Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

KOHOKU

Securities Code 6524

Aiming to be a quality company

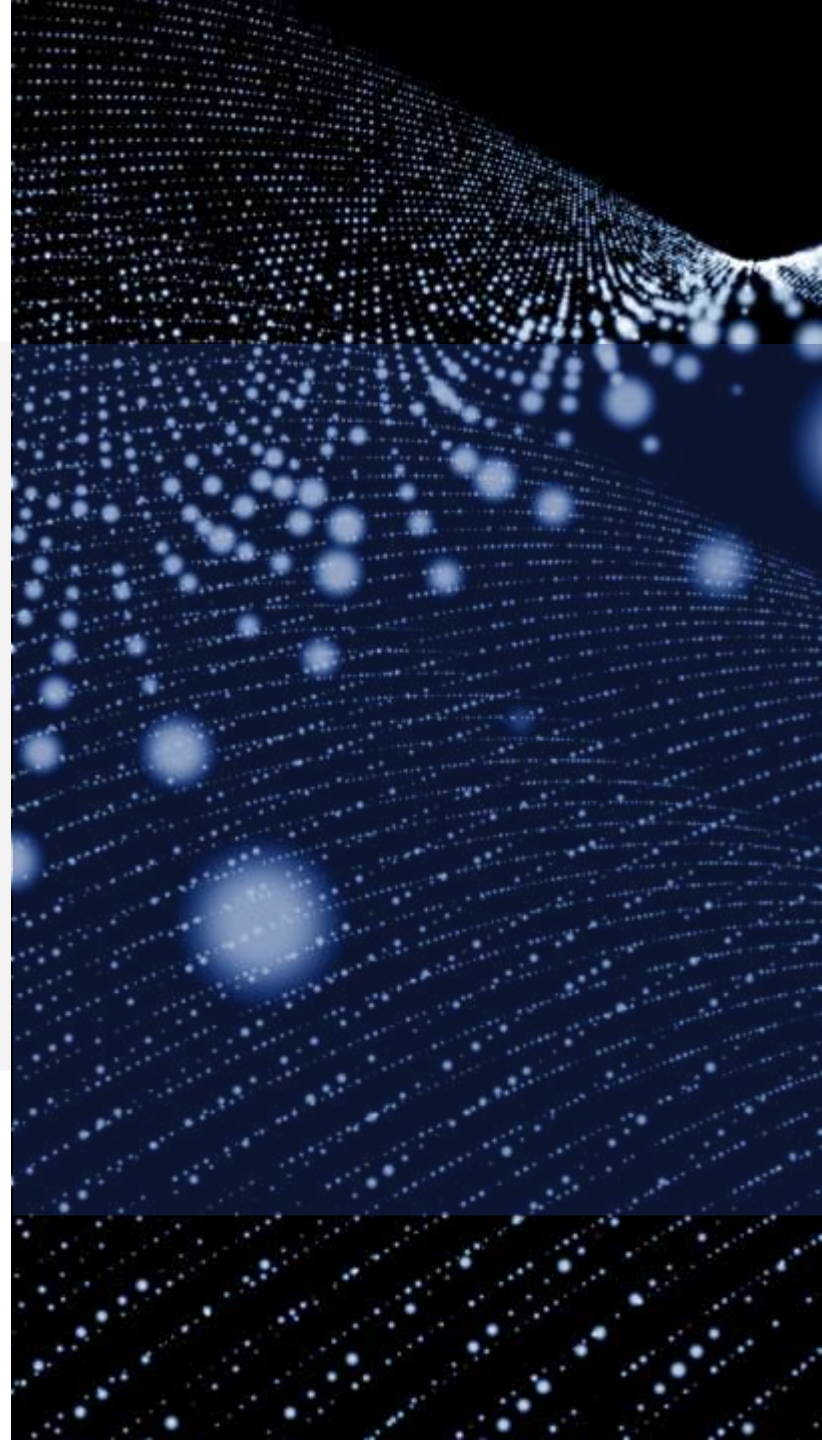
Kohokukogyo is a leading company in lead terminals for aluminum electrolytic capacitors and components for submarine optical communications.

Financial Results Materials
Semi-annual (First Six Months) of FY12/2026

Kohoku kogyo Co., Ltd.

August 6, 2026

Index



I. Interim Results for the Fiscal Year Ending December 2026 Performance Highlights

Highlights for the fiscal year ending December 2026 (interim period)

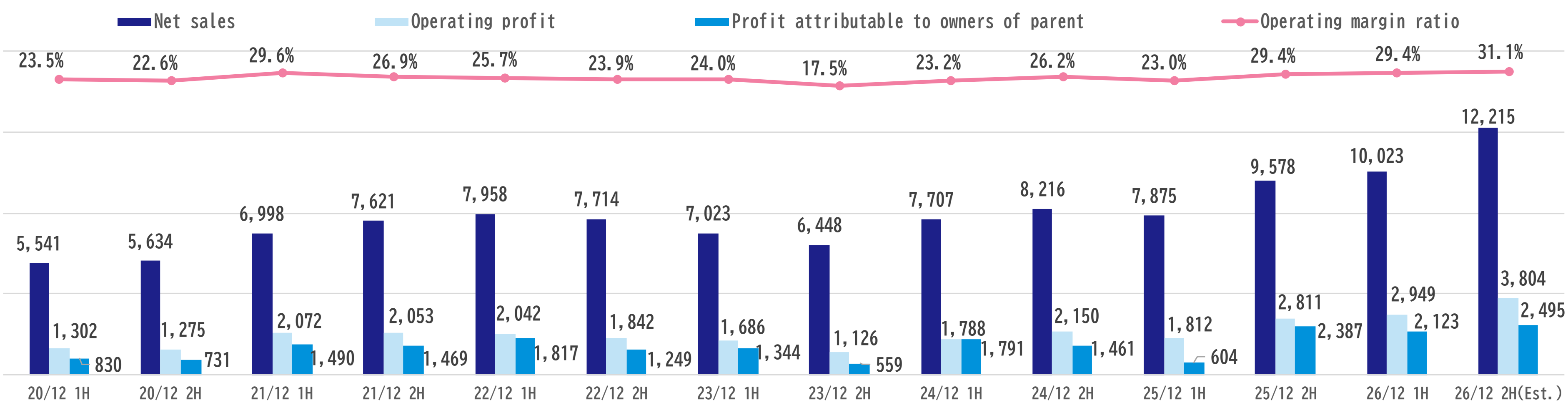
<Achievement summary>

- **For the interim period, sales increased by 27.3% (+2,147 million yen) and operating profit increased by 62.8% (+1,137 million yen) compared to the previous year.**
- **In the Optical Components and Devices segment, sales grew significantly across all customer segments in the second quarter, and both sales and profits improved substantially, driven in part by the launch of new products. The Lead Terminals segment also saw increased sales and improved efficiency, resulting in substantial year-over-year growth in both sales and profits for both segments.**

<Business environment>

- **The submarine cable market continues to see strong orders for optical components and devices, driven by robust project investment.**
- **The automotive market is mixed, with a sluggish Chinese EV market and a recovery in the European market, but overall trend is estimated to be flat.**
- **In the information and communication infrastructure market, the AI server and data center market is performing well, having a positive impact on sales.**

Net Sales, Operating Profit, Net Income, Operating Profit ratio (Million Yen, %)



Financial Forecast for FY12/2026

Both of our main businesses are progressing smoothly against our initial plans, and we expect them to continue performing strongly in the second half of the year.

