

**Translation**

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## Consolidated Financial Results for the Six Months Ended June 30, 2025 [Japanese GAAP]

August 7, 2025

Company name: KOHOKU KOGYO CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 6524

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Scheduled date to file semi-annual securities report: August 7, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President and CEO

Director and CFO

(Yen amounts are rounded down to millions.)

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2025 (January 1, 2025 to June 30, 2025)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2025	7,875	2.2	1,812	1.3	1,297	(52.9)	604	(66.2)
June 30, 2024	7,707	9.7	1,788	6.1	2,753	26.0	1,791	33.3

(Note) Comprehensive income: Six months ended June 30, 2025: ¥ 114 million [ (95.5)%]  
Six months ended June 30, 2024: ¥ 2,528 million [ 41.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2025	23.03	-
June 30, 2024	66.37	-

(Note) On April 1, 2024, the Company conducted a stock split at a ratio of 3 shares for each common share. "Basic earnings per share" is calculated assuming that the stock split was carried out at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	24,317	20,262	83.3
December 31, 2024	28,684	23,430	81.7

(Reference) Equity: As of June 30, 2025: ¥ 20,262 million  
As of December 31, 2024: ¥ 23,430 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	30.00	30.00
Fiscal year ending December 31, 2025	-	0.00			
Fiscal year ending December 31, 2025 (Forecast)			-	30.00	30.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	17,360	9.0	4,644	17.9	4,216	(13.2)	2,538	(22.0)	97.31

(Note) 1. Revision to the financial results forecast announced most recently: Yes

2. Pursuant to a resolution of the Board of Directors held on February 26, 2025, the Company acquired and cancelled treasury shares. "Basic earnings per share" takes into account the impact of the acquisition and retirement of treasury stock.

\* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name: )

Excluded: - (Company name: )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 26,000,000 shares

December 31, 2024: 27,000,000 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 94,498 shares

December 31, 2024: 4,996 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2025: 26,268,106 shares

Six months ended June 30, 2024: 26,990,678 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee that the Company will achieve the results. Actual financial results and the like may differ materially due to various factors. For information on the assumptions underlying the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to "1. Overview of Operating Results, Etc. (3) Explanation Regarding Forecast Information Such as Consolidated Earnings Forecasts" of the attached documents.

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## 1. Overview of Operating Results, Etc.

### (1) Overview of Semi-annual Consolidated Operating Results

During the first six months of the fiscal year ending December 31, 2025, the global economy began to gradually show a brighter picture, for example, the economic stagnation in China and Europe since last year has been turning toward a recovery trend from this spring onward. In the U.S., the expansionary trend continued, supported by strong employment conditions and consumer spending, but there was a noticeable increase in uncertainty about the future outlook, as evidenced by a last-minute surge in demand associated with changes in trade policy and its repercussions, among other factors.

In China, several indicators improved, including a recovery in industrial production and an increase in automobile sales, despite continuing concerns such as sluggishness in the real estate market. In Japan, the business environment also improved due to such factors as enhanced employment conditions and increased inbound demand. On the other hand, uncertainty about the future outlook has intensified due to, among others, a downward trend of exports from China and Japan to the U.S. since this spring.

The electronic components industry has gradually started to see some signs of recovery since this spring, despite factors such as the sluggish European automobile market that began last fall and weak consumption caused by the stagnant real estate market in China. In addition, the electronic components market showed a gradual recovery trend, as, among other factors, some telecommunication equipment markets continued to be strong for reasons such as the spread of generative AI and increased investment in data centers.

Under these circumstances, the Company worked to expand sales and improve the profit structure by, for example, expanding sales of high-value-added finished goods, streamlining the production process with the focus on yield enhancement, and improving unprofitable orders in the Lead Terminals Business, and developing next-generation finished goods and automating manufacturing processes in the Optical Components and Devices Business, in order to achieve the medium-term management plan. The Company also worked on measures aimed at medium- to long-term growth, including the creation of a mass production system for high-purity silica glass finished goods (SSG®), for which inquiries for use in semiconductor-related equipment parts have been increasing.

The Company also worked on measures aimed at medium- to long-term growth, including strengthening the supply system for high-purity silica glass products (SSG®), for which inquiries for semiconductor-related equipment parts have been increasing.

