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

August 6, 2025

Company name: YOKOWO CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 6800

URL: <https://www.yokowo.co.jp/>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 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	%
Three months ended June 30, 2025	21,004	0.6	734	(30.5)	311	(84.6)	320	(81.5)
June 30, 2024	20,877	14.8	1,056	—	2,017	74.5	1,728	108.7

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ (53) million [— %]
Three months ended June 30, 2024: ¥3,305 million [66.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	13.73	—
June 30, 2024	74.17	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	77,574	51,419	66.2
March 31, 2025	76,278	52,030	68.1

(Reference) Equity (Shareholders' equity and Accumulated other comprehensive income): As of June 30, 2025: ¥51,328 million
As of March 31, 2025: ¥51,938 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2025	Yen —	Yen 24.00	Yen —	Yen 24.00	Yen 48.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		24.00	—	24.00	48.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	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
Six months ending September 30, 2025	41,000	0.5	1,200	(43.0)	350	(67.1)	350	(39.2)	15.01
Full year	84,000	1.3	3,000	(29.0)	2,150	(45.2)	1,600	(28.2)	68.64

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name: Yokowo Philippines Inc.)

Excluded: — (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly 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: 23,849,878 shares

March 31, 2025: 23,849,878 shares

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

June 30, 2025: 539,193 shares

March 31, 2025: 539,193 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 23,310,685 shares

Three months ended June 30, 2024: 23,310,855 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as the financial results forecast stated in this document are based on the information currently available to the Company and certain assumptions that the Company deems to be reasonable. These statements are no guarantees of future performance and actual results may differ materially from the forecast depending on a range of factors. For a discussion of the assumptions and other factors considered by the Company in preparing projections and notes on the use of the forecasts, please refer to page4 of the attachments, “1. Qualitative Information on Quarterly Financial Results (3) Future Outlook.”

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1. Qualitative Information on Quarterly Financial Results

(1) Overview of Operating Results

Net sales in the three months ended June 30, 2025 under review amounted to ¥21,004 million, an increase of 0.6% year-on-year, reflecting increased year-on-year sales in the CTC and Incubation Center segments, in spite of decreased year-on-year sales of the VCCS and FC/MD segments. Operating profit came in at ¥734 million, a decrease of 30.5% year-on-year, due to the recording of business restructuring cost in the VCCS segment, a profit decrease in the CTC segment attributable to a decline in the ratio of high margin products, and a profit decrease in FC/MD segment due to deterioration in the business mix. Ordinary profit decreased by 84.6% year-on-year to ¥311 million, reflecting exchange loss of ¥452 million due to the strengthening of the yen, and a decreased operating profit. Profit attributable to owners of the parent was ¥320 million (down 81.5% year-on-year), due to a significant increase in the tax rate, despite the recording of extraordinary income of ¥310 million including gain on bargain purchase associated with the succession of the network solution businesses of KOHA Co., Ltd. (simplified KOHA).

The average exchange rate for the three months ended June 30, 2025 was ¥144.59 against the US dollar (¥155.79 in the previous fiscal year), while the closing rate was ¥144.81 against the US dollar (¥149.52 in the end of the previous fiscal year).

<VCCS> (Core product: Antenna for Vehicle)

In the automotive market, the main market for this segment, sales are on a moderate recovery trend overall. However, in the United State, concerns over the impact of the US tariff policy led to a surge in rush demand, followed by a decline in June as a reaction to this surge. As such the sales environment has changed rapidly. A breakdown of region shows that the number of units sold in China increased, while sales in the United States and Japan were flat.

In these circumstances, sales of mainstay products for automobile manufacturers, such as shark fin antennas and GPS antennas, decreased year-on-year because of a decrease in net sales in the overseas market due to the strengthening of the yen.

As a result, net sales for this segment decreased to ¥13,615 million (down 5.7% year-on-year). The segment reported the profit of ¥615 million (down 5.9% year-on-year), due to decreased profit associated with a decrease in sales, rising wage rates at production bases, and the recording of business restructuring cost in production base in China, in spite of increased production efficiency through stable receipt of orders and lower costs in production bases in China, Vietnam and Philippines.

