

This document is a supplementary explanation material in order to deepen shareholders' understanding of the "Notice Concerning Strategic Partnership" and "Notice Concerning Solicitation for First Series of Unsecured Convertible Bonds with Share Subscription Rights through Third Party Allotment" released today.

Strategic Partnership and Financing for the Enhancement of Corporate Value

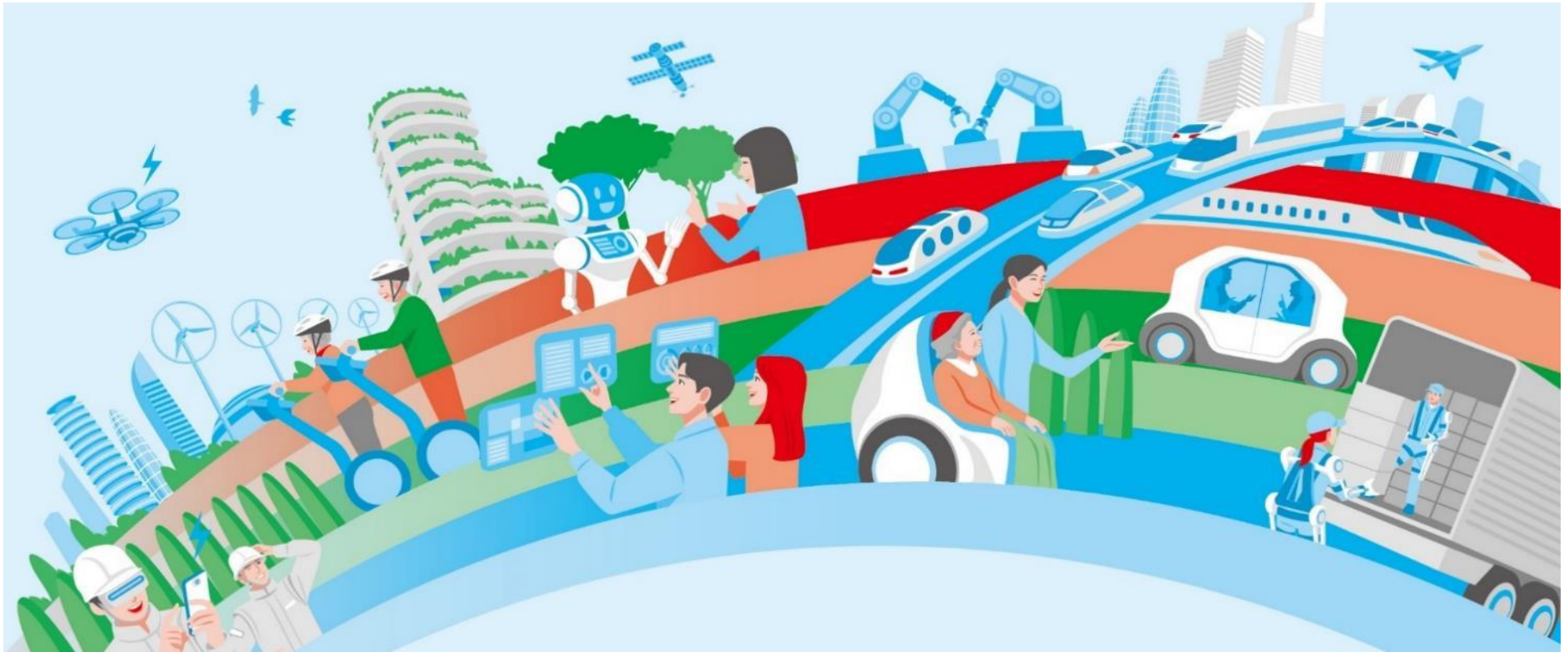


February 12, 2026

Securities code: 8051

Leading worldwide manufacturing and enriched lives

Yamazén has continually been a contributor to society, satisfying numerous user expectations in the two domains of Production Equipment that support manufacturing, and Consumer Goods that enrich everyday living. Moving forward, we will create new value by exceeding and integrating these two boundaries to lead worldwide manufacturing and enriched lives.



Purpose of Strategic Partnership and Financing

As part of our initiatives to further enhance corporate value, we have entered into a strategic partnership with Advantage Partners (“AP”) and have arranged secure financing.



About AP's private solutions to support the growth of listed companies

- ✓ The team responsible for private investments to support the growth of listed companies* within the Advantage Partners Group, a pioneer in domestic private equity funds (PE funds).
- ✓ They have a proven track record of supporting the discontinuous growth of corporate value for many listed companies.

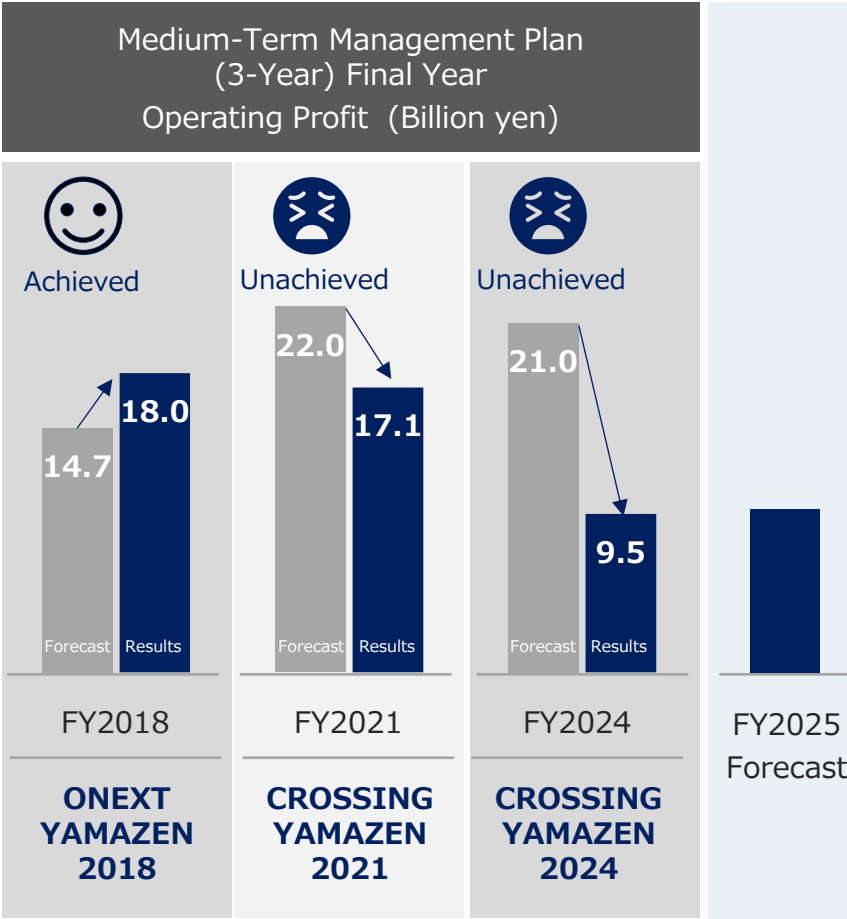
*The team that invests in listed companies through shares, convertible bonds, share acquisition rights etc. and strives towards improvement of corporate value together with management.

