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July 11, 2025

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## Notice Regarding the Disposal of Treasury Shares as Restricted Stock Compensation

KATO WORKS CO., LTD. hereby announces that, at the Board of Directors meeting held today, it resolved to dispose of its treasury shares as restricted stock compensation, as detailed below.

### 1. Overview of the disposal of treasury shares

(1) Payment date	July 30, 2025
(2) Type and number of shares	21,457 shares of common stock of the Company
(3) Disposal price	1,339 yen per share
(4) Total amount of disposal	28,730,923 yen
(5) Allottees	4 Directors of the Company* 21,457 shares *Excluding Directors who are audit and supervisory committee members and outside directors.

### 2. Purpose and reason for the disposal

At the 122nd Annual General Meeting of Shareholders held on June 29, 2021, KATO WORKS CO., LTD. obtained approval to introduce a stock compensation plan (hereinafter, the “Plan”) under which restricted stock is granted to Directors of the Company, excluding Directors who are Audit and Supervisory Committee Members and Outside Directors (hereinafter, the “Eligible Directors”). The shareholders also approved that the total amount of monetary compensation claims to be provided as consideration for restricted stock under the Plan shall be no more than 30 million yen per year, that the maximum number of shares to be allotted to the Eligible Directors each fiscal year shall be 20,000 shares, and that the restriction period shall extend from the date of allotment until the day the Eligible Directors retire from their position as Director of the Company.

Furthermore, at the 126th Annual General Meeting of Shareholders held on June 27, 2025, the Company obtained approval to revise the Plan in order to further align the interests of shareholders and Eligible Directors by having the latter share both the benefits and risks associated with stock price fluctuations, thereby increasing their motivation to contribute to stock price appreciation and corporate value enhancement. Under the revised Plan, the total amount of monetary compensation

claims is set at no more than 75 million yen per year, and the maximum number of restricted shares to be allotted is increased to 50,000 shares per year.

At the Board of Directors meeting held today, the Company resolved that, for the period from the 126th Annual General Meeting of Shareholders to the scheduled 127th Annual General Meeting of Shareholders in June 2026, monetary compensation claims totaling 28,730,923 yen shall be granted to four Eligible Directors (hereinafter, the “Allottees”) as restricted stock compensation. The Allottees shall make in-kind contributions of the full amount of such monetary compensation claims, and in return, the Company will allot 21,457 shares of its common stock to the Allottees as restricted stock.

The amount of monetary compensation claims to be granted to each Allottee has been determined based on a comprehensive assessment of factors including the individual’s contributions to the Company. The granting of the compensation claims is subject to the condition that each Allottee enters into a restricted stock allotment agreement (hereinafter, the “Allotment Agreement”) with the Company that includes, in essence, the terms outlined below.

### **3. Overview of the allotment agreement**

#### **(1) Transfer restriction period**

The period from July 30, 2025, until the date the Allottee retires from their position as a Director of the Company.

During the above transfer restriction period (hereinafter, the “Transfer Restriction Period”), the Allottees may not transfer, pledge, create a security interest on, make inter vivos gifts or bequests of, or otherwise dispose of the allotted restricted shares of the Company’s common stock (hereinafter, the “Allotted Shares”) to any third party (hereinafter referred to as the “Transfer Restrictions”).

#### **(2) Acquisition of restricted shares without consideration**

If an Allottee retires as a Director of the Company on or before the day prior to the date of the first Annual General Meeting of Shareholders of the Company following the commencement of the Transfer Restriction Period, the Company shall, unless the Board of Directors of the Company deems that there are justifiable reasons, automatically acquire all of the Allotted Shares held by such Allottee without consideration as of the time of retirement.

In addition, if any of the Allotted Shares remain subject to Transfer Restrictions at the end of the Transfer Restriction Period (hereinafter, the “Expiration Date”) in accordance with the conditions described in item (3) below, the Company shall automatically acquire such shares without consideration immediately after the Expiration Date.

#### **(3) Lifting of transfer restrictions**

Provided that an Allottee has continuously held the position of Director of the Company until the date of the first Annual General Meeting of Shareholders following the commencement of the Transfer Restriction Period, the Company shall lift the Transfer Restrictions on all Allotted Shares held by the Allottee at the Expiration Date. However, if the Allottee retires from the position of Director before the date of such General Meeting due to a justifiable reason approved by the Company’s Board of Directors, the Company shall lift the Transfer Restrictions on a number of Allotted Shares calculated by multiplying the number of months from July 2025 to the month including the date of retirement, divided by 12 (provided that if the result exceeds 1, it shall be deemed to be 1), by the number of Allotted Shares held at that time (with any fractional shares resulting from the calculation to be rounded down). The restrictions on such shares shall be lifted immediately following the retirement date.

#### **(4) Management of shares**

The Allottee must open an account at SMBC Nikko Securities Inc., in the manner specified by the Company, for the purpose of recording the Allotted Shares, and shall maintain and keep the Allotted Shares in the said account until the Transfer Restrictions are lifted.

**(5) Handling in case of reorganization**

If, during the Transfer Restriction Period, a proposal relating to a merger agreement under which the Company becomes the disappearing company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a general meeting of shareholders of the Company (or by the Board of Directors in cases where shareholder approval is not required), and if such reorganization results in the Allottee retiring as a Director of the Company, the Company may, by resolution of the Board of Directors, lift the Transfer Restrictions on a number of Allotted Shares calculated by multiplying the number of months from July 2025 to the month including the date of such approval, divided by 12 (with the result deemed to be 1 if it exceeds 1), by the number of Allotted Shares held on the approval date (with any fractional shares to be rounded down). The restrictions shall be lifted as of the time immediately preceding the effective date of such reorganization.

Furthermore, as of the business day immediately preceding the effective date of the reorganization, the Company shall automatically acquire without consideration all Allotted Shares that remain subject to Transfer Restrictions on such date.

**4. Basis of calculation and specific details of the payment amount**

The disposal price of the treasury shares under this disposal has been set at 1,339 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the resolution of the Board of Directors (July 10, 2025). This price reflects the market value immediately prior to the Board resolution and is deemed to be reasonable and not particularly advantageous to the recipients, thereby eliminating any arbitrariness in the pricing.

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