<CTC> (Core Product: Semiconductor Testing Socket and Probe Card)

In the semiconductor testing market, the main market for this segment, overall demand was on a moderate recovery trend year on year. This was driven by growing demand related to generative AI and an upward trend in the PC market fueled by replacement demand, despite demand for smartphones remaining at the same level as the previous fiscal year.

In these circumstances, sales of jigs for semiconductor back-end testing, the mainstay product of the Group, increased year-on-year, due to an increase in orders for edge AI related testing sockets in spite of the trend of orders for testing sockets still remaining at a low level. Sales of jigs for semiconductor front-end testing increased year-on-year because of an increase in sales of turnkey business which offers one-stop solutions services including peripheral devices and growth in sales of MEMS probe cards (YPX) for high-frequency electronics components testing.

As a result, sales for this segment increased year-on-year to ¥4,372 million (up 21.2% year-on-year). The segment reported a profit of ¥219 million (down 42.0% year-on-year), due to deterioration in product mix caused by a decline in the ratio of relatively high profit margin products in addition to increased costs caused by higher raw material prices and increased labor costs.

<FC / MD> (FC Core Product: Fine spring connector for electronics) (MD Core Product: Medical devices and units)

In the market for mobile communication terminals, the main market for this segment, while sales of wearable terminals are expected to grow given their diversification and greater sophistication, unit shipments of smartphones remained at the same level as the previous fiscal year. Demand for POS terminal market has been growing steadily in a wide range of industries, including those engaging in logistics and manufacturing, with a view toward improvements in operational efficiency through information management.

In these circumstances, net sales for FC business, for which fine spring connectors act as core products, decreased year-on-year, reflecting a partial postponement of sales of a product for wearable devices, such as wireless earbuds, and a decrease in orders received of the POS terminals due to customers' inventory adjustment impacted by the US tariff policy.

In MD business, net sales increased year-on-year due to strong sales of both unit products and catheter components for a major domestic medical device manufacturer which is a major customer, while sales for the venture ecosystem in which the Company participates as a manufacturing partner grew sluggishly.

As a result, sales for this segment decreased year-on-year, to ¥2,667million (down 3.0% year-on-year). The segment reported a profit of ¥88 million (down 61.0% year-on-year) due to deterioration in product and business mix.

<Incubation Center> (Core Product: Antenna and providing solutions for MaaS/IoT)

The MaaS/IoT market, the main market for this segment, is expected to grow steadily, reflecting the advance of mobility including car sharing, and the widespread adoption of IoT connecting everything through the Internet.

In these circumstances, Platform business has made progress in expanding sales of MIMO antennas utilizing smart antenna technologies for IoT, and vehicle key management solutions for MaaS and rental cars. Also, the network solution businesses of KOHA which we succeeded with an effective date of June 1, 2025, is categorized in this segment.

As a result, sales for this segment increased year-on-year, to ¥347 million (up 299.2% year-on-year). The segment reported a loss of ¥200 million (a loss of ¥205 million in the previous fiscal year), because the segment involves up-front investment.

Consolidated Net Sales by Business Segment

	1st quarter ended June 30, 2024 Apr.–Jun. (Million yen)	4th quarter ended March 31, 2025 Jan.–Mar. (Million yen)	1st quarter ended June 30, 2025 Apr.–Jun. (Million yen)	Y o Y change (%)	Q o Q change (%)
VCCS	14,433	14,168	13,615	(5.7)	(3.9)
CTC	3,606	4,174	4,372	+21.2	+4.7
FC/MD	2,749	2,657	2,667	(3.0)	+0.4
Incubation Center	87	52	347	+299.2	+559.4
Others	1	1	1	+23.7	+7.2
Total	20,877	21,054	21,004	+0.6	(0.2)

(2) Overview of Financial Position

(Assets)

Assets stood at ¥77,574 million in the first quarter of the fiscal year ending March 31, 2026 under review (a gain of ¥1,295 million in the end of the previous fiscal year). This was due primarily to increases of ¥110 million in cash and deposits, and ¥1,051 million in trade receivables.

