(Reference Translation)

TSE Urgent Notice

JPX
TOKYO STOCK EXCHANGE

Aug. 25, 2026
Listing Departrment
Tokyo Stock Exchange, Inc.

Decision on Delisting, etc.

TSE has decided on delisting and designation as Securities to Be Delisted as follows.
* This decision is based on the results of the examination by Japan Exchange Regulation.

1. Delisting and Designation as Securities to Be Delisted

(1)	Issue Name	Abalance Corporation stock (Code: 3856, Market Segment: Standard Market)
(2)	Period of Designation as Securities to Be Delisted	From Aug. 25, 2026 (Tue.) to Sep. 25, 2026 (Fri.)
(3)	Delisting Date	Sep. 26, 2026 (Sat.) (Note) In cases where circumstances in which the company should be promptly delisted occur, TSE may change the period of designation as Securities to Be Delisted and the delisting date.
(4)	Reason (Related Clause)	Due to the company falling under a case where, prior to the submission of the Written Confirmation of Internal Management System, the Exchange deems that the internal management system, etc. is no longer likely to be adequately developed or that it is no longer likely to be adequately implemented. (Securities Listing Regulations, Rule 601, Paragraph 1, Item (9), Sub-item b)
(5)	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. On July 31, 2026, 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 was 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. It also disclosed that the former Representative Director, Chairman and CEO would continue to serve as a director, and that the Company would 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 this, Japan Exchange Regulation decided to examine whether the Company's internal management system could be improved, and TSE designated the Company's stock as a Security Under Supervision (Examination) on the same day.

-Likelihood of the internal management system, etc. to be adequately developed or implemented-

Although the Company has not yet submitted its Written Confirmation of Internal Management System, based on the following circumstances confirmed through multiple interviews with the Company, written inquiries, and other means, TSE has deemed that the Company's internal management system, etc. is no longer likely to be adequately developed or implemented.

- The Company formulated its improvement plan based on its own review and assessment of the issues identified and the recommendations for improvement made by the verification committee. However, the plan fails to address the underlying cause of officers' and employees' loss of independent judgement through deference to the former Representative Director, Chairman and CEO and reluctance to challenge him, which led to the insufficient awareness of group governance and inadequate compliance awareness regarding related party transactions that were cited as grounds for the designation as a Security on Special Alert. Accordingly, the plan does not provide a sufficient basis to expect improvements in the Company's internal management system, etc.
- Even after its designation as a Security on Special Alert, the Company continued to rely on the former Representative Director, Chairman and CEO to collect important information on its overseas subsidiaries, including developments in export regulations. As a result, delays in timely disclosure have continued because such information is not promptly reported to the Company. In addition, the audit report attached to the Annual Securities Report for the fiscal year ended March 2026, submitted on Aug. 19, 2026, identifies, among other matters, as grounds for its disclaimer of opinion that group-wide internal controls over transactions involving materials supplied for a fee, with the processed goods then bought back, had not been established and that the Company was unable to comprehensively identify such transactions.
- The Company has clearly stated that it will neither move away from a structure in which authority is effectively concentrated in the former Representative Director, Chairman and CEO nor carry out a company split or other measures to separate its domestic and overseas divisions. In addition, there are no particular circumstances indicating that the Company will materially change the direction of its improvement plan with a view to its de-designation as a Security on Special Alert.

-Conclusion-

Taking all of the above circumstances into consideration, TSE has concluded that the Company's improvement plan does not provide a sufficient basis to expect improvements in the Company's internal management system, etc., and that there are no circumstances indicating that the direction of the plan will be changed. Accordingly, TSE has deemed that the Company's internal management system, etc. is no longer likely to be adequately developed or implemented. Therefore, it has decided to delist the Company's stock and has designated it as a Security to Be Delisted.

2. Exclusion from Securities in Lieu of Money

The stock of the Company will be excluded from securities in lieu of money for the following items from Aug. 26, 2026 (Wed.) inclusive.

- Customer margin for margin transactions and when-issued transactions
- Trading margin for when-issued transactions
- Trading participant security money
- Participant bonds

Note: TSE has withdrawn the designation of the above issue as Securities on Special Alert in connection with the decision on delisting, etc.

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