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SANYO DENKI

FY2027 1st Quarter Consolidated Financial and Operating Results <IFRS>

(Overview – English translation of the Japanese original) July 30, 2026

Company Name: SANYO DENKI CO., LTD.
Code Number: 6516 (Listed on the Tokyo Stock Exchange Prime Market)
(URL: https://www.sanyodenki.com/)
Representative: Shigeo Yamamoto, Representative Director, Chairman of the Board & CEO
Contact: Masaki Iwayama, Executive Operating Officer for Business Administration

Phone: +81-3-5927-1020
Scheduled date for commencement of dividend payments: –
Availability of supplementary briefing material on annual results: None
Schedule of annual results briefing session: None

(Amounts below one million yen are truncated.)

1. Overview of the Consolidated Financial and Operating Results for FY2027 Quarter 1 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2027 Quarter 1	32,237	33.5	4,209	138.1	4,430	194.3	2,994	184.6	2,994	184.6	8,058	501.1
FY2026 Quarter 1	24,151	4.3	1,767	21.6	1,505	(29.2)	1,051	(22.7)	1,051	(22.7)	1,340	(64.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2027 Quarter 1	84.36	84.30
FY2026 Quarter 1	29.57	29.56

The Company conducted a three-for-one split of its common shares, effective October 1, 2025. Accordingly, basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	¥ Million	¥ Million	¥ Million	%	Yen
FY2027 Quarter 1	175,904	133,454	133,453	75.9	3,757.66
FY2026 Full year	166,367	127,861	127,860	76.9	3,602.66

2. Dividends

	Annual cash dividend per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2026	–	100.00	–	70.00	–
FY2027	–				
FY2027 (Forecast)		80.00	–	90.00	170.00

Note: Revision to the dividend forecast: None

* The Company conducted a three-for-one stock split of its common shares, effective October 1, 2025. The dividend for the end of the second quarter of the fiscal year ending March 31, 2026, is stated in the amount prior to the said stock split. The total annual dividend for the fiscal year ending March 31, 2026, is indicated as "–" because a simple summation is not possible due to the stock split.
If the stock split were not taken into account, the year-end dividend for the fiscal year ending March 31, 2026, would be 210 yen, with an annual dividend of 310 yen. Furthermore, the dividend for the end of the second quarter of the fiscal year ending March 31, 2027, would be 240 yen, the year-end dividend would be 270 yen, and the annual dividend would be 510 yen.

3. Forecast for FY2027 (from April 1, 2026 to March 31, 2027)

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
First half	62,750	23.6	7,570	56.1	7,770	57.4	5,600	59.6	157.79
Full year	128,850	20.0	16,290	49.6	16,690	42.1	12,000	38.6	338.12

Note: Revision to the business results forecast: None

4. Others

(1) Significant changes in the scope of consolidation during FY2027 Quarter 1: None

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)	FY2027 Quarter 1	38,916,561 shares	FY2026	38,916,561 shares
2) Number of treasury shares at the end of the period	FY2027 Quarter 1	3,401,586 shares	FY2026	3,401,520 shares
3) Average number of shares outstanding during the period	FY2027 Quarter 1	35,490,543 shares	FY2026 Quarter 1	35,574,243 shares

The Company conducted a three-for-one split of its common shares, effective October 1, 2025. Accordingly, the number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by a certified public accountant or an auditing firm: None

* Explanation for the appropriate use of performance forecasts and other special notes

Statements in these reports regarding the next fiscal year and other future events are evaluations made based upon the information available at the time these reports were prepared and believed to be reasonable. Accordingly, actual results may vary significantly from the forecast results stated here for a number of factors.

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1. Qualitative Information on Financial Results for FY2027 Quarter 1

(1) Explanation of Operating Results

During the three months ended June 30, 2026, the global economy faced concerns over the impact of escalating tensions in the Middle East. However, the U.S. economy remained firm, supported mainly by generative AI-related investments, the European economy showed signs of a gradual recovery, and in China, investments in the manufacturing and high-tech sectors remained solid.