**Drive step-change improvements
in execution capability to transform
potential into measurable outcomes**

Growth Image under Partnership with AP

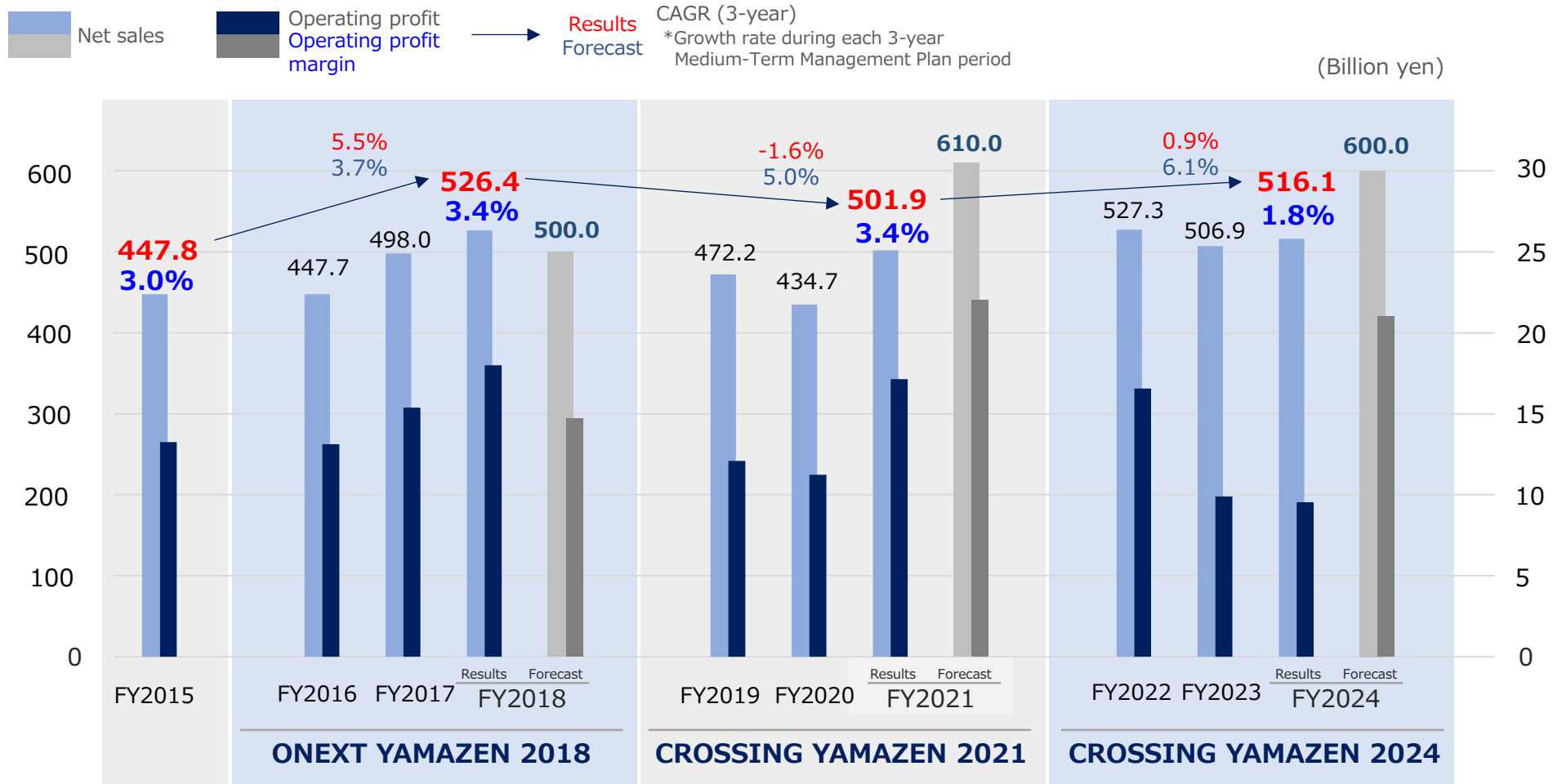
**By further expanding functions during the current medium-term plan,
we will improve our growth potential early on.**

Growth Image



While on a gradual upward trend in sales, it is not accompanied by profit growth, repeated shortfalls against plan.

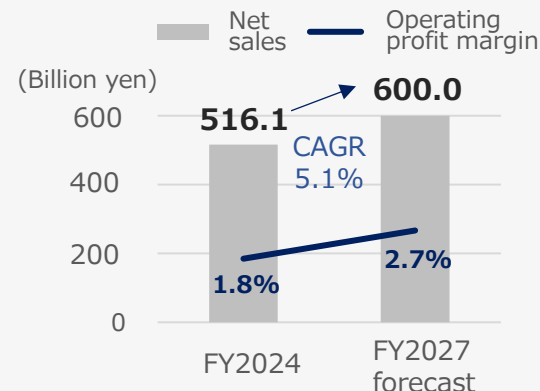
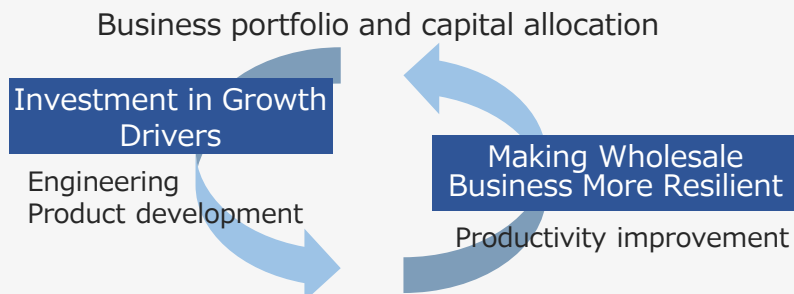
Trends in results (sales, operating profit) from past Medium-Term Management Plans



Sharpen our five strategic priorities to transform potential into measurable outcomes.

