

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

December 13, 2023

Company name: KATO SANGYO CO., LTD.
Name of representative: Kazuya Kato,
President and Representative Director
Securities code: 9869 (TSE Prime Market)
Inquiries: Shigenori Tsuguie,
Director, Chief of Administration
Headquarters
Telephone: +81-798-33-7650

Supplementary Explanation Regarding “Proposal No. 2: Amendment to the Articles of Incorporation” of the 77th Annual General Meeting of Shareholders

KATO SANGYO CO., LTD. (the “Company”) will submit a proposal (the “Proposal”) regarding amendments to the Articles of Incorporation, including changing the organizational body for determining dividends of surplus, etc., at the 77th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled to be held on December 22, 2023.

Although the Proposal will enable the purchase of treasury shares and payment of dividends of surplus, etc. by a resolution of the Board of Directors, in accordance with the provisions of Article 459, paragraph (1) of the Companies Act, because no provision based on Article 460, paragraph (1) of the Companies Act (“Restriction on Rights of Shareholders”) has been established in the Articles of Incorporation, the payment of dividends of surplus, etc. pursuant to a resolution of the general meeting of shareholders is not excluded in the future, based on Article 35 of the current Articles of Incorporation.

Accordingly, even if the Proposal is approved at the General Meeting of Shareholders, the year-end dividend will be determined by a resolution of the general meeting of shareholders, as has been done in the past.

In addition, we recognize that returning our profits to our shareholders is an important policy of management and have the basic policy of maintaining a fair dividend that is stable and commensurate with business performance while improving our earning capacity and enhancing our financial structure, and we will continue our efforts based on this policy.

We ask that our shareholders confirm the information provided above and we appreciate your understanding regarding the Proposal.

Going forward, as we will continue striving to improve the Company’s corporate value so that we can meet the expectations of our shareholders, we ask for your understanding.

<Reference: Article 35 of the current Articles of Incorporation>

The Company shall, by a resolution of an annual general meeting of shareholders, pay dividends of surplus as the year-end dividend to shareholders or registered pledgees of shares with a record date of September 30 of each year.