

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

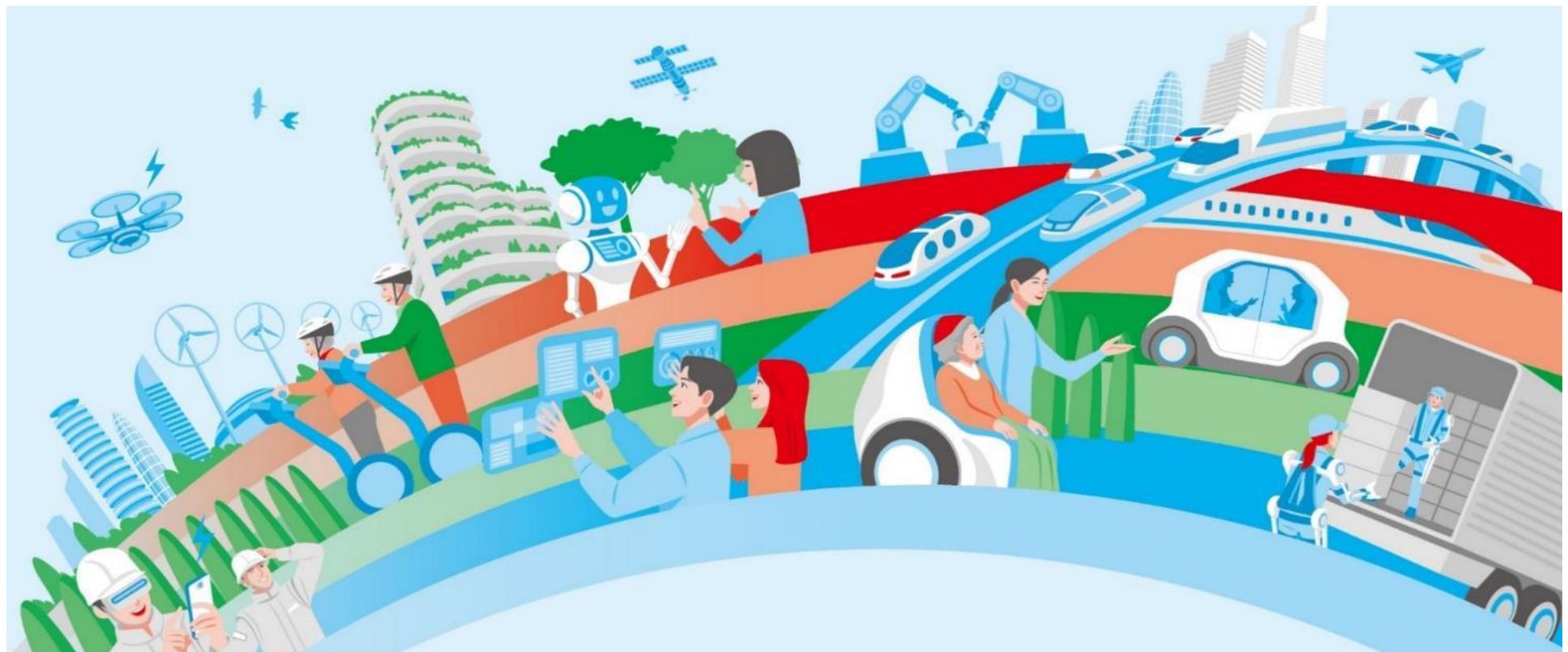


February 12, 2026

Securities code: 8051

Leading worldwide manufacturing and enriched lives

Yamazen 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.



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

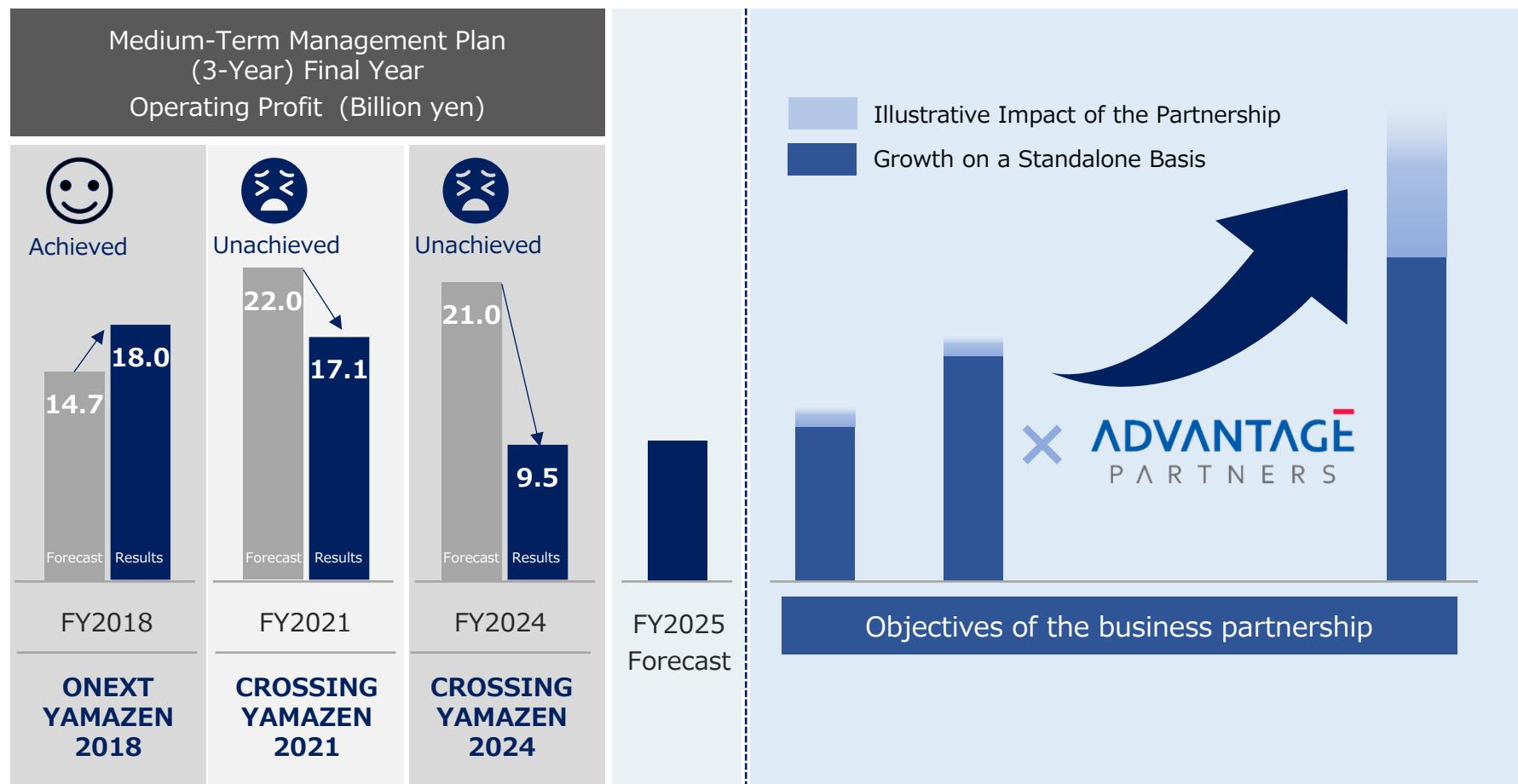
- ✓ The team responsible for private investments to support the growth of listed companies* within the Advantage Partners Group, a pioneer in domestic private equity funds (PE funds).
- ✓ They have a proven track record of supporting the discontinuous growth of corporate value for many listed companies.