The Japanese economy saw a gradual recovery in industrial production, supported by capital investment underpinned by stable corporate earnings, as well as demand for generative AI and semiconductors.

Under such economic circumstances, demand remained robust in the factory automation market, including ICT equipment, robots, and semiconductor manufacturing equipment, which is the Group’s main target market, as well as the generative AI-related market.

As a result, consolidated revenue for the three months ended June 30, 2026, totaled ¥32,237 million, up 33.5% from the same period last year. Consolidated operating profit increased by 138.1% to ¥4,209 million, consolidated profit before tax increased by 194.3% to ¥4,430 million, and profit attributable to owners of parent amounted to ¥2,994 million, up 184.6%.

Orders received increased by 56.7% to ¥40,399 million, and order backlog increased by 41.4% to ¥53,031 million.

The performance of each segment is as follows.

Statement of income by segment for the three months ended June 30, 2026 (Million yen)

	San Ace Company	Electronics Company	Motion Company	Others	Adjustments (Note 2)	Total
Revenue (Note 1)	11,638	6,318	12,727	1,553	–	32,237
Cost of sales	6,856	4,511	10,068	1,250	78	22,765
Gross profit	4,781	1,806	2,659	302	(78)	9,471
Selling, general and administrative expenses	2,058	1,196	1,900	143	–	5,299
Other income and expenses	18	8	9	–	–	36
Operating profit	2,741	619	768	158	(78)	4,209

Notes: 1. This shows revenue from external customers for each segment.
2. Adjustments are elimination of intersegment transactions.

1) San Ace Company

Regarding “San Ace” products of San Ace Company, demand for generative AI-related equipment and network equipment was robust. Demand for control equipment used in servo amplifiers and inverters, and general machine tools recovered and began to grow. In business for dealers, demand from dealers in the United States, Europe, Japan, and East Asia stayed solid.

As a result, segment revenue amounted to ¥11,638 million, up 19.6% from the same period last year, and segment profit increased by 76.9% to ¥2,741 million. Orders received increased by 68.7% to ¥15,056 million, and order backlog increased by 44.3% to ¥16,983 million.

2) Electronics Company

Regarding “SANUPS” products of Electronics Company, demand was strong for social infrastructures such as servers for data centers and broadcasting, as well as for defense systems. Demand for renewable energy-related products remained stable, including solar and hydroelectric power systems. In the industrial field, demand for semiconductor manufacturing equipment was solid.

Regarding “SANMOTION” products of Electronics Company, demand for semiconductor manufacturing equipment and wafer conveying robots significantly increased as demand for generative AI-related capital investment is expanding. In the Chinese market, since capital investment continued, demand was robust for metal processing machines, injection molding machines, and machine tools.

As a result, segment revenue amounted to ¥6,318 million, up 43.0% from the same period last year, and segment profit amounted to ¥619 million (compared to segment loss of ¥250 million in the same period last year). Orders received increased by 64.2% to ¥8,283 million, and order backlog increased by 31.1% to ¥13,924 million.

3) Motion Company

Regarding “SANMOTION” products of Motion Company, demand for electronic part surface mounters, semiconductor manufacturing equipment and wafer conveying robots significantly increased with an expansion in demand for generative AI-related capital investment. In the Chinese market, as capital investment continued, demand was strong for metal processing machines, injection molding machines, and machine tools.

As a result, segment revenue amounted to ¥12,727 million, up 46.3% from the same period last year, and segment profit increased by 84.0% to ¥768 million. Orders received increased by 45.7% to ¥14,954 million, and order backlog increased by 55.7% to ¥20,638 million.

4) Others

Electrical equipment sales business, etc. are classified and recorded under the “Others” segment.

For industrial electrical equipment, control equipment, and electrical materials, demand related to the semiconductor industry, public infrastructure, medical equipment, and energy storage devices remained robust. On the other hand, demand related to steel was sluggish.

