-year change.

Japan

Net sales
24,534million yen (4.9)% *

Operating profit
(1,509) million yen -%

Manufacturing bases

- Ibaraki
- Gunma

Destinations

- Japan
- United States
- Europe (intercompany transactions)
- Southeast Asia
- Taiwan
- Middle and Near East, etc.

Key products

- Mobile cranes
- Construction equipment

TOPICS Japan

- The production of large construction cranes for the domestic market is ramping up.
- Flexible sales of hydraulic excavators for the domestic market are being implemented.

TOPICS US(Export destination)

- Demand for hydraulic excavators in the U.S. is sluggish.

Europe

Net sales
1,854million yen (31.5)%*

Operating profit
(74) million yen -%

Manufacturing bases

- Italy

Destinations

- EU countries, etc.

Key products

- Construction equipment

TOPICS Italy

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

Others

Net sales
1,034million yen +0.2% *

Operating profit
(45)million yen -%

Manufacturing bases

- None

Destinations

- China etc.

Key products

- Construction equipment

TOPICS China

- On October 28, the Company transferred its equity interest in one of its Chinese subsidiaries.

Summary of consolidated financial results



Evolution Towards True Value

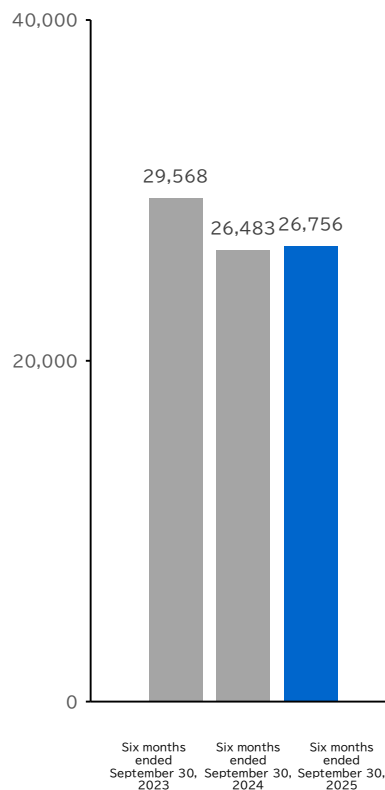
(Unit: millions of yen)

Net sales

26,756

Year on year

(▲ +1%)

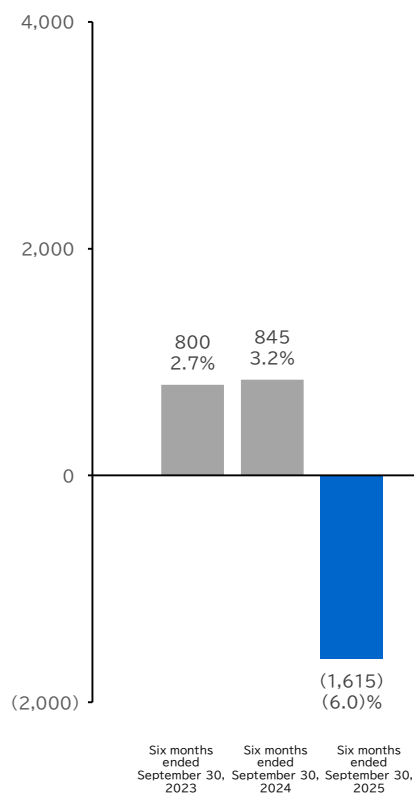


Operating profit and margin

(1,615)

Year on year

(▼ -%)

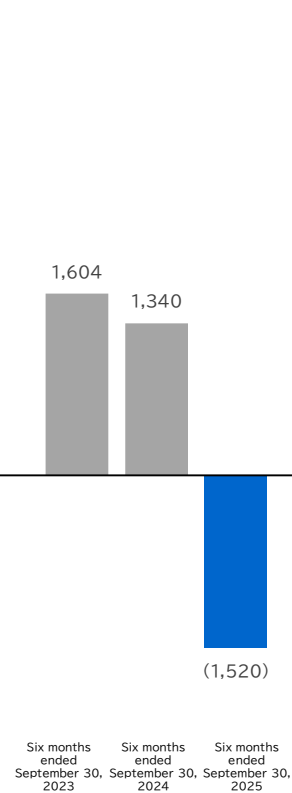


Ordinary profit

(1,520)