*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**

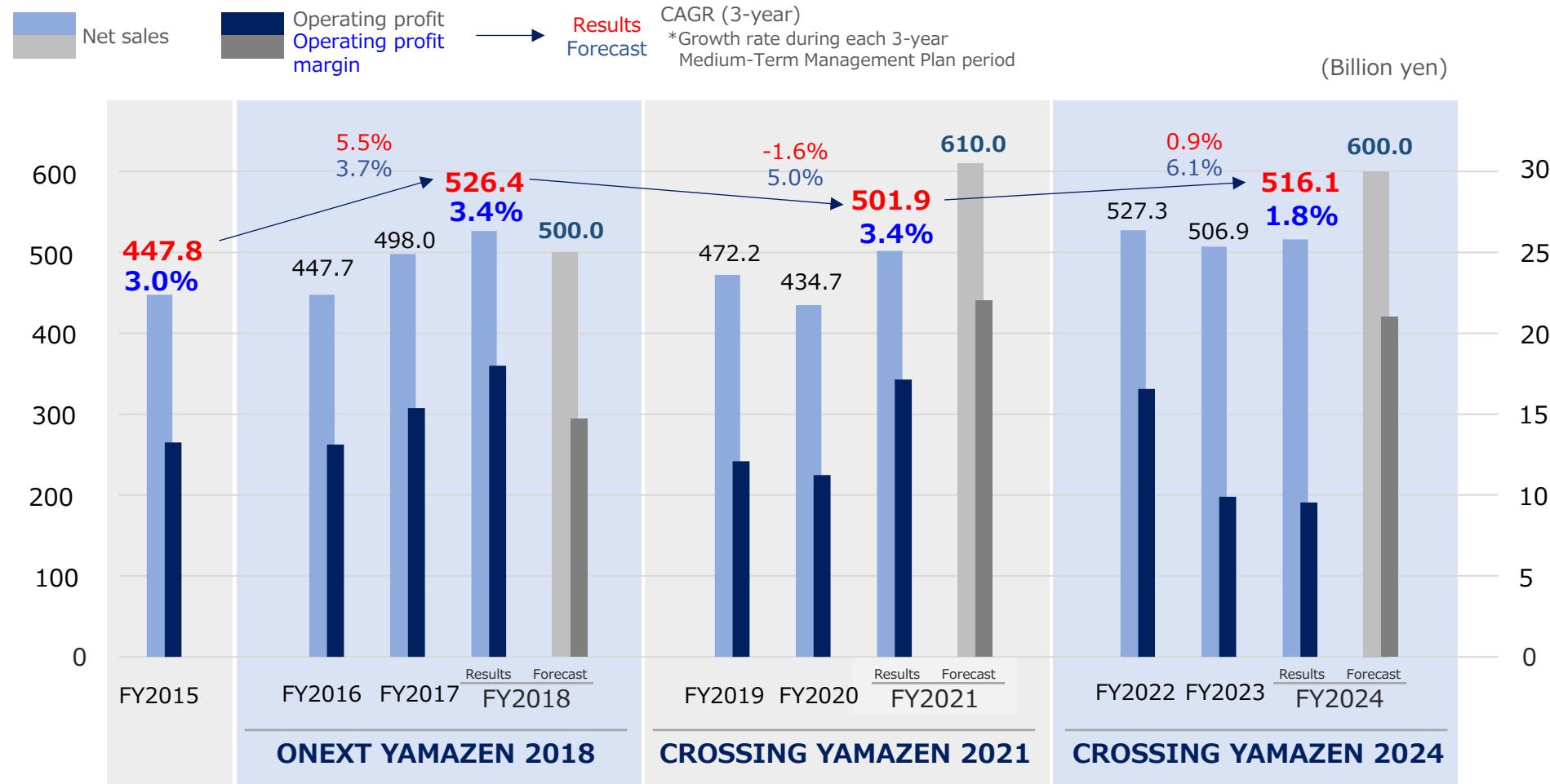
By further expanding functions during the current medium-term plan,
we will improve our growth potential early on.

Growth Image



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

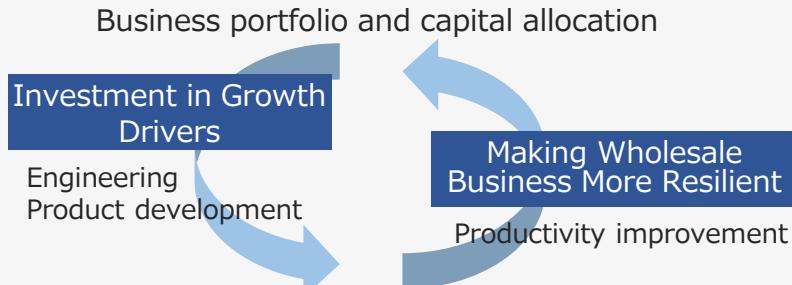
Trends in results (sales, operating profit) from past Medium-Term Management Plans



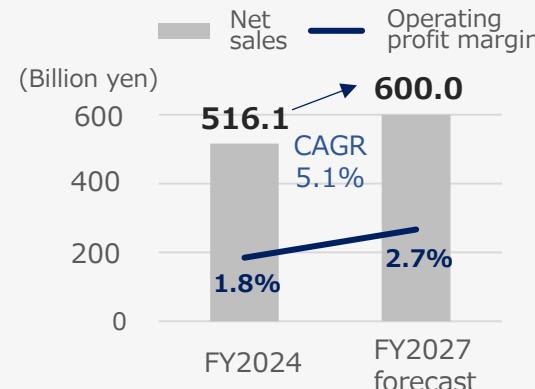
Sharpen our five strategic priorities to transform potential into measurable outcomes.