As a result, segment revenue amounted to ¥1,553 million, up 19.1% from the same period last year, and segment profit increased by 75.8% to ¥158 million. Orders received increased by 35.9% to ¥2,104 million, and order backlog decreased by 20.9% to ¥1,485 million.

Additionally, revenue from external customers by geographical area where we operate is as follows.

(Million yen)

	Japan	North America	Europe	East Asia	Southeast Asia	Total
FY2027 Quarter 1	19,435	6,871	1,914	3,557	458	32,237
FY2026 Quarter 1	14,760	5,123	1,431	2,388	448	24,151

1) Japan

Companies operating in Japan are the Company and its consolidated subsidiaries: SANYO KOGYO CO., LTD., SANYO DENKI Techno Service CO., LTD., and SANYO DENKI IT Solution CO., LTD.

2) North America

The Company has a consolidated subsidiary in North America: SANYO DENKI AMERICA, INC.

3) Europe

The Company’s consolidated subsidiaries operating in Europe are SANYO DENKI EUROPE S.A. and SANYO DENKI GERMANY GmbH.

4) East Asia

The Company’s consolidated subsidiaries operating in East Asia include SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI TAIWAN CO., LTD., SANYO DENKI KOREA CO., LTD., SANYO DENKI ENGINEERING (Shanghai) CO., LTD., SANYO DENKI (Shenzhen) CO., LTD., SANYO DENKI (Zhongshan) CO., LTD., SANYO DENKI ENGINEERING (Shenzhen) CO., LTD., SANYO DENKI (Tianjin) CO., LTD., and SANYO DENKI (Chengdu) CO., LTD.

5) Southeast Asia

The Company’s consolidated subsidiaries operating in Southeast Asia include SANYO DENKI PHILIPPINES, INC., SANYO DENKI VIETNAM CO., LTD., SANYO DENKI INDIA PRIVATE LIMITED, and SANYO DENKI (THAILAND) CO., LTD.

(2) Explanation of Financial Position

As for the financial position at the end of the three months ended June 30, 2026, total assets increased by ¥9,536 million from the end of the previous fiscal year, total liabilities increased by ¥3,943 million, and total equity increased by ¥5,592 million.

Major factors of changes in assets were an increase of ¥4,433 million in other financial assets (non-current assets), an increase of ¥3,492 million in inventories, and a decrease of ¥3,439 million in cash and cash equivalents.

Major factors of changes in liabilities were an increase of ¥2,886 million in trade and other payables, an increase of ¥1,769 million in deferred tax liabilities, and a decrease of ¥503 million in income taxes payable.

Major factors of changes in equity were an increase of ¥4,055 million in other components of equity, an increase of ¥1,517 million in retained earnings, and an increase of ¥19 million in share premium.

(Condition of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the three months ended June 30, 2026, decreased by ¥3,439 million from the end of the previous fiscal year to ¥25,280 million. The conditions of each cash flow and the factors behind its changes are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the three months ended June 30, 2026, amounted to ¥988 million (net cash provided of ¥3,650 million in the same period last year). This is mainly attributable to profit before tax of ¥4,430 million, an increase of ¥3,125 million in inventories, and an increase of ¥2,632 million in trade and other receivables.

(Cash flows from investing activities)

Net cash used in investing activities during the three months ended June 30, 2026, amounted to ¥1,475 million (net cash used of ¥273 million in the same period last year). This is mainly attributable to purchase of property, plant and equipment of ¥723 million, a decrease of ¥551 million in other, net, and purchase of intangible assets of ¥232 million.

(Cash flows from financing activities)

Net cash used in financing activities during the three months ended June 30, 2026, amounted to ¥3,315 million (net cash used of ¥2,546 million in the same period last year). This is mainly attributable to dividends paid of ¥2,490 million, a decrease of ¥478 million in short-term borrowings, and a decrease of ¥194 million in other, net.

