

Q&A from briefing for the Company split of the Hydraulic Equipment Business

Date : July 31, 18:30~19:10 (JST)

No	Q	A
1	Could you share the basic policy of portfolio management?	The basic policy for our portfolio management is to build a resilient business foundation with stability and growth by optimization of portfolio balance and it should be considered by profitability, synergies and future potential for growth.
2	When did you start to consider this action?	We have started business portfolio management since 2022. We have been discussing the hydraulic equipment business might have a best owner to boost its growth when I consider the business environment and future potential.
3	How much impact are you expecting it for this action?	Please refer “Notice of the Differences between FY2025 First Six-month of Financial Forecasts and its Financial Results and the Revision to FY2025 Financial Forecast” for the detail. The numbers might change because of the review.
4	Why you own 30% of shares for the new company for 30%?	When the hydraulic equipment business was transferred to the best owner, we supported the smooth operation of the new company and fulfilled our responsibilities to customers, suppliers, and employees, resulting in a 30% agreement after discussions with the Comer.
5	Why hydraulic equipment business is the one to split?	In managing our business portfolio, we are advancing discussions on each business from various perspectives. Due to the challenging business environment for the hydraulic equipment business and our feeling that we might not able to maximize its potential, we realize that a strategic partner who are strong in Europe and the U.S. market, and non-excavator applications was necessary, leading to the decision to change ownership.
6	How much will you gain from the share?	As stated in the news release, the current estimate is 14.2 billion yen. However, this may change after further examination.
7	Do you use the cash from the share sale for share buyback which you announced today?	The cash inflow for the three-year period of the medium-term management plan remains unaffected by this matter and is unrelated to the share buyback which we announced today. The share buyback is due to performance exceeding expectations and a review of the investment plan. Both domestic and overseas bases are included.
8	Does this split include hydraulic equipment business as a whole? Or only oversea?	It is for the whole hydraulic equipment business including domestic and oversea.