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July 10, 2026

Company name: KATO WORKS CO., LTD.
Representative: Kimiyasu Kato,
President and Representative Director
(Code number: 6390)
Contact: Tomoyasu Kato,
Director, Executive Officer and
General Manager,
Corporate Planning Office
(Phone: +81-3-3458-1111)

Notice Regarding Transfer of Equity Interest in Consolidated Subsidiary

KATO WORKS CO., LTD. hereby announces that, at the Board of Directors meeting held today, we have resolved to transfer all equity interests in KATO SCE (XIAMEN) CONSTRUCTION MACHINERY CO., LTD. (hereinafter, "KATO SCE"), a consolidated subsidiary of the company.

1. Reasons for Equity Interest Transfer

As announced in the "Notice Regarding Dissolution and Liquidation of Consolidated Subsidiary" dated June 20, 2024, the company resolved to dissolve and liquidate KATO SCE, a consolidated subsidiary of the company. Since then, the company has been exploring appropriate methods for disposing of the assets held by KATO SCE. Under these circumstances, as the company reached an agreement on the terms with a Chinese company that had been considering the acquisition of KATO SCE, the company decided to cancel the dissolution and liquidation of KATO SCE and proceed with the transfer of the equity interests in KATO SCE held by the company.

2. Overview of the subsidiary to be Transferred (As of March 31, 2026)

(1) Company Name	KATO SCE (XIAMEN) CONSTRUCTION MACHINERY CO., LTD.	
(2) Location	Jimei District, Xiamen City, Fujian Province, China	
(3) Position and Name of Representative	Chairman: Yasunori Bando	
(4) Business	Manufacture and sale of hydraulic excavators and its parts	
(5) Capital	30 million CNY	
(6) Date of Establishment	October 22, 2004	
(7) Major Shareholders and Shareholding Ratios	Wholly owned by KATO WORKS CO., LTD.	
(8) Relationship between KATO WORKS CO., LTD. And KATO SCE	Capital Relationship	KATO WORKS CO., LTD. holds 100% of the voting rights.
	Personnel Relationship	An employee of KATO WORKS CO., LTD. serves as the representative officer (Chairman) of KATO SCE, and one director of KATO WORKS CO., LTD. concurrently serves as

		a director of the KATO SCE.
	Business Relationship	KATO WORKS CO., LTD. sells spare parts to KATO SCE.
	Status as a Related Party	KATO SCE is a consolidated subsidiary of KATO WORKS CO., LTD.

(9) Business Results and Financial Position for the Most Recent Three Years (Unit: millions of yen)

Account / Fiscal Year	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets	2,176	314	429
Total assets	3,357	976	468
Net sales	842	1,005	625
Operating profit	(375)	(158)	143
Ordinary profit	(309)	(99)	105
Profit attributable to owners of parent	(157)	(2,048)	104

*As KATO SCE has not issued shares, per-share information is not provided.

3. Overview of the Transferee

The name and other details of the transferee will not be disclosed pursuant to a confidentiality agreement.

The transferee is a private company in China and has no capital, personnel, or business relationships with KATO WORKS CO., LTD.

After comprehensively considering the reliability, business activities, and other factors of the transferee, KATO WORKS CO., LTD. has determined that the transferee is an appropriate party for the transfer.

4. Changes in Equity Interest Ratio

(1) Equity interest ratio before the transfer	100%
(2) Equity interest ratio to be transferred	100%
(3) Equity interest ratio after the transfer	0%

5. Schedule of the Transfer

October 2026 (planned)

6. Outlook

The transfer price will not be disclosed pursuant to a confidentiality agreement with the transferee. However, the transfer price was determined through appropriate procedures and upon mutual consultation and agreement between the parties, and the Company has determined that the price is fair and reasonable.

The gain on the transfer of equity interest expected to arise from this transaction is not reflected in the forecast of financial results for the fiscal year ended March 31, 2027, announced on May 14, 2026. Accordingly, if it becomes necessary to revise the forecast after the accounting treatment in the consolidated financial statements is finalized, the Company will promptly disclose such revision.

7. Other

In order to continue providing support to local customers and assistance to the Company’s suppliers after the termination of the businesses of its two consolidated subsidiaries in China, the Company established liaison offices in Kunshan and Xiamen, where the business bases had been located, in April 2025. The Company continues to carry out these activities through the two liaison offices and intends to maintain the same structure for the time being.

End