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(Securities code: 6390)

June 8, 2021

To Shareholders with Voting Rights

Kimiyasu Kato
President and Representative Director
KATO WORKS CO., LTD.
9-37, Higashi-ohi 1-chome,
Shinagawa-ku, Tokyo, Japan

Notice of the 122nd Annual General Meeting of Shareholders

You are cordially notified that the 122nd Annual General Meeting of Shareholders (the “Meeting”) of KATO WORKS CO., LTD. (the “Company”) will be held for the purposes as described below.

In order to prevent the spread of the COVID-19 infection, the Company requests that shareholders refrain from attending this General Meeting of Shareholders regardless of your health condition, and instead exercise your voting rights in advance in writing or via the Internet.

Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by either returning the enclosed Voting Rights Exercise Form by mail or entering your votes online so that they are received by 5:30 p.m. Japan time on Monday, June 28, 2021.

1. Date and Time: Tuesday, June 29, 2021 at 10:00 a.m. Japan time

2. Place: 10-30, Takanawa 4-chome, Minato-ku, Tokyo, Japan
32F, Aquamarine 32, Main Tower, Shinagawa Prince Hotel

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements for the Company’s 122nd Fiscal Year (April 1, 2020 - March 31, 2021) by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 122nd Fiscal Year (April 1, 2020 - March 31, 2021)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 3: Determination of Remuneration for the Purpose of Allotting Restricted Shares to Directors (Excluding Directors Serving as Audit & Supervisory Committee Members and Outside Directors)

○ Request

- If you are attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception. Please also bring this Notice with you to save paper resources.
- Souvenirs will not be provided to shareholders attending the Meeting in person. We appreciate your understanding.

○ Notes

- Among the documents to be attached to this Notice, the following items are not stated in the attached documents, as they are posted on the Company’s website (<http://www.kato-works.co.jp/>) (in Japanese) in accordance with provisions of laws and regulations as well as Article 14 of the Company’s Articles of Incorporation. Therefore, these attached documents are part of the Business Report and the consolidated and non-consolidated financial statements audited by the Audit and Supervisory Committee in preparing their audit report, and the consolidated and non-consolidated financial statements audited by the accounting auditor in preparing their accounting audit report.

(1) “System to Ensure Appropriate Operations (Internal Control System) and Its Operating Status” and

- “Policy to Determine the Distribution of Surplus, etc.” in the Business Report
- (2) “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements
 - (3) “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” in the Non-consolidated Financial Statements
- Should there be revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated and Consolidated Financial Statements, the details of the revisions will be posted on the Company’s website (<http://www.kato-works.co.jp/>) (in Japanese).

Our Measures to Prevent the Spread of the COVID-19 Infection

We would like to inform you of our measures to prevent the spread of COVID-19 infection on the day of the meeting. Your understanding and cooperation would be much appreciated.

[The Company’s measures]

- Officers and administrative staff will check their own health conditions and take their body temperatures beforehand and wear masks on the day of the meeting.
- Acrylic sneeze guards will be placed at the reception of the venue and the chairperson’s seat.
- Alcohol-based disinfectant will be available at the entrance of the venue and other areas inside the venue.

[Request to our shareholders]

- Our staff will check the shareholders’ body temperature before entering the venue. Please note that shareholders who are found to have a fever higher than 37.5°C and be unwell will be refused entry to the venue. We appreciate your understanding in advance.
- Shareholders are requested to wear masks in the venue and cooperate in using alcohol-based disinfectant.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company intends to respond to shareholder expectations basically through stable dividends while paying attention to internal reserves to strengthen the corporate standing and upon comprehensively taking into account the business environment, revenue status and other factors.

In the fiscal year under review, no interim dividend was paid, but the Company proposes a year-end dividend at 10 yen based on the above policy.

Matters relating to year-end dividend

1. Matters relating to allotment of dividend property and its total amount
10 yen per common share of the Company at a total of 117,172,700 yen
2. Effective date of the distribution of surplus
June 30, 2021

Proposal 2: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the conclusion of the Meeting. Accordingly, the Company proposes to elect six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members).

The Company has obtained comments from the Audit and Supervisory Committee that this Proposal is reasonable and there are no special matters to be noted at the Meeting.