Medium-Term Management Plan (announced in May 2025)

Company-Wide Strategy to Realize Vision



FY2027 Forecast	
ROE	8.0%
Basic operating CF	14 billion yen
Equity ratio	40-45%

Our five strategic priorities

1

Value Enhancement

- Expanding engineering functioning
- Accelerating original product development
- Strengthening specialist capabilities
- Improving productivity through streamlining operations

2

Accelerating Global Expansion

- Promoting localization and efficiency of management
- Geographical expansion and reorganization of business areas
- Rapid response to market changes and diversification of business formats

3

Upgrading Sales Activities

- Maximizing customer value through face-to-face sales (real channels)
- Strengthening digital channels
- Order contracts and inventory management with CCC in mind

4

Enhancing Management Infrastructure

- Building a distribution system that can withstand the volumes looking to 2030
- Advancing information system infrastructure
- Optimizing the talent portfolio
- Developing new fields and industries

5

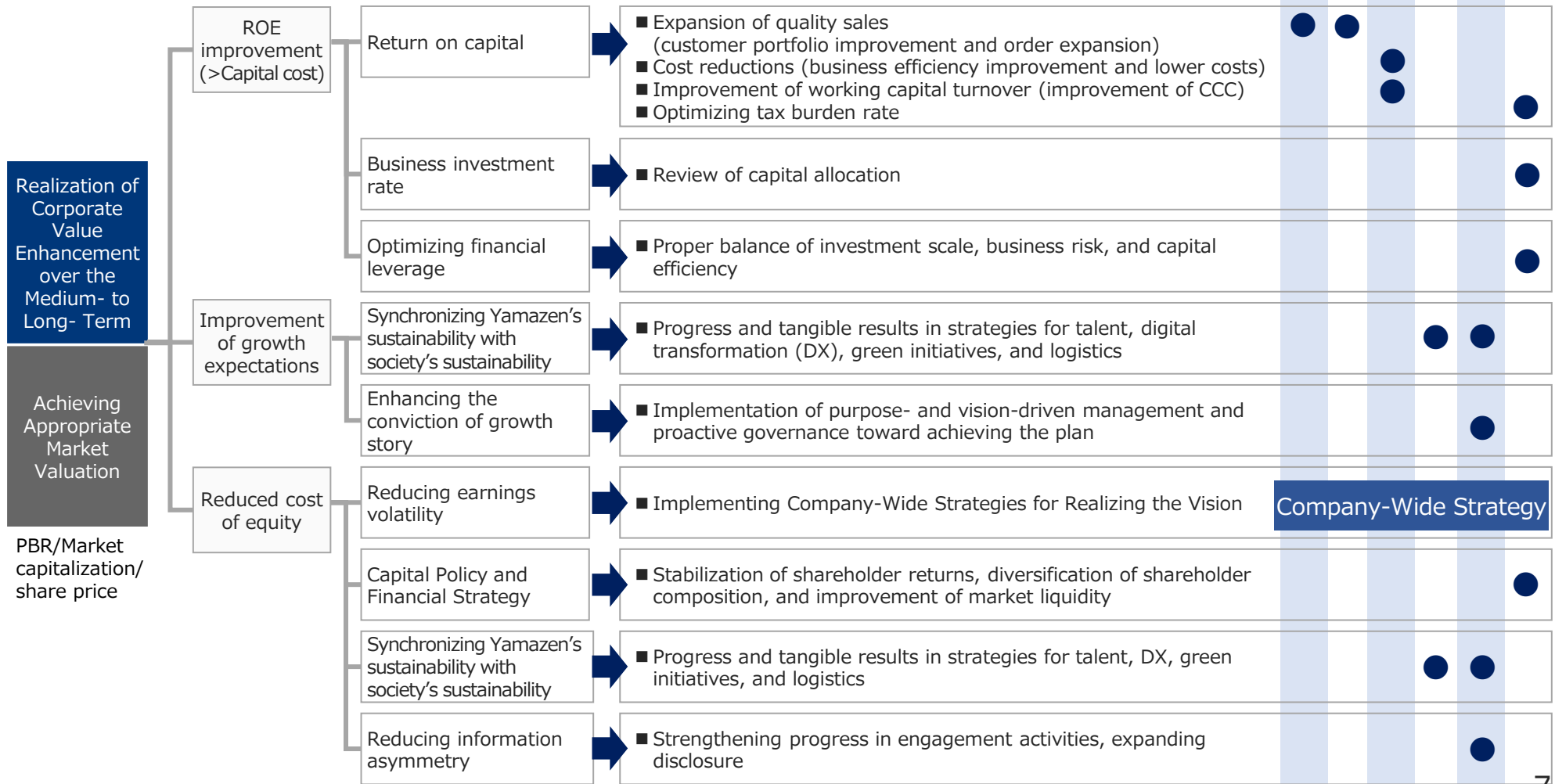
Strengthening Sustainability Management

- Synchronizing social and economic values
- Expanding disclosure of non-financial information
- Setting appropriate KPIs and monitoring progress

Initiatives for Enhancing Corporate Value

Improve capital efficiency and enhance corporate value through the implementation of five strategic priorities