The increase in trade receivables is mainly due to increase in electronically recorded monetary claims in connection with the business succession of KOHA.

(Liabilities)

Liabilities stood at ¥26,155 million in the first quarter of the fiscal year ending March 31, 2026 under review (a gain of ¥1,906 million from the end of the previous fiscal year) mainly due to increases of ¥483 million in accounts payables, ¥671 million in short-term borrowings, and ¥1,054 million in accounts payable-other, such as bonuses included in other current liabilities.

(Net assets)

Net assets amounted to ¥51,419 million in the first quarter of the fiscal year ending March 31, 2026 under review (a loss of ¥611 million from the end of the previous fiscal year). This mainly reflects an decrease of ¥389 million in foreign currency translation adjustment, the recording of profit attributable to owners of the parent of ¥320 million, and dividends paid of ¥559 million.

(Equity ratio)

The equity ratio was 66.2% in the first quarter of the fiscal year ending March 31, 2026 under review (down 1.9 points from the end of the previous consolidated fiscal year).

(3) Future Outlook

Our assumption for the result forecast for the fiscal year ending March 31, 2026 is based on an assumed exchange rate of ¥140 against the US dollar, which is approximately ¥12 stronger than the average exchange rate for the fiscal year ended March 2025 (¥152.60 against the US dollar). Based on this, our forecast for net sales and profits for the first half and the full year is as shown in the table below.

① Forecasts for the first six months of the fiscal year (first half)

Our forecast for net sales for the first half is as shown in the table below based on the result of the three months ended June 30, 2025 and the latest order forecast.

Our forecast for operating profit for the first half is as shown in the table below. This reflects an expected year-on-year decline in profit in the CTC segment due to a deterioration in the product mix, as well as reduced profit resulting from the assumed exchange rate, which reflects a stronger yen. While we are generally working to pass on the increased tariff burden stemming from U.S. tariff policy to selling prices, some indirect impacts, such as expenses related to changes in physical distribution have been factored into the forecast.

Our forecasts for ordinary profit and profit attributable to owners of parent are as shown in the table below, which incorporate a foreign exchange loss of ¥850 million based on an assumed exchange rate of ¥140 against the US dollar.

② Full-year forecasts

Our forecast for net sales for the full-year is as shown in the table below based on anticipating decreased sales in all segments except for the Incubation Center resulting from the assumed exchange rate, which reflects a stronger yen. However, we expect an increase in orders related to generated AI and high-frequency electronic components in the CTC segment, and an increase in sales in the Incubation Center segment due to the succession of the network solution businesses of KOHA.

Our forecast for operating profit for the full year is as shown in the table below for the same reasons as the first half of the fiscal year. However, from the second half of the fiscal year, we expect an increase in profit due to an increase in orders and an improvement in the product mix compared to the first half of the fiscal year in the CTC segment. In addition, we expect a slight improvement in profit due to a change in orders and one time expenses after the transfer in the network solution business in the Incubation Center segment.

Our forecasts for ordinary profit and profit attributable to owners of parent are as shown in the table below, which incorporate the assumption that no foreign exchange gains or losses will occur in the second half based on the assumed exchange rate of ¥140 against the US dollar.