Year on year

(▼ -%)

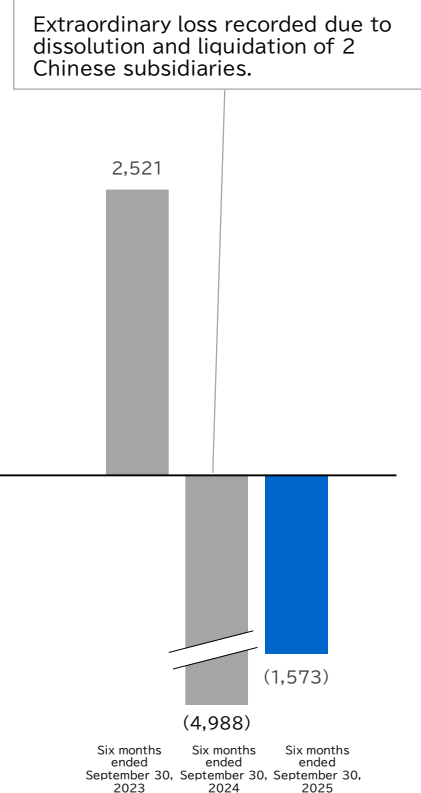


Profit attributable to owners of parent

(1,573)

Year on year

(▼ -%)

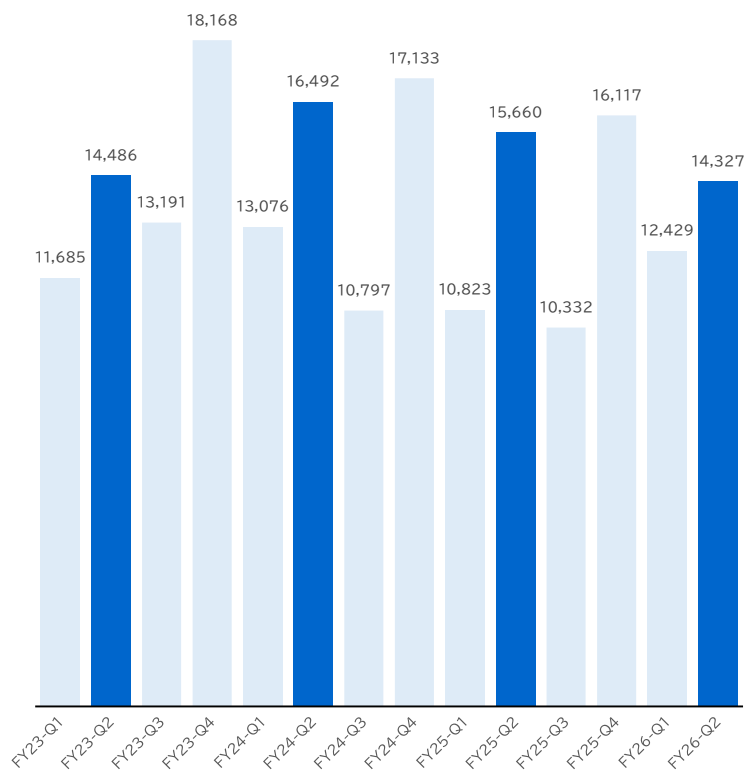


Summary of consolidated financial results (Quarterly net sales and operating profit)

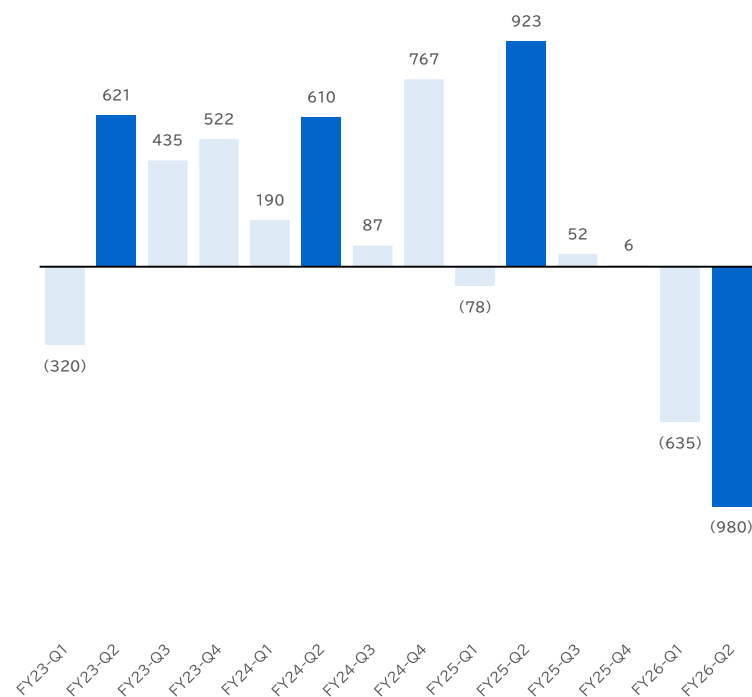
(Unit: millions of yen)