Medium-Term Management Plan (announced in May 2025)

Company-Wide Strategy to Realize Vision



Our five strategic priorities



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

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

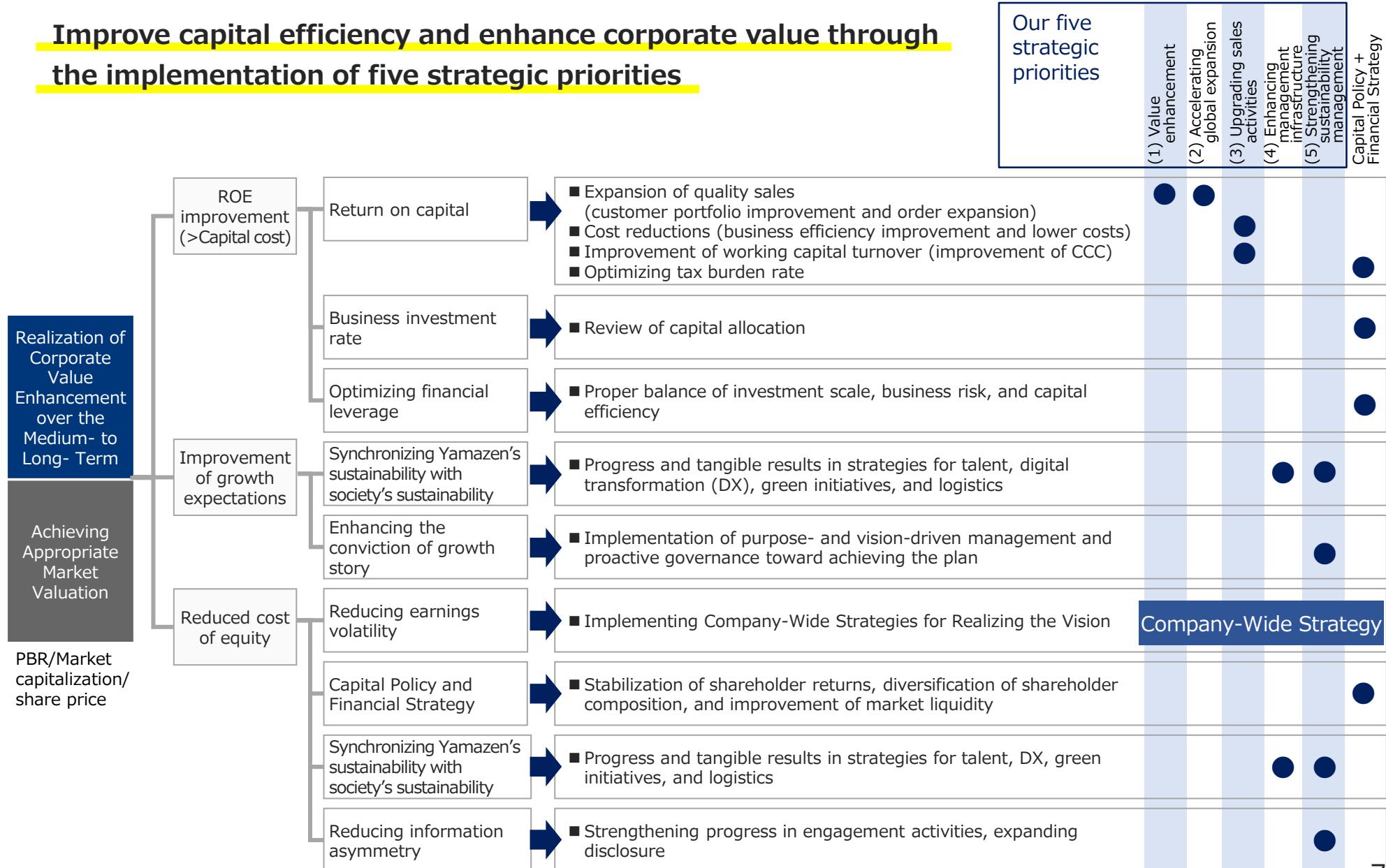
- Building a distribution system that can withstand the volumes looking to 2030
- Advancing information system infrastructure
- Optimizing the talent portfolio
- Developing new fields and industries