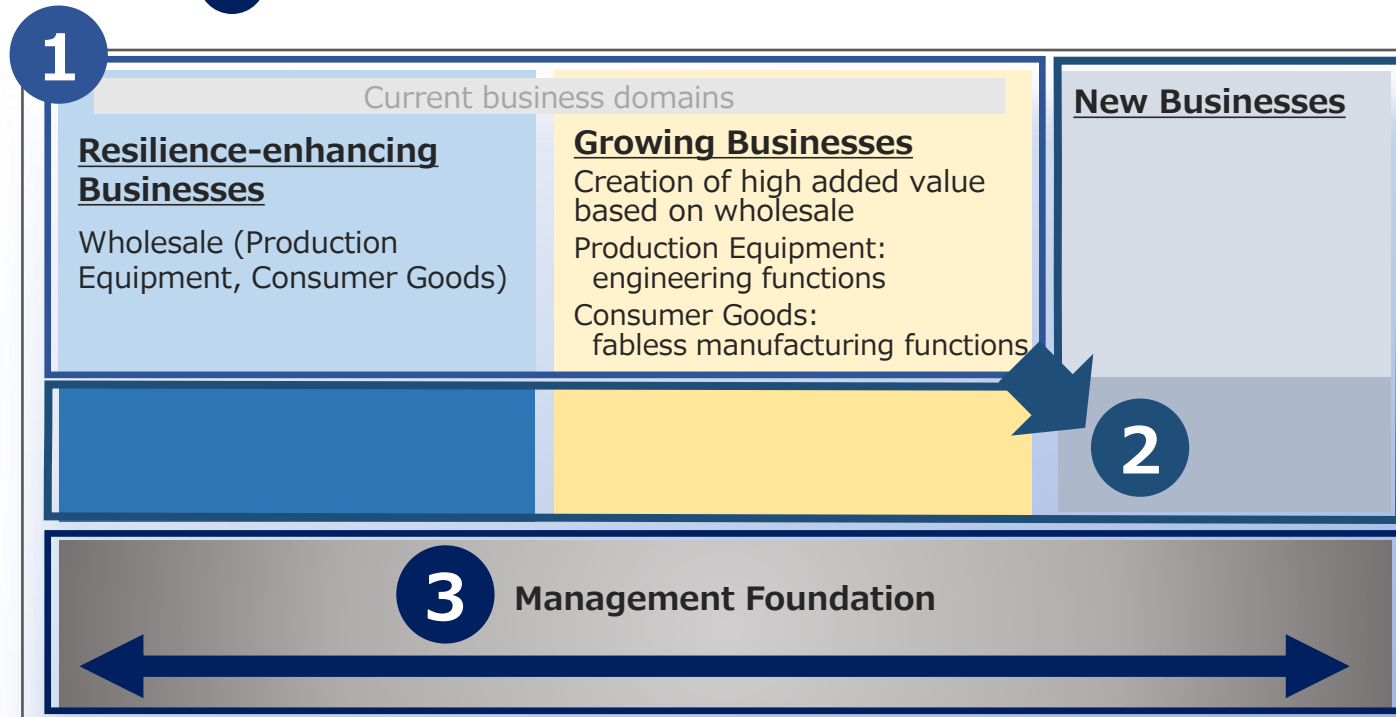
Our five strategic priorities					
(1) Value enhancement	(2) Accelerating global expansion	(3) Upgrading sales activities	(4) Enhancing management infrastructure	(5) Strengthening sustainability management	Capital Policy + Financial Strategy



Expanding the Value Creation Foundation with AP (Illustration)

**Turn transformational concepts into execution
and deliver step-change growth on an accelerated timeline**

- 1 Drive operational transformation
- 2 Accelerate expansion into new business domains
- 3 Embed best practices companywide



Expansion of value creation foundation

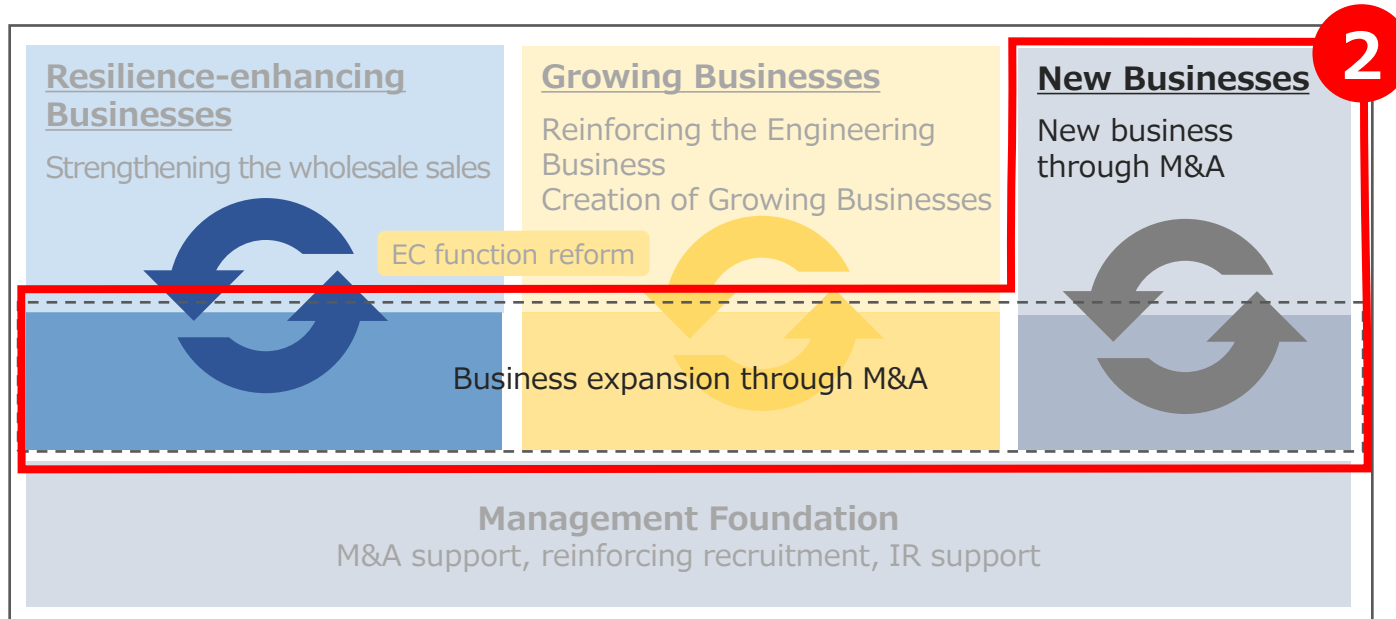
**Unlock the comprehensive strengths of our dual-pillar trading company
spanning production equipment and consumer goods**



Issues	Expected functions of AP	Assumed Effects
<ul style="list-style-type: none"> As a first-tier wholesaler, we maintain strong manufacturer relationships and a domestic/international sales network; however, cross-divisional collaboration is constrained by our divisional structure. Internal adoption of digital technologies and the pace of e-commerce growth have lagged, leaving significant room to accelerate. Delayed go-to-market in growth domains. 	<p>Identify bottlenecks through an independent review, then refine priorities and increase the specificity of initiatives.</p>	<ul style="list-style-type: none"> Unrivaled improvement of sales productivity through DX and deepening of proposal capabilities for face-to-face sales armed with digital technologies Acquisition of execution and follow-through to create new value linked with existing businesses Intermittent creation of synergy among business divisions Integration and streamlining of redundant backoffice functions Augmentation of marketing and digital talent