<Exchange Rate Sensitivity> Net Sales 80 million yen/1 yen Operating profit 30 million yen/1 yen	FY12/2025	FY12/2026 (plan)			
	Actual	Initial Forecast	Revised Forecast	YoY change	YoY change (%)
Net sales	17,454	19,613	22,238	+4,784	+27.4%
Lead Terminals Business	8,802	10,356	11,349	+2,547	+28.9%
Optical Components and Devices Business	8,651	9,257	10,888	+2,236	+25.9%
Operating profit	4,624	5,404	6,754	+2,130	+46.1%
Operating margin ratio	*26.5%*	*27.6%*	*30.4%*	*+3.9pt*	-
Lead Terminals Business	766	1,125	1,178	+412	+53.8%
Optical Components and Devices Business	3,857	4,279	5,575	+1,717	+44.5%
Ordinary profit	4,547	5,247	6,888	+2,341	+51.5%
Profit attributable to owners of parent	2,992	3,536	4,618	+1,626	+54.3%
Net income per share (yen)	114.73	136.51	178.29		
Exchange rate (average for the period)	149.62yen/$	150.00yen/$	160.00yen/$	(*The rate of 160.00 yen per dollar is the forecast for the second half of the year.)	

<Current Situation>

- **Lead Terminal Business: Sales in the automotive market remained fairly steady, and sales for AI servers also increased.**
- **Optical Components & Devices Business: Orders are expected to continue to increase, driven by robust investment in submarine cables.**

*The <exchange rate sensitivity> is an estimated value assuming a 1 yen fluctuation in exchange rate against 1 US dollar for one year.

II. Interim Results for the Fiscal Year Ending December 2026 Performance

Income Statement (First Six Months) Summary

Both business segments continued their improving trend, achieving significant increases in both revenue and profit compared to the same period last year.

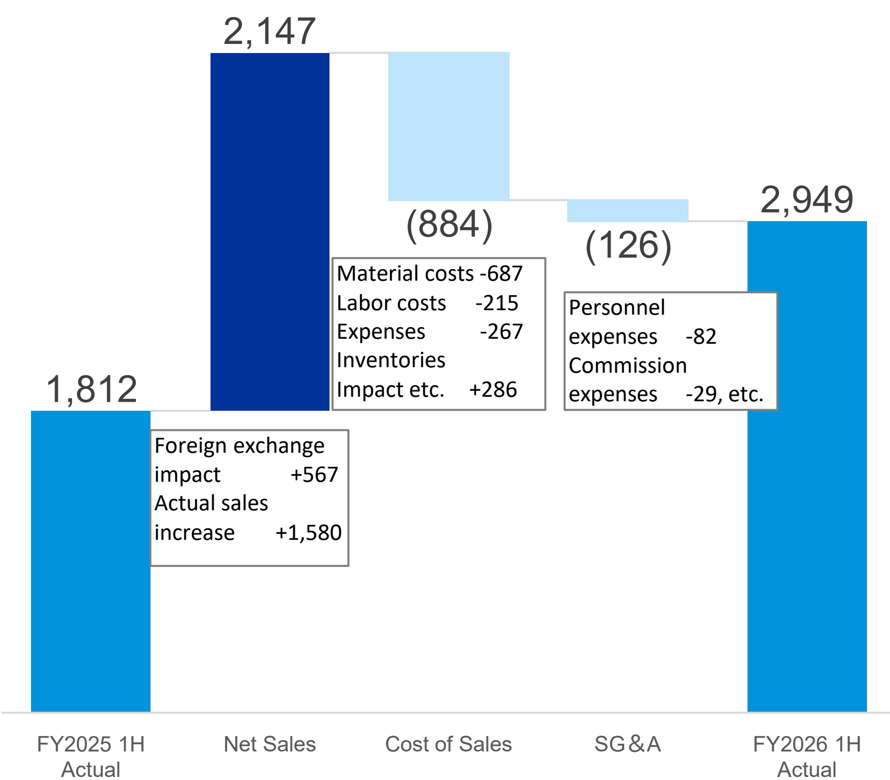
＜YoY＞ ＜QoQ＞ (Million yen)

	FY12/2025	FY12/2026			FY12/2026	FY12/2026		
	H1 (Jan–Jun)	H1 (Jan–Jun)	YoY change	YoY change (%)	Q1 (Jan-Mar)	Q2 (Apr-Jun)	QoQ change	QoQ change (%)
Net sales	7,875	10,023	+2,147	+27.3%	4,544	5,478	+933	+20.5%
Lead Terminals Business	4,149	5,360	+1,210	+29.2%	2,516	2,843	+327	+13.0%
Optical Components and Devices Business	3,725	4,662	+937	+25.2%	2,028	2,634	+605	+29.9%
Gross profit	3,253	4,516	+1,263	+38.8%	1,965	2,551	+585	+29.8%
Selling, general and administrative expenses	1,441	1,567	+126	+8.8%	747	819	+71	+9.5%
Operating profit	1,812	2,949	+1,137	+62.7%	1,217	1,731	+514	+42.2%
Operating margin ratio	*23.0%*	*29.4%*	*+6.4pt*	—	26.8%	31.6%	*+4.8pt*	—
Lead Terminals Business	342	549	+206	+60.2%	209	340	+130	+62.6%
Optical Components and Devices Business	1,469	2,400	+930	+63.3%	1,008	1,391	+383	+38.0%
Ordinary profit	1,297	3,151	+1,854	+142.9%	1,327	1,824	+496	+37.4%
Profit attributable to owners of parent	604	2,123	+1,518	+251.0%	897	1,225	+327	+36.4%
Exchange rate (average for the period)	148.41yen/$	158.29yen/$			156.96yen/$	159.57yen/$		

