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Notice of Outlook for Deferred Tax Assets (Cons./Non-Cons.), Subsidiaries and Associates Stock Valuation Loss (Non-Cons.), Gain on Sale of Shares of Subsidiaries and Associates in FY3/27 (Cons.), and Revisions to Earnings and Dividend Forecasts

In the press release “Notice Regarding Basic Agreement for the Sale of Equity Interests in a Consolidated Subsidiary” dated January 28, 2026, YODOKO, Ltd. announced the plan to sell an equity interest in a consolidated subsidiary. YODOKO is announcing today that, due to this sale, the company expects to record deferred tax assets in its consolidated and non-consolidated financial statements in the fiscal year ending in March 2026 and a gain on the sale of shares of subsidiaries and associates in its consolidated financial statements in the fiscal year ending in March 2027.

In addition, YODOKO has revised as follows its earnings forecasts and dividend forecast for the fiscal year ending March 31, 2026 in the “Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2026 (FY3/26) [Japanese GAAP]” dated February 6, 2026. These revisions reflect the expected recognition of deferred tax assets and, as was announced on February 27, 2026, the expected sale of stock of an equity-method affiliate and expected gain on the sale of shares of subsidiaries and associates.

1. Outlook for deferred tax assets (consolidated/non-consolidated) and loss on valuation of shares of subsidiaries and associates (non-consolidated)

As was announced on January 28, 2026, in a release titled “Notice Regarding Basic Agreement for the Sale of Equity Interest in a Consolidated Subsidiary,” YODOKO and consolidated subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) plan to sell the stock of Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), which is also a consolidated subsidiary of YODOKO.

Due to the sale of this stock, YODOKO examined the possibility of recognizing as a tax deductible loss the YSS stock valuation loss that was recorded prior to this fiscal year. This examination resulted in the plan to recognize deferred tax assets of 3,766 million yen and income taxes-deferred of 3,766 million yen in the consolidated and non-consolidated financial statements at the end of March 2026.

In the non-consolidated financial statements, YODOKO expects to recognize a loss on valuation of shares of subsidiaries and associates of about 1,000 million yen for the YSS stock that is sold. The amount of this valuation loss will depend on the result of ongoing negotiations and exchange rate movements. The press release “Notice Regarding Basic Agreement for the Sale of Equity Interest in a Consolidated Subsidiary” includes the statement that YODOKO expects to record a loss on sale of shares of subsidiaries and associates in its non-consolidated income statement if the sale of the YSS stock is completed. However, YODOKO now expects that there will be only a negligible gain or loss at the time the YSS stock is sold because the book value of this stock will be reduced prior to the sale.

2. (FY3/27) Outlook for gain on sale of shares of subsidiaries and associates (consolidated)

If the sale of YSS stock is completed, YODOKO expects to record a gain on the sale of shares of subsidiaries and associates in its consolidated financial statements. At this time, a final decision about the price of this stock has not been made. As the gain will depend on the outcome of ongoing negotiations and exchange rate movements, YODOKO currently estimates that there will be a gain of approximately 2,000 million yen in the consolidated financial statements for the fiscal year ending in March 2027.

3. Fiscal year earnings forecast

Consolidated forecast for the fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A) (announced on February 6, 2026)	199,000	11,600	17,000	11,500	79.49
Revised forecast (B)	199,000	11,600	17,000	17,000	117.51
Change (B - A)	0	0	0	5,500	
Change (%)	0.0	0.0	0.0	48.7	
(Reference) FY3/25 results	208,460	13,889	21,551	13,499	(note) 467.03

Non-consolidated forecast for the fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A) (announced on November 6, 2025)	120,000	9,400	15,600	11,200	-
Revised forecast (B)	120,000	9,400	15,600	24,000	164.25
Change (B - A)	0	0	0	12,800	
Change (%)	0.0	0.0	0.0	117.0	
(Reference) FY3/25 results	128,016	10,804	18,333	13,009	(note) 445.58

Note: YODOKO conducted a 1-to-5 common share split effective on July 1, 2025. Net income per share for the fiscal year ended March 31, 2025 is the amount before the share split.

As was explained in the preceding item 1 concerning the deferred tax assets and valuation loss, YODOKO expects consolidated and non-consolidated deferred tax assets of 3,766 million yen and income taxes-deferred of 3,766 million yen at the end of March 2026. In the non-consolidated financial statements, YODOKO additionally expects to record a loss on valuation of shares of subsidiaries and associates of approximately 1,000 million yen.

In addition, as was announced in a separate release dated today titled “Notice of Sale of Stock of Equity-method Affiliate and Expected Gain on Sale of Shares of Subsidiaries and Associates,” YODOKO expects extraordinary income of 9,765 million yen for a gain on the sale of shares of subsidiaries and associates in the non-consolidated financial statements for the current fiscal year. In the consolidated financial statements for this fiscal year, YODOKO expects a gain of about 1,500 million yen on the sale of shares of subsidiaries and associates because the equity method is used for the stock that is sold.

Due to the outlook for these items and current results of operations, YODOKO has revised the consolidated and non-consolidated forecasts for the fiscal year ending in March 2026.

4. Revision to dividend forecast

Dividend forecast

	Dividend per share		
	2Q-end	Year-end	Total
	Yen	Yen	Yen
Previous forecast (February 6, 2026)		40.00	60.00
Revised forecast		69.00	89.00
FY3/26 results	20.00		
(Reference) FY3/25 results	100.00 ^(note)	251.00 ^(note)	351.00 ^(note)

Note: YODOKO conducted a 1-to-5 common share split effective on July 1, 2025. Dividend per share for the year-end of the fiscal year ended March 31, 2025 is the amount before the share split.

During the current medium-term management plan, the policy of YODOKO is to pay an annual dividend of at least 40 yen per share and maintain a consolidated dividend payout ratio of at least 75%. Following this policy, the dividend forecast is based on the consolidated forecasts for the fiscal year ending March 31, 2026 announced today.

*Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of YODOKO at the time the materials were prepared. These materials are not promises by YODOKO regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.