5

Strengthening Sustainability Management

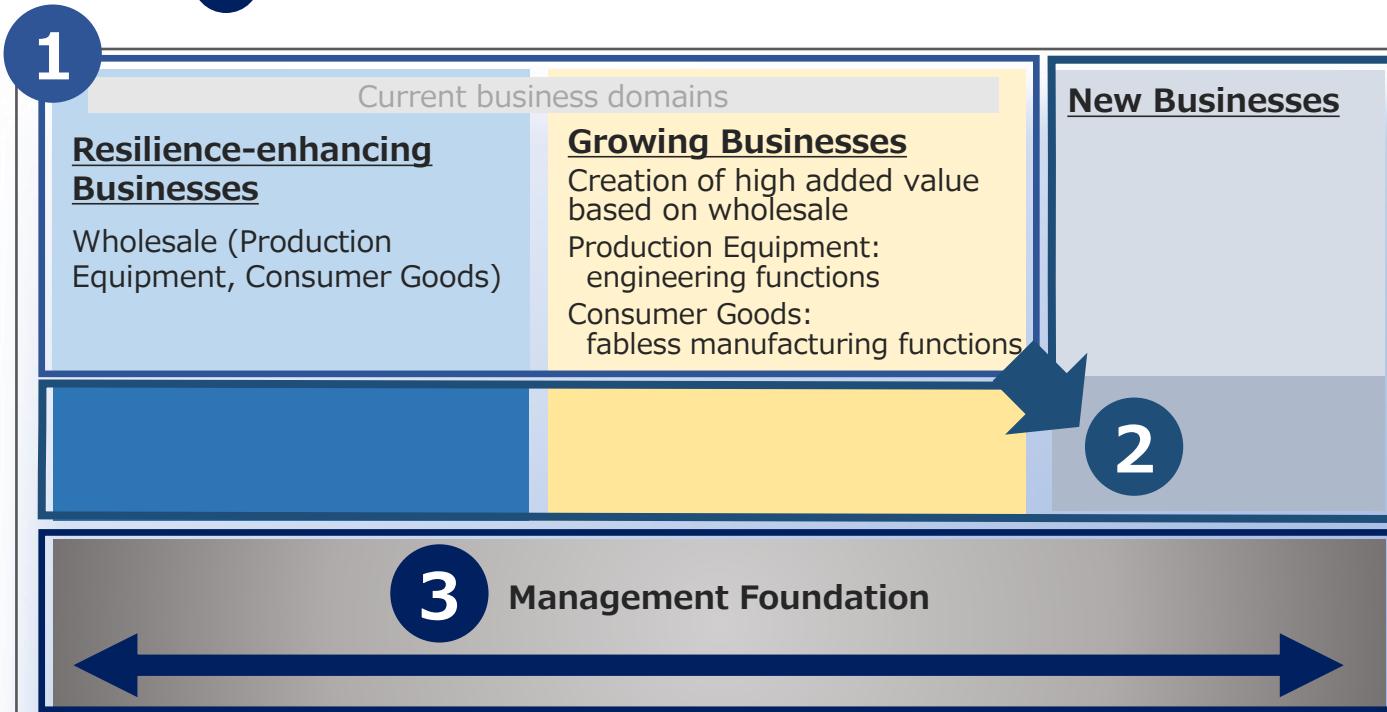
- Synchronizing social and economic values
- Expanding disclosure of non-financial information
- Setting appropriate KPIs and monitoring progress

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



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

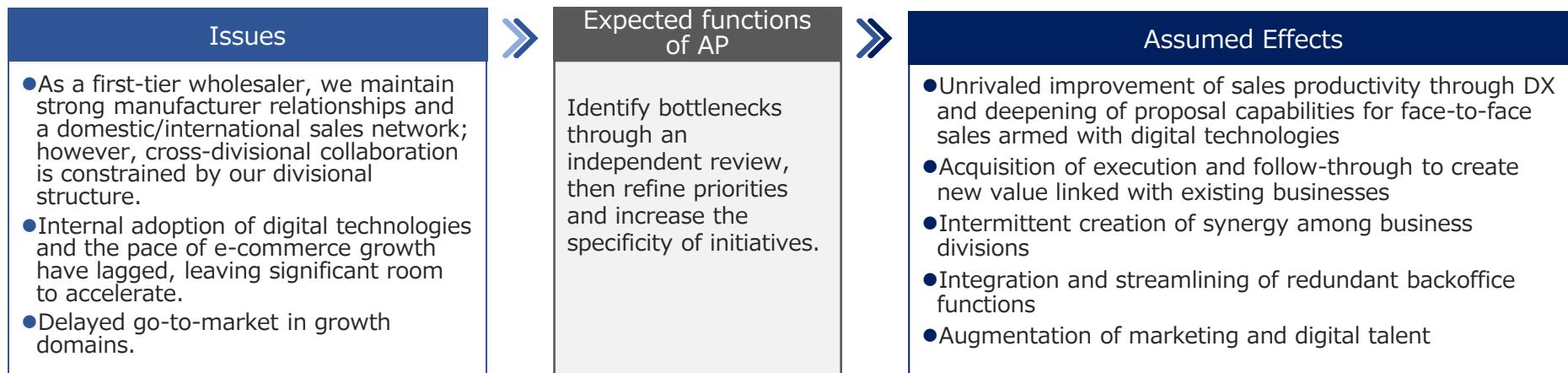
- 1 Drive operational transformation
- 2 Accelerate expansion into new business domains
- 3 Embed best practices companywide