Operating Profit (First Six Months) Increase/Decrease Factors

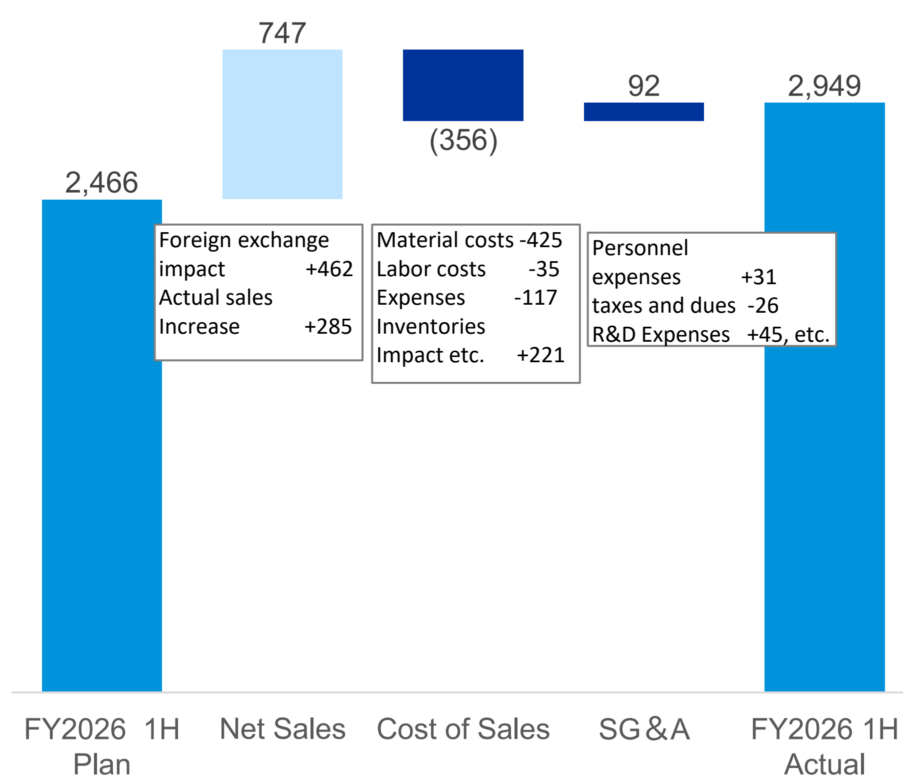
Year-on-year comparison (Million yen)

Increased sales absorbed rising costs, resulting in a significant increase in profits.



Compared to the plan (Million yen)

Increased sales and a weaker yen than planned absorbed the increase in material costs.



Summary of Balance Sheet/Cash Flow Statement (First Six Months)

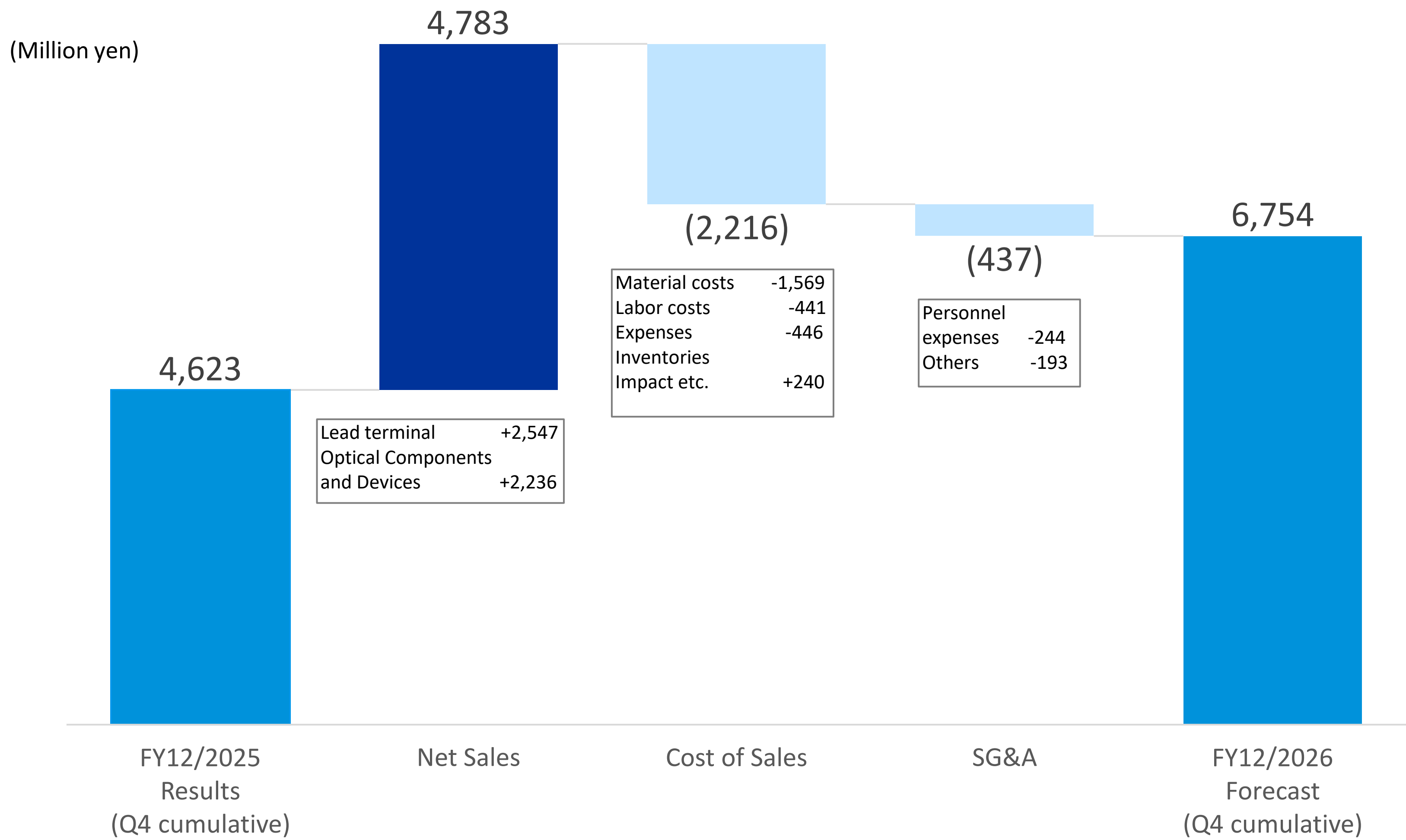
(Million yen)

Balance Sheet	End of FY12/2025	End of H1 FY12/2026	Increase /decrease	Major changes
Current assets	17,027	19,097	+2,070	Cash and deposits +2,487, Electronically recorded claims -1,146, Securities +297,Raw materials and supplies +291, etc.
Non-current assets	11,291	12,116	+824	Investment securities +513, machinery and equipment (net) +92. Other Intangible assets +107, etc.
Total assets	28,319	31,213	+2,894	
Current liabilities	2,584	3,268	+683	Accounts payable +239, accrued corporate income tax +411, etc.
Non-current liabilities	2,293	2,456	+163	Deferred tax liabilities +106, lease liabilities +59, etc.
Total liabilities	4,877	5,724	+846	
Total net assets	23,441	25,489	+2,047	Retained earnings +1,268, Unrealized gains/losses on other securities +328, Foreign currency translation adjustment account +436, etc.
Total liabilities and net assets	28,319	31,213	+2,894	

Cash Flow Statement	FY12/2025 H1(Jan–Jun)	FY12/2026 H1(Jan–Jun)	FY12/2025 Main breakdown
Operating cash flow	803	4,083	Interim net income before taxes and other adjustments +3,151, Depreciation +504, Decrease in accounts receivable +1,261, Income taxes paid -577
Investing cash flow	(342)	(863)	Acquisition of investment securities -298, Acquisition of tangible fixed assets -463
Free cash flow	461	3,220	
Financing cash flow	(3,550)	(925)	Dividend payments: -854
Net increase (decrease) in cash and cash equivalent	(3,278)	2,487	
Cash and cash equivalent at end of period	6,520	10,905	

