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Notice of Change in Shareholder Return (Dividend) Policy and Revision of Year-End Dividend Forecast

KATO SANGYO CO., LTD. (the “Company”) hereby announces that its Board of Directors has resolved at a meeting held on August 9, 2024, to change its shareholder return (dividend) policy and revise its year-end dividend forecast for the fiscal year ending September 30, 2024 (October 1, 2023, to September 30, 2024), as follows.

1. Change in shareholder return (dividend) policy

(1) Details of changes (changes are underlined)

(Before change)

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.

We will repurchase shares as the need arises based on a comprehensive assessment of our business performance, capital situation, stock market conditions, and other factors, with enhancing capital efficiency in mind. We will retire shares held in treasury stock as necessary based on a comprehensive assessment of their future use and other factors.

(After change)

We recognize that returning our profits to our shareholders is an important policy of management. Committed to a progressive dividend policy,*1 we will pay a dividend that is stable and commensurate with business performance while improving our earning capacity and enhancing our financial structure. As a general rule, we will increase the dividend amount up to 20 yen per share every year,*2 with the aim of gradually raising the dividend payout ratio to 40%.

We will repurchase shares as the need arises based on a comprehensive assessment of our business performance, capital situation, stock market conditions, and other factors, with enhancing capital efficiency in mind. We will retire shares held in treasury stock as necessary based on a comprehensive assessment of their future use and other factors.

*1 A dividend policy where the dividend amount does not decrease in principle, but remains the same or rises

*2 Starting in the fiscal year ending September 30, 2025

(2) Reason for change

The Company has long recognized the return of profits to shareholders as an important management policy and has paid stable dividends commensurate with business performance.

After comprehensively reviewing the Company's future performance outlook and financial situation, the Company decided to revise its dividend policy in order to clarify the policy and further enhance shareholder returns by maintaining a policy to pay stable dividends and clearly stating the dividend payout ratio target.

2. Revision of year-end dividend forecast

(1) Revision of dividend forecast per share for the fiscal year ending September 30, 2024 (October 1, 2023, to September 30, 2024)

	Dividend per share		
	End of second quarter	End of year	Total amount
Previous forecast (November 10, 2023)		58 yen (Special dividend: 3 yen)	113 yen (Special dividend: 3 yen)
Revised forecast		65 yen (Special dividend: 3 yen)	120 yen (Special dividend: 3 yen)
Dividends paid this fiscal year	55 yen		
Dividends paid last fiscal year (Year ended September 30, 2023)	47 yen	50 yen (Special dividend: 3 yen)	97 yen (Special dividend: 3 yen)

(2) Reason for revision

In light of the change in the dividend policy described in 1 above, the year-end dividend for the fiscal year ending September 30, 2024, will be 65 yen per share (including a special dividend of 3 yen) for an increase of 7 yen per share from the previous forecast (announced on November 10, 2023). The annual dividend will increase 23 yen to total 120 yen per share (including a special dividend of 3 yen) when combined with the interim dividend (55 yen per share), which has already been paid.

The consolidated dividend payout ratio will be 27.1% based on the consolidated earnings forecast announced on November 10, 2023.