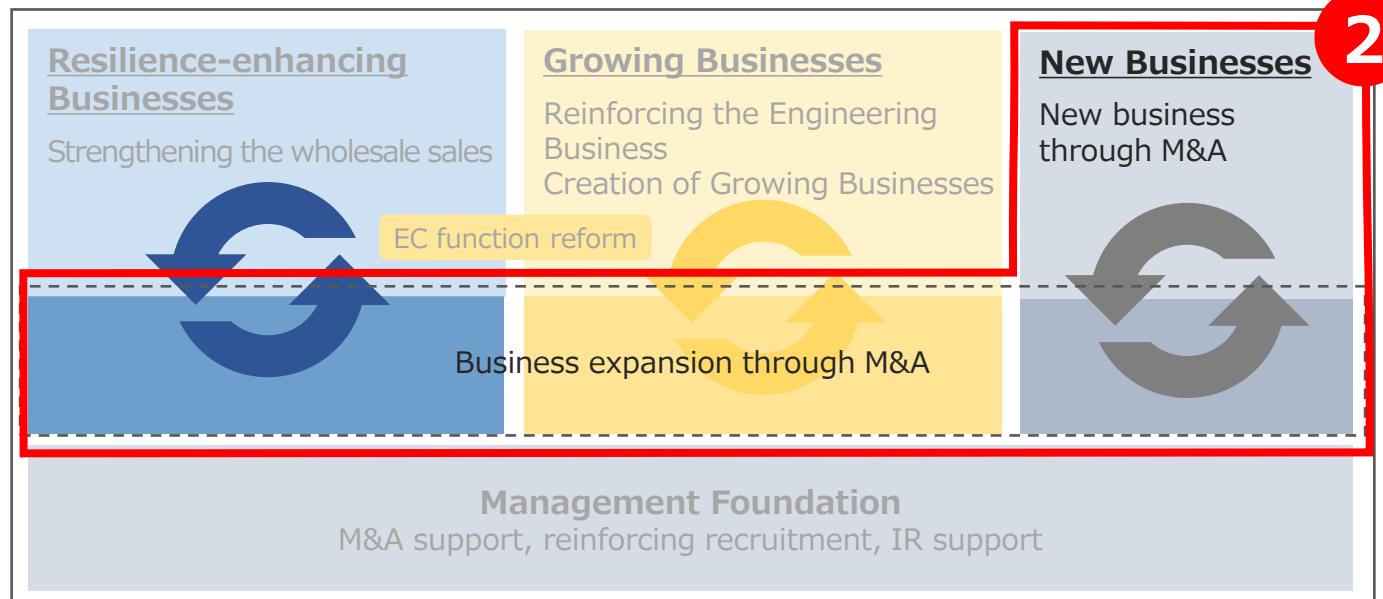
Expansion of value creation foundation

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

1

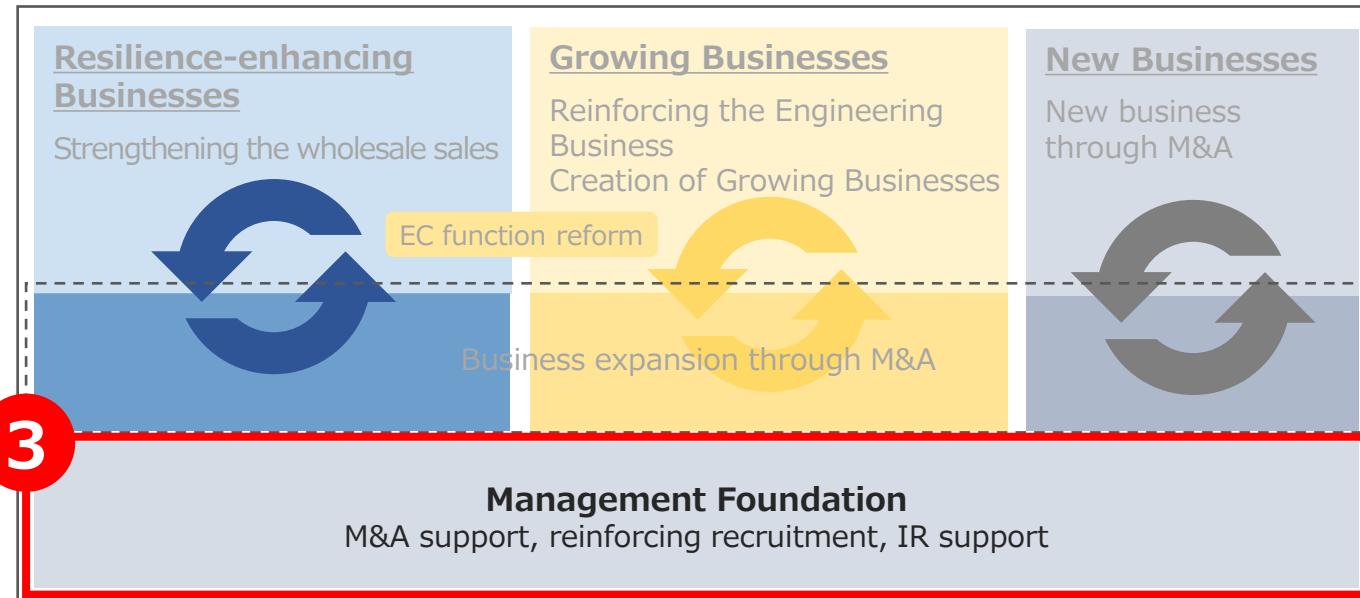


Achieve sustainable growth and value creation through the establishment of organizational capabilities that enable continuous M&A



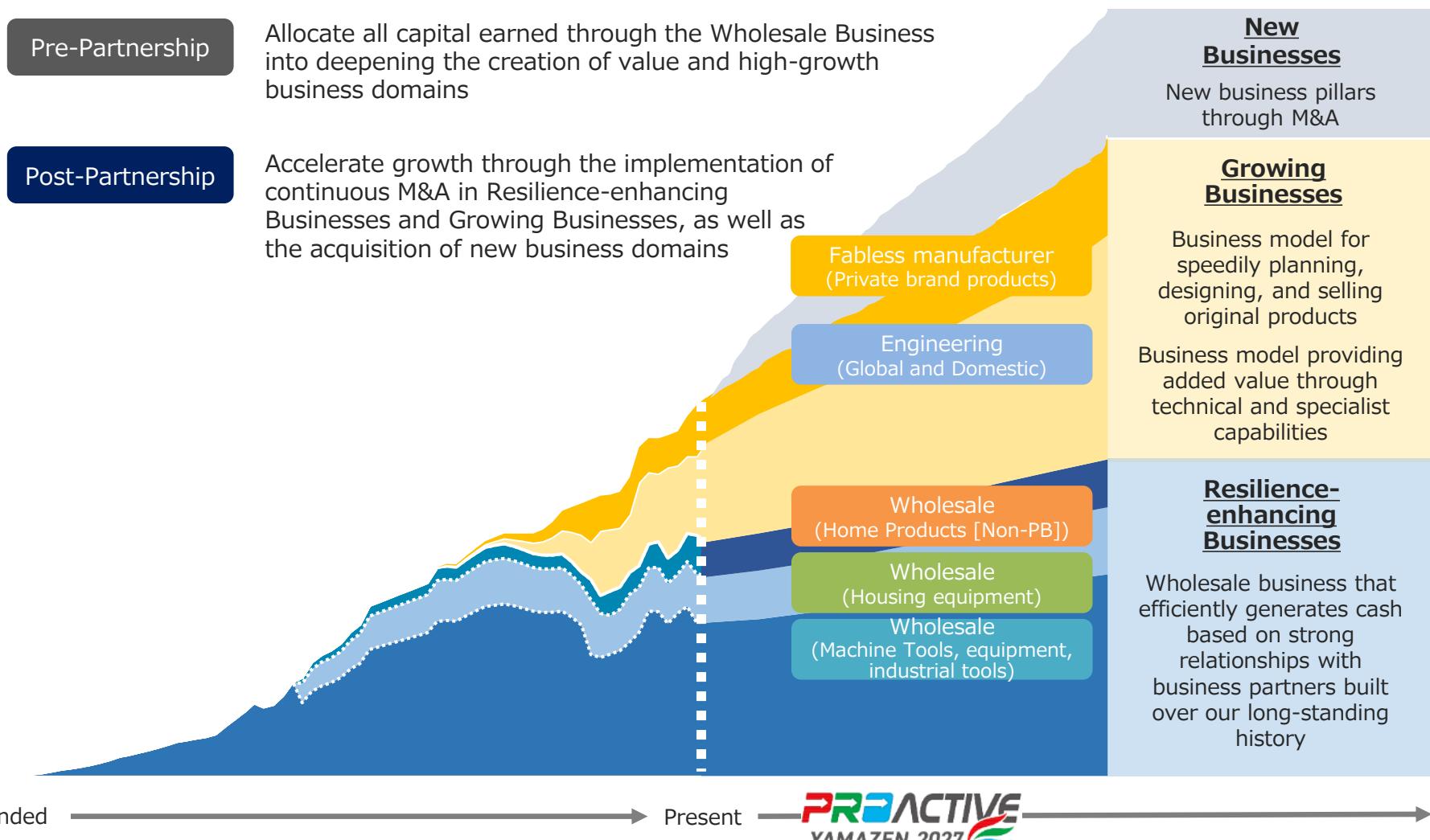
| Issues | Expected functions of AP | Assumed Effects |
|--|--|--|
| <ul style="list-style-type: none"> Despite the presence of specialized units, staffing remains severely inadequate, and the initiative pipeline is growing sluggishly. Short-termism in initiatives. | <p>Broaden sourcing channels and 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 |