Forecast for operating profit for FY12/2026

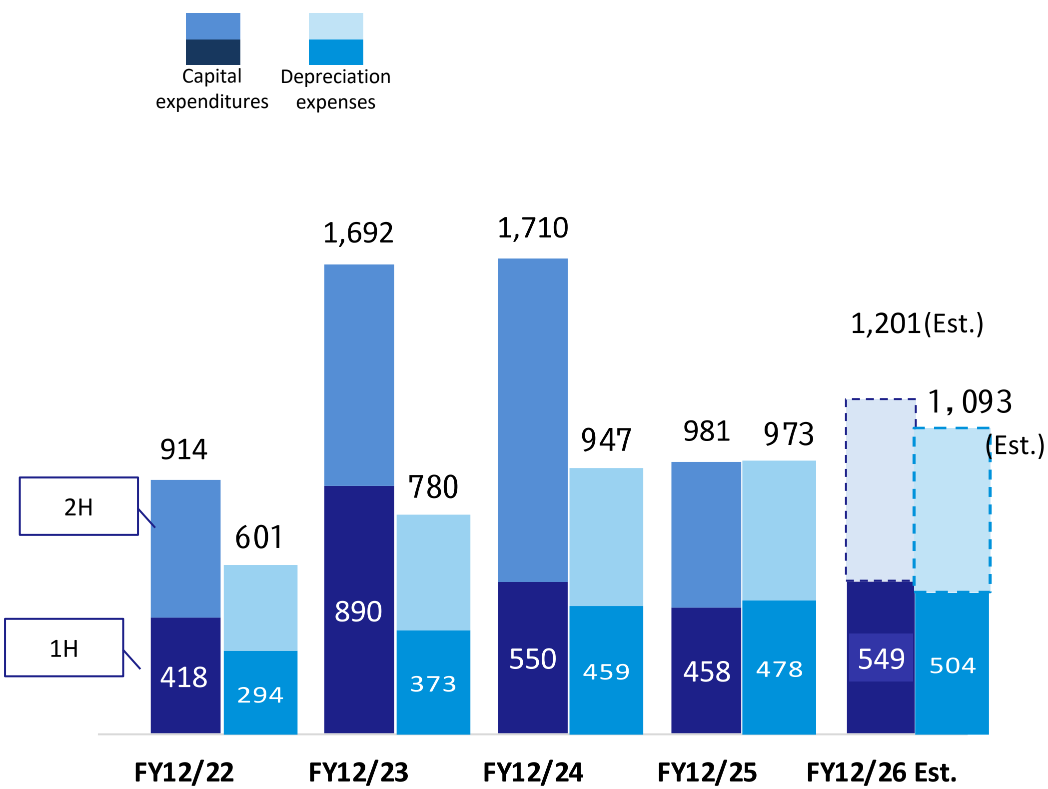
The two core businesses—lead terminals and optical components and devices—are expected to contribute to increased sales and operating profit.



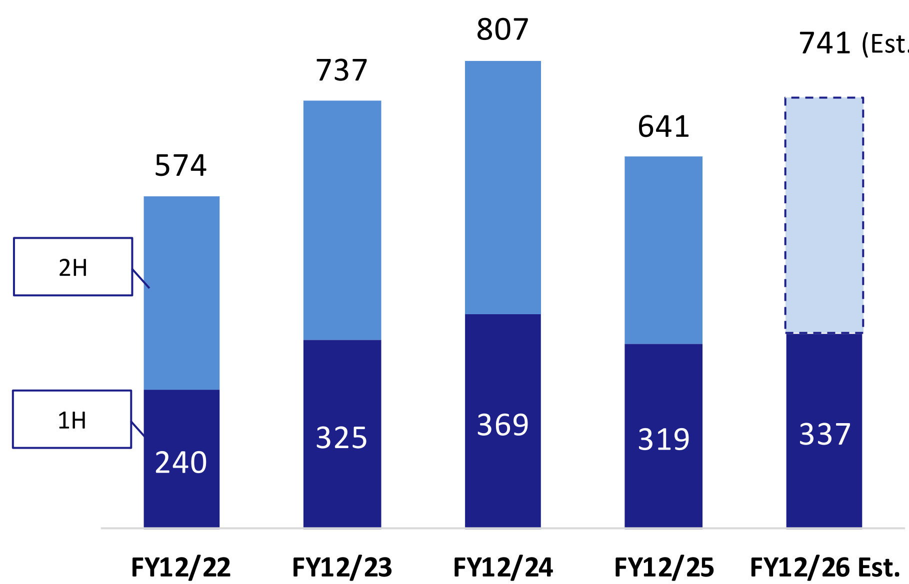
Capital investment, Depreciation, and R&D Expenses(First Six Months)

- Increased production capacity for high-purity quartz glass and optical components and devices for submarine cables.
- There have been some delays in the timing of investments in lead terminal laser welding machines, decarbonization of optical components and devices, and other projects.
- Since a portion of the construction costs for the Maibara Plant, scheduled for completion in the 28th year (just under 600 million yen), will be carried over to 2027, the planned capital expenditures have been reduced from the initial budget (2,177 million yen).

Capital Expenditures, Depreciation (Million yen)



R&D Expenses (Million yen)



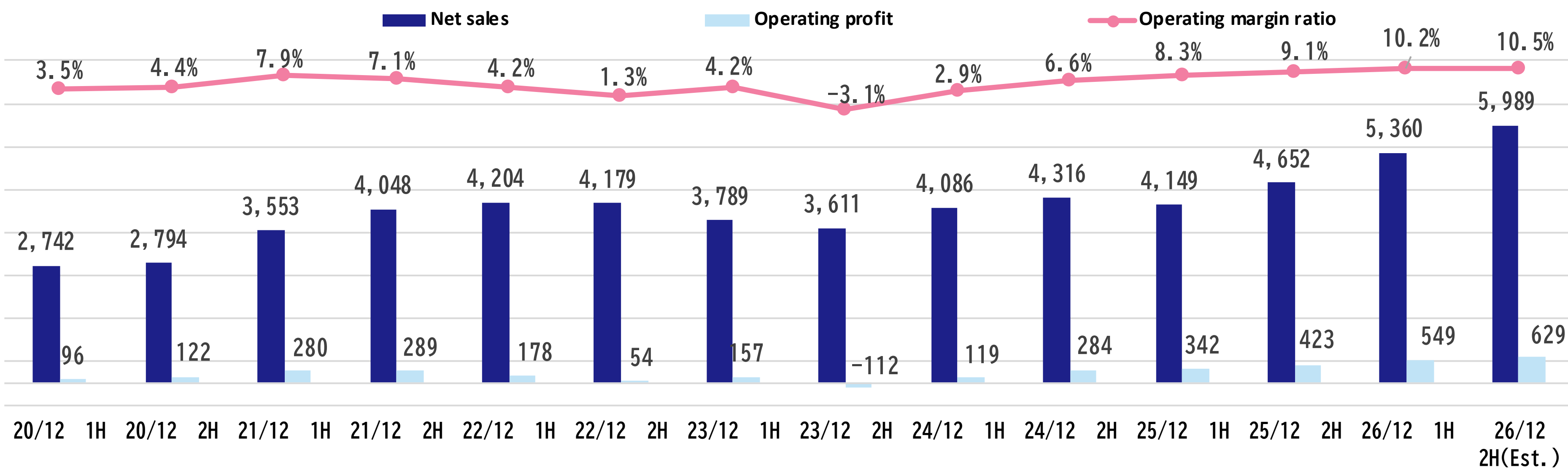
Results by Segment (First Six Months) - Lead Terminals

- The automotive market is recovering slower than expected, and while the sales ratio for generational AI servers/data centers is small, it is showing high growth.
- Profitability improved through production efficiency improvement activities and setting appropriate prices.