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:

No.	Name	Current positions at the Company	
1	Kimiyasu Kato	President and Representative Director	Reappointment
2	Mitsuo Okada	Director, Senior Managing Executive Officer	Reappointment
3	Takao Watanabe	Director, Executive Officer	Reappointment
4	Takatsugu Ishii	Director, Executive Officer	Reappointment
5	Yasuhiro Kondo	Executive Officer	New Candidate
6	Yoshiaki Ohkami	Director	Reappointment Outside Independent

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of the Company's shares held
1	<p>Kimiyasu Kato (Aug. 25, 1968)</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors meetings: 12/12 (100%)</p>	<p>Apr. 1991 Jul. 1993 Aug. 1996 May 1997 Jun. 1997</p> <p>Jun. 2001</p> <p>Jun. 2004</p> <p>(Significant concurrent positions)</p> <p>Director, KATO WORKS (CHINA) LTD. Director, KATO WORKS (THAILAND) CO., LTD.</p>	<p>Joined the Company General Manager, Corporate Auditors' Office General Manager, Engineering Division General Manager, Materials Division Director, General Manager, Engineering Division and General Manager, Materials Division Director, Managing Executive Officer in charge of Corporate Planning President and Representative Director (to present)</p>	350,580
<p>Reason for nomination as candidate for Director Kimiyasu Kato has abundant experience as the Company's President and Representative Director, and is demonstrating leadership as the chief operating officer. He is playing a sufficient part in important management decision-making and supervision of business execution by the Board of Directors. Therefore, in order to make use of his capabilities and experience in management, the Company proposes his re-election as a Director.</p>				
2	<p>Mitsuo Okada (Jul. 13, 1954)</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors meetings: 12/12 (100%)</p>	<p>Apr. 1977 Jul. 2006 Jun. 2010</p> <p>Jun. 2012</p> <p>Jun. 2014</p> <p>Jun. 2016</p> <p>Jun. 2020</p>	<p>Joined the Company General Manager, Design Department I Executive Officer, General Manager, Development Division Director, Executive Officer, General Manager, Development Division Director, Executive Officer, General Manager, Manufacturing Division and General Manager, Development Division Director, Managing Executive Officer, in charge of the Manufacturing and Development Segments and ISO Director, Senior Managing Executive Officer, General Manager, Manufacturing Division and General Manager, Ibaragi Plant, in charge of the ISO, Product Support Department and Quality Assurance Department (to present)</p>	6,566
<p>Reason for nomination as candidate for Director Mitsuo Okada has abundant experience and achievements in the engineering development field, having long been engaged in the Company's manufacturing and development segment operations. He is playing a sufficient part in important management decision-making and supervision of business execution by the Board of Directors. Therefore, in order to make use of his capabilities and experience in management, the Company proposes his re-election as a Director.</p>				
3	<p>Takao Watanabe (Dec. 25, 1961)</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors meetings: 12/12 (100%)</p>	<p>Apr. 1984 Apr. 2012 May 2015</p> <p>Jul. 2015</p> <p>Jun. 2018</p>	<p>Joined the Company General Manager, Nagoya Branch General Manager, Construction Machinery Marketing Department Executive Officer, General Manager, Marketing Department (in charge of Construction Machinery) Director, Executive Officer, General Manager, Domestic Marketing Division and General Manager, Construction Machinery Marketing Department (to present)</p>	2,473
<p>Reason for nomination as candidate for Director Takao Watanabe has abundant experience and achievements in the domestic market, having long been engaged in the Company's marketing segment operations. He is playing a sufficient part in important management decision-making and supervision of business execution by the Board of Directors. Therefore, in order to make use of his capabilities and experience in management, the Company proposes his re-election as a Director.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of the Company's shares held