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

Net sales



Operating profit



Consolidated statement of income

(Unit: millions of yen)

	For the six months ended September 30, 2024		For the six months ended September 30, 2025		Year-on-Year	
	Amount	Percentage	Amount	Percentage	Amount change	Percentage change
Net sales	26,483	100.0%	26,756	100.0%	273	1.0%
Cost of sales	21,855	82.5%	24,386	91.1%	2,530	11.6%
Gross profit	4,627	17.5%	2,370	8.9%	(2,256)	(48.8)%
Selling, general and administrative expenses	3,781	14.3%	3,985	14.9%	204	5.4%
Operating profit	845	3.2%	(1,615)	(6.0)%	(2,461)	-
Non-operating income (expenses)	494	1.9%	94	0.4%	(399)	(80.9)%
Ordinary profit	1,340	5.1%	(1,520)	(5.7)%	(2,860)	-
Extraordinary income (losses)	(6,187)	(23.4)%	(3)	0.0%	6,184	-
Profit before income taxes	(4,847)	(18.3)%	(1,523)	(5.7)%	3,323	-
Income taxes	137	0.5%	58	0.2%	(78)	(57.4)%
Profit (loss) attributable to non-controlling interests	3	0.0%	(9)	0.0%	(12)	-
Profit (loss) attributable to owners of parent	(4,988)	(18.8)%	(1,573)	(5.9)%	3,415	-

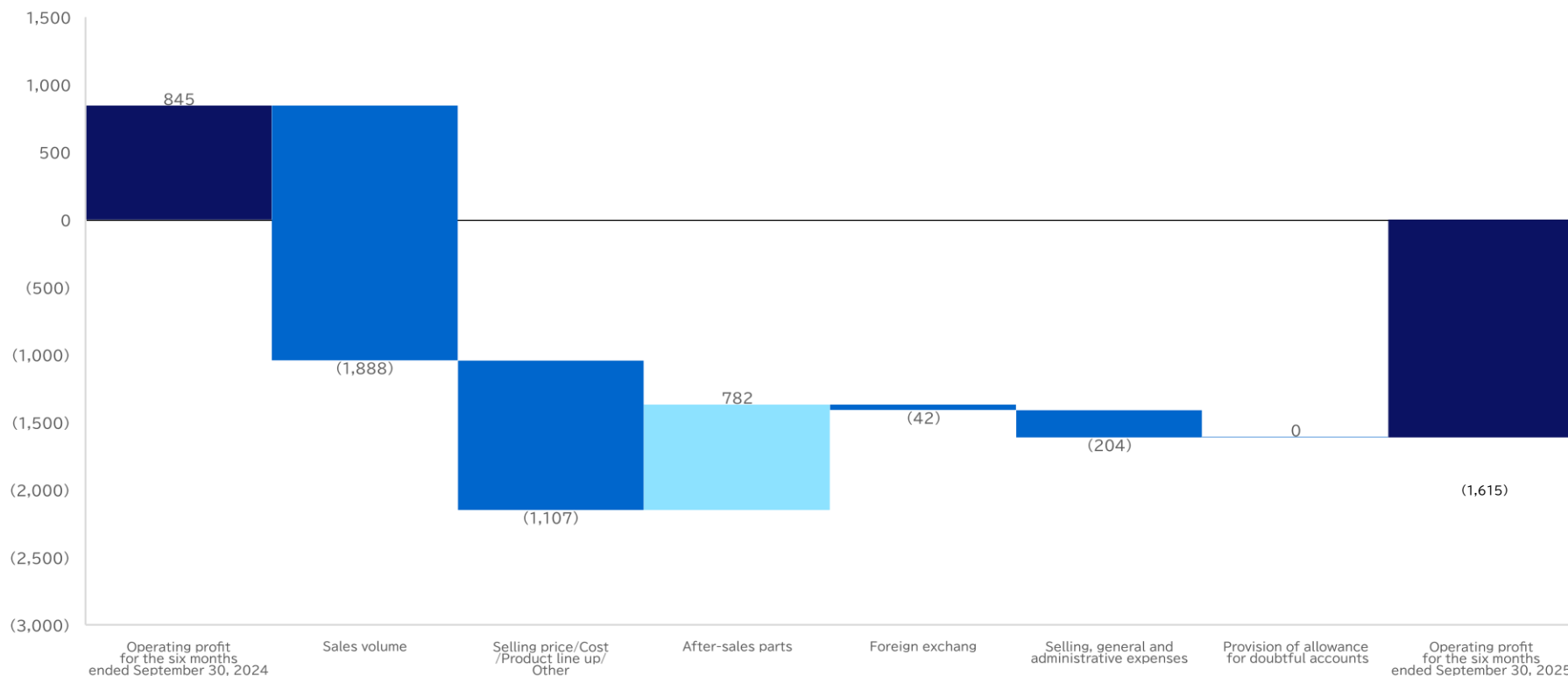
✓ **Net Sales:** Although sales in overseas markets decreased year on year due to the readjustment of business in China and sluggish demand in the US and Europe, domestic sales increased year on year, driven by continued improvement in selling prices for most products excluding certain hydraulic excavators and the full-scale production of large mobile cranes. As a result, consolidated net sales increased by 1% year on year.