2. Leverage AP's Functions to Accelerate Expansion into New Business Domains

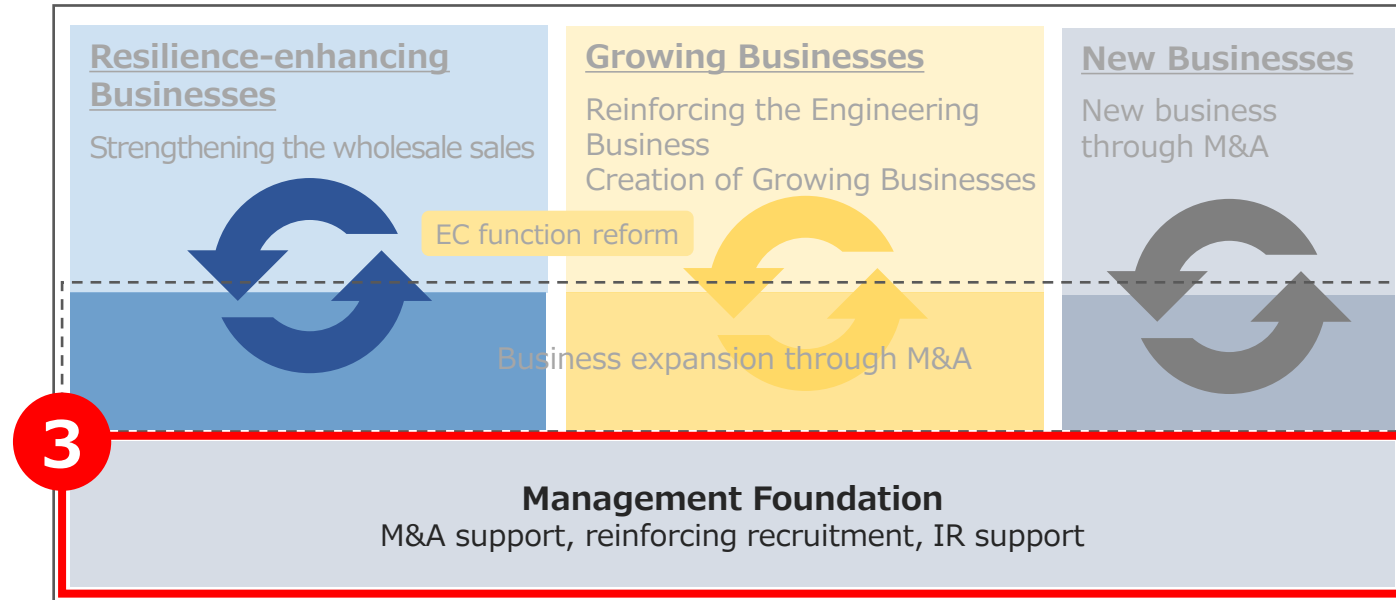
Achieve sustainable growth and value creation through the establishment of organizational capabilities that enable continuous M&A



Issues	Expected functions of AP	Assumed Effects
<ul style="list-style-type: none"> Despite the presence of specialized units, staffing remains severely inadequate, and the initiative pipeline is growing sluggishly. Short-termism in initiatives. 	<p>Broaden sourcing channels and accelerate rigorous opportunity evaluation.</p>	<ul style="list-style-type: none"> Expansion of wholesale sales domain Acquisition of new businesses that include the expansion of existing business functions Establishment of organizational capabilities that enable continuous M&A Improvement of talent development and organizational capabilities through M&A

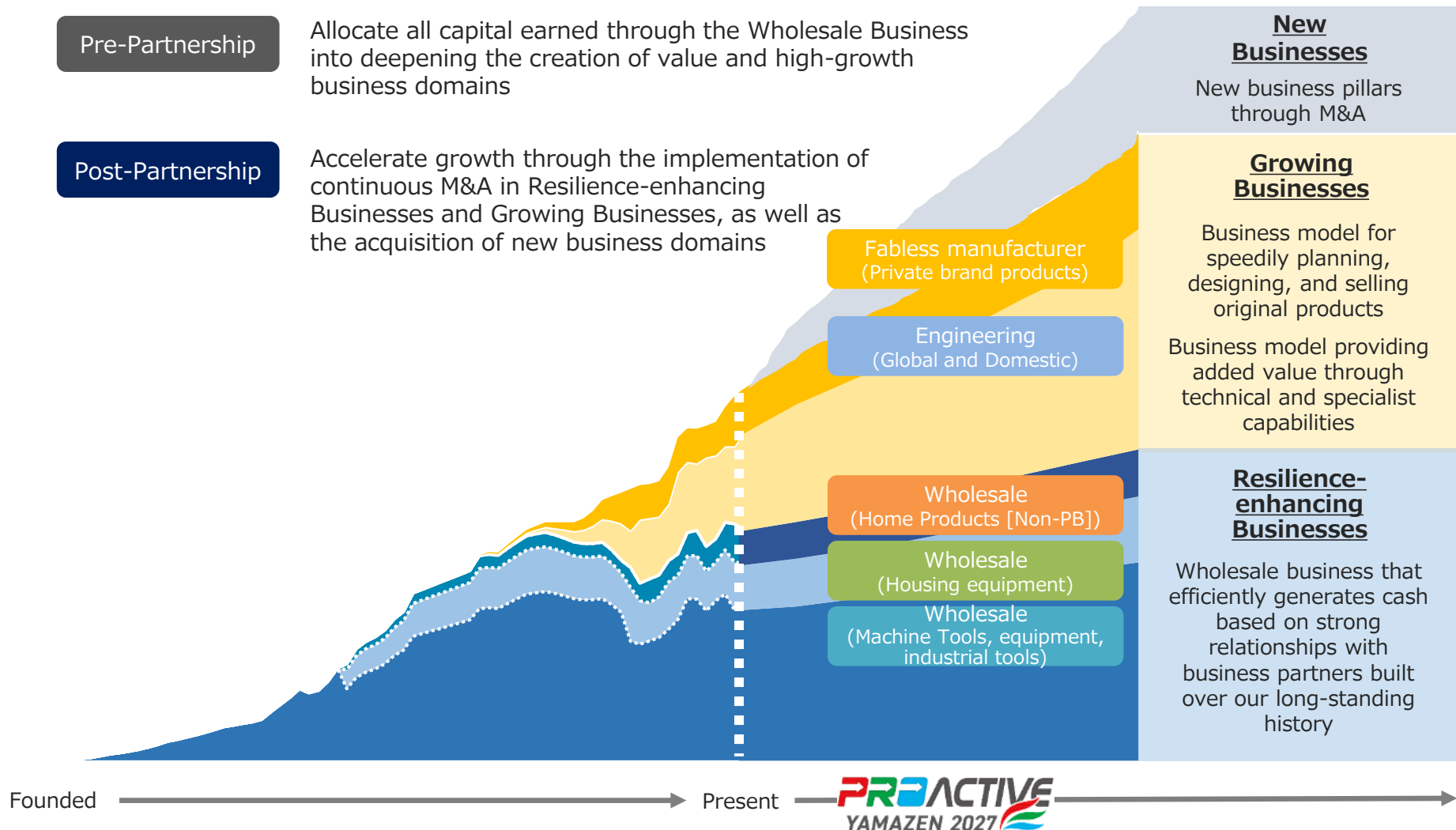
3. Leverage AP's Capabilities to Embed Best Practices Companywide

