

October 6, 2026

Company name:	SALA Corporation
Name of representative:	Goro Kamino, President and Representative Director, Group Representative and CEO (Securities code: 2734; Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market)
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Notice Concerning Recording of Non-operating Income (Gain on Valuation of Derivatives)

SALA Corporation (the “Company”) hereby announces that, in the first nine months of the fiscal year ending November 30, 2026 (from December 1, 2025 to August 31, 2026), the Company recorded non-operating income (gain on valuation of derivatives) as follows.

1. Description of non-operating income

In the first nine months of the current fiscal year, gain on valuation of derivatives on forward exchange contracts of ¥1,021 million was recorded in non-operating income due to fluctuations in foreign exchange rates, etc.

SALA e POWER Co., Ltd., a consolidated subsidiary of the Company, entered into an agreement in 2017 to purchase imported materials denominated in foreign currencies and entered into a forward exchange contract in the same period to pay for the said purchases.

The line of business of SALA e POWER Co., Ltd. is to sell electricity generated from wood biomass power generation, mainly using fuels sourced from imported materials, and its prices are fixed for a 20-year period under the application of the feed-in tariff system (FIT System). Operating under such business conditions, the company is able to secure stable revenues from the fixed electricity prices. On the other hand, the business costs are vulnerable to fluctuating factors such as the price of the imported materials. Therefore, aiming to mitigate the exchange-rate risks related to the purchases of imported materials during the business term, SALA e POWER Co., Ltd. entered into the forward exchange contract for the 22 years from 2017 (fiscal year ended November 30, 2017), when the agreement to purchase the imported materials denominated in foreign currencies was entered into, to 2039, the final year of the application period for the feed-in tariff system.

Also, to prepare for further exchange-rate risks in response to the recent surge in the price of the imported materials, in the previous fiscal year, the Company entered into an additional forward exchange contract for the 14 years from 2025 to 2039.

A gain or loss on valuation of derivatives is the fair valuation of the unsettled balance of forward exchange contracts at the end of the fiscal year, and this arises with no cash flow movements.

Accounting treatment involves making a reversal entry of the gain or loss on valuation recorded at the end of the previous fiscal year and then re-assessing the unsettled balance of the forward exchange contract as of the end of the current fiscal year, recording it as a gain or loss on valuation.

In practical terms, the gain on the fair valuation of the unsettled balance of forward exchange contracts at the end of the previous fiscal year is accounted as ¥7,076 million in non-operating expenses by making a reversal entry, and the gain on the fair valuation of the unsettled balance of forward exchange contracts at the end of the first nine months of the current fiscal year is accounted as ¥8,097 million in non-operating income. Both amounts are offset to get the net gain of ¥1,021 million, which is recorded as a gain on valuation of derivatives in non-operating income for the first nine months of the current fiscal year.

In addition, the unsettled balance of forward exchange contracts will decrease in line with the progress of business, becoming ¥0 in 2039, the final fiscal year of the application of the feed-in tariff system. Therefore, the fair valuation of the gain or loss on this forward exchange contract for that fiscal year will also be ¥0.

Furthermore, the gains or losses on the valuation of derivatives recorded from 2017 through 2039 for the forward exchange contract entered into in 2017, and from 2025 through 2039 for the forward exchange contract entered into in 2025 will all be offset by making a reversal entry. Accordingly, the cumulative total of the gain or loss on valuation of derivatives related to these forward exchange contracts will be ¥0.

(Millions of yen)

	2023/11 Fiscal year-end	2024/11 Fiscal year-end	2025/11 Fiscal year-end	2026/11 First quarter	2026/11 First half	2026/11 Third quarter
Gain or (loss) on fair valuation of unsettled balance of forward exchange contracts at end of fiscal year [1]	4,106	5,183	7,076	7,389	7,869	8,097
Reversal entry of gain or (loss) on fair valuation of unsettled balance of forward exchange contracts at end of previous fiscal year [2]	(3,112)	(4,106)	(5,183)	(7,076)	(7,076)	(7,076)
Gain or (loss) on valuation of derivatives recorded in non-operating income or expenses [1 + 2]	993	1,077	1,892	313	793	1,021

2. Basic policy on dividends of the Company

While maintaining a dividend payment of equivalent or higher of the previous fiscal year, the Company will aim for a consolidated payout ratio excluding the effects of gain or loss on valuation of derivatives on forward exchange contracts of 40% or higher.