The business performance for the first six months of the fiscal year ending December 31, 2025, the Company posted net sales of 7,875 million yen (up 2.2% year on year), operating profit of 1,812 million yen (1.3% up year on year), ordinary profit of 1,297 million yen (52.9% decrease year on year) due to foreign exchange losses resulting from the appreciation of the yen, and profit attributable to owners of parent of 604 million yen (66.2% decrease year on year).

The average exchange rate for the first six months of the fiscal year ending December 2025 was 148.41 yen to the U.S. dollar.

Operating results by segment are as follows.

#### <Lead Terminals Business>

In the Lead Terminals Business, net sales and segment profit (operating profit) for the first six months of the fiscal year ending December 31, 2025 were 4,149 million yen (up 1.5% year on year) and 342 million yen (up 187.7% year on year), respectively.

In the automotive electronics market, the first half of the period saw continued adjustments in the European automobile market since last year, and concerns about the impact of regarding the impact of U.S. trade policy after March. But the overall market trend showed a mild recovery due to factors such as the steady performance of the Chinese EV market and signs of recovery in the European automobile market.

In the consumer equipment market, adjustments continued due to the sluggish real estate market in China and other factors, but the telecommunication equipment market remained strong due to growing IT demand, particularly for AI servers.

Under these circumstances, the Company focused on expanding sales of high-value-added lead terminals that anticipate

the need for more sophisticated aluminum electrolytic capacitors, mainly in the automotive-related and telecommunication equipment markets, and their adoption has progressed. With regard to production systems, the Company continued reorganizing the production at overseas production bases, such as increasing production capacity at the Dongguan factory in China, and strengthened efforts to improve production efficiency including yield enhancement at each factory.

The Company also worked to improve management efficiency using ROIC indicators to accelerate profit structure improvements, and started taking measures to improve profitability relative to invested capital, such as reducing and effectively utilizing assets. In addition, efforts were continuously made to develop laser welding technology as a next-generation welding technology that achieves high efficiency and high precision.

#### <Optical Components and Devices Business>

In the Optical Components and Devices Business, net sales and segment profit (operating profit) for the first six months of the fiscal year ending December 31, 2025 were 3,725 million yen (up 2.9% year on year) and 1,469 million yen (down 12.0% year on year), respectively.

In optical devices for submarine cables, sales increased showing a recovery trend in the second half of the period, as a result of front-loading some projects, though the first half saw some short-term adjustments, due to factors such as schedule changes in some projects and inventory adjustments to existing finished goods for the switch to smaller items.

Also, the Company worked to expand sales of small finished goods in response to, among others, an increase in new submarine cable projects and technological innovations aimed at expanding telecommunication capacity. As for other products, as a tight supply and demand situation emerged for Faraday rotators due to the growing popularity of generative AI and active investment in data centers, the Company worked to strengthen its production and sales by gradually increasing production capacity and other measures. In terms of development, the Company continued working on developing hybrid and module finished goods to meet growing needs in telecommunication. The Company also worked on developing next-generation finished goods, such as an optical isolator and fan-in/fan-out\*1 optical device, to support the shift to multi-core fiber products in submarine cables.

With regard to high-purity silica glass (SSG®) business, an area which is being strengthened as a new business, the Company made efforts to continue sales expansion activities and supply samples amidst a significant increase in inquiries for semiconductor-related quartz components, and to develop its stable supply system in preparation for future demand growth, such as increasing production capacity. In addition, toward advancing into the optical satellite telecommunication market, the Company made efforts to conduct environmental testing of optical components and devices in outer space and to carry out market research and customer development in optical satellite telecommunication.

\*1: Fan in/fan out (product)

An optical component that connects each core of a multi-core fiber to the core of a single-core fiber “Fan-in” means combining multiple inputs into a single output, and “fan-out” means branching one input into multiple outputs. For example, when a multi-core fiber with multiple cores built into a single optical fiber cable is used as a submarine cable, the fiber is branched into a single-core fiber in optical repeaters installed every few tens of kilometers to amplify the optical signal and then recombined into a single output.

#### (2) Overview of Financial Position for the Semi-annual Period

##### (Assets)

Current assets decreased by 4,471 million yen from the end of the previous fiscal year to 13,859 million yen. This was mainly attributable to decreases of 2,806 million yen in cash and deposits and decrease 1,701 million yen in securities.

Non-current assets increased by 104 million yen from the end of the previous fiscal year to 10,457 million yen. This was mainly attributable to investment securities increasing 925 million yen, while machinery, equipment and vehicles, net decreasing 242 million yen, and leased assets, net decreasing 224 million yen, and goodwill decreased by 291 million yen.