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

- 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 |

- 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.

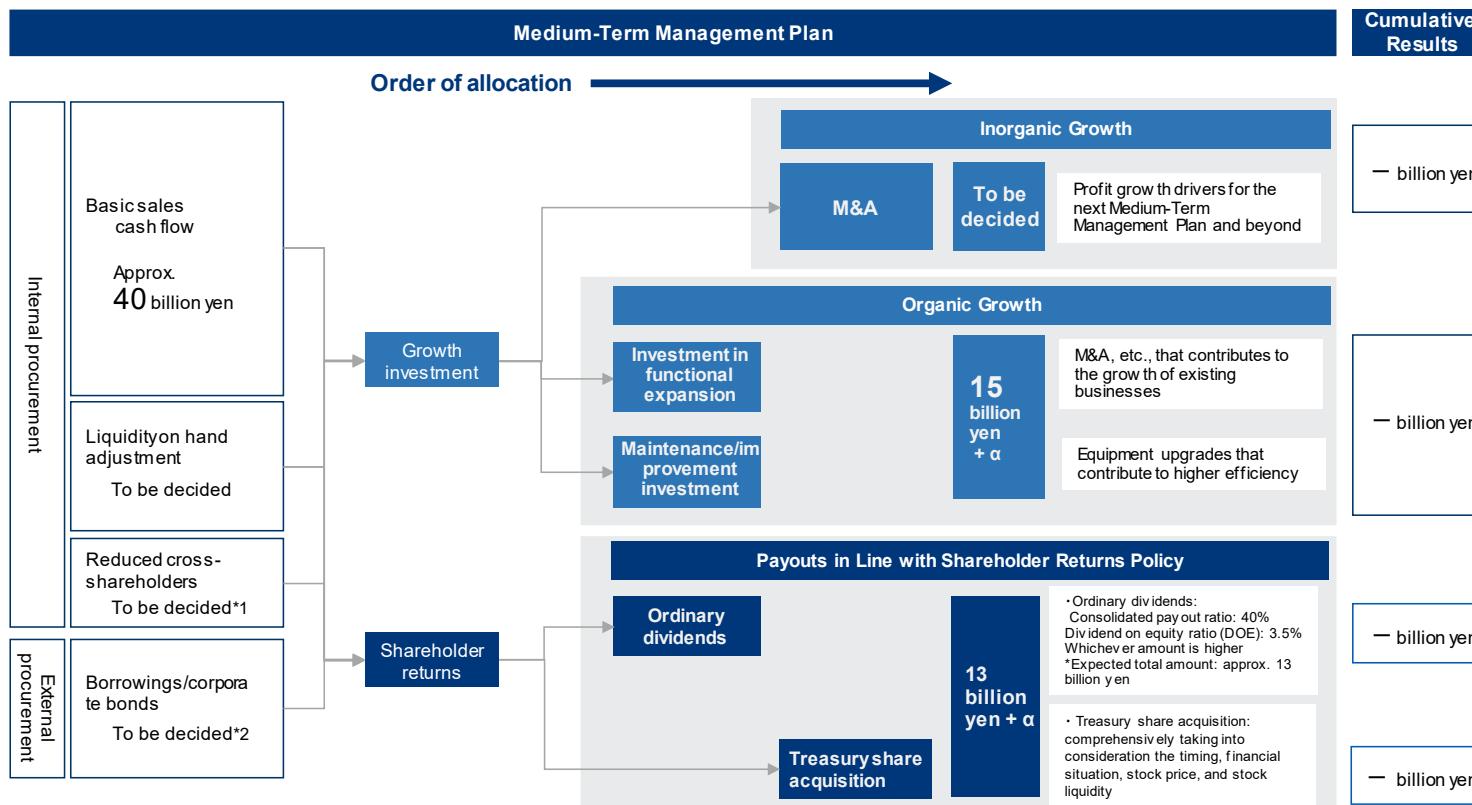
| Category | Amount | Scheduled timing of expenditure |
|--|-----------------|---------------------------------|
| Acquisition of treasury shares | 15 billion yen | March 2026 to March 2027 |
| M&A for business expansion | 12 billion yen | March 2026 to March 2031 |
| Investment to accelerate growth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

