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## Notice Regarding Recording of an Extraordinary Loss and Revisions to Financial Results Forecast

KATO WORKS CO., LTD. (the “Company”) hereby announces that it recorded an extraordinary loss in the six months ended September 30, 2024 as follows. In addition, the Company also announces that, in light of recent performance trends and other circumstances, it has revised the full-year consolidated financial results forecast for the fiscal year ending March 31, 2025, announced on August 9, 2024 as follows.

### 1. Recording of an extraordinary loss

As announced in “Notice Regarding Dissolution and Liquidation of Consolidated Subsidiaries” dated June 20, 2024 and July 12, 2024, the Company decided to dissolve and liquidate two Chinese subsidiaries. As a result, the Company recorded a loss on liquidation of subsidiaries of 6,180 million yen as an extraordinary loss. The breakdown is as follows: retirement-related expenses of 561 million yen, provision of allowance for doubtful accounts of 2,930 million yen, loss on valuation of inventories of 2,566 million yen, impairment losses of 23 million yen, and other expenses of 98 million yen.

The recorded amount includes the amount that could be expected at the time of “Notice Regarding Revisions to Financial Results Forecast” announced on August 9, 2024.

### 2. Revisions to the forecast

Revisions to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 70,000	Million yen 2,100	Million yen 1,500	Million yen (5,400)	Yen (460.88)
Actual results (B)	61,500	1,500	1,600	(4,200)	(358.32)
Change (B-A)	(8,500)	(600)	100	1,200	
Change (%)	(12.1)	(28.6)	6.7	—	
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2024)	57,498	1,654	2,575	4,235	361.49

\*Assumed exchange rate (second half) 1 US dollar = 140 yen, 1 yuan = 19 yen, 1 euro = 155 yen

### 3. Reason for the revisions

Net sales are expected to decline, although they would exceed the previous fiscal year's results, as domestic demand is expected to be lower than initially estimated and the economy in major European countries is expected to slow down due to factors such as continued high energy prices caused by the Russia-Ukraine situation.

Operating profit is expected to decrease from the original estimate due to the decrease in net sales; however, ordinary profit is expected to increase from the original estimate due in part to increases in other revenue, including rental income. In forecasting profit attributable to owners of parent, the Company expected that there would be an extraordinary loss (loss on liquidation of subsidiaries) of about 7,000 million yen as of August 9, 2024. While the loss was caused by the recent issue of dissolution and liquidation of two Chinese subsidiaries, the Company expects the amount of the loss to decrease as a result of our review in the sales plan of inventory at highly recoverable prices.

Consolidated financial results for the fiscal year under review are estimated to be temporarily severe. However, we consider that the consolidated financial results and capital profitability of the following fiscal year and beyond will improve, because the recent loss incurred is a temporary one and the recent earnings base of the Company is being gradually stabilized thanks to various measures taken under the medium-term management plan, the final year of which is the fiscal year under review.

There are no revisions to the dividends forecast associated with the revisions to the financial results forecast.

\*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.