4	<p>Takatsugu Ishii (Jan. 30, 1955)</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors meetings: 12/12 (100%)</p>	<p>Apr. 1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (presently IHI Corporation)</p> <p>Jul. 2003 General Manager, Power Project Overseas Sales Division, Energy Operations</p> <p>Jul. 2007 General Manager, Kuala Lumpur Office</p> <p>Jun. 2012 Director, General Manager, Sales Control Division, IHI Construction Machinery Limited (renamed KATO HEAVY INDUSTRIES CONSTRUCTION MACHINERY CO., LTD. in November 2016)</p> <p>Jun. 2017 Director, General Manager, Sales Control Division, KATO HEAVY INDUSTRIES CONSTRUCTION MACHINERY CO., LTD. and General Manager, Overseas Marketing Control Department of the Company</p> <p>Mar. 2018 General Manager, Overseas Marketing Control Department and General Manager, Marketing Control Department, HICOM Business Department of the Company</p> <p>Jun. 2018 Director, Executive Officer, General Manager, Overseas Marketing Division</p> <p>Jun. 2020 Director, Executive Officer, General Manager, Overseas Business Control Division and General Manager, Overseas Marketing Division (to present)</p> <p>(Significant concurrent positions) Director, KATO WORKS (CHINA) LTD. Auditor, Kato SCE (Xiamen) Construction Machinery Co., Ltd. Director, KATO IMER S.p.A., President, KATO EUROPE B.V. President, ICOMAC, INC.</p>	2,473
<p>Reason for nomination as candidate for Director Takatsugu Ishii has abundant experience and achievements, having been engaged mainly in the overseas sales at IHI Corporation as well as domestic and overseas sales at IHI Construction Machinery Limited. He is playing a sufficient part in important management decision-making and supervision of business execution by the Board of Directors. Therefore, in order to make use of his capabilities and experience in management, the Company proposes his re-election as a Director.</p>			
5	<p>Yasuhiro Kondo (May 13, 1960)</p> <p><u>New Candidate</u></p>	<p>Apr. 1984 Joined the Company</p> <p>Jul. 2006 Manager, Section II, Design Department I</p> <p>Jul. 2010 General Manager, Design Department I and Manager, Section II</p> <p>Jun. 2019 Executive Officer, Deputy General Manager, Development Division and General Manager, Design Department I</p> <p>Jun. 2020 Executive Officer, General Manager, Development Division and General Manager, Design Department I (to present)</p> <p>(Significant concurrent positions) None</p>	1,977
<p>Reason for nomination as candidate for Director Yasuhiro Kondo has long been engaged in the Company's key product design operations and served as a manager for the entire development segment since 2019. The Company believes that his abundant insight cultivated in the development segment is widely desired to enhance the quality of products that are essential to strengthen our business foundation in the future, and therefore proposes his election as a Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of the Company's shares held
6	<p data-bbox="268 472 459 533">Yoshiaki Ohkami (Jul. 26, 1939)</p> <p data-bbox="284 562 443 656"> Reappointment Outside Independent </p> <p data-bbox="228 689 499 779">Attendance at the Board of Directors meetings: 12/12 (100%)</p>	<p data-bbox="523 271 1294 790"> Apr. 1968 Research Engineer, Space Research Group, National Aerospace Laboratory, Science and Technology Agency Apr. 1991 Professor, Department of Mechano-Aerospace Engineering, School of Engineering, Tokyo Institute of Technology Apr. 1999 Special Advisor and Executive Research Inspector, Technical Research and Development Department, National Space Development Agency Apr. 2000 Professor Emeritus, Tokyo Institute of Technology (to present) Apr. 2000 Professor, Department of System Design Engineering, Keio University Apr. 2008 Dean and Professor, Graduate School of System Design and Management, Keio University Apr. 2011 Executive Advisor, System Design and Management Research Institute, Keio University (to present, currently Honorary Advisor) Jun. 2014 Director of the Company (to present) </p> <p data-bbox="515 808 1302 981"> (Significant concurrent positions) Professor Emeritus, Tokyo Institute of Technology Honorary Advisor, System Design and Management Research Institute, Keio University Chairman, Committee on Basic Technology of Space Solar Power Systems, Japan Aerospace Exploration Agency (JAXA) </p>	2,638
<p data-bbox="236 987 1066 1010">Reason for nomination as candidate for Outside Director and expected roles</p> <p data-bbox="236 1016 1469 1252">Yoshiaki Ohkami has long been engaged in the aerospace engineering research and development and provided valuable advice mainly on our product development and design since assuming the position of Outside Director. In order to continue to advance its technological development and improve the corporate value of the Company, which is a machinery manufacturer, the Company proposes his re-election as an Outside Director. Although the candidate has not been directly involved in corporate management, the Company believes he may appropriately fulfill his duties as the Company's Outside Director, based on his successively holding the position of professor as well as abundant experience and insight. The candidate's term of office as an Outside Director will be seven (7) years at the conclusion of the Meeting.</p>			