- 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



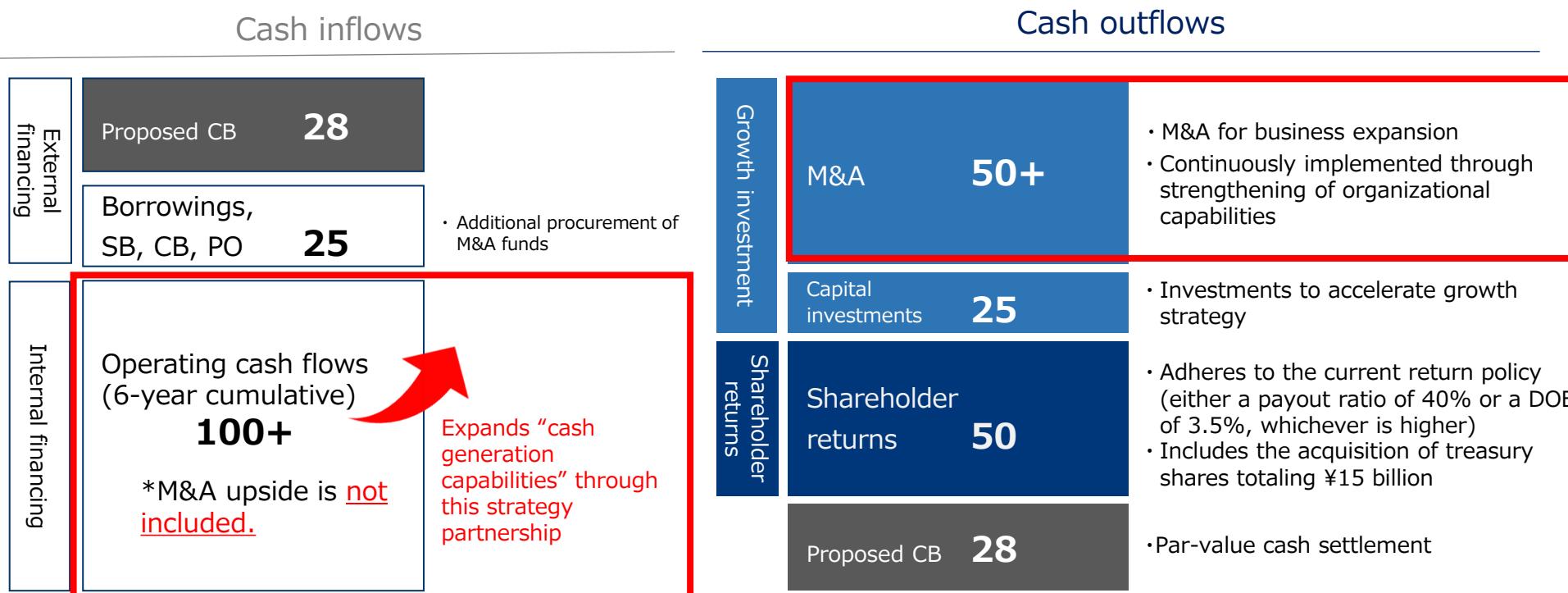
*1 Adjusted to a level of 10% or less of net assets

*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

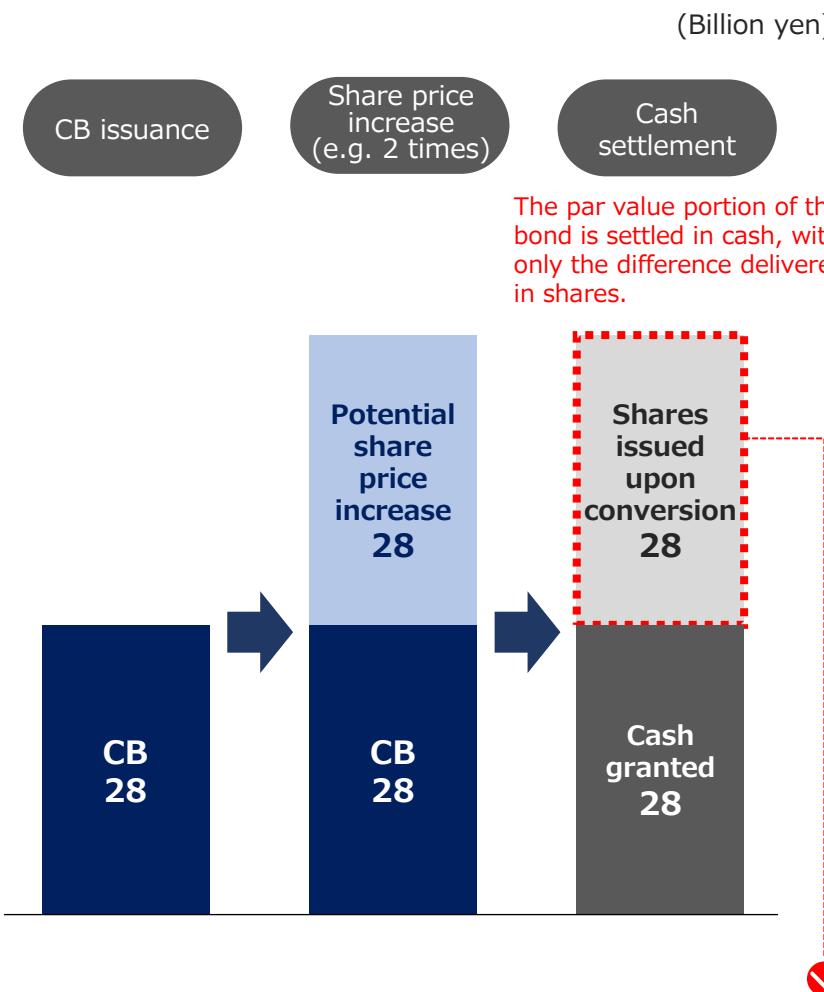
- We will flexibly review and disclose cash allocations in a timely manner in accordance with the status of this financing and growth investments.
- In principle, our shareholder return policy remains unchanged.
- We will strengthen cash generation through the partnership and consider allocating the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

FY2025 to FY2030 (6 cumulative fiscal years)

(Billion yen)