✓ **Cost of Sales Ratio:** 82.5% → 91.1% (an increase of 8.6 points) due to the recording of valuation losses associated with the optimization of inventories and aftermarket parts.

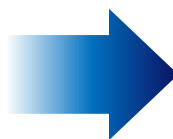
✓ **Non-operating Income (Expenses):** Decreased from the previous fiscal year, when compensation income was recorded, while interest expenses increased due to higher interest rates.

Analysis of changes in operating profit (loss)

(Unit: millions of yen)



- Sales volume (1,888)
- Selling price/Cost/ Product line up/Other (1,107)
- After-sales parts 782
- Foreign exchange (42)
- Selling, general and administrative expenses (204)
- Provision of allowance for doubtful accounts 0



(1,615)
Year-on-year ↘ (2,461)

Due to decreased demand in overseas markets, flexible sales measures for hydraulic excavators in the domestic market, and the recording of valuation losses associated with the optimization of inventories and aftermarket parts, operating profit decreased year on year.

Consolidated balance sheet

(Unit: millions of yen)

Total assets as of
March 31, 2025
102,747



Total assets as of
September 30, 2025
95,897 (-6,849)

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 assets 22,454		Non-current liabilities 17,513	
•Property, plant and equipment	16,277	•Long-term borrowings	17,308
•Intangible assets	1,318	•Other	205
•Investments and other assets	4,858		
Net assets 44,603			
		•Retained earnings	27,457
		•Valuation and translation adjustments	5,978
		•Other	11,167

Assets

Liabilities and Net assets

Current assets 73,490		Current liabilities 38,565	
•Cash and deposits	12,349	•Trade payables	10,189
•Trade receivables	19,059	•Short-term borrowings	25,355
•Inventories	41,617	•Other	3,019
•Other	463		
Non-current assets 22,407		Non-current liabilities 15,120	
•Property, plant and equipment	16,015	•Long-term borrowings	14,923
•Intangible assets	1,297	•Other	197
•Investments and other assets	5,094		
Net assets 42,211			
		•Retained earnings	25,473
		•Valuation and translation adjustments	6,064
		•Other	10,672

Assets

Liabilities and Net assets

✓Trade receivables *

- Japan 16,178 → 17,809
- Europe 2,240 → 2,158
- Others 981 → 746

✓Inventories *

- Japan 41,365 → 38,366
- Europe 3,220 → 3,357
- Others 819 → 51

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

Implemented flexible sales strategies and optimized inventory assets.

✓Liabilities

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

✓Equity Ratio

Maintaining a high equity ratio of 44.0%.