Financial Results for the six months ended September 30, 2024 and Forecast for the six months ending September 30, 2025

(Unit : Million yen, %)

	Financial Results for the six months ended September 30, 2024 (Million yen)	Financial Forecast for the six months ending September 30, 2025 (Million yen)	Change (Million yen)	Change (%)
Net Sales	40,809	41,000	+190	+0.5
VCCS	27,714	26,250	(1,464)	(5.3)
CTC	7,467	8,500	+1,032	+13.8
FC/MD	5,461	5,300	(161)	(3.0)
Incubation Center	163	950	+786	+481.4
Other/Adjustments	2	—	—	—
Operating profit	2,105	1,200	(905)	(43.0)
VCCS	1,389	950	(439)	(31.6)
CTC	789	500	(289)	(36.7)
FC/MD	347	150	(197)	(56.8)
Incubation Center	(430)	(400)	+30	—
Other/Adjustments	8	—	—	—
Ordinary profit	1,064	350	(714)	(67.1)
Profit attributable to owners of parent	575	350	(225)	(39.2)

Financial Result for the fiscal year ended March 31, 2025 and Forecast for the Fiscal Year Ending March 31, 2026

(Unit : Million yen, %)

	Financial Results for the fiscal year ended March 31, 2025 (Million yen)	Financial Forecast for the fiscal year ending March 31, 2026 (Million yen)	Change (Million yen)	Change (%)
Net Sales	82,884	84,000	+1,115	+1.3
VCCS	55,961	52,750	(3,211)	(5.7)
CTC	15,614	18,000	+2,385	+15.3
FC/MD	11,032	10,650	(382)	(3.5)
Incubation Center	271	2,600	+2,328	+859.3
Other/Adjustments	4	—	—	—
Operating profit	4,226	3,000	(1,226)	(29.0)
VCCS	2,838	2,050	(788)	(27.8)
CTC	1,479	1,400	(79)	(5.4)
FC/MD	789	350	(439)	(55.7)
Incubation Center	(886)	(800)	+86	—
Other/Adjustments	5	—	—	—
Ordinary profit	3,926	2,150	(1,776)	(45.2)
Profit attributable to owners of parent	2,227	1,600	(627)	(28.2)

Quarterly Consolidated Financial Statements and Primary Notes
Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	17,122	17,233
Notes and accounts receivable - trade	13,835	14,886
Merchandise and finished goods	7,794	7,782
Work in process	483	468
Raw materials and supplies	6,089	5,993
Other	2,236	2,580
Allowance for doubtful accounts	(5)	(4)
Total current assets	47,556	48,939
Non-current assets		
Property, plant and equipment	18,908	18,939
Intangible assets	2,650	2,580
Investments and other assets		
Retirement benefit asset	2,041	1,918
Other	5,121	5,196
Total investments and other assets	7,163	7,114
Total non-current assets	28,722	28,634
Total assets	76,278	77,574
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,138	6,622
Short-term borrowings	3,447	4,118
Current portion of long-term borrowings	3,000	4,500
Income taxes payable	852	484
Provision for bonuses	1,274	701
Other	4,387	5,854
Total current liabilities	19,100	22,281
Non-current liabilities		
Long-term borrowings	3,100	1,600
Retirement benefit liability	641	669
Other	1,406	1,604
Total non-current liabilities	5,148	3,874
Total liabilities	24,248	26,155
Net assets		
Shareholders' equity		
Share capital	7,819	7,819
Capital surplus	7,804	7,804
Retained earnings	29,573	29,335
Treasury shares	(635)	(635)
Total shareholders' equity	44,562	44,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,137	1,180
Foreign currency translation adjustment	5,428	5,039
Remeasurements of defined benefit plans	810	783
Total accumulated other comprehensive income	7,376	7,004
Non-controlling interests	91	90

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Total net assets	52,030	51,419
Total liabilities and net assets	76,278	77,574

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	20,877	21,004
Cost of sales	17,090	17,197
Gross profit	3,787	3,806
Selling, general and administrative expenses	2,730	3,072
Operating profit	1,056	734
Non-operating income		
Interest income	21	13
Dividend income	36	46
Foreign exchange gains	967	-
Other	26	33
Total non-operating income	1,052	93
Non-operating expenses		
Interest expenses	49	45
Share of loss of entities accounted for using equity method	26	5
Foreign exchange losses	-	452
Other	15	11
Total non-operating expenses	91	516
Ordinary profit	2,017	311
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	-	1
Gain on bargain purchase	-	309
Total extraordinary income	1	310
Extraordinary losses		
Loss on retirement of non-current assets	10	7
Loss on sale of non-current assets	3	0
Total extraordinary losses	14	7
Profit before income taxes	2,004	614
Income taxes - current	323	179
Income taxes - deferred	(49)	112
Total income taxes	274	292
Profit	1,729	322
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	1,728	320