As a result, total assets decreased by 4,367 million yen from the end of the previous fiscal year to 24,317 million yen.

##### (Liabilities)

Current liabilities decreased by 998 million yen from the end of the previous fiscal year to 1,946 million yen.

This was mainly due to a decrease of 181 million yen in the current portion of long-term borrowings and a decrease of 755 million yen in unpaid income taxes.

Non-current liabilities decreased by 200 million yen from the end of the previous fiscal year to 2,108 million yen. This was mainly attributable to lease liabilities decreasing 190 million yen.

As a result, total liabilities decreased by 1,199 million yen from the end of the previous fiscal year to 4,054 million yen.

(Net assets)

Net assets decreased by 3,168 million yen from the end of the previous fiscal year to 20,262 million yen. This was mainly attributable to increase of 211 million yen in treasury shares, decreases of 2,261 million yen in capital surplus, 204 million yen in retained earnings, and a decrease of 506 million yen in foreign currency translation adjustments.

Cash and cash equivalents at the end of first six months of the fiscal year ending December 31, 2025 amounted to 6,520 million yen.

Cash flows in each area of activity and their respective contributing factors for the six months under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 803 million yen. The major factors of cash inflow were income before income taxes of 986 million yen and depreciation of 478 million yen, impairment losses of 310 million yen, foreign exchange losses of 230 million yen, and a decrease in inventory of 201 million yen. The major factors of cash outflow were expenditures of 467 million yen for the account receivable and expenditures of 1,004 million yen for the tax payment.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 342 million yen. The major factor of cash inflow was proceeds from withdrawal of time deposits of 1,083 million yen, and the major factors of cash outflow were expenditures of 388 million yen for the acquisition of tangible fixed assets and expenditures of 1,061 million yen for the acquisition of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 3,550 million yen. The major factors of cash outflow were repayments of long-term borrowings of 181 million yen, share buyback of 2,490 million yen, dividends paid of 809 million yen.

### (3) Explanation Regarding Forecast Information Such as Consolidated Earnings Forecasts

In the current interim consolidated accounting period, sales fell short of plan in both the lead terminal business and the optical components and devices business. In addition, as announced in the " Notice regarding the recording of an extraordinary loss (impairment loss) and revision of the second quarter (Semi-annual) earnings forecast " dated July 30, 2025, with respect to EpiPhotonics CO., LTD., a consolidated subsidiary of the Company, and its subsidiary EpiPhotonics USA, Inc., due to a review of the development schedule and capital investment plan, the Company has decided to record an extraordinary loss (impairment loss) and revision of the second quarter (Semi-annual) consolidated financial forecast. In the financial statements, we recorded an impairment loss of 310 million yen on tangible fixed assets and goodwill as an extraordinary loss.

On the other hand, sales in both business divisions have been on a recovery trend since spring, and in the lead terminal business, cost reductions are progressing through improvements in production efficiency, including improved yields.

Although there remain uncertainties regarding future market trends, such as the ongoing uncertainty regarding the impact of U.S. trade policy, orders are currently showing a recovery trend, and we expect business performance in the second half of the year to be relatively strong.

Taking the above into consideration, we have revised our consolidated financial forecasts for the fiscal year ending December 31, 2025 as follows.

Additionally, our forecasts for the second half of the current fiscal year are based on an exchange rate of 150 yen to the US dollar.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	17,919	4,586	4,474	3,006	115.30
Revised forecasts (B)	17,360	4,644	4,216	2,538	97.31
Difference (B-A)	(559)	57	(257)	(468)	-
Rate of change (%)	(3.1)	1.3	(5.8)	(15.6)	-
(Reference)					
Actual results for the year ended December 31, 2024	15,924	3,939	4,856	3,252	120.50

(Note) Pursuant to a resolution of the Board of Directors held on February 26, 2025, the Company acquired and cancelled treasury shares.

"Basic earnings per share" takes into account the impact of the acquisition and retirement of treasury stock.

