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January 28, 2026

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## **Notice Regarding Basic Agreement for the Sale of Equity Interests in a Consolidated Subsidiary**

The board of directors of YODOKO, Ltd. and Sheng Yu Steel Co., Ltd. (SYSCO), a consolidated subsidiary (specified subsidiary) of YODOKO, approved resolutions today for a basic agreement concerning the sale of all or part of the equity interests held by these companies in Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), which is also a consolidated subsidiary of YODOKO. The basic agreement was signed today.

### **1. Reason for concluding the basic agreement**

YODOKO established YSS in October 2011 for the manufacture and sale of galvanized steel sheets and pre-painted steel sheets in China. Due to recent changes in the business climate for operations of the YODOKO Group, management has decided that focusing resources on carefully selected activities in the group's operations outside Japan will contribute to the growth of the group's corporate value. In accordance with this decision, a basic agreement was signed today for the sale of part of YODOKO's equity interest in YSS and all of SYSCO's equity interest in YSS.

As announced on May 9, 2025 in "Actions to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)," the YODOKO Group is aiming to maximize earnings by reexamining its business portfolio while optimizing capital use by reviewing its capital policy. The objective is to achieve sustained growth and medium- to long-term corporate value growth. This sale of equity interests in YSS is part of such initiatives.

### **2. Overview of Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS)**

(1) Name	Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.
(2) Location	2551 Penglai Rd., Hefei Economic and Technological Development Area, Anhui, China
(3) Representative	Atsushi Nakatani, Chairman of the Board and President
(4) Business	Manufacture and sale of galvanized steel sheets and pre-painted steel sheets
(5) Capital	220 million USD
(6) Established	October 28, 2011
(7) Major shareholders and shareholding ratio	YODOKO: 79.09% SYSCO (Consolidated subsidiary (specified subsidiary) of YODOKO): 20.91%

(8) Relationships between YODOKO and YSS	Capital	YODOKO holds 79.09% of the voting rights of YSS.		
	Personnel	One executive officer and two employees of YODOKO concurrently serve as directors of YSS, and one YODOKO employee concurrently serves as an auditor of YSS. Additionally, two YODOKO employees are seconded to YSS.		
	Business	YODOKO provides technology licensing and debt guarantees to YSS.		
(9) Financial position and results of operations for the past three years				
	Year ended	December 2022	December 2023	December 2024
Net assets		341 million CNY (6,490 million yen)	305 million CNY (6,087 million yen)	279 million CNY (6,047 million yen)
Total assets		514 million CNY (9,782 million yen)	412 million CNY (8,232 million yen)	383 million CNY (8,299 million yen)
Net sales		636 million CNY (12,102 million yen)	593 million CNY (11,827 million yen)	466 million CNY (10,098 million yen)
Operating profit		(26) million CNY ((502) million yen)	(36) million CNY ((719) million yen)	(26) million CNY ((570) million yen)
Profit		(26) million CNY ((496) million yen)	(35) million CNY ((716) million yen)	(26) million CNY ((568) million yen)

Note: The yen conversion rate is the rate at the end of each fiscal year.

### 3. Overview of the purchaser

(1) Name	Shanghai Tsinghen International Trading Co.,Ltd.	
(2) Location	Room 20F-B, 971 Dongfang Road, China (Shanghai) Pilot Free Trade Zone	
(3) Representative	Zhang Tiehu, Chairman of the Board and President	
(4) Business	Wholesale distribution of steel materials, construction materials and other products, steel frame construction	
(5) Capital	10 million CNY	
(6) Established	December 9, 2005	
(7) Net assets	131 million CNY	
(8) Total assets	151 million CNY	
(9) Major shareholders and shareholding ratio	Zhang Tiehu: 90.00% Zhou Qin: 10.00%	
(10) Relationships between YODOKO and Shanghai Tsinghen International Trading	Capital	Not applicable.
	Personnel	Not applicable.
	Business	Not applicable.
	Related parties	Not applicable.

### 4. Percentage of equity interest to be sold, the selling price, and the percentage of ownership before and after the sale

(1) Percentage of ownership before the transfer	100.00% (Ownership of voting rights: 100.00%) (YODOKO 79.09%, SYSCO 20.91%)
(2) Percentage of equity interest to be sold	95.00% (Ownership of voting rights: 95.00%) (tentative) (YODOKO 74.09%, SYSCO 20.91%)
(3) Selling price	The selling price is currently under negotiation.
(4) Percentage of ownership after the transfer	5.00% (Ownership of voting rights: 5.00%) (tentative) (YODOKO 5.00%, SYSCO 0.00%)

## 5. Schedule

(1) Signing of basic agreement	January 28, 2026
(2) Signing of agreement for the sale of equity interests	April 24, 2026 (tentative)
(3) Date of the sale of equity interests	Late June 2026 (tentative)

## 6. Outlook

Following the signing of the basic agreement, YODOKO and SYSCO will hold discussions concerning the signing of an agreement for the sale of their equity interests in YSS. If this sale takes place, YODOKO expects to record a loss on sale of shares of subsidiaries and associates in its non-consolidated income statement. Activities are currently under way to determine the amount of this loss. On a consolidated basis, YODOKO believes that this sale will have only a negligible effect on earnings because the equity method is used for YSS stock. An announcement concerning the expected monetary effect of this sale will be made promptly when this information becomes available.

Reference: Overview of Sheng Yu Steel Co., Ltd. (SYSCO)

(1) Name	Sheng Yu Steel Co., Ltd.			
(2) Location	No.11, Chung Lin Rd., HsiaoKang, District Kaohsiung, Taiwan R.O.C			
(3) Representative	Koichi Tarumiya, Chairman of the Board			
(4) Business	Manufacture and sale of galvanized steel sheets and pre-painted steel sheets			
(5) Capital	3,211 million NT\$			
(6) Established	May 19, 1973			
(7) Major shareholders and shareholding ratio	YODOKO: 63.57% Others: 36.43%			
(8) Relationships between YODOKO and SYSCO	Capital	YODOKO holds 63.57% of the voting rights of SYSCO.		
	Personnel	One YODOKO employee concurrently serves as a Chairman of the Board of SYSCO, and two YODOKO employees are seconded to SYSCO.		
	Business	YODOKO provides technical and other corporation to SYSCO.		
(9) Financial position and results of operations for the past three years (non-consolidated)				
	Year ended	December 2022	December 2023	December 2024
Net assets		9,719 million NT\$ (42,084 million yen)	9,952 million NT\$ (45,981 million yen)	10,211 million NT\$ (49,220 million yen)
Total assets		10,341 million NT\$ (44,776 million yen)	10,742 million NT\$ (49,631 million yen)	11,203 million NT\$ (53,998 million yen)
Net sales		12,156 million NT\$ (52,638 million yen)	11,728 million NT\$ (54,187 million yen)	13,045 million NT\$ (62,878 million yen)
Operating profit		536 million NT\$ (2,321 million yen)	717 million NT\$ (3,315 million yen)	586 million NT\$ (2,829 million yen)
Profit		505 million NT\$ (2,187 million yen)	627 million NT\$ (2,898 million yen)	581 million NT\$ (2,801 million yen)

Note: The yen conversion rate is the rate at the end of each fiscal year.