＜YoY＞ ＜QoQ＞ (Million yen)

	FY12/2025 H1 (Jan–Jun)	FY12/2026 H1 (Jan–Jun)	FY12/2026 YoY change	FY12/2026 YoY change (%)	FY12/2026 Q1 (Jan–Mar)	FY12/2026 Q2 (Apr–Jun)	FY12/2026 QoQ change	FY12/2026 QoQ change (%)
Net sales	4,149	5,360	+1,210	+29.2%	2,516	2,843	+327	+13.0%
Operating profit	342	549	+206	+60.2%	209	340	+130	+62.6%
Operating margin ratio	*8.3%*	*10.2%*	*+2.0pt*	―	*8.3%*	*12.0%*	*+3.6pt*	―

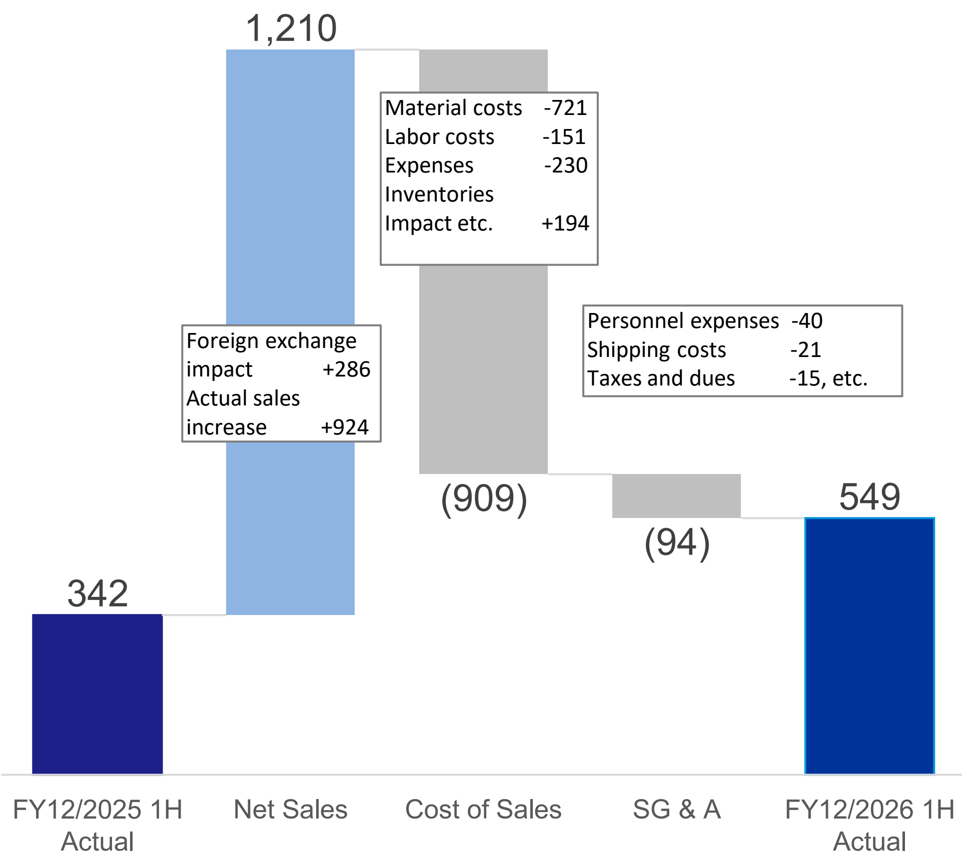
Net Sales, Operating Profit, Operating Profit ratio (Million yen, %)



Factors of Increase/Decrease in Operating Profit

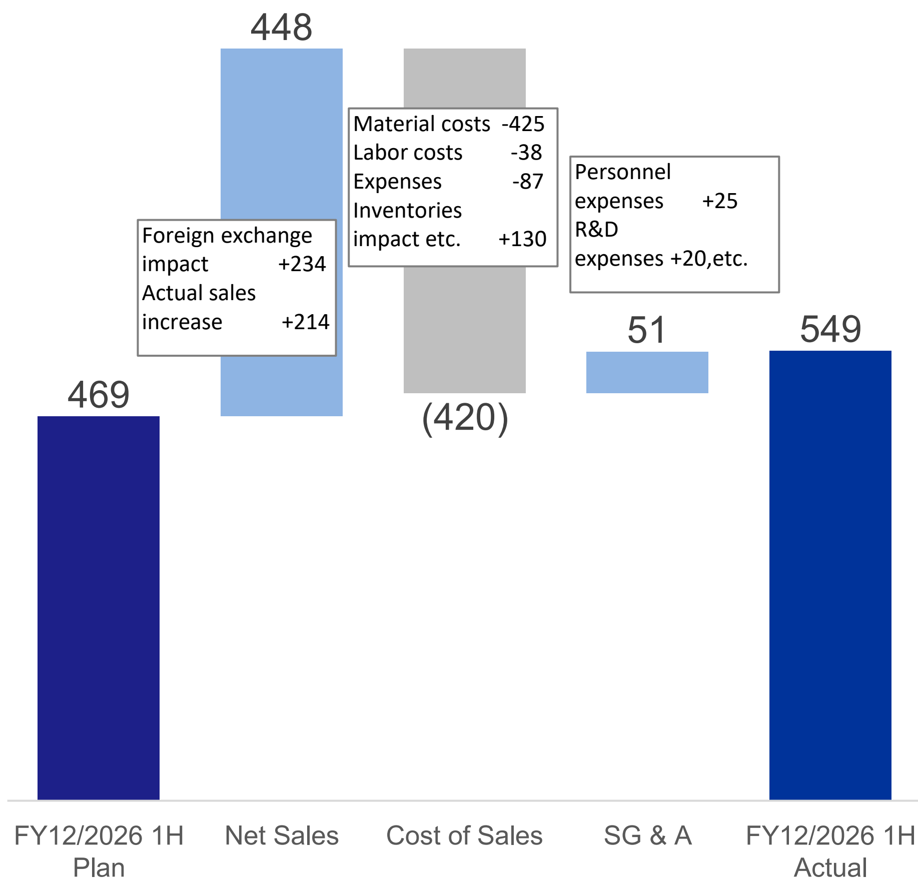
Year-on-year comparison (Million yen)

Sales increased significantly, absorbing the increased upfront costs due to rising material prices and securing increased profits.



Compared to the plan (Million yen)

Due to increased upfront costs resulting from rising material prices, profits increased slightly.



Forecast for Lead Terminals Business

Revenue and profits are expected to continue improving, driven by increased sales of AI servers, improved production efficiency, and enhancements to the product mix.