**Establish a highly repeatable management system
to institutionalize ever-advancing execution capabilities**



Issues	Expected functions of AP	Assumed Effects
<ul style="list-style-type: none"> ● Profit targets under the management plan remain unmet. ● Limited market recognition, reflecting a shortfall in market capitalization. ● Strengthening the framework to attract, develop, and retain talent, including digital talent. 	<p>Side-by-side support to adopt and institutionalize external best practices, accelerating repeatable processes and in-house capability building.</p>	<ul style="list-style-type: none"> ● Sophistication of decision-making ● Establishment of administrative processes directly connected to the improvement of capital efficiency ● Talent and organizational development to institutionalize ever-advancing execution capabilities for sustainable growth ● Development of an environment where functional talent in M&A, digital technologies, DX, GX, IR, etc. will gather, thrive, and firmly establish themselves

Transform potential into measurable outcomes and materially accelerate growth



Financing

Overview of Financing

(Issuance of Convertible Bonds with Share Subscription Rights)

- We aim to reduce cash-based financing costs by securing zero-coupon funds.
- The CBs include a contingent conversion provision and an issuer acquisition/cash-settlement provision (par-value cash settlement through automatic exercise), designed to manage convertibility and limit potential shareholder dilution.

Convertible Bonds with Share Subscription Rights(CB)		
Date of contract / Date of issuance		February 12, 2026 / March 3, 2026
Scheduled allottee		AP PS IV S1, L.P.
Aggregate principal amount		28.0 billion yen (27,979,000,000yen)
Issuance overview	Interest rate	0.0%
	Maturity	5 years
Conditions for conversion to common shares	Conversion price	Initial conversion price(105% of the average closing price over the three months prior to the issuance resolution date) : 1,543yen Reference share price for conversion restrictions (set at 120% of the conversion price): 1,851 yen
	Conversion restriction period	Year 1: Non-convertible Year 2: Convertible up to a cumulative 34.7% of the total number of CB units issued Year 3: Convertible up to a cumulative 67.3% of the total number of CB units issued Year 4: Restrictions lifted (fully convertible)
Par-value cash settlement provision		Set with the aim of limiting shareholder dilution

Use of funds to be procured

- Through the acquisition of treasury shares, we will mitigate the impact on our shares' supply-demand dynamics from potential dilution arising from, among other things, conversions of outstanding Euroyen-denominated CBs (¥10 billion) and third-party allotment CBs (¥28 billion).
- We aim to make swift investments that accelerate M&A and growth strategy for business expansion.

Category	Amount	Scheduled timing of expenditure
Acquisition of treasury shares	15 billion yen	March 2026 to March 2027
M&A for business expansion	12 billion yen	March 2026 to March 2031
Investment to accelerate growth strategy	0.9 billion yen	March 2026 to March 2031

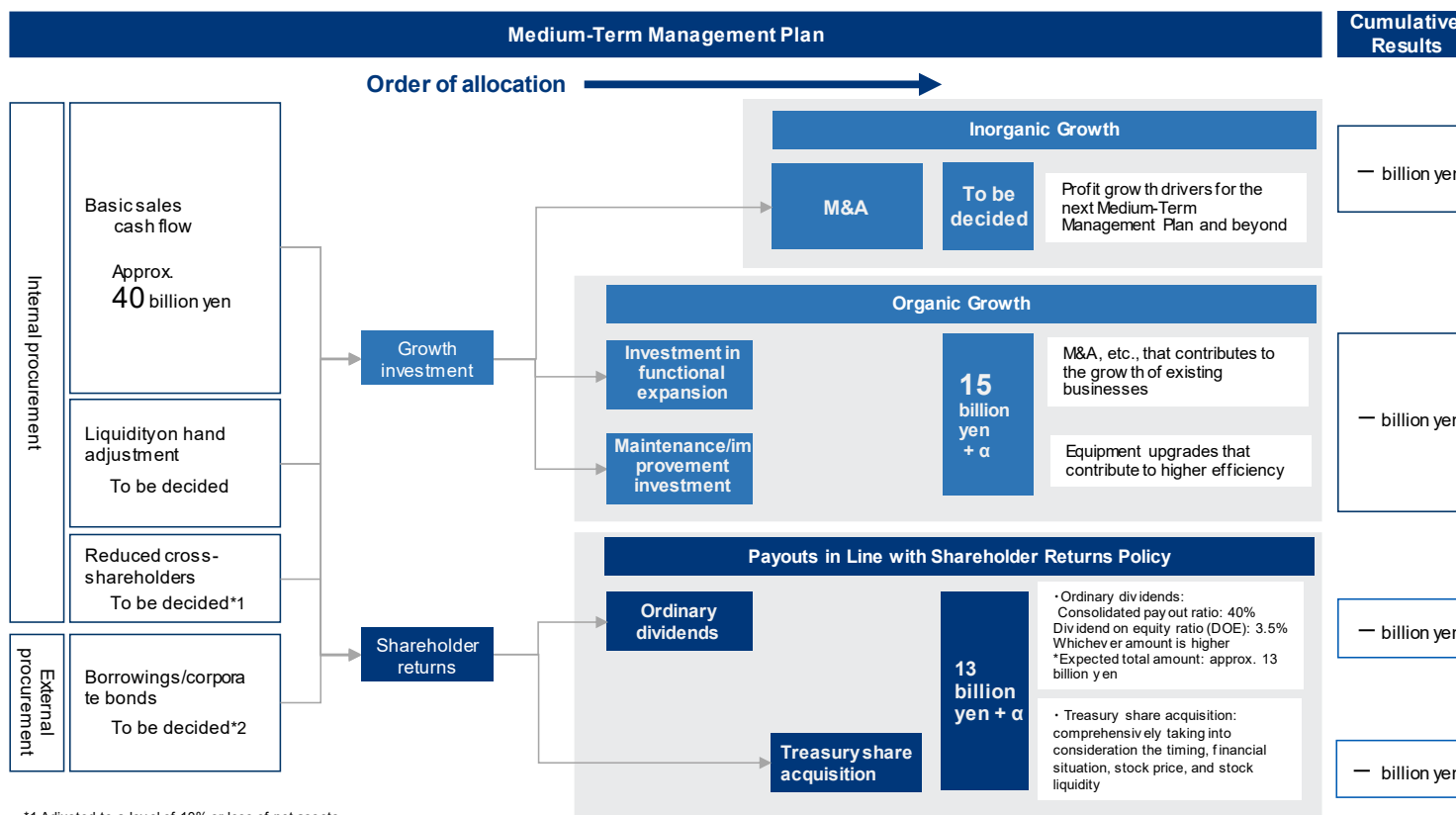
Medium-Term Management Plan Cash Allocation Policy Prior to Financing

