



March 17, 2026

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Notice Concerning Misconduct of a Former Employee

Sanki Engineering Co., Ltd. (hereinafter “the Company”) hereby informs you that it has come to light that a former employee engaged in the misappropriation of company funds for personal use while employed by the Company (hereinafter “the Misconduct”).

We deeply regret that such an incident has occurred, and sincerely apologize to our shareholders, investors, and all other stakeholders for the considerable inconvenience and concern this matter is causing.

1. Overview of the incident

An internal investigation revealed that, at the Company’s Hokkaido Branch, company funds had been continuously misappropriated for personal use from 1999 to 2012. Subsequently, the former employee in question engaged in actions intended to avoid detection of the misconduct until its recent discovery.

At this time, no evidence has been found indicating the involvement of anyone other than the former employee in question.

2. Impact on operating results

The loss incurred by the Company amounts to approximately 50 million yen. Given that the financial impact in prior fiscal years is immaterial, the Company plans to incorporate the necessary adjustments in the current fiscal year. Furthermore, there are no changes to the earnings forecast for the current fiscal year that the Company has already announced.

3. Measures to prevent recurrence

We have taken strict disciplinary action against the former employee in question in accordance with our internal regulations. We are also proceeding with the recovery of the damages.

We take this matter very seriously and are committed to implementing measures to prevent recurrence by strengthening internal check functions, enhancing monitoring and early-detection mechanisms, and reinforcing management frameworks including clearer segregation of duties and regular rotation of assigned responsibilities. Through these efforts, we will strive to regain the trust of our stakeholders.

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