(3) Explanation of Forward-looking Information such as Forecast of Consolidated Business Results

No revisions have been made to the business results forecast for the fiscal year ending March 31, 2027, which was announced on April 27, 2026.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	Note	As of March 31, 2026	As of June 30, 2026
Assets			
Current assets			
Cash and cash equivalents		28,719	25,280
Trade and other receivables		32,044	34,127
Other financial assets		5,422	6,089
Inventories		39,860	43,353
Other current assets		1,273	2,093
Total current assets		107,320	110,944
Non-current assets			
Property, plant and equipment		23,263	23,063
Intangible assets		5,299	5,351
Right-of-use assets		3,493	3,449
Investment property		1,503	1,503
Other financial assets		15,854	20,288
Retirement benefit assets		8,561	10,144
Deferred tax assets		913	1,003
Other non-current assets		157	154
Total non-current assets		59,047	64,959
Total assets		166,367	175,904
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		19,771	22,657
Borrowings		2,887	2,407
Lease liabilities		821	839
Other financial liabilities		70	106
Income taxes payable		2,025	1,522
Other current liabilities		2,275	2,709
Total current liabilities		27,851	30,242
Non-current liabilities			
Borrowings		1,025	873
Lease liabilities		1,261	1,187
Net defined benefit liability		743	759
Deferred tax liabilities		6,628	8,397
Other non-current liabilities		997	990
Total non-current liabilities		10,654	12,208
Total liabilities		38,506	42,450
Equity			
Share capital		9,926	9,926
Share premium		11,554	11,574
Retained earnings		93,698	95,216
Treasury shares		(4,442)	(4,442)
Other components of equity		17,122	21,177
Total equity attributable to owners of parent		127,860	133,453
Non-controlling interests		0	0
Total equity		127,861	133,454
Total liabilities and equity		166,367	175,904

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

Three months ended June 30, 2025 and 2026

(Million yen)

	Note	From April 1, 2025 to June 30, 2025	From April 1, 2026 to June 30, 2026
Revenue		24,151	32,237
Cost of sales		17,774	22,765
Gross profit		6,377	9,471
Selling, general and administrative expenses		4,668	5,299
Other income		62	39
Other expenses		3	2
Operating profit		1,767	4,209
Finance income		231	281
Finance costs		493	60
Profit before tax		1,505	4,430
Income tax expense		453	1,436
Profit		1,051	2,994
Profit attributable to:			
Owners of parent		1,051	2,994
Non-controlling interests		(0)	0
Profit		1,051	2,994
Earnings per share			
Basic earnings per share (yen)		29.57	84.36
Diluted earnings per share (yen)		29.56	84.30

Note: The Company conducted a three-for-one split of its common shares, effective October 1, 2025. Accordingly, basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Condensed Consolidated Statements of Comprehensive Income

Three months ended June 30, 2025 and 2026

(Million yen)

	Note	From April 1, 2025 to June 30, 2025	From April 1, 2026 to June 30, 2026
Profit		1,051	2,994
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		604	3,101
Remeasurements of defined benefit plans		350	1,009
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(665)	953
Total other comprehensive income		288	5,064
Comprehensive income		1,340	8,058
Comprehensive income attributable to:			
Owners of parent		1,340	8,058
Non-controlling interests		0	0
Comprehensive income		1,340	8,058

(3) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans
Balance at April 1, 2025		9,926	11,518	84,726	(3,500)	3,969	–
Profit		–	–	1,051	–	–	–
Other comprehensive income		–	–	–	–	604	350
Comprehensive income		–	–	1,051	–	604	350
Purchase of treasury shares		–	–	–	(974)	–	–
Dividends		–	–	(1,073)	–	–	–
Share-based payment expenses		–	11	–	–	–	–
Transfer to retained earnings		–	–	350	–	0	(350)
Total transactions with owners and other		–	11	(723)	(974)	0	(350)
Balance at June 30, 2025		9,926	11,530	85,055	(4,474)	4,573	–

