

Summary of questions and answers for the explanatory meeting for business results for the third quarter ended December 31, 2025

Date: **Thursday January 29, 2026, 5:00-6:00 p.m.**

Speaker: Masafumi Senzaki President and Executive Officer, COO
Keiichiro Shiojima Vice President and Executive Officer, CFO
Atsushi Konno President of Corporate Brand & Communications Group

※The content has been summarized.

■ North America Business, etc.

Q: What is the outlook for tariff costs next fiscal year, the status of price pass-through, and the impact of price increases on sales?

A: We estimate tariff costs next fiscal year at approximately ¥25.0 billion. We expect to cover around 60% (approximately ¥15.0 billion) through price increases. While monitoring the competitive environment, we will consider additional price actions. In principle, tariffs are borne by the market; however, we will proceed with price pass-through while minimizing any impact on our share. We expect the North American market next fiscal year to become more challenging, particularly for construction machinery.

Q: What is the difference versus the previous plan for tariff costs, and what changes are occurring in the product mix?

A: Our full-year plan for tariff impact on a cash-flow basis—approximately ¥14.0 billion—remains largely unchanged. The reduction in costs on the income statement reflects a change in the product mix. Sales to major rental companies have shifted from new machines to rentals with purchase options, which has been a significant factor.

Q: Was the January price increase in the U.S. implemented independently, or was it a result of following competitors?

A: While competitors' actions are not entirely clear, we implemented the price increase within a range that allows us to secure an appropriate share. We recognize that our price increases to date have generally been progressing smoothly.

Q: Regarding next fiscal year's tariff impact on demand in North America, is there a difference between major rental customers and dealers?

A: We do not expect a major difference in stance toward new equipment purchases between the two. While there is underlying construction demand, uncertainty could lead customers to hesitate in purchasing new machines.

Q: What is the background behind your cautious view of the North American market?

A: The market has started to feel the impact of tariffs. Some of the demand to date may have included front-loaded purchases. Under uncertain conditions, we believe it is appropriate to remain cautious. As we formulate the next mid-term management plan, we do not believe demand conditions should be viewed optimistically.

Q: What drove the downward revision in the full-year sales price variance?

A: Overall, we have broadly achieved planned price increases, mainly in North America. However, competitive conditions are severe, and in Asia and China we reduced the magnitude of price increases. Europe and Japan are also slightly below target. As a result, the full-year sales price improvement was revised from ¥11.6 billion to ¥11.0 billion, which we still view as largely in line with the plan.

■ Next Mid-term Management Plan and Market Outlook

Q: As the next mid-term management plan begins next fiscal year, what initiatives and policy will you pursue?

A: On demand conditions: North America will not see a rebound due to tariff impact; Europe is recovering; India remains firm; and Asia is somewhat weak. Overall, we see demand at a level similar to this fiscal year. In the next mid-term plan, as represented by LANDCROS, we will place emphasis on collaboration with a variety of partners (deepening our digital strategy and strengthening relationships with suppliers and shareholders). We will provide details from April onward.

Q: Why did you revise upward the demand outlook for North America and other regions?

A: In addition to North America and Western Europe, we revised upward our outlook for Asia, Africa, the Middle East, and Latin America. In North America, construction volume is steady, and housing, public works, and private investment including data centers are also firm. In Indonesia, coal is weak, but the agriculture sector remains solid. In Europe, momentum has turned, and demand is firm—particularly in continental Europe (Germany and Italy)—with strong purchasing appetite among dealers. In Africa, the rising presence of Chinese manufacturers is notable. While we initially anticipated tariff impact earlier in North America, the impact is only now starting to emerge. Although conditions have been better than expected, we expect the environment to remain tough from the fourth quarter onward.

■ Mining Business, etc.**Q: Market conditions for mining appear unchanged. While the demand outlook has not changed, why did you revise the sales plan downward? There are large orders, and the BB ratio appears favorable.**

A: Although there are regional differences, demand remains high, particularly for gold and copper. On the other hand, coal and iron ore are in a relatively weaker environment. We have secured orders from major miners, and we expect the order trend to continue to track the BB ratio going forward. The revision reflects a shift in delivery timing, with shipments pushed back into the fourth quarter and into the next fiscal year. In Asia and Africa, we plan to catch up in the fourth quarter, and the fourth-quarter volume is increasing. Large orders are mainly scheduled for delivery from the next fiscal year onward.

Q: Mining sales next fiscal year do not appear likely to decline. How should we view the outlook?

A: While visibility remains limited, copper and gold are firm. Coal and iron ore also have a certain level of demand, and we do not expect a sudden drop. We believe mine operating conditions will improve in line with GDP growth. However, for new equipment purchases, customers may apply the brakes when uncertainty is high. Orders are being received as indicated by the BB ratio, and we do not view the situation as overly pessimistic.

Q: Mining maintenance appears negative. However, copper and gold prices are strong and major miners' operating conditions are not deteriorating. Are there signs of improvement?

A: Total mining operating hours remain steady. Sales should normally follow; however, we are seeing movements to defer maintenance. Operating conditions remain at a certain level, so we believe this is temporary. We are expecting a recovery in the fourth quarter.

Q: Bradken's mill liner business has high exposure to copper. Should it not recover sooner?

A: Orders for mill liners are steady; however, intensified competition has led to price reductions.

Q: Is the downward revision of full-year product mix variance due to reduced mining new equipment sales? Conversely, what underpins the expectation of higher mining revenue in the fourth quarter?

A: In the third quarter, construction machinery grew, while mining new equipment fell short mainly due to timing delays, which deteriorated the mix. "Parts and services" and "Specialized parts and services", including H-E Parts, also fell short. Mining new equipment is delayed and we plan for a certain level of sales to materialize in the fourth quarter. We have excluded low-certainty items from the plan, and more than 90% of the sales plan is already covered by orders.