Notes:

1. There are no special interests between the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance contract that insures all Directors with an insurance company. The insurance contract covers damages including compensation for damages and litigation costs to be borne by the insured Directors as a result of assuming liability for the execution of their duties apart from certain exceptions such as gross negligence or willful misconduct, and the insurance premiums for all of the insured are wholly paid by the Company. If the election of each candidate for Director is approved, the Company intends to renew the contract.
3. If Yoshiaki Ohkami's re-election is approved, the Company intends to continue the agreement with him to limit his liability as provided in Article 427, Paragraph 1 of the Companies Act. The limit of liability under the agreement is the amount stipulated by laws and regulations.
4. The Company has designated Yoshiaki Ohkami as an independent director stipulated by the provisions of the Tokyo Stock Exchange and has notified the said Exchange accordingly. If his re-election is approved at the Meeting, the Company intends to maintain his status as an independent director.
5. The number of the Company's shares held by each candidate includes holdings in the officers' or employees' shareholding association.

[Reference] Independence Criteria for Outside Directors

Persons who satisfy the independence requirements provided by the Tokyo Stock Exchange shall be deemed independent from the Company.

However, the independence of those who fall under the following shall be carefully determined according to actual circumstances.

1. Consultants, accounting or legal professionals who receive a large amount of compensation from the Company other than directors' compensation.
2. Persons who receive a large amount of donation, etc. from the Company, or in case the recipient is a corporation, etc., an executive thereof.
3. A major shareholder of the Company, or in case the entity is a corporation, etc., an executive thereof.
4. Close relatives of the following (excluding those who are irrelevant):
 - A. Persons who fall under 1 through 3 above.
 - B. Directors, Audit & Supervisory Board Members, Executive Officers and important employees, etc. of the Company and its subsidiaries.

Proposal 3: Determination of Remuneration for the Purpose of Allotting Restricted Shares to Directors (Excluding Directors Serving as Audit & Supervisory Committee Members and Outside Directors)

The amount of remuneration, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Company was approved at the 117th Annual General Meeting of Shareholders held on June 29, 2016 to be within 300 million yen per annum (not including the salary portion payable to Directors concurrently serving as employees).

In order for Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) of the Company (hereinafter, "Eligible Directors") to share the benefits and risks of fluctuations in the share price with shareholders, and to further increase their motivation to improve the share price and enhance corporate value, the Company now proposes the allotment of the Company's common shares subject to certain transfer restriction periods and reasons for acquisition by the Company without consideration (hereinafter, "Restricted Shares") to Eligible Directors as follows.

Accordingly, taking into comprehensive consideration various matters such as the degree of contribution by Eligible Directors, the Company proposes that the total amount of monetary compensation receivables paid to Eligible Directors as remuneration, etc. related to Restricted Shares be set at within 30 million yen per annum, within the scope of the aforementioned amount of remuneration, etc. for Directors. The allotment of Restricted Shares has been decided after taking into comprehensive consideration various matters such as the degree of contribution to the Company by Eligible Directors, and we believe that the details are appropriate.

The current number of Directors (excluding Directors serving as Audit & Supervisory Committee Members) is seven (7) (including one (1) Outside Director). If Proposal 2 is approved, the number of Directors (excluding Directors serving as Audit & Supervisory Committee Members) will be six (6) (including one (1) Outside Director).

Notes

<Specific details and maximum number of Restricted Shares for Eligible Directors>

1. Allotment and Payment of Restricted Shares

The Company shall, based on a resolution by the Board of Directors, pay monetary compensation receivables to Eligible Directors as remuneration related to Restricted Shares within the scope of the aforementioned amount per annum, and each of the Eligible Directors shall receive allotment of Restricted Shares by making an in-kind contribution of the full amount of said monetary compensation receivables.

The amount to be paid for the Restricted Shares shall be determined by the Board of Directors of the Company within an extent that is not especially advantageous to Eligible Directors in receipt of said Restricted Shares, based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day preceding the date of resolution by the Board of Directors meeting of the Company pertaining to the issuance or disposal of Restricted Shares (if no transactions are concluded on that day, the closing price of the immediately preceding transaction date).