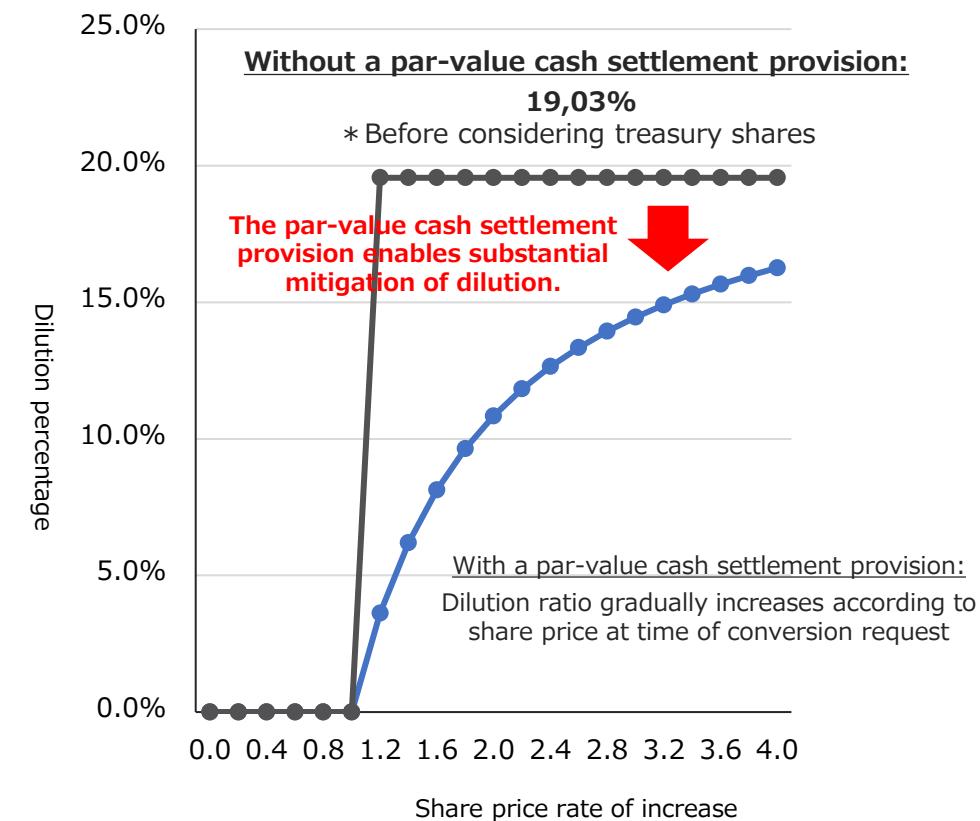


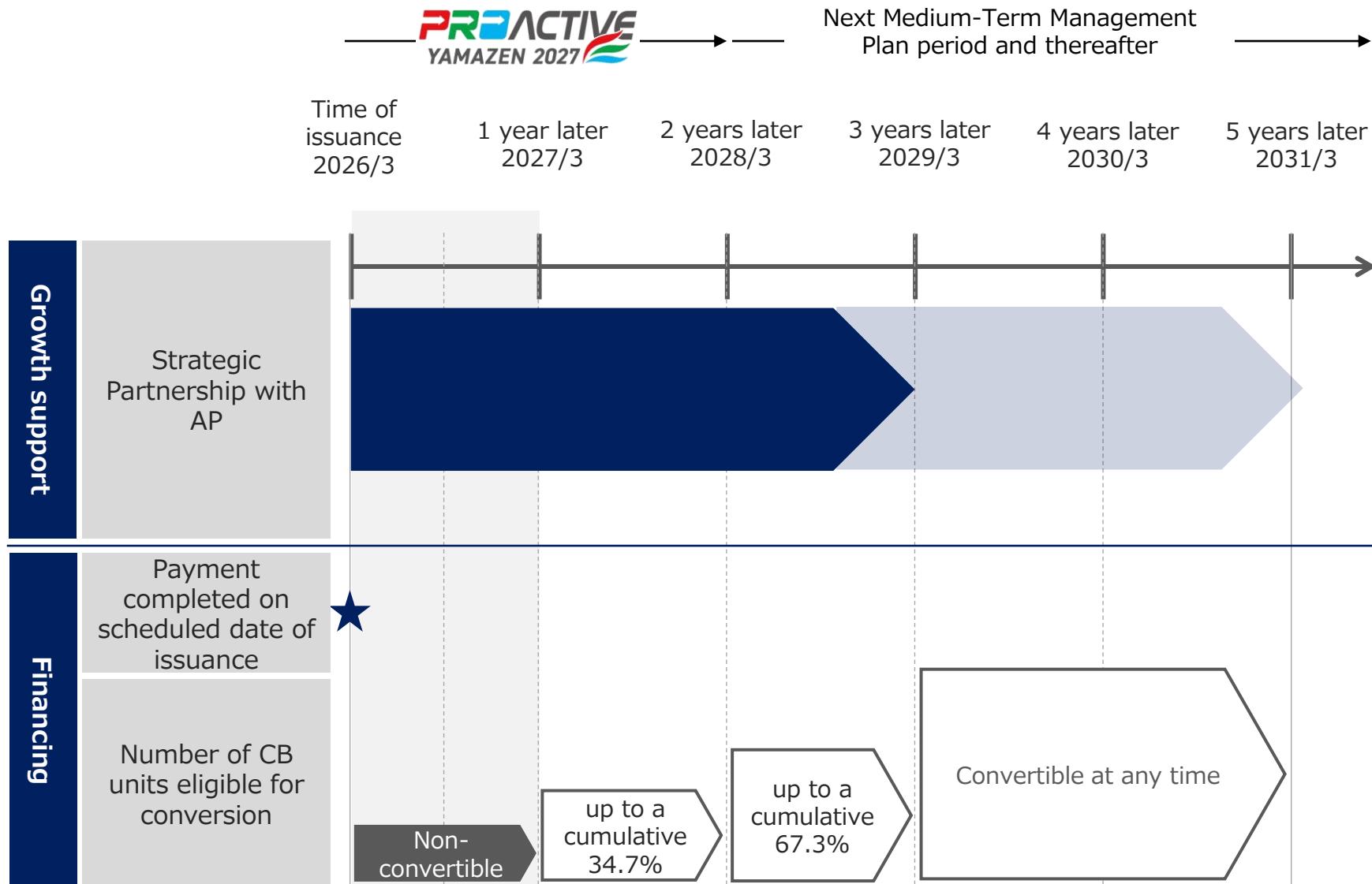
Conceptual diagram of an automatic-exercise, par-value cash-settled CB



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

Dilution comparison by financing structure (share-count basis)





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



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