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For Immediate Release

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Notice of Income Tax Deferred (Benefit), Revisions to Consolidated Financial Results Forecast and Year-end Dividend Forecast (Dividend Increase)

GMO Pepabo, Inc. (the "Company") announces that it expects to recognize an income tax benefit for the fiscal year ending December 31, 2026. The Company also announces that a meeting of the Board of Directors held today has decided to revise the consolidated financial results forecast and year-end dividend forecast for the fiscal year ending December 31, 2026 released on February 12, 2026. Details are as follows.

1. Recognition of Income Tax Benefit

(1) Recognition of Income Tax Adjustment and Deferred Tax Assets

As announced in our disclosure dated June 15, 2026, titled " Notice Regarding Dissolution (Special Liquidation) of a Consolidated Subsidiary," the Company resolved to dissolve CN Co., Ltd., a consolidated subsidiary. As the special liquidation procedures of CN Co., Ltd. progress, valuation losses and other items on the Company's shares in CN Co., Ltd. are expected to become tax-deductible.

Based on a careful assessment of recoverability using estimates of future taxable income, the Company has recognized deferred tax assets and recorded an income tax benefit in the second quarter of the fiscal year ending December 31, 2026.

(2) Impact on Business Performance

The above has been incorporated into "2. Revisions to the consolidated financial results forecast for the fiscal year ending December 31, 2026" below.

2. Revisions to the consolidated financial results forecast for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(1) Details of the revision

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	11,000	1,050	1,050	735	142.47
Revised forecast (B)	11,000	1,050	1,050	1,322	256.33
Change (B-A)	–	–	–	587	
Change (%)	–	–	–	79.9%	
(Reference) Actual results for previous fiscal year (Fiscal year ended December 31, 2025)	10,959	932	1,229	878	168.68

(2) Reason for the revision

As described in "1. Recognition of Income Tax Benefit" above, following the dissolution of consolidated subsidiary CN Co., Ltd., profit attributable to owners of parent is expected to significantly exceed the previously announced forecast. Accordingly, the Company has revised its full-year consolidated financial results forecast for the fiscal year ending December 31, 2026 as described above. Note that net sales, operating profit, and ordinary profit remain unchanged from the previously announced forecast.

3. Revision of dividend forecast

(1) Details of the revision

	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Previous forecast (Announced on February 12, 2026)	–	–	0.00	93.00	93.00
Revised forecast	–	–	0.00	167.00 (Ordinary dividend: 93.00) (Special dividend: 74.00)	167.00 (Ordinary dividend: 93.00) (Special dividend: 74.00)
Results for the current fiscal year	0.00	0.00			
Results for the previous fiscal year (Fiscal year ended December 31, 2025)	0.00	0.00	0.00	111.00	111.00

(2) Reason for the revision

The Company recognizes that the appropriate return of profits to shareholders is a key management issue. Its basic policy is to use as its dividend benchmark whichever is higher of a performance-linked dividend (dividend payout ratio of 65% or more) or a DOE (Dividend on Equity) of 10% or more.The Company had planned a dividend of 93 yen per share for the fiscal year ending December 31, 2026. In light of the revisions to the consolidated financial results forecast, and in appreciation of the ongoing support of our shareholders, the Company has decided to pay a special dividend of 74 yen per share. As a result, the total annual dividend per share for the fiscal year ending

December 31, 2026 is planned to be 167 yen (an ordinary dividend of 93 yen plus a special dividend of 74 yen). The dividend payout ratio will be 65.2%.

(Note) The forward-looking statements in this document concerning the results forecast, etc. are based on information currently available to the Company and on assumptions that the Company believes to be reasonable. Actual results may differ materially from these forecasts due to various factors.

* This document is an English translation of the original Japanese document prepared by the Company's AI translation system. The original Japanese document is the official version.