In addition, the aforementioned monetary compensation receivables shall be paid provided that Eligible Directors have agreed to the aforementioned in-kind contribution and have entered into a Restricted Share Allotment Agreement whose contents shall include those specified in 3. below.

2. Total Number of Restricted Shares

The total number of Restricted Shares to be allotted to Eligible Directors shall be 20,000 shares, which is the maximum number of Restricted Shares to be allotted each fiscal year.

However, in the event of circumstances, on or after the date of resolution of this Proposal, necessitating an adjustment to the total number of Restricted Shares, such as a share split of the Company's common share (including the gratis allotment of the Company's common share), a share consolidation, or any other related reason, the total number of Restricted Shares shall be adjusted within a reasonable extent.

3. Details of the Restricted Share Allotment Agreement

The Restricted Share Allotment Agreement that is concluded between the Company and Eligible Directors to whom the Restricted Shares are allotted at the time of allotment of Restricted Shares, based on a resolution by the Board of Directors of the Company, shall include the following content.

(1) Details of transfer restrictions

Eligible Directors who have been allotted Restricted Shares cannot transfer to a third party, create any security interest on, pledge as security, use as inter vivos gift, bequest, or otherwise dispose of (hereinafter, "Transfer Restrictions") said Restricted Shares allotted to Eligible Directors (hereinafter, "Allotted Shares") during the period from the delivery date of the Allotted Shares to the date the Eligible Directors retire as Director of the Company (hereinafter, "Transfer Restriction Period").

(2) Acquisition of Restricted Shares without consideration

In the event that Eligible Directors who have been allotted Restricted Shares retire as Director of the Company during the period from the day on or after the start date of the Transfer Restriction Period until the day preceding the date of the next Annual General Meeting of Shareholders, the Company, other than for reasons deemed justifiable by the Board of Directors of the Company, shall acquire the Allotted Shares as a matter of course without consideration.

In addition, in the event that there are Allotted Shares whose Transfer Restrictions have not been removed based on the provisions of (3) below regarding reasons for removing Transfer Restrictions at the time of the expiration of the Transfer Restriction Period in (1) above, the Company shall acquire these as a matter of course without consideration.

(3) Removal of Transfer Restrictions

The Company shall remove Transfer Restrictions on all Allotted Shares upon the expiration of the Transfer Restriction Period provided that Eligible Directors who have been allotted Restricted Shares have continuously remained in a position as Director of the Company from the start date of the Transfer Restriction Period until the date of the next Annual General Meeting of Shareholders.

However, in the event that said Eligible Directors retire as Director of the Company during the period from the day on or after the start date of the Transfer Restriction Period until the day preceding the date of the next Annual General Meeting of Shareholders for reasons deemed justifiable by the Board of Directors of the Company, the number of Allotted Shares for which the transfer restrictions are to be removed and the timing thereof shall be reasonably adjusted as necessary.

(4) Treatment in the event of restructuring, etc.

In the event that, during the Transfer Restriction Period, the General Meeting of Shareholders of the Company gives approval (however, in the event that the approval of the General Meeting of Shareholders of the Company for said restructuring, etc. is not required, approval by the Board of Directors of the Company) for a merger agreement whereby the Company becomes the non-surviving company, a share exchange agreement or share transfer plan whereby the Company becomes a wholly owned subsidiary, or any other matters pertaining to restructuring, etc. (limited to when the effective date of said restructuring, etc. is prior to the expiration date; hereinafter, "Restructuring, etc. Approval Time"), and in the event that Eligible Directors who have been allotted Restricted Shares retire as Director of the Company as a result of said restructuring, etc., the Company shall, by resolution of the Board of Directors of the Company, remove Transfer Restrictions prior to the effective date of said restructuring, etc. on a number of Allotted Shares deemed reasonable based on the period from the start date of the Transfer Restriction Period until the date of approval of said restructuring, etc.

In addition, at the Restructuring, etc. Approval Time, the Company shall acquire Allotted Shares whose Transfer Restrictions have not been removed as of the business day prior to the effective date of said restructuring, etc., as a matter of course without consideration.

End