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August 7, 2025

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Name of representative: Satoshi Yamada, Representative
Director and President
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Notice regarding absorption-type merger (simplified merger/short-form merger) between the
Company and its consolidated subsidiary and absorption-type split (simplified split) between the
Company's consolidated subsidiaries

At the Board of Directors meeting held today, PIOLAX, INC. (the "Company") resolved to absorb its wholly owned subsidiary, PIOLAX BUSINESS SERVICE CO., LTD. (hereinafter referred to as "Business Service") (hereinafter referred to as the "Merger"), and to have its wholly owned subsidiary, KHK SALES CO., LTD. (hereinafter referred to as "KHK Sales"), succeed to Business Service's insurance agency business through an absorption-type company split (hereinafter referred to as the "Split", and together with the Merger, the "Reorganization"), as detailed below.

Since the Merger is a simplified merger involving a wholly-owned subsidiary of the Company and the Split is a simplified absorption-type split between the Company's wholly-owned subsidiaries, some disclosure items and contents are omitted.

Note

1. Purpose of the Reorganization

The automotive industry, which is the main business field of the Piolax Group (the "Group"), is facing major changes in the business environment, typified by CASE (Connected, Autonomous driving, Sharing, and Electrification), making it essential to strengthen our competitiveness. In order to respond to these changes in the business environment, the Group has decided to merge Business Service, which undertakes some administrative operations from the Company, to enable a more cross-organizational personnel allocation and to speed up information sharing and decision-making. In addition, with a view to optimizing the allocation of management resources and improving operational efficiency, the non-life insurance agency and life insurance solicitation businesses conducted by Business Service will be taken over and continue to be promoted by KHK Sales through an absorption-type split.

In the Reorganization, the Split will be carried out, and then the Merger will be implemented on the same day, subject to the condition precedent that the Split will take effect.

2. Regarding the Merger

(1) Outline of the Merger

[1] Schedule of the Merger

Date of Board resolution	August 5, 2025 (Business Service)
	August 7, 2025 (the Company)
Date of Merger Agreement	August 19, 2025 (Scheduled)
Effective date of the Merger	October 1, 2025 (Scheduled)

*As the Merger is a simplified merger pursuant to Article 796, paragraph (2) of the Companies Act for the Company and a short-form merger pursuant to Article 784, paragraph (1) of the Companies Act for Business Service, neither company will hold a general meeting of shareholders to approve the Merger Agreement.

[2] Method of the Merger

It is an absorption-type merger in which the Company is the surviving company and Business Service is the disappearing company.

[3] Terms of allotment pertaining to the Merger

Since Business Service is a wholly owned subsidiary of the Company, there will be no allotment of shares or cash resulting from the Merger.

[4] Handling of share acquisition rights and bonds with share acquisition rights in connection with the Merger
Not applicable.

(2) Outline of the constituent companies in the Merger

See the attached "Outline of the Constituent Companies."

(3) Status after the Merger

There will be no change in the Company's name, representative title and name, business description, capital, or fiscal year-end resulting from the Merger. Furthermore, as announced in the "Notice Concerning Relocation of Head Office and Yokohama Technical Center/Yokohama Branch" dated June 16, 2025, the registered address of the Company is scheduled to be transferred to 51 Iwai-cho, Hodogaya-ku, Yokohama-shi on October 1, 2025.

3. Regarding the Split

(1) Outline of the Split

[1] Schedule of the Split

Date of Board resolution	August 5, 2025 (Business Service)
	August 6, 2025 (KHK Sales)
Date of the Split agreement	August 19, 2025 (Scheduled)
Effective date of the Split	October 1, 2025 (Scheduled)

*The Split will be implemented without approval by a resolution of the general meeting of shareholders of either company because the Split for Business Service falls under a simplified absorption-type company split that satisfies the requirements of Article 784, paragraph (2) of the Companies Act and the Split for KHK Sales falls under a simplified absorption-type company split pursuant to Article 796, paragraph (2) of the Companies Act.

[2] Method of the Split

The Split is an absorption-type company split in which Business Service is the splitting company and KHK Sales is the succeeding company.

[3] Terms of allotment pertaining to the Split

There will be no allotment of shares or cash resulting from the Split.

[4] Handling of share acquisition rights and bonds with share acquisition rights in connection with the Split
Not applicable.

[5] Increase or decrease in capital resulting from the Split
There will be no increase or decrease in capital resulting from the Split.

[6] Rights and obligations to be succeeded by the succeeding company
KHK Sales will succeed the assets, liabilities, contracts and other rights and obligations related to the insurance agency business of Business Service as of the effective date to the extent specified in the Absorption-type Company Split Agreement.

[7] Prospect of fulfillment of obligations
It has been determined that there are no expected issues in the prospect of fulfillment of the obligations to be borne by KHK Sales in the Split.

(2) Outline of the constituent companies in the Split
See the attached "Outline of the Constituent Companies."

(3) Status after the Split
There will be no change in the names, representative titles and names, business descriptions, capital, or fiscal year-end of the constituent companies resulting from the Split. However, the registered address of the head office of the succeeding company is scheduled to be transferred to 51 Iwai-cho, Hodogaya-ku, Yokohama-shi on October 1, 2025.

