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June 20, 2025

Company name: KATO WORKS CO., LTD.  
Representative: Kimiyasu Kato,  
President and Representative Director  
(Code number: 6390)  
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## Notice Regarding The Transfer of Equity Interest in a Consolidated Subsidiary

KATO WORKS CO., LTD. hereby announces that, at the Board of Directors meeting held today, it has resolved to transfer all of its equity interest in its consolidated subsidiary, KATO WORKS (CHINA) LTD., as detailed below.

### 1. Reasons for the equity transfer

As announced in the “Notice Regarding the Dissolution and Liquidation of a Consolidated Subsidiary” dated July 12, 2024, we had resolved to dissolve and liquidate our consolidated subsidiary, KATO WORKS (CHINA) LTD., and since then had been exploring appropriate measures for the disposal of its assets.

Recently, as we reached a basic agreement on key terms with a domestic company in China that is considering acquiring the subsidiary, we have decided to withdraw the dissolution and liquidation process and proceed with the execution of a share transfer agreement concerning our equity interest in the company.

### 2. Overview of Subsidiaries Subject to Transfer (As of March 31, 2025)

(1) Company Name	KATO WORKS (CHINA) LTD	
(2) Location	Kunshan City, Jiangsu Province, China	
(3) Name and Title of Representative	Chairman: Yasunori Bando	
(4) Business Description	Manufacture and sale of hydraulic excavators and its parts	
(5) Capital	USD 62,500 thousand	
(6) Date of Establishment	February 18, 2004	
(7) Shareholding Ratio	100% owned by KATO WORKS CO., LTD.	
(8) Relationship between the Listed Company and the Subsidiary	Capital relationship	The Company holds 100% of the voting rights of the subsidiary.
	Personnel relationship	An employee of the Company serves as the Chairman of the subsidiary, and two of the Company’s officers concurrently serve as officers of the subsidiary.
	Business relationship	The Company sells raw materials and parts to the subsidiary.
	Related party status	The subsidiary is a consolidated subsidiary of the Company.

(9) Business Results and Financial Condition for the Past Three Fiscal Years

Item / Fiscal Year Ended	March 31,2023	March 31,2024	March 31,2025
Net Assets	10,382 million yen	9,710 million yen	4,111 million yen
Total Assets	10,851 million yen	10,047 million yen	4,322 million yen
Net Sales	1,172 million yen	1,457 million yen	1,731 million yen
Operating Profit	(925 million yen)	(849 million yen)	97 million yen
Profit (Loss) Attributable to Owners of Parent	(995 million yen)	(1,675 million yen)	(4,945 million yen)

\*As the subsidiary in question has not issued any shares, information per share is not provided.

### 3. Overview of the transferee

Regarding the transferee, detailed information such as the name will not be disclosed based on the confidentiality agreement. The transferee is a private company in China, and there are no capital, personnel, or business relationships with our company.

Furthermore, we have assessed the reliability and business activities of the transferee and determined that it is an appropriate counterpart.

### 4. Changes in Ownership Ratio

(1) Equity ratio before transfer	100%
(2) Equity ratio of transfer	100%
(3) Equity ratio after transfer	0%

### 5. Scheduled Date of Transfer of Equity Interest

Between August and September 2025 (planned)

### 6. Outlook

The current transfer price of shares will be finalized by deducting all costs required for the company to conclude its existing business from the provisional amount agreed upon in principle, and then adding the remaining current assets at the time of transfer. Both parties have agreed to this method of calculation.

Furthermore, the earnings forecast for the fiscal year ending March 31, 2026, announced on May 14, 2025, does not incorporate the anticipated gain from the current share transfer. Therefore, if the final transfer price is determined and it becomes clear that a revision of the forecast is necessary, we will promptly disclose this information.

### 7. Other

In line with the decision to dissolve and liquidate two consolidated subsidiaries in China, including the company in question, the Company established new liaison offices in Kunshan City and Xiamen City in April 2025, where the subsidiaries previously operated. These offices will serve as bases for continuing support for local customers and assistance to the Company's suppliers for the time being.

End