## 2. Semi-annual Consolidated Financial Statements and Primary Notes

### (1)Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	9,327	6,520
Notes and accounts receivable - trade, and contract assets	3,013	3,376
Electronically recorded monetary claims - operating	1,038	1,056
Securities	1,801	100
Finished goods	1,019	979
Work in process	481	375
Raw materials and supplies	1,210	1,021
Other	439	428
Total current assets	18,331	13,859
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,503	1,384
Machinery, equipment and vehicles, net	3,037	2,795
Tools, furniture and fixtures, net	567	656
Land	756	756
Leased assets, net	1,939	1,714
Construction in progress	356	314
Total property, plant and equipment	8,160	7,621
Intangible assets		
Goodwill	291	-
Other	608	694
Total intangible assets	899	694
Investments and other assets		
Investment securities	856	1,781
Deferred tax assets	228	158
Other	208	202
Total investments and other assets	1,292	2,142
Total non-current assets	10,353	10,457
Total assets	28,684	24,317



	As of December 31, 2024	As of June 30, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	700	754
Current portion of long-term borrowings	208	27
Lease liabilities	139	116
Accounts payable - other	379	353
Income taxes payable	1,068	312
Provision for bonuses	74	132
Provision for bonuses for directors (and other officers)	40	16
Other	334	233
Total current liabilities	2,945	1,946
Non-current liabilities		
Lease liabilities	1,961	1,770
Deferred tax liabilities	127	120
Retirement benefit liability	145	142
Asset retirement obligations	68	68
Other	6	6
Total non-current liabilities	2,309	2,108
Total liabilities	5,254	4,054
<b>Net assets</b>		
Shareholders' equity		
Share capital	350	350
Capital surplus	5,658	3,397
Retained earnings	15,345	15,141
Treasury shares	(1)	(213)
Total shareholders' equity	21,353	18,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(16)	(0)
Foreign currency translation adjustment	2,093	1,587
Total accumulated other comprehensive income	2,076	1,586
Total net assets	23,430	20,262
Total liabilities and net assets	28,684	24,317

## (2)Semi-annual Consolidated Statements of Income and Comprehensive Income

## Semi-annual Consolidated Statement of Income

Interim consolidated accounting period

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net sales	7,707	7,875
Cost of sales	4,531	4,621
Gross profit	3,176	3,253
Selling, general and administrative expenses	1,387	1,440
Operating profit	1,788	1,812
Non-operating income		
Interest and dividend income	99	79
Foreign exchange gains	909	-
Other	21	16
Total non-operating income	1,030	96
Non-operating expenses		
Interest expenses	56	43
Foreign exchange losses	-	560
Other	9	6
Total non-operating expenses	65	611
Ordinary profit	2,753	1,297
Extraordinary losses		
Impairment losses	-	310
Total extraordinary losses	-	310
Profit before income taxes	2,753	986
Income taxes - current	1,002	324
Income taxes - deferred	(39)	57
Total income taxes	962	381
Profit	1,791	604
Profit attributable to owners of parent	1,791	604

Semi-annual Consolidated Statement of Comprehensive Income  
Interim consolidated accounting period

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Profit	1,791	604
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	15
Foreign currency translation adjustment	742	(506)
Total other comprehensive income	736	(490)
Comprehensive income	2,528	114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,528	114

## (3)Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,753	986
Depreciation	459	478
Impairment losses	-	310
Amortization of goodwill	17	39
Interest and dividend income	(99)	(79)
Interest expenses	56	43
Foreign exchange losses (gains)	(198)	230
Decrease (increase) in trade receivables	(1,131)	(467)
Decrease (increase) in inventories	7	201
Increase (decrease) in trade payables	222	96
Increase (decrease) in provision for bonuses	62	58
Increase (decrease) in provision for bonuses for directors (and other officers)	(12)	(23)
Increase (decrease) in retirement benefit liability	5	1
Increase (decrease) in accounts payable - other	(13)	10
Decrease (increase) in other assets	(20)	37
Increase (decrease) in other liabilities	(90)	(154)
Subtotal	2,018	1,771
Interest and dividends received	98	79
Interest paid	(56)	(43)
Income taxes paid	(350)	(1,004)
Net cash provided by (used in) operating activities	1,710	803
Cash flows from investing activities		
Payments into time deposits	-	(158)
Proceeds from withdrawal of time deposits	301	1,083
Purchase of property, plant and equipment	(404)	(388)
Purchase of intangible assets	(137)	(95)
Purchase of investment securities	(0)	(1,061)
Proceeds from sale of investment securities	-	300
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(67)	-
Payments of contingent consideration for shares in subsidiaries	-	(22)
Other, net	(2)	0
Net cash provided by (used in) investing activities	(311)	(342)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(294)	-
Repayments of long-term borrowings	(369)	(181)
Repayments of lease liabilities	(72)	(69)
Purchase of treasury shares	(0)	(2,490)
Dividends paid	(539)	(809)
Net cash provided by (used in) financing activities	(1,276)	(3,550)
Effect of exchange rate change on cash and cash equivalents	303	(189)
Net increase (decrease) in cash and cash equivalents	426	(3,278)
Cash and cash equivalents at beginning of period	10,439	9,799
Cash and cash equivalents at end of period	10,865	6,520