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2025		6,705	10,674	113,347	0	113,347
Profit		–	–	1,051	(0)	1,051
Other comprehensive income		(665)	288	288	0	288
Comprehensive income		(665)	288	1,340	0	1,340
Purchase of treasury shares		–	–	(974)	–	(974)
Dividends		–	–	(1,073)	–	(1,073)
Share-based payment expenses		–	–	11	–	11
Transfer to retained earnings		–	(350)	–	–	–
Total transactions with owners and other		–	(350)	(2,036)	–	(2,036)
Balance at June 30, 2025		6,039	10,613	112,651	0	112,651

Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at April 1, 2026		9,926	11,554	93,698	(4,442)	6,618	–
Profit		–	–	2,994	–	–	–
Other comprehensive income		–	–	–	–	3,101	1,009
Comprehensive income		–	–	2,994	–	3,101	1,009
Purchase of treasury shares		–	–	–	(0)	–	–
Dividends		–	–	(2,486)	–	–	–
Share-based payment expenses		–	19	–	–	–	–
Transfer to retained earnings		–	–	1,009	–	0	(1,009)
Total transactions with owners and other		–	19	(1,476)	(0)	0	(1,009)
Balance at June 30, 2026		9,926	11,574	95,216	(4,442)	9,720	–

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2026		10,504	17,122	127,860	0	127,861
Profit		–	–	2,994	0	2,994
Other comprehensive income		953	5,064	5,064	0	5,064
Comprehensive income		953	5,064	8,058	0	8,058
Purchase of treasury shares		–	–	(0)	–	(0)
Dividends		–	–	(2,486)	(0)	(2,486)
Share-based payment expenses		–	–	19	–	19
Transfer to retained earnings		–	(1,009)	–	–	–
Total transactions with owners and other		–	(1,009)	(2,466)	(0)	(2,466)
Balance at June 30, 2026		11,457	21,177	133,453	0	133,454

(4) Condensed Consolidated Statements of Cash Flows

(Million yen)

	Note	From April 1, 2025 to June 30, 2025	From April 1, 2026 to June 30, 2026
Cash flows from operating activities			
Profit before tax		1,505	4,430
Depreciation and amortization expense		1,323	1,268
Interest and dividend income		(205)	(281)
Interest expenses		10	13
Decrease (increase) in trade and other receivables		90	(2,632)
Decrease (increase) in inventories		(661)	(3,125)
Increase (decrease) in trade and other payables		1,044	2,516
Other, net		619	417
Subtotal		3,726	2,607
Interest received		78	105
Dividend received		161	204
Interest paid		(9)	(14)
Income taxes paid		(306)	(1,914)
Net cash flows from operating activities		3,650	988
Cash flows from investing activities			
Purchase of property, plant and equipment		(354)	(723)
Purchase of intangible assets		(434)	(232)
Proceeds from sales of property, plant and equipment and intangible assets		1	0
Proceeds from sales of other financial assets		29	32
Other, net		484	(551)
Net cash flows from investing activities		(273)	(1,475)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		–	(478)
Repayments of long-term borrowings		(309)	(151)
Purchase of treasury shares		(974)	(0)
Dividends paid		(1,074)	(2,490)
Other, net		(188)	(194)
Net cash flows from financing activities		(2,546)	(3,315)
Effect of exchange rate changes on cash and cash equivalents		(198)	363
Net increase (decrease) in cash and cash equivalents		631	(3,439)
Cash and cash equivalents at beginning of period		28,898	28,719
Cash and cash equivalents at end of period		29,530	25,280

(5) Notes on Condensed Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information, etc.)

1 Overview of reportable segments

The Group's business segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments.

Based on the characteristics of the businesses we operate, the Group has established four reportable segments, namely San Ace Company, Electronics Company, Motion Company, and Others.

Segment	Main business
San Ace Company	Design, manufacturing, and sales of cooling fans, etc.
Electronics Company	Design, manufacturing, and sales of power supplies, servo amplifiers, and stepping drivers, etc.
Motion Company	Design, manufacturing, and sales of servo motors and stepping motors, etc.
Others	Electrical equipment sales and electrical works contracting, etc.