Consolidated cash flow statement

(Unit: millions of yen)

		FY25-Q2	FY26-Q2
		Amount	Amount
Operating Cash Flow	Profit before income taxes	(4,847)	(1,523)
	Depreciation	658	837
	Increase/decrease in trade receivables	6,822	(1,042)
	Increase/decrease in inventories	(9,146)	3,667
	Increase/decrease in trade payables	823	(430)
	Other	(1,051)	1,127
	Total operating cash flow	(6,741)	2,635
Investing Cash Flow	Acquisition of fixed assets	(578)	(697)
	Loans or disbursements from loans	-	-
	Other	469	266
	Total investing cash flow	(109)	(430)
Financing Cash Flow	Increase/decrease in interest-bearing debt	(5,579)	(3,734)
	Other	(441)	(936)
	Total financing cash flow	(6,021)	(4,671)
Net Increase/Decrease	Effect of exchange rate change	9	52
	Total net increase/decrease	(12,862)	(2,414)
Cash and cash equivalents at beginning of period		22,366	14,763
Cash and cash equivalents at end of period		9,503	12,349

Operating Cash Flow

Focused on inventory sales aimed at optimizing inventories.

Investing Cash Flow

Introduction of core systems, etc.

Financing Cash Flow

Repayment of long-term borrowings is in progress.

Cash and cash equivalents at end of period

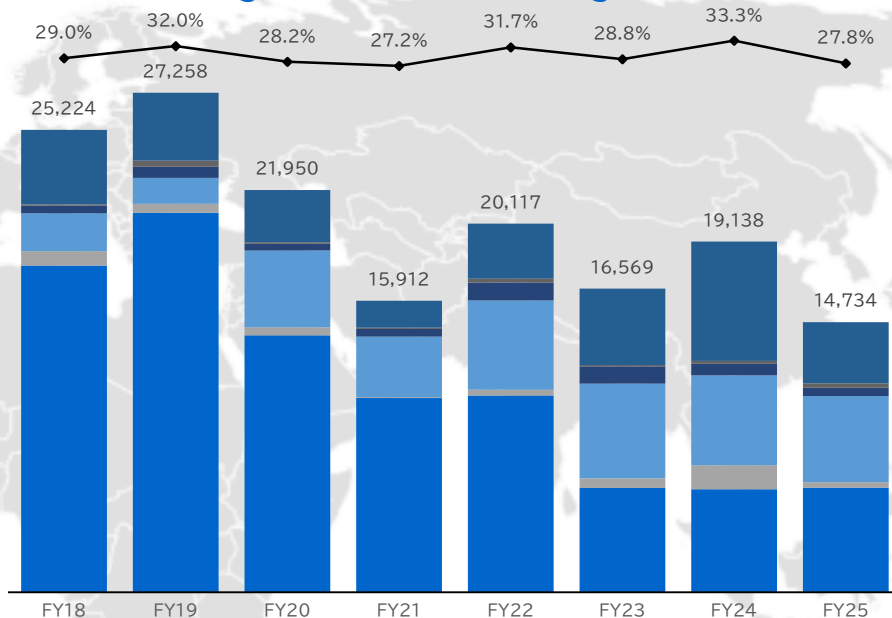
Decreased from 14,763 to 12,349

Changes in net sales by destination (excluding Japan)

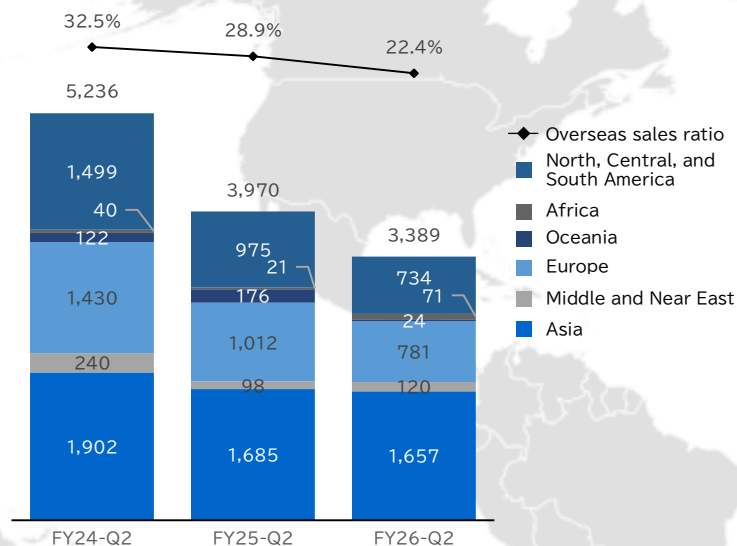
(Unit: millions of yen)