#### (4) Notes to semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

(Acquisition of Treasury Shares)

The Company acquired 1,100,000 treasury shares by resolution of the Board of Directors held on February 26, 2025. As a result, treasury shares increased by 2,490 million yen during the first three months of the current consolidated fiscal year.

(Cancellation of Treasury Shares)

The Company cancelled 1,000,000 treasury shares on March 31, 2025 by resolution of the Board of Directors held on February 26, 2025. As a result, capital surplus and treasury shares each decreased by 2,254 million yen during the first six months of the current consolidated fiscal year.

(Segment Information, Etc.)

##### 【Segment Information】

First six months of the fiscal year ended December 2024 (January 1, 2024 – June 30, 2024)

1. Information regarding net sales, profit or loss, for each reportable segment, and breakdown of revenue

(Millions of yen)

	Reportable segment			Adjustments	Total (Note)
	Lead Terminals Business	Optical Components and Devices Business	Total		
Net sales					
Japan	1,853	544	2,397	-	2,397
China	848	103	952	-	952
Asia	1,368	11	1,379	-	1,379
U.K.	-	1,359	1,359	-	1,359
U.S.A.	-	1,586	1,586	-	1,586
Others	16	15	31	-	31
Revenue from contracts with customers	4,086	3,621	7,707	-	7,707
Sales to outside customers	4,086	3,621	7,707	-	7,707
Inter-segment sales or transfers	-	-	-	-	-
Total	4,086	3,621	7,707	-	7,707
Segment income	119	1,669	1,788	-	1,788

(Note) The total of the segment income or loss is consistent with operating profit as reported in the Consolidated Statements of Income.

2. Information regarding impairment losses on fixed assets or goodwill, etc. by reportable segment  
(Significant changes in the amount of goodwill)

In the "Optical Components and Devices Business" segment, goodwill has been generated as a result of the acquisition of all shares of EpiPhotonics CO., LTD. and its inclusion in the scope of consolidation from the current interim consolidated fiscal period. The increase in goodwill due to this event was 343 million yen for the current interim consolidated accounting period.

First six months of the fiscal year ending December 2025 (January 1, 2025 to June 30, 2025)

1. Information regarding net sales, profit or loss for each reportable segment, and breakdown of revenue

(Millions of yen)

	Reportable segment			Adjustments	Total (Note)
	Lead Terminals Business	Optical Components and Devices Business	Total		
Net sales					
Japan	2,029	479	2,509	—	2,509
China	949	308	1,257	—	1,257
Asia	1,156	15	1,172	—	1,172
U.K.	—	1,605	1,605	—	1,605
U.S.A.	—	1,231	1,231	—	1,231
Others	13	84	98	—	98
Revenue from contracts with customers	4,149	3,725	7,875	—	7,875
Sales to outside customers	4,149	3,725	7,875	—	7,875
Inter-segment sales or transfers	—	—	—	—	—
Total	4,149	3,725	7,875	—	7,875
Segment income	342	1,469	1,812	—	1,812

(Note) The total of the segment income is consistent with operating profit as reported in the Consolidated Statements of Income.

2. Information regarding impairment losses or goodwill on fixed assets by reportable segment  
(Significant impairment losses on fixed assets)

In the Optical Components and Devices segment, we have recorded impairment losses on tangible fixed assets and goodwill for our consolidated subsidiary, EpiPhotonics CO., LTD. and its subsidiary, EpiPhotonics USA, Inc., as a result of reviewing their development schedules and capital investment plans. The amount of the impairment loss recorded for this interim consolidated accounting period was 310 million yen.

(Significant changes in the amount of goodwill)

In the "Optical Components and Devices Business" segment, an impairment loss on goodwill was recorded as described above (Significant impairment loss on fixed assets). The decrease in goodwill due to this event was 273 million yen for the current interim consolidated accounting period.