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,729	322
Other comprehensive income		
Valuation difference on available-for-sale securities	70	43
Foreign currency translation adjustment	1,516	(392)
Remeasurements of defined benefit plans, net of tax	(10)	(26)
Total other comprehensive income	1,575	(375)
Comprehensive income	3,305	(53)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,299	(51)
Comprehensive income attributable to non-controlling interests	6	(1)

(3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumptions)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

First quarter ended June 30, 2024 (Apr. – Jun.)

1 Sales, profit or loss, and breakdown of revenue by reportable segment

(Unit : Million yen)

	Reportable segment					Other (Note2)	Inter- segment transactions (Note 3)	Total
	VCCS	CTC	FC/MD	Incubation Center	Total			
Net Sales								
Japan	4,413	269	985	87	5,756	1	—	5,757
Europe and America	7,403	992	290	—	8,686	—	—	8,686
Asia	2,616	2,343	1,472	—	6,433	—	—	6,433
Revenue from contracts with customers	14,433	3,606	2,749	87	20,876	1	—	20,877
Sales to third parties	14,433	3,606	2,749	87	20,876	1	—	20,877
Inter-segment transactions and transfers	—	—	—	—	—	130	(130)	—
Total	14,433	3,606	2,749	87	20,876	131	(130)	20,877
Segment profit	653	378	225	(205)	1,052	0	3	1,056

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

2 Impairment of fixed assets and goodwill, etc. by reportable segment

(Material gain on bargain purchase)

Not applicable.

First quarter ended June 30, 2025 (Apr. – Jun.)

1 Sales, profit or loss, and breakdown of revenue by reportable segment

(Unit : Million yen)

	Reportable segment					Other (Note2)	Inter- segment transactions (Note 3)	Total
	VCCS	CTC	FC • MD	Incubation Center	Total			
Net Sales								
Japan	4,698	333	1,156	346	6,535	1	—	6,536
Europe and America	6,821	1,902	325	0	9,049	—	—	9,049
Asia	2,096	2,135	1,186	—	5,418	—	—	5,418
Revenue from contracts with customers	13,615	4,372	2,667	347	21,003	1	—	21,004
Sales to third parties	13,615	4,372	2,667	347	21,003	1	—	21,004
Inter-segment transactions and transfers	—	—	—	—	—	153	(153)	—
Total	13,615	4,372	2,667	347	21,003	154	(153)	21,004
Segment profit	615	219	88	(200)	721	0	11	734

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

2 Impairment of fixed assets and goodwill, etc. by reportable segment

(Material gain on bargain purchase)

In the Incubation Center segment, a gain on bargain purchase of 309 million yen was recorded in extraordinary income as a result of the transfer of the network solution businesses of KOHA Co., Ltd., through a company split (simplified absorption-type company split).

(Quarterly Consolidated statements of Cash Flows)

The Quarterly Consolidated statement of Cash Flows for the first quarter of the current fiscal year has not been prepared.

Depreciation (including amortization of intangible fixed assets for the first quarter of the consolidated fiscal year under review) are as follows:

(Unit : Million yen)

	First quarter ended June 30, 2024 (Apr. – Jun.)	First quarter ended June 30, 2025 (Apr. – Jun.)
Depreciation	984	980

(Business Combination, etc.)

At the Board of Directors meeting held on March 28, 2025, the Company passed a resolution to succeed the network solution businesses of KOHA Co., Ltd. (simplified KOHA) a consolidated affiliate of TAMURA CORPORATION, through a company split (simplified absorption-type company split) with an effective date of June 1, 2025, and the company split was implemented on June 1, 2025.