- Operating cash flows generated during the period will be allocated to shareholder returns and growth investments as in the previous Medium-Term Management Plan.
- We set out the priorities and criteria for allocation (below).

From the materials for the Medium-Term Management Plan

Initiative Policy

Looking to achieve an ROE of 10% or more for the next Medium-Term Management Plan and beyond, we will implement organic investments and shareholder returns while also promoting inorganic investments to be growth drivers for the next Medium-Term Management Plan and beyond



*1 Adjusted to a level of 10% or less of net assets

*2 If the total amount of inorganic and organic growth investments is expected to exceed 15 billion yen, we expect to raise funds mainly through borrowings and corporate bonds, while paying attention to external ratings

Capital Allocation After Financing

- We will flexibly review and disclose cash allocations in a timely manner in accordance with the status of this financing and growth investments.
- In principle, our shareholder return policy remains unchanged.
- We will strengthen cash generation through the partnership and consider allocating the cash generated to M&A and other growth investments.

FY2025 to FY2030 (6 cumulative fiscal years)

(Billion yen)

Cash inflows

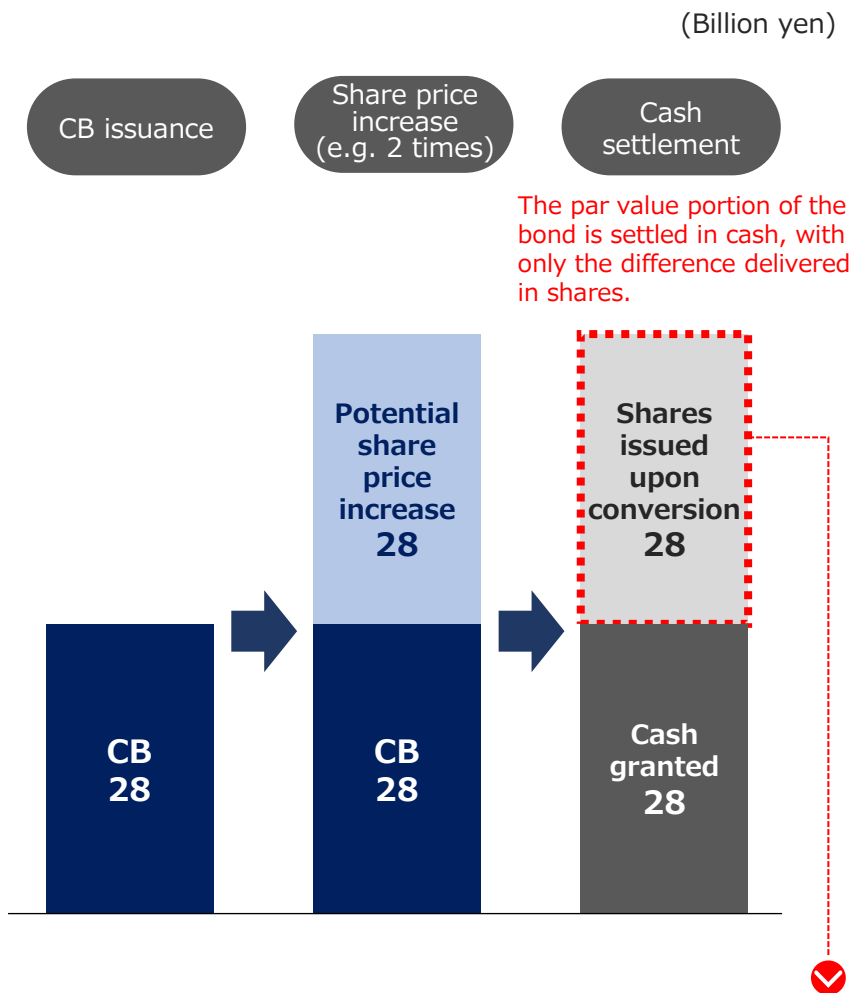
External financing	Proposed CB	28	• Additional procurement of M&A funds
	Borrowings, SB, CB, PO	25	
Internal financing	<div>Operating cash flows (6-year cumulative) 100+ *M&A upside is <u>not included</u>. Expands "cash generation capabilities" through this strategy partnership</div>		