	For the six months ended September 30, 2023		For the six months ended September 30, 2024		For the six months ended September 30, 2025		Year-on-Year		Composition ratio of total net sales
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount change	Percent change	
Asia	3,085	32.1%	2,618	34.3%	2,511	41.9%	(107)	(4.1)%	9.4%
Middle and Near East	533	5.5%	184	2.4%	132	2.2%	(52)	(28.2)%	0.5%
Europe	2,602	27.0%	2,677	35.0%	1,751	29.2%	(925)	(34.6)%	6.5%
Oceania	326	3.4%	200	2.6%	74	1.3%	(125)	(62.7)%	0.3%
Africa	128	1.3%	40	0.5%	77	1.3%	36	89.8%	0.3%
North, Central, and South America	2,945	30.6%	1,919	25.1%	1,441	24.1%	(478)	(24.9)%	5.4%
Total overseas sales	9,621	100.0%	7,642	100.0%	5,989	100.0%	(1,652)	(21.6)%	22.4%

Long-term annual changes



Recent quarterly changes

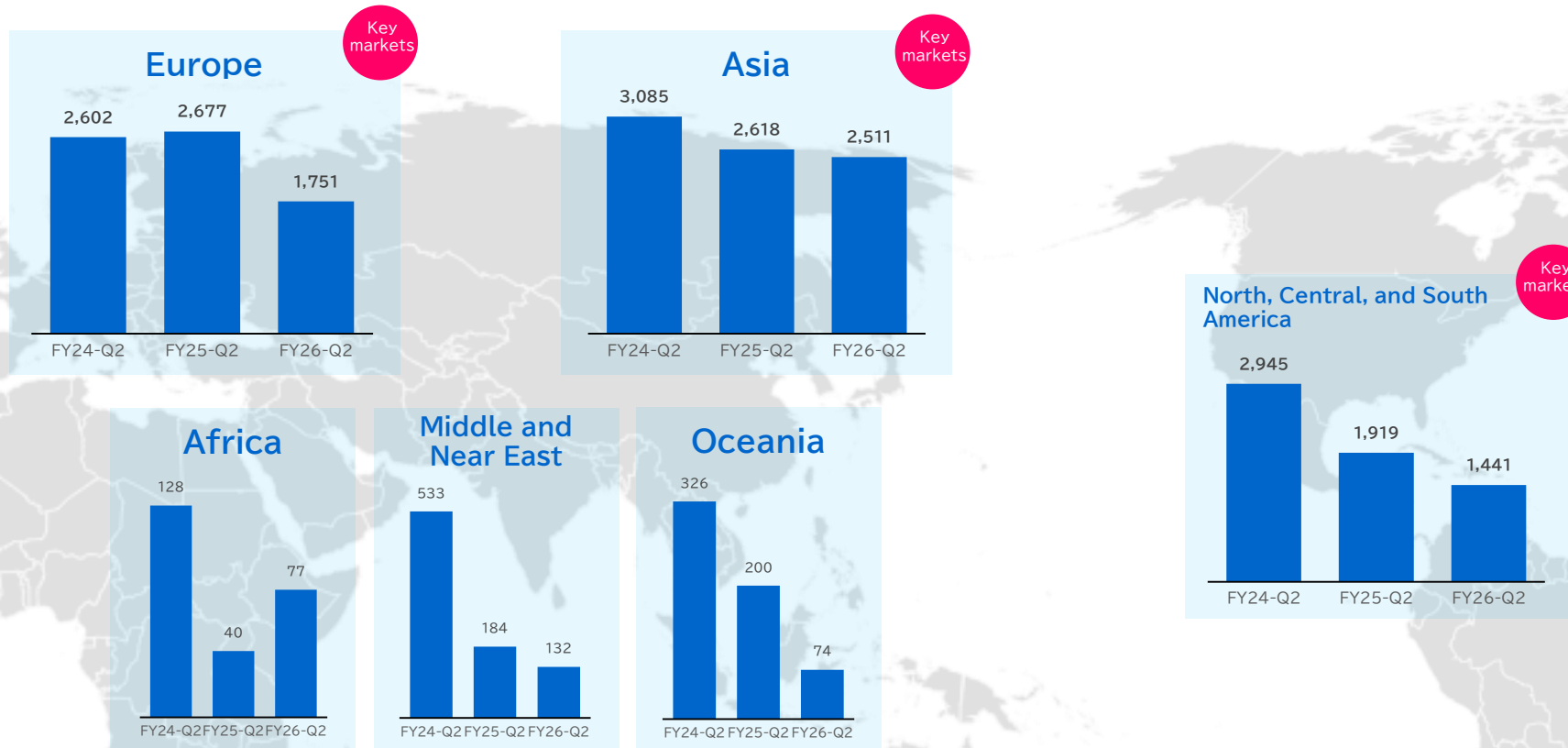


Changes in net sales by destination (excluding Japan)

(Unit: millions of yen)

Current initiatives in overseas markets

- ✓ **North, Central and South America:** Although sales decreased due to sluggish demand in the US market, the Company has been exploring initiatives to strengthen its earnings base as outlined in the medium-term management plan.
- ✓ **Europe:** Despite continued sluggish demand in Europe, a capital increase was implemented for the Italian subsidiary with the aim of reinforcing the business foundation for future growth.