Segment Performance

(Million yen)

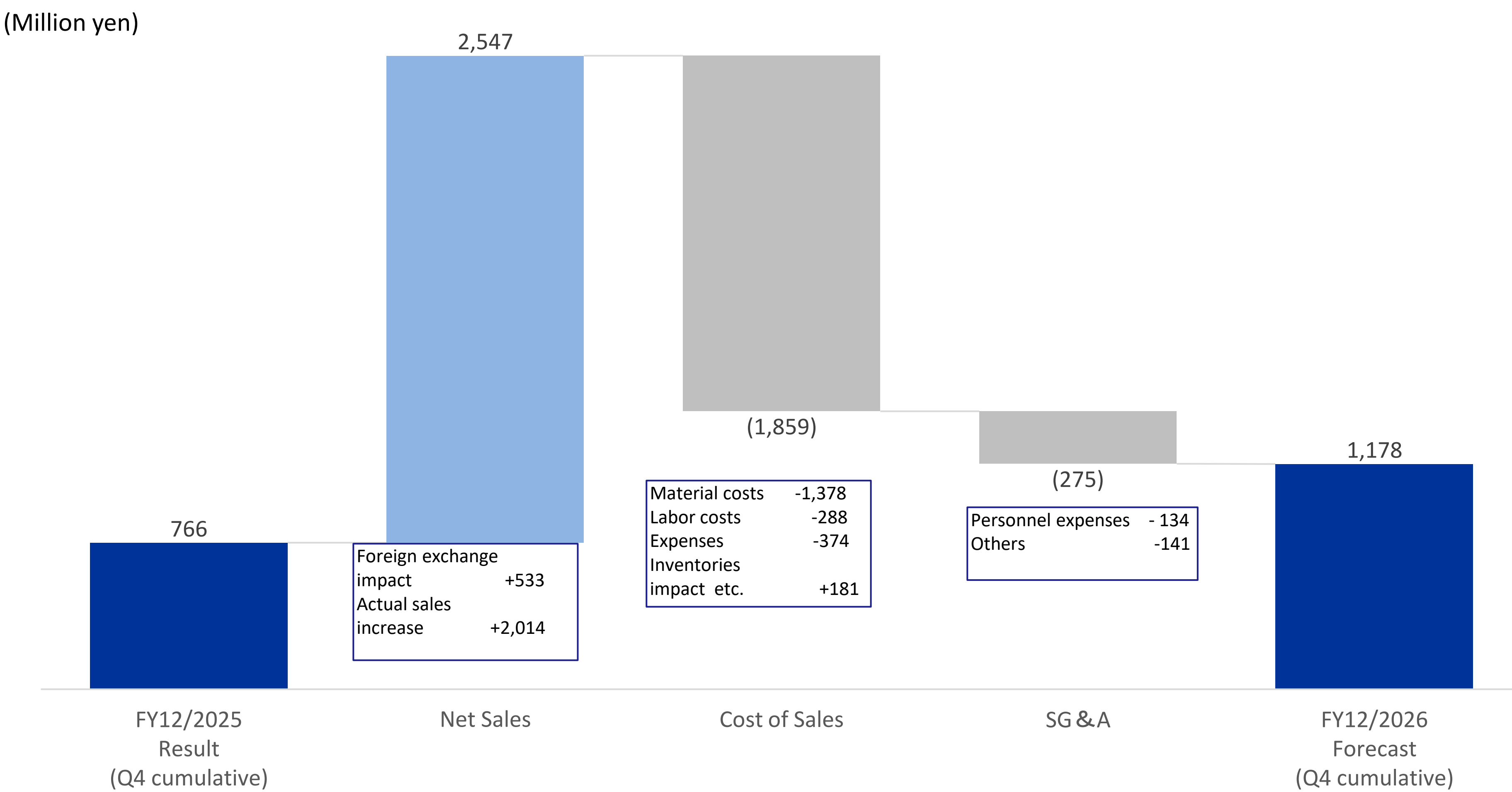
	FY12/2025	FY12/2026 (full-year)			
	Actual	Initial Forecast	Revised Forecast	YoY change	YoY change (%)
Net sales	8,802	10,356	11,349	+2,547	+28.9%
Operating profit	766	1,125	1,178	+412	+53.8%
Operating margin ratio	*8.7%*	*10.9%*	*10.4%*	*+1.7pt*	—

<Outlook for the second half of the fiscal year ending December 2026 and beyond>

- While the automotive market is expected to continue its gradual recovery, the AI server segment is performing strongly; combined with the passing on of rising material costs, second-half sales are projected to exceed the initial forecast.
- Growth in the mainstream market segment remains sluggish, partly due to the slump in the PC market.
- We are urgently working to strengthen our product lineup with new items such as products designed to prevent leakage current and laser-welded products.

Factors of Increase/Decrease in Operating profit(FY12/2026 Forecast)

We anticipate increased profits due to the recovery of increased upfront costs during the interim period, improved production efficiency, and expanded sales of new products.



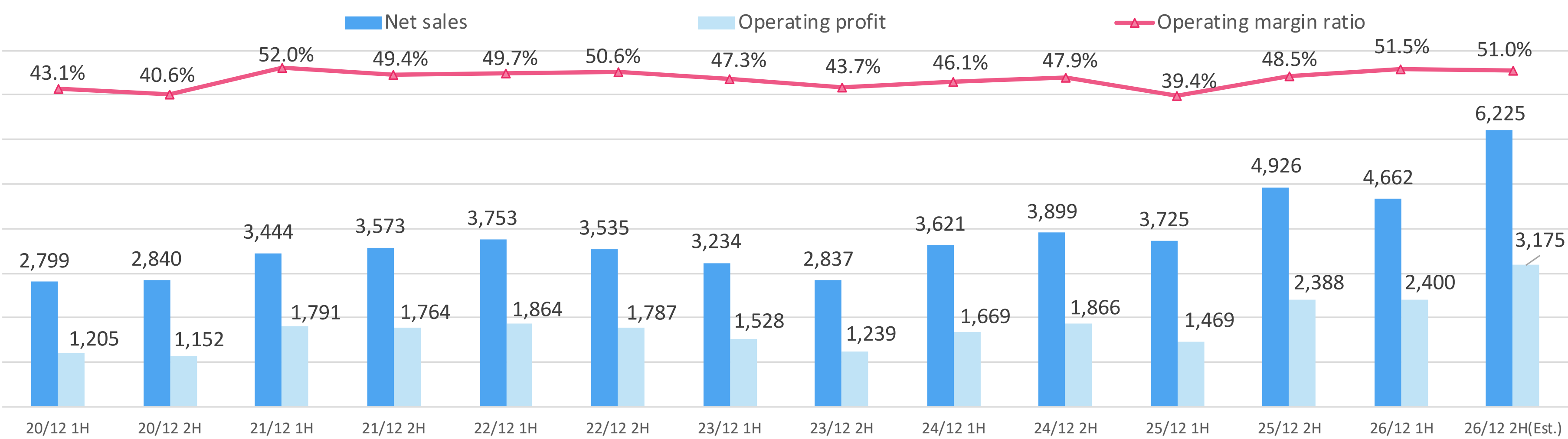
Results by Segment (First Six Months) - Optical Components and Devices

Both sales and profits increased significantly due to higher sales and changes in the product mix.