Cash outflows

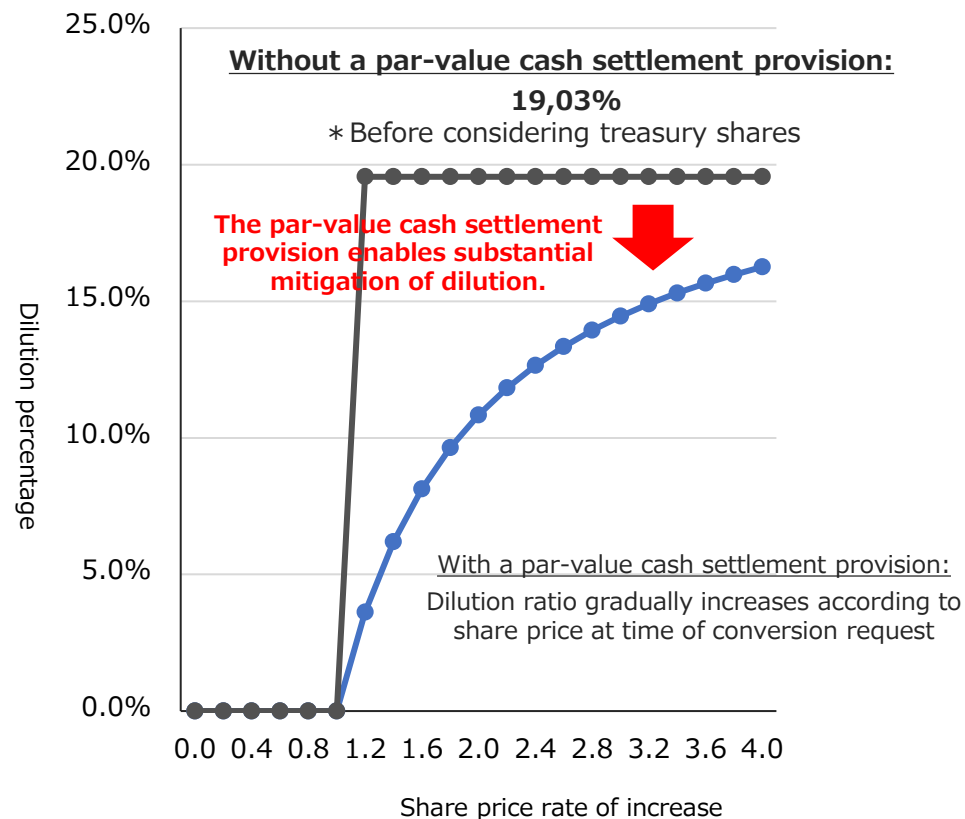
Growth investment	M&A	50+	<ul style="list-style-type: none"> • M&A for business expansion • Continuously implemented through strengthening of organizational capabilities
	Capital investments	25	<ul style="list-style-type: none"> • Investments to accelerate growth strategy
Shareholder returns	Shareholder returns	50	<ul style="list-style-type: none"> • Adheres to the current return policy (either a payout ratio of 40% or a DOE of 3.5%, whichever is higher) • Includes the acquisition of treasury shares totaling ¥15 billion
	Proposed CB	28	<ul style="list-style-type: none"> • Par-value cash settlement

Structure of the CBs

Conceptual diagram of an automatic-exercise, par-value cash-settled CB

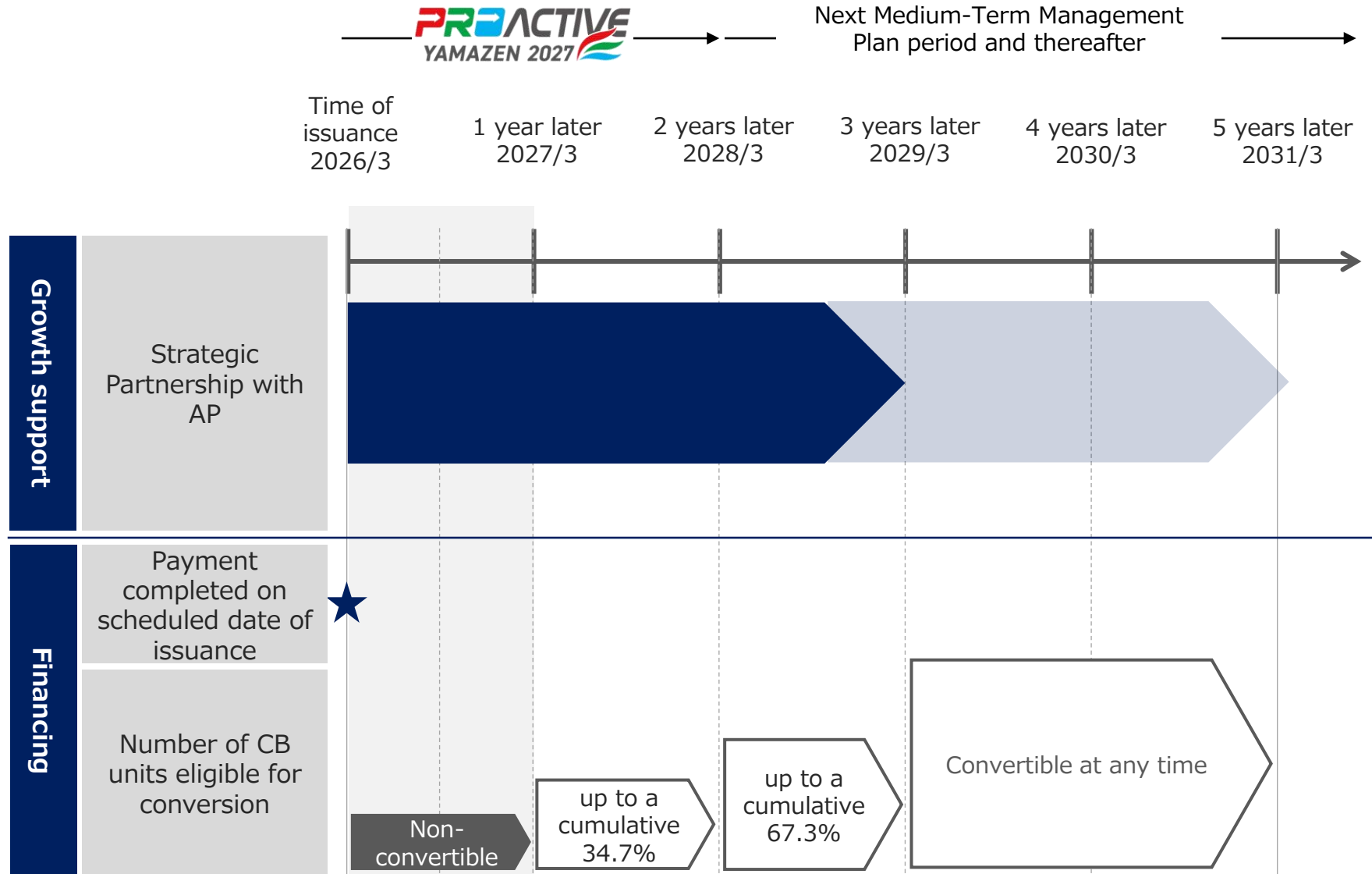


Dilution comparison by financing structure (share-count basis)



The number of shares issued upon conversion is limited, resulting in **financing with significantly reduced dilution.**

Schedule (Strategic Partnership, Financing)



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**Pioneering a new future,
with you all**