- ✓ **Asia:** While proceeding with the liquidation and dissolution of its Chinese business, the Company is moving forward with the establishment of a joint venture with a local company in India, a market expected to offer significant growth opportunities.

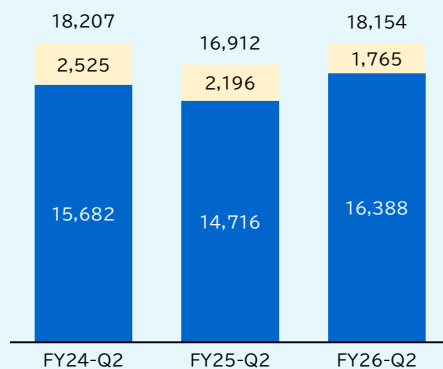


Changes in net sales by principal items

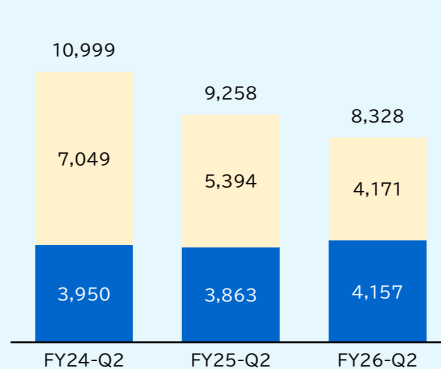
(Unit: millions of yen)

	For the six months ended September 30, 2023		For the six months ended September 30, 2024		For the six months ended September 30, 2025		Year-on-Year	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount change	Percent change
Mobile Cranes								
Domestic sales	15,682	53.0%	14,716	55.6%	16,388	61.3%	1,672	11.4%
Overseas sales	2,525	8.5%	2,196	8.3%	1,765	6.6%	(430)	(19.6)%
Subtotal	18,207	61.6%	16,912	63.9%	18,154	67.8%	1,241	7.3%
Construction equipment								
Domestic sales	3,950	13.4%	3,863	14.6%	4,157	15.5%	293	7.6%
Overseas sales	7,049	23.8%	5,394	20.4%	4,171	15.6%	(1,223)	(22.7)%
Subtotal	10,999	37.2%	9,258	35.0%	8,328	31.1%	(929)	(10.0)%
Industrial equipment								
Domestic sales	314	1.1%	260	1.0%	220	0.8%	(40)	(15.5)%
Overseas sales	46	0.2%	51	0.2%	53	0.2%	2	4.5%
Subtotal	361	1.2%	311	1.2%	273	1.0%	(38)	(12.2)%
Total								
Domestic sales	19,947	67.5%	18,840	71.1%	20,766	77.6%	1,925	10.2%
Overseas sales	9,621	32.5%	7,642	28.9%	5,989	22.4%	(1,652)	(21.6)%
Subtotal	29,568	100.0%	26,483	100.0%	26,756	100.0%	273	1.0%