(Million yen)

	< YoY > FY12/2025 H1 (Jan–Jun)	FY12/2026 H1 (Jan–Jun)	FY12/2026 YoY change	FY12/2026 YoY change (%)	< QoQ > FY12/2026 Q1 (Jan–Mar)	FY12/2026 Q1 (Apr–Jun)	FY12/2026 QoQ change	FY12/2026 QoQ change (%)
Net sales	3,725	4,662	+937	+25.2%	2,028	2,634	+605	+29.9%
Operating profit	1,469	2,400	+930	+63.3%	1,008	1,391	+383	+38.0%
Operating margin ratio	*39.4%*	*51.5%*	*+12.1pt*	—	*49.7%*	*52.8%*	*+3.1pt*	—

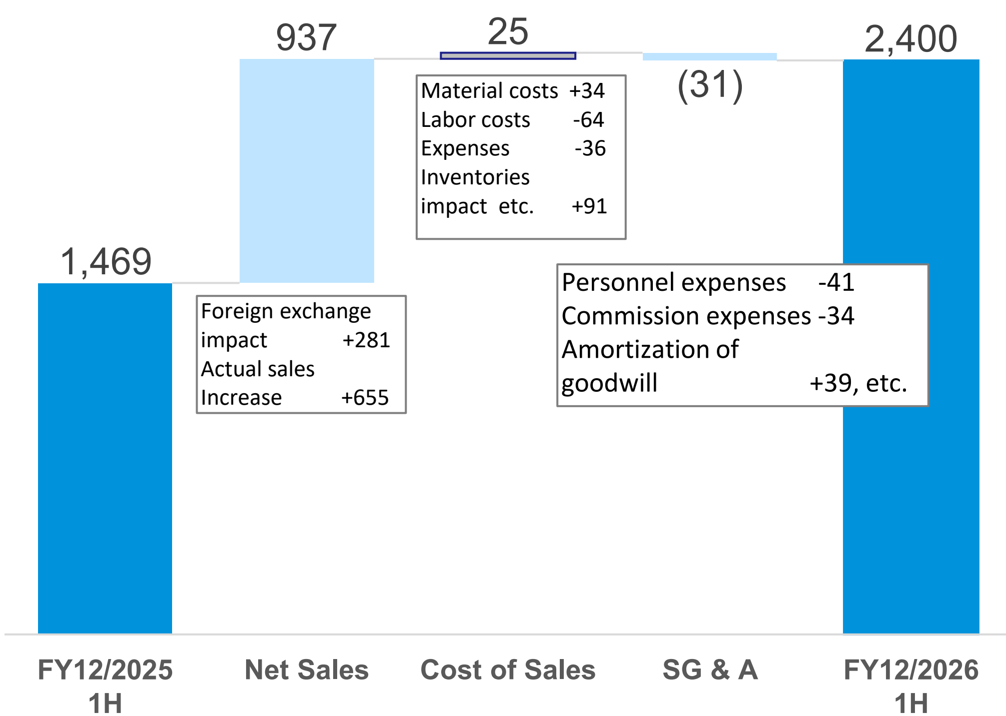
Net Sales, Operating Profit, Operating Profit ratio (Million Yen, %)



Factors of Increase/Decrease in Operating Profit

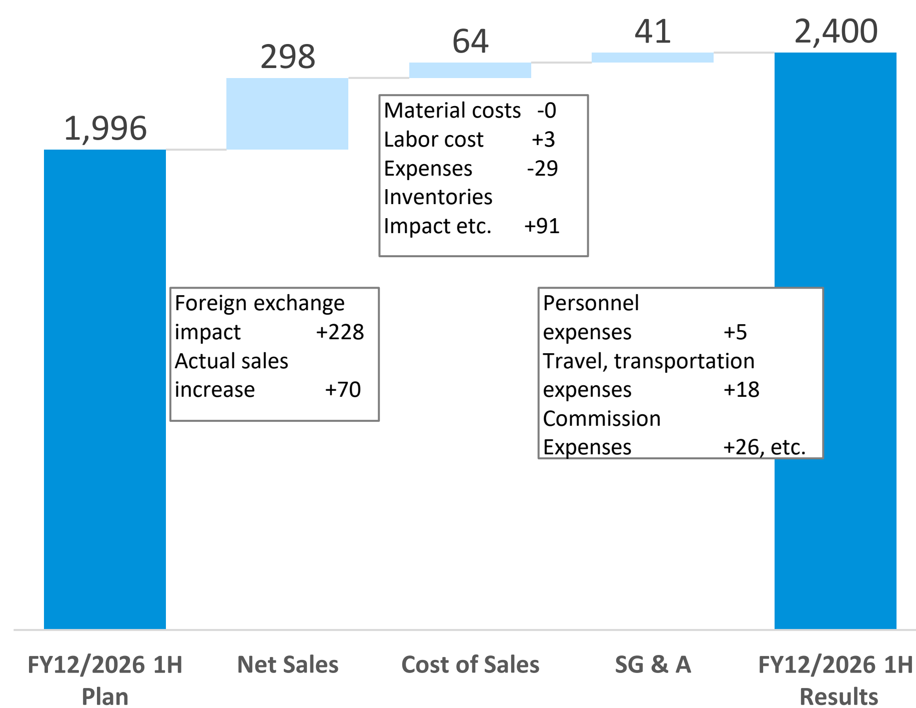
Year-on-year comparison (Million yen)

Significant profit growth due to increased sales and improved product mix.



Compared to the plan (Million yen)

Increased profits compared to plan due to the effects of the weaker yen and inventory fluctuations.



Forecast for the Optical Components and Devices

Driven by the prospect of expanding submarine cable projects, demand for optical devices is increasing, and full-year sales and profits are expected to exceed initial targets.

(Million yen)

