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Notice Regarding Revision of Earnings Forecast

We hereby confirm that in light of recent earnings trends the earnings forecast announced on April 12, 2024, has been revised as appears below.

The year-end dividend forecast for the fiscal year ending February 2025 remains unchanged from the previously announced forecast.

1. Consolidated Forecast for the Fiscal Year Ending February 2025 (March 1, 2024 to February 28, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	224,000	38,500	38,500	27,500	576.91
Revised forecast (B)	215,500	44,500	42,000	30,000	629.36
Amount of change (B-A)	(8,500)	6,000	3,500	2,500	—
Percent of change (%)	(3.8)%	15.6%	9.1%	9.1%	—
(Reference) Actual results for FY ended Feb. 2024	212,627	35,296	35,455	26,149	548.58

Reasons for Revision

Our main markets are North America and Europe, where our products are used in housing-related construction projects, living infrastructure development projects, and public and private sector construction investment. We believe that demand for our products, which are deeply related to housing and indispensable for essential businesses will continue to grow steadily in the medium to long term. However, sales of compact excavators have slowed for the first time in four years.

In the previous forecast, we expected sales to increase significantly due to persistent demand for housing, aging living infrastructure, and increased construction investment supported by government measures. In Europe, on the other hand, we had expected a decrease in sales volume

[Reference Translation]

of compact excavators, which are mainly used in housing-related construction, due to factors such as the slump in consumer spending and housing demand caused by the prolonged high prices and the rise in geopolitical tensions.

In the first half of the fiscal year, our sales volume was lower than expected in both Europe and North America due to a slowdown in overall market demand for construction equipment not only in Europe but also in North America. In the second half of the year, overall demand for products in Europe and North America is expected to remain at the same level as in the first half. In North America, however, sales volume is expected to exceed the first half because some track loader sales had been carried over to the second half due to problems in purchased parts, and because of efforts to acquire new customers. In Europe, we expect a pickup in sales at our sales subsidiaries in the UK and France, but overall sales volume in Europe is expected to be about the same as in the first half. As a result of the above, consolidated sales volume for the fiscal year ending February 2025 is expected to decrease by 8.6% compared with the previous fiscal year (1.6% increase in North America, 14.9% decrease in Europe). (Previous forecast: 17.2% increase in North America, 10.2% decrease in Europe, and 1.0% increase on a consolidated basis)

Based on this situation, we have revised our full-year consolidated earnings forecast. Although we expect net sales to fall short of the previous forecast, we expect profits to exceed the previous forecast due to factors such as a decrease in ocean freight costs and the impact of the yen's depreciation.

The actual exchange rates (averaged during the period) for the first half of the current consolidated fiscal year are 1 US dollar = 154.54 yen, 1 British pound = 197.73 yen, 1 Euro = 166.48 yen, 1 yuan = 21.25 yen, and the assumed exchange rates for the second half are 1 US dollar = 138 yen, 1 British pound = 179 yen, 1 Euro = 152 yen, 1 yuan = 19.30 yen.

(Reference)

Millions of yen

Net Sales by Region	Previous Forecast		Revised Forecast		
	First half (forecast)	Full year (forecast)	First half (results)	Full year (forecast)	Change (%)
Japan	680	1,300	985	1,860	43.1%
North America	64,580	130,820	62,906	122,260	(6.5)%
Europe	44,030	86,780	43,745	87,350	0.7%
Asia	70	130	49	150	15.4%
Others	2,640	4,970	1,919	3,880	(21.9)%
Net sales	112,000	224,000	109,606	215,500	(3.8)%
Operating profit	21,000	38,500	24,867	44,500	15.6%
Ordinary profit	20,800	38,500	23,187	42,000	9.1%
Profit attributable to owners of parent	14,800	27,500	16,854	30,000	9.1%

[Reference Translation]

2. Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.