2 Information on reportable segments

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Reportable segment						
	San Ace Company	Electronics Company	Motion Company	Others	Total	Adjustments (Note 2)	Consolidated
Revenue							
Revenue from external customers	9,727	4,418	8,702	1,303	24,151	–	24,151
Intersegment revenue or transfers (Note 1)	–	–	–	522	522	(522)	–
Total	9,727	4,418	8,702	1,826	24,674	(522)	24,151
Segment profit (loss)	1,549	(250)	417	90	1,807	(39)	1,767
Finance income	–	–	–	–	–	–	231
Finance costs	–	–	–	–	–	–	493
Profit before tax	–	–	–	–	–	–	1,505

Notes: 1. Intersegment transaction prices are based on prevailing market prices.

2. Adjustments of segment profit of ¥(39) million are elimination of intersegment transactions.

Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(Million yen)

	Reportable segment						
	San Ace Company	Electronics Company	Motion Company	Others	Total	Adjustments (Note 2)	Consolidated
Revenue Revenue from external customers	11,638	6,318	12,727	1,553	32,237	–	32,237
Intersegment revenue or transfers (Note 1)	–	–	–	733	733	(733)	–
Total	11,638	6,318	12,727	2,286	32,970	(733)	32,237
Segment profit	2,741	619	768	158	4,287	(78)	4,209
Finance income	–	–	–	–	–	–	281
Finance costs	–	–	–	–	–	–	60
Profit before tax	–	–	–	–	–	–	4,430

Notes: 1. Intersegment transaction prices are based on prevailing market prices.
2. Adjustments of segment profit of ¥(78) million are elimination of intersegment transactions.

(Material Subsequent Events)

Disposal of treasury shares as restricted stock compensation

At the meeting of its Board of Directors held on July 15, 2026, the Company resolved to dispose of treasury shares (hereinafter, the “Treasury Share Disposal”) to allocate restricted stock to officers as restricted stock compensation.

1. Outline of the disposal

(1) Payment date	August 6, 2026
(2) Type and total number of shares to be disposed of	15,221 shares of the Company’s common stock
(3) Disposal price	¥5,840 per share
(4) Total value of the shares to be disposed of	¥88,890,640
(5) Allottees	4 Directors of the Company (excluding Outside Directors): 6,727 shares 11 Operating Officers of the Company: 8,494 shares

2. Purpose and reason for the disposal

As per the “Announcement concerning Elimination of Officer Retirement Benefits System and Introduction of Restricted Share-Based Remuneration Plan” dated May 17, 2022, the Company resolved at the meeting of its Board of Directors held on May 17, 2022 to introduce a restricted stock compensation plan (hereinafter, the “Plan”) to its Directors (excluding Outside Directors, hereinafter, the “Eligible Director(s)”) to provide an incentive for the sustained improvement of corporate value.

Taking into consideration the purpose of the Plan, its business performance and other factors, the Company subsequently resolved to pay a total of ¥88,890,640 in monetary compensation claim (hereinafter, the “Monetary Compensation Claim”) to the Eligible Directors and its Operating Officers (hereinafter, the “Eligible Director(s), etc.”), who are allottees. Similarly, the Company resolved at the meeting of its Board of Directors held on July 15, 2026 to allot 15,221 shares of the Company’s common stock (hereinafter, the “Allotted Stock”) to 15 Eligible Directors, etc., allottees, by having them contribute all of their Monetary Compensation Claims to the Company as property in kind based on the Plan. For the sustained improvement of corporate value over the medium to long term, which is the purpose of the introduction of the Plan, the transfer restriction is imposed until officers retire or resign from the position of Director, Audit & Supervisory Board Member, or Operating Officer of the Company.

< Overview of restricted stock allotment agreement >

The Company shall conclude with each of the Eligible Directors, etc. a restricted stock allotment agreement. The details are as follows.