1. Purpose of the Absorption-type Company Split

Since its foundation, as a specialist in manufacturing, the Company has been engaged in the manufacture and sale of products centered on hardware, such as fine precision processing technology, high-frequency technology, and electronic circuit technology, which are the culmination of pipe technology.

The business environment surrounding the Group is rapidly changing due to the development of AI utilization and the transformation of value through the shift to EV/SDV in automobiles. The Group believes that it is necessary to take on the challenges of "from hardware to software", "from goods to services", and "from outright sales to subscription business".

Currently, we are promoting the development and launch of our first subscription business in the MaaS market, the in-vehicle key management system. To further accelerate our initiatives, we believe it is essential to incorporate software technologies that are essential to the "Selling Experiences Business" and "Subscription Business", in addition to the evolution of our elemental technologies and the development of existing technologies that we lack, such as communications module technologies.

Through the absorption-type company split, the Company will succeed the network solution and other businesses of KOHA that possess the software technologies required by the Company and have obtained the commercial rights related to those technologies, thereby securing a suitable number of software engineers, expanding the range of products equipped with software, participating in the themes of the marketing activities currently underway, and developing other businesses such as the Photoelectric Fusion Project. At the same time, the Company aims to further increase its corporate value through the expansion of the Group's business domains and business model innovation.

2. Summary of the Absorption-type Company Split

(1) Schedule of the Absorption-type Company Split

Since the absorption-type company split falls under the simplified absorption-type company split prescribed in Article 796, Paragraph 2 of the Companies Act, the Company plans to conduct the absorption-type company split without going through the procedures for approval at the General Meeting of Shareholders.

Date of resolution of the Board of Directors to approve the absorption-type company split agreement: March 28, 2025

Date of conclusion of the absorption-type company split agreement: March 28, 2025

Effective date of the absorption-type company split: June 1, 2025

(2) Method of the Absorption-type Company Split

It is an absorption-type company split in which KOHA is the split company and the Company is the successor company.

(3) Details of allotment related to the Absorption-type

The Company plans to pay 495 million yen, which is the amount adjusted to the monetary base transfer price of 250 million yen to KOHA as consideration for the absorption-type company split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Absorption-type Company Split

Not applicable.

(5) Increase or decrease in capital stock due to the Absorption-type Company Split

There will be no increase or decrease in the Company's capital stock due to the absorption-type company split.

(6) Rights and Obligations to be Succeeded by the Succeeding Company

Through the absorption-type company split, the Company will succeed to the rights and obligations prescribed in the absorption-type company split agreement out of the rights and obligations held by KOHA in relation to the network solution business, etc. on the effective date.

(7) Prospect of Performance of Obligations

The Company has determined that there is no problem with the prospect of performance of the obligations to be borne by the Company in the absorption-type company split.

3. Outline of the Companies Involved in the Split

	Split company (as of March 31, 2025)	Successor company (as of March 31, 2025)
Name	KOHA	YOKOWO (consolidated)
Net assets (million yen)	2,524	52,030
Total assets (million yen)	4,206	76,278
Number of employees	112	8,942

4. Overview of Business Segment to be Split or Succeeded

(1) Business of Segment to be Split or Succeeded

Network solutions business driven by KOHA

(2) Operating Results of Segment to be Split or Succeeded (fiscal year ended March 31, 2025)

Sales : 5,867 million yen

5. Details and Amount of Major Acquisition-related Costs

Fees and commissions for advisory services, etc.: 50 million yen

6. Amount of Gain on Bargain Purchase and the Cause of the Gain

(1) Amount of Gain on Bargain Purchase

309 million yen

(2) Cause of Occurrence

Since the market value of net assets at the time of the business combination exceeded the acquisition cost, the difference is recognized as gain on bargain purchase.

7. Summary of Accounting Procedures

"The Company implements accounting procedures in accordance with the" "Accounting Standard for Business Combinations" "(ASBJ Statement No. 21, January 16, 2019) and the" "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" "(ASBJ Guidance No. 10, September 13, 2024)."