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December 5, 2025

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Notice Regarding Disposal of Treasury Shares through Third-Party Allotment

KATO WORKS CO., LTD. hereby announces that, at the Board of Directors meeting held today, it resolved to implement the disposal of treasury shares through third-party allotment as outlined below.

1. Overview of disposal

(1) Disposal date	December 22, 2025
(2) Number of shares to be disposed	420,000 shares of common stock of the company
(3) Disposal price	1,271 yen per share
(4) Total disposal amount	533,820,000 yen
(5) Allottee	Custody Bank of Japan, Ltd. (Trust Account)
(6) Others	The Treasury Share Disposal is conditional on filing under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reason for disposal

As announced in the “**Notice Regarding the Introduction of the Employee Stock Ownership Plan (ESOP) Support Trust**” dated September 5, 2025, the Company resolved to introduce the Employee Stock Ownership Plan Support Trust (hereinafter, the “Plan”). The purpose of the Plan is to enhance the Company’s long-term corporate value by ensuring a stable supply of the Company’s shares to the employee stock ownership plan and by distributing to employees the profits generated from the management of trust assets. Through these measures, the Plan aims to expand employee welfare benefits, increase employees’ awareness of the Company’s share price, and improve their motivation to work.

Regarding the number of treasury shares to be disposed of, the Company calculated the estimated annual purchase amount for 5 years (the trust period) based on the most recent monthly and bonus purchase amounts by the Employee Stock Ownership Plan, as well as the actual amounts of incentives and dividend reinvestments. This total amount was then divided by the disposal price to determine the number of shares, resulting in 420,000 shares. This corresponds to 3.58% of the 11,743,587 shares issued as of September 30, 2025, and 3.71% of the 113,134 total voting rights (both figures rounded to

the nearest third decimal place).

Since the shares disposed of in connection with this matter will be transferred gradually each month to the Employee Stock Ownership Plan in accordance with the monthly purchase amount, a large volume of shares is not expected to flow into the market. Therefore, the Company believes that the impact on dilution and the secondary market will be minimal.

Furthermore, the disposal of treasury shares will be made to Custody Bank of Japan, Ltd. (trust account), which will be established for the purpose of introducing the Plan.

3. Outline of the trust agreement

(1) Type of trust

Specified money trust under single management (third-party beneficiary trust)

(2) Purpose of trust

To ensure a stable and continuous supply of the Company's common stock to the Employee Shareholding Association and to enhance the welfare benefits for employees who meet the beneficiary requirements.

(3) Trustor

The Company

(4) Trustee

Resona Bank, Limited

Resona Bank, Limited will enter into a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., which will serve as the re-trustee.

(5) Beneficiaries

Employees who are members of the Employee Shareholding Association and meet the beneficiary requirements

(6) Date of trust agreement

December 18, 2025

(7) Trust period

From December 18, 2025 to December 17, 2030 (scheduled)

(8) Voting rights

The trustee will exercise the voting rights of the Company's common stock in accordance with the instructions of the trust administrator, which reflect the voting results of the Employee Shareholding Association.

(9) Type of shares to be acquired

The Company's common stock

(10) Total amount of shares to be acquired

533,820,000 yen

(11) Acquisition date of shares

December 22, 2025

(12) Method of acquiring shares

Acquisition through a third-party allotment of the Company's treasury shares

4. Basis for the calculation of the disposal price and its details

The disposal price for the treasury shares has been set at 1,271 yen, which is the closing price of the Company's shares on the Tokyo Stock Exchange on December 4, 2025, the business day immediately preceding the date of the Board of Directors meeting at which the resolution for this disposal was adopted (hereinafter, the "Board Resolution Date"). This price was selected in order to eliminate arbitrariness and ensure fairness in determining the disposal price.

The Company adopted the closing price on the business day immediately preceding the Board Resolution Date because such market price is deemed to reflect an appropriate corporate value of the Company and is therefore considered reasonable.

Furthermore, the disposal price does not constitute a particularly favorable price to the allottee, as evidenced by the following comparisons: the deviation from the average closing price of the Company's shares for the one-month period immediately preceding the Board Resolution Date (from November 5, 2025 to December 4, 2025), which was 1,298 yen (rounded down to the nearest yen), is approximately (2.08)%; the deviation from the average closing price for the three-month period (from September 5, 2025 to December 4, 2025), which was 1,367 yen (rounded down to the nearest yen), is approximately (7.04)%; and the deviation from the average closing price for the six-month period (from June 5, 2025 to December 4, 2025), which was 1,351 yen (rounded down to the nearest yen), is approximately (5.95)% (all deviation rates rounded to the nearest third decimal place).

In addition, with respect to the above disposal price, the Company's Audit and Supervisory Committee (comprising four members, including three outside directors) has expressed its opinion that the process by which the Company determined that the disposal price does not constitute a particularly favorable price to the allottee is reasonable and that such determination is appropriate.

5. Matters regarding procedures pertaining to the Code of Corporate Conduct

Because the Treasury Share Disposal will (i) result in a dilution rate of less than 25% and (ii) not be accompanied by a change in the controlling shareholders, the procedures provided in Article 432 of the Securities Listing Regulations prescribed by Tokyo Stock Exchange, Inc. to obtain an opinion from independent third parties or to confirm the intent of shareholders are not required.

End