(Reference Translation)

TSE Urgent Notice

Jul. 31, 2026
Listing Department
Tokyo Stock Exchange, Inc.

Designation of Securities Under Supervision (Examination)

TSE has designated an issue as a Security Under Supervision (Examination) as follows.

* This decision is based on the results of the examination by Japan Exchange Regulation.

1.	Issue Name	Abalance Corporation stock (Code: 3856, Market Segment: Standard Market)
2.	Period of Designation as Securities Under Supervision (Examination)	From Jul. 31, 2026 (Fri.) to the day when TSE determines whether the company has fallen under the delisting criteria
	Reason (Related Clause)	Due to the company being deemed likely to fall under a case where the Exchange deems that the company has no possibility of an adequately developed and implemented internal management system, etc. (Enforcement Rules for Securities Listing Regulations, Rule 604, Paragraph 1, Item (12) Securities Listing Regulations, Rule 601, Paragraph 1, Item (9), b)
3.	Details of Reason	TSE designated the stock of Abalance Corporation (hereinafter referred to as “the Company”) as a Security on Special Alert on Jan. 31, 2026. Subsequently, the Company disclosed its policy to formulate an improvement plan on Feb. 27, 2026 and disclosed that it would endeavor to prevent recurrence in accordance with the recommendations of the third-party committee and the verification committee on Mar. 4, 2026. Furthermore, while the Company disclosed on Mar. 10, 2026 a review of its management structure, specifying that its former Representative Director, Chairman and CEO would relinquish his representative authority but temporarily remain as a director, it disclosed on Apr. 30, 2026 that it would postpone the formulation of its improvement plan, and stated its intention to proceed with the formulation of the plan by late July, with a view to improving its internal management system and other matters necessary for its de-designation as a Security on Special Alert. Today, the Company disclosed its improvement plan. Regarding the issues with group governance and management of related party transactions identified at the time of its designation as a Security on Special Alert, the Company disclosed that

although it had, in line with the recommendations of the verification committee, considered with external experts (i) how to transition away from a structure in which authority is effectively concentrated in the former Representative Director, Chairman and CEO and (ii) whether to carry out a company split or other measures to achieve (i) by separating the domestic and overseas divisions, it had concluded that such measures would be difficult to implement. The improvement plan further states that the former Representative Director, Chairman and CEO will continue to serve as a director, and that the Company will continue to operate its overseas division without separating it from the domestic division, managing information concerning the management of its overseas subsidiaries, which was previously concentrated with the former Representative Director, Chairman and CEO, on an organizational basis. These subsidiaries account for the majority of the group's overall sales.

In light of the above, Japan Exchange Regulation has decided to examine whether the Company's internal management system can be improved. If, as a result of this examination, it is determined that there is no such possibility, the Company's stock will be delisted. Because of this, TSE has deemed that the Company's stock is likely to be delisted and has designated it as a Security Under Supervision (Examination) while also continuing its designation as a Security on Special Alert.