As described in (1) and (2) above, on the effective date of the Split, and subject to the effectiveness of said Split as a condition precedent, Business Service, the company splitting in the absorption-type split, will undergo an absorption-type merger with it being the company disappearing in an absorption-type merger and the Company being the company surviving the absorption-type merger.

4. Future outlook

As the Merger is a merger with a consolidated subsidiary of the Company, the impact on consolidated results for the fiscal year ending March 31, 2026 is immaterial.

(Reference) Consolidated financial results forecasts for the fiscal year ending March 31, 2026

(Unit: millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Forecast for fiscal year ending March 31, 2026	62,000	2,100	2,000	1,200

Attachment: Outline of the Constituent Companies

Company surviving the absorption-type merger

(1) Name	PIOLAX, INC.										
(2) Location	6-145 Hanasaki-cho, Nishi-ku, Yokohama-shi										
(3) Title and name of representative	Satoshi Yamada, President										
(4) Business description	Manufacture and sale of coil springs, flat springs, wire forms, metal and plastic fasteners, mechanism unit parts, medical devices, and medical equipment										
(5) Capital	2,960 million yen										
(6) Date of establishment	September 24, 1939										
(7) Number of issued shares	37,054,100 shares										
(8) Fiscal year-end	March 31										
(9) Major shareholders and ownership ratios (As of March 31, 2025)	<table> <tr> <td>Saga Tekkohsho Co., Ltd.</td><td>14.09%</td></tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td><td>11.28%</td></tr> <tr> <td>Reno Inc.</td><td>7.81%</td></tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td><td>5.91%</td></tr> <tr> <td>City Index Eleventh Co., Ltd.</td><td>5.30%</td></tr> </table>	Saga Tekkohsho Co., Ltd.	14.09%	The Master Trust Bank of Japan, Ltd. (Trust Account)	11.28%	Reno Inc.	7.81%	Custody Bank of Japan, Ltd. (Trust Account)	5.91%	City Index Eleventh Co., Ltd.	5.30%
Saga Tekkohsho Co., Ltd.	14.09%										
The Master Trust Bank of Japan, Ltd. (Trust Account)	11.28%										
Reno Inc.	7.81%										
Custody Bank of Japan, Ltd. (Trust Account)	5.91%										
City Index Eleventh Co., Ltd.	5.30%										
(10) Financial position and operating results for the previous fiscal year (fiscal year ended March 31, 2025 (consolidated))											
Net assets	91,781 million yen										
Total assets	105,464 million yen										
Net assets per share	2,642.64 yen										
Net sales	63,351 million yen										
Operating profit	2,382 million yen										
Ordinary profit	3,402 million yen										
Profit attributable to owners of parent	1,792 million yen										
Basic earnings per share	52.67 yen										

Company splitting in the absorption-type split and disappearing in the absorption-type merger

(1)	Name	PIOLAX BUSINESS SERVICE CO., LTD.
(2)	Location	6-145 Hanasaki-cho, Nishi-ku, Yokohama-shi
(3)	Title and name of representative	Toshihiro Fukuda, President
(4)	Business description	Payroll processing services, contracted and commissioned general administrative services, commissioned accounting administrative services, non-life insurance agency services, life insurance solicitation services
(5)	Capital	10,000 thousand yen
(6)	Date of establishment	October 1, 2002
(7)	Number of issued shares	200 shares
(8)	Fiscal year-end	March 31
(9)	Major shareholders and ownership ratios (As of March 31, 2025)	PIOLAX, INC. 100%
(10)	Financial position and operating results for the previous fiscal year (fiscal year ended March 31, 2025)	
	Net assets	158,950 thousand yen
	Total assets	188,195 thousand yen
	Net assets per share	794,754.27 yen
	Net sales	153,867 thousand yen
	Operating profit	8,047 thousand yen
	Ordinary profit	2,404 thousand yen
	Profit attributable to owners of parent	1,715 thousand yen
	Basic earnings per share	8,576.37 yen

Succeeding company in the absorption-type company split

(1)	Name	KHK SALES CO., LTD.
(2)	Location	6-145 Hanasaki-cho, Nishi-ku, Yokohama-shi
(3)	Title and name of representative	Toru Teranishi, President
(4)	Business description	Purchase and sale of products to domestic customers
(5)	Capital	10,000 thousand yen
(6)	Date of establishment	January 5, 1990
(7)	Number of issued shares	200 shares
(8)	Fiscal year-end	March 31
(9)	Major shareholders and ownership ratios (As of March 31, 2025)	PIOLAX, INC. 100%
(10)	Financial position and operating results for the previous fiscal year (fiscal year ended March 31, 2025)	
	Net assets	2,283,213 thousand yen
	Total assets	2,402,783 thousand yen
	Net assets per share	11,416,067.22 yen
	Net sales	945,772 thousand yen

Operating profit	234,090 thousand yen
Ordinary profit	240,670 thousand yen
Profit attributable to owners of parent	158,775 thousand yen
Basic earnings per share	793,878.49 yen