(1) Transfer restriction period

An Eligible Director, etc. shall not transfer, create a security interest on, make a living donation of or otherwise dispose of the Allotted Stock from the payment date of the Allotted Stock to the later of the date of retirement or resignation from the position of Director, Audit & Supervisory Board Member or Operating Officer, or the date when the Company's annual securities report for the fiscal year to which the payment date belongs (or the Company's semi-annual securities report if the payment date falls within six months from the beginning of the Company's fiscal year) is submitted (hereinafter, the "Transfer Restriction Period").

(2) Conditions for lifting the transfer restriction

On the condition that an Eligible Director, etc. has continuously served in the position of the Company's Director or Operating Officer during the period up until the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock, if the Eligible Director, etc. retires or resigns from the position of Director, Audit & Supervisory Board Member or Operating Officer for the reason deemed legitimate, the Company shall lift the transfer restriction on all of the Allotted Stock that the Eligible Director, etc. has upon the expiration of the Transfer Restriction Period.

However, in the event that an Eligible Director, etc. retires or resigns for reasons deemed legitimate during the period before the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock, the Company shall lift the transfer restriction for part of the Allotted Stock that the Eligible Director, etc. has at the time concerned. The number of Allotted Stock for which the transfer restrictions will be lifted shall be calculated by multiplying the number of Allotted Stock with the number of months divided by twelve (if the calculated amount exceeds one, it shall be one) from the month including the date of the Annual General Meeting of Shareholders immediately preceding the payment date to the month including the date when the Eligible Director, etc. retired or resigned (if the calculation results in a fraction of a share, such fraction shall be rounded down).

(3) Conditions for the acquisition without compensation

The Company shall acquire the Allotted Stock, as a matter of course, without any compensation, in the event that an Eligible Director, etc. retires or resigns for reasons that are not deemed legitimate during the period before the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock.

Furthermore, the Company shall acquire, without any compensation, any Allotted Stock for which transfer restrictions have not been lifted as of the time of the lifting of the transfer restriction based on the provision of (2) above, as a matter of course.

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

Notwithstanding the provision of (1) above, in the event that during the Transfer Restriction Period, an approval is given at the General Meeting of Shareholders of the Company (or at the meeting of the Board of Directors of the Company in case that an approval by the General Meeting of Shareholders is not required regarding the organizational restructuring, etc.) for proposals regarding a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., the Company shall by resolution of the Board of Directors of the Company, lift the transfer restriction for part of the Allotted Stock that the Eligible Director, etc. has at the said approval date (hereinafter, the “Approval Date of Restructuring, etc.”), at the time immediately preceding the business day immediately preceding the effective date of the said reorganization, etc. The number for Allotted Stock for which the transfer restrictions will be lifted shall be calculated by multiplying the number of Allotted Stock with the number of months divided by twelve (if the calculated amount exceeds one, it shall be one) from the month including the date of the Annual General Meeting of Shareholders immediately preceding the payment date to the month including the Approval Date of Restructuring, etc. (if the calculation results in a fraction of a share, such fraction shall be rounded down). In such cases, the Company shall acquire, without any compensation, any Allotted Stock for which the transfer restriction has not been lifted immediately after the transfer restriction was lifted, as a matter of course.

(5) Management of shares

Eligible Directors, etc. shall open exclusive accounts with Mizuho Securities Co., Ltd. to enter or record the Allotted Stock in a manner designated by the Company, and shall keep and maintain all of the Allotted Stock in such exclusive accounts until the transfer restriction is lifted.

3. Basis for calculation of the payment amount and its specific details

In order to eliminate arbitrariness, the disposal price for the Treasury Share Disposal is set at ¥5,840, which is the closing price of shares of the Company’s common stock on the Tokyo Stock Exchange on July 14, 2026, the business day immediately preceding the meeting of the Board of Directors. This is the market price of shares of the Company’s common stock immediately prior to the resolution of the Board of Directors, and the Company believes that this price is reasonable and not especially favorable to the Company.