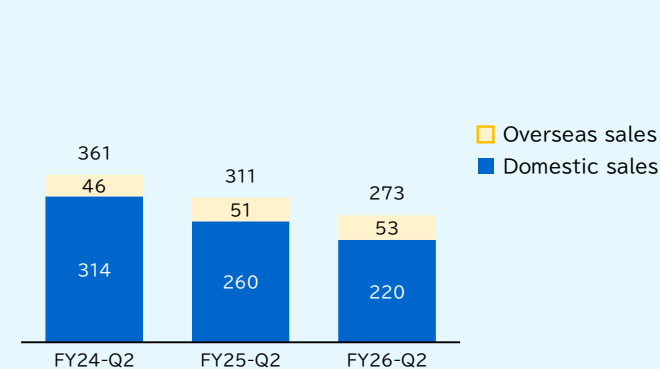
Mobile cranes



Construction equipment

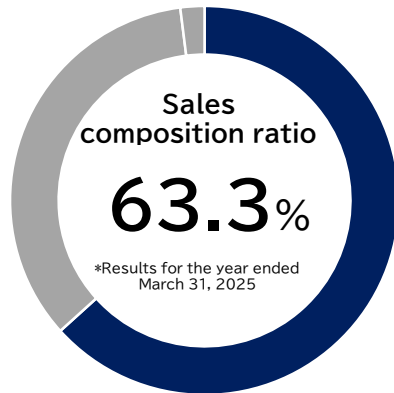


Industrial equipment



Principal items

Mobile cranes



Line up



✓ Rough terrain cranes

*cabin integrated for traveling and crane operation

✓ All terrain cranes

*cabins separated for traveling and crane operation

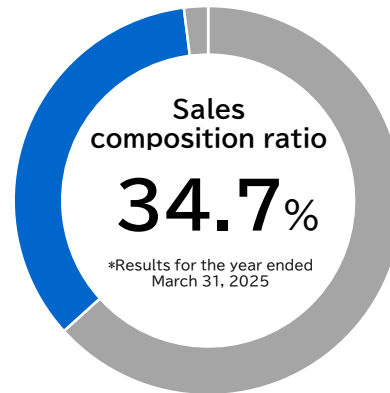
✓ Crawler cranes

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

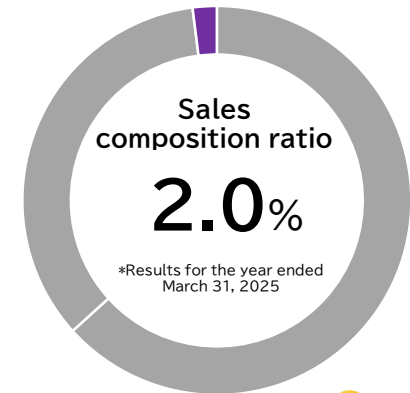
- ✓ Used for developing land for construction and demolishing structures

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.

Revision to consolidated financial forecast for FY26 and recording of extraordinary income

(Unit: millions of yen)

		For the year ended March 31, 2025	For the year ending March 31, 2026 (Initial forecast)	For the year ending March 31, 2026 (Revised forecast)
		Amount	Amount	Amount
Net sales		52,932	57,000	57,000
Operating profit(loss)		903	1,700	(500)
Ordinary profit		1,401	1,200	(1,000)
Profit (loss) attributable to owners of parent		(6,033)	1,200	200
Dividend per share	Interim	20yen	35yen	35yen
	Year-end	45yen	35yen	35yen(Forecast)
	Annual	65yen	70yen	70yen(Forecast)

✓ Revision to Earnings Forecast

Regarding consolidated net sales for the full fiscal year, 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.

✓ Dividends

In line with the Medium-Term Management Plan announced on March 27, 2025, the company maintains its dividend forecast of 70yen per share with no changes.

Launch of IC110R, a new 11-ton Full-Rotating Crawler Carrier



Features

- ★ Compact body of the smallest class designed with a focus on safety and transportability.
- ★ Newly developed vessel design enabling a maximum payload of 11 tons.
- ★ Equipped with a new engine compliant with the latest emission standards (European Stage V).

Suggested sales price

From 34.8 million yen (excluding tax)

Launch month

October 2025

Sales targets

50 units / year

*July 22, 2025 press release

Contact
KATO WORKS CO., LTD.
Corporate Communications Department
1-9-37 Higashioi, Shinagawa-ku, Tokyo, 140-0011
E-Mail: ir-kato@kato-works.co.jp

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.