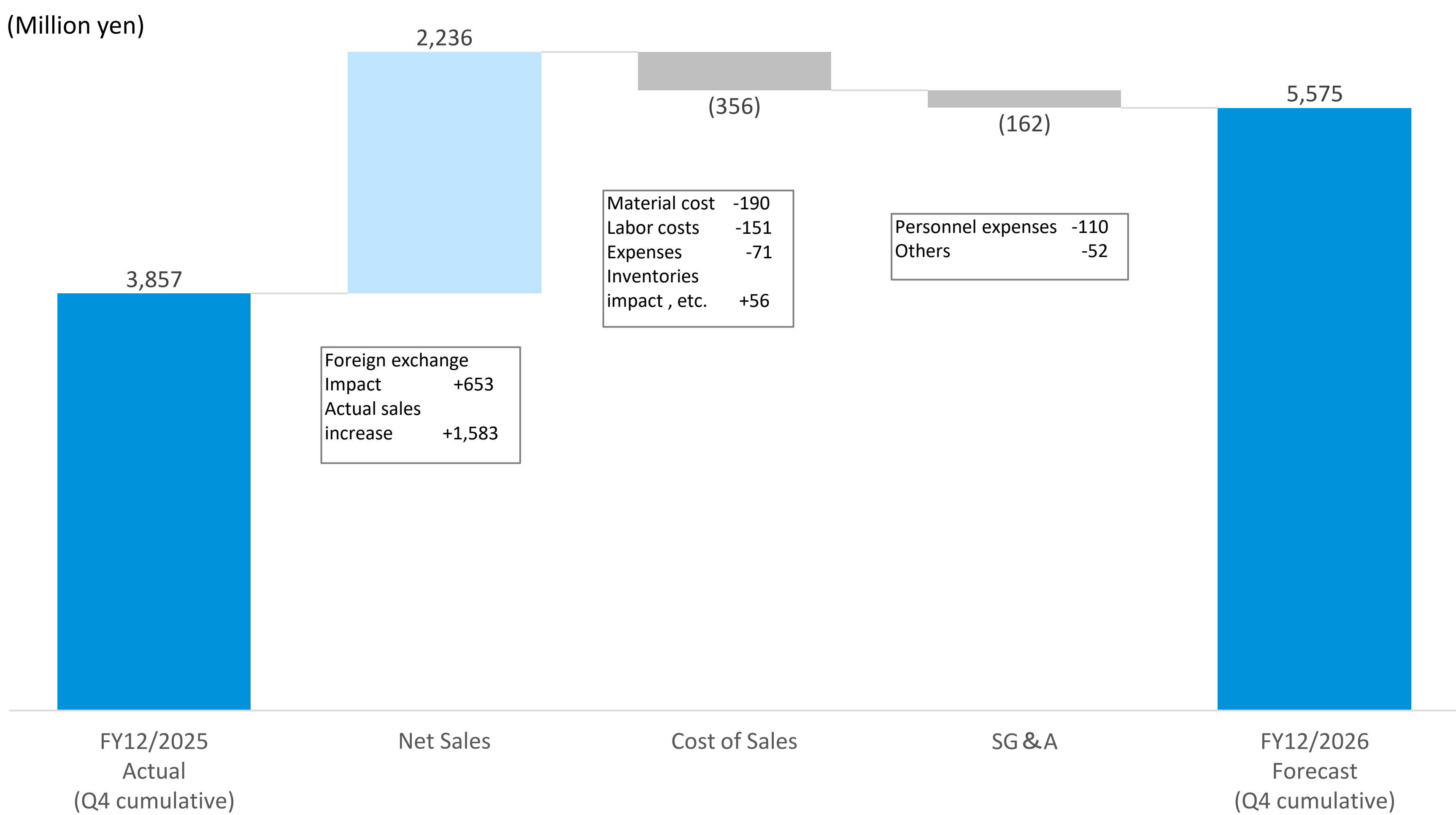
	FY12/2025	FY12/2026 (full-year)			
	Actual	Initial Forecast	Revised Forecast	YoY change	YoY change (%)
Net sales	8,651	9,257	10,888	+2,236	+25.9%
Operating profit	3,857	4,279	5,575	+1,717	+44.5%
Operating margin ratio	*44.6%*	*46.2%*	*51.2%*	*+6.6pt*	—

<Outlook for the second half of the fiscal year ending December 2026 and beyond>

- **Orders for large-scale submarine cable projects have started, and sales are expected to continue their upward trend.**
- **Sales of small and composite products are on the rise due to the need for multi-core technology.**
- **Demand for optical isolators and optical filters for 2027 remains strong; the company is proceeding with capacity expansions at its headquarters (front-end) and in Sri Lanka (back-end).**
- **The impact of rising material prices such as rare earth elements is minor, and a stable supply system will be maintained through strengthened procurement.**

Factors of Increase/Decrease in Operating profit (FY12/2026 Forecast)

We aim for a significant increase in profits due to the rise in orders for optical devices for submarine cables.

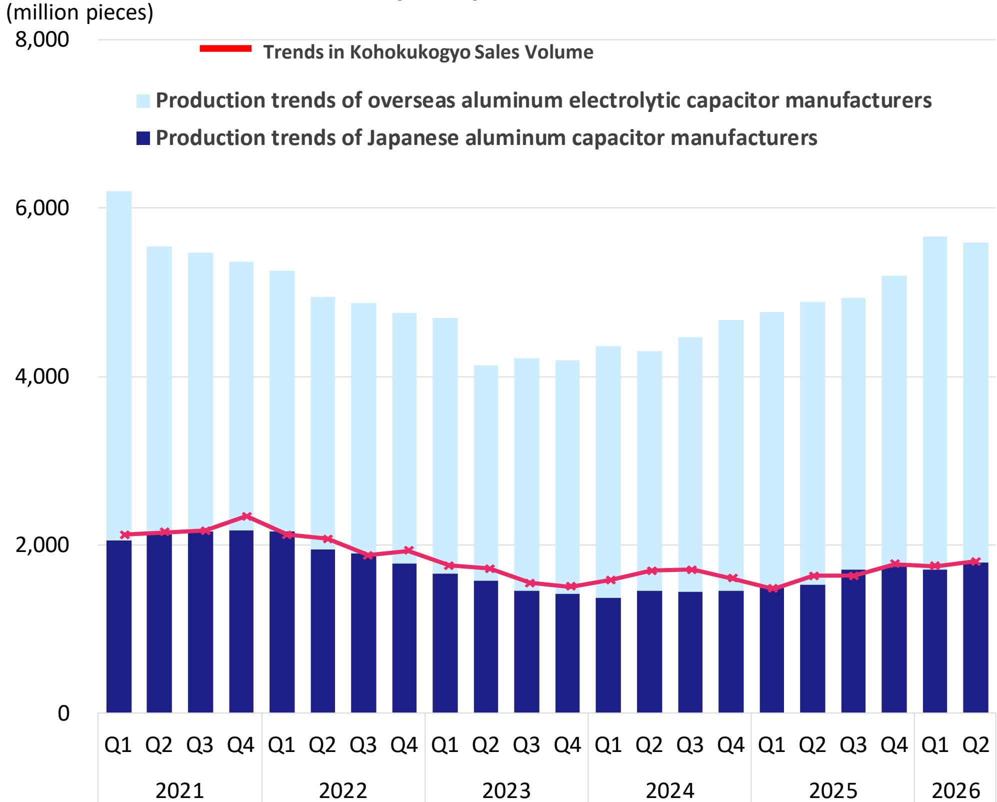


III. Performance by Segment (Lead Terminals)

Business environment

While the rapid growth of the AI server market is a positive factor for aluminum electrolytic capacitors, the market recovery is expected to be gradual due to the slow recovery of the automotive market and rising material prices.

Global market trends and sales volume trends for small aluminum electrolytic capacitors.



*Since each capacitor has two lead terminals, the display is converted to the number of capacitors.

*Aluminum electrolytic capacitor production volume is based on the final month's figures for each quarter, and lead terminal sales volume is the monthly average for each quarter (our estimate).

Market Trends and Sales Strategies

<Automotive-Related Markets>

- **Weak recovery continues in markets such as Europe and China.**
- **Emerging markets such as India and Brazil are performing well.**
- **Production volumes of high-performance capacitors, such as hybrid capacitors and solid-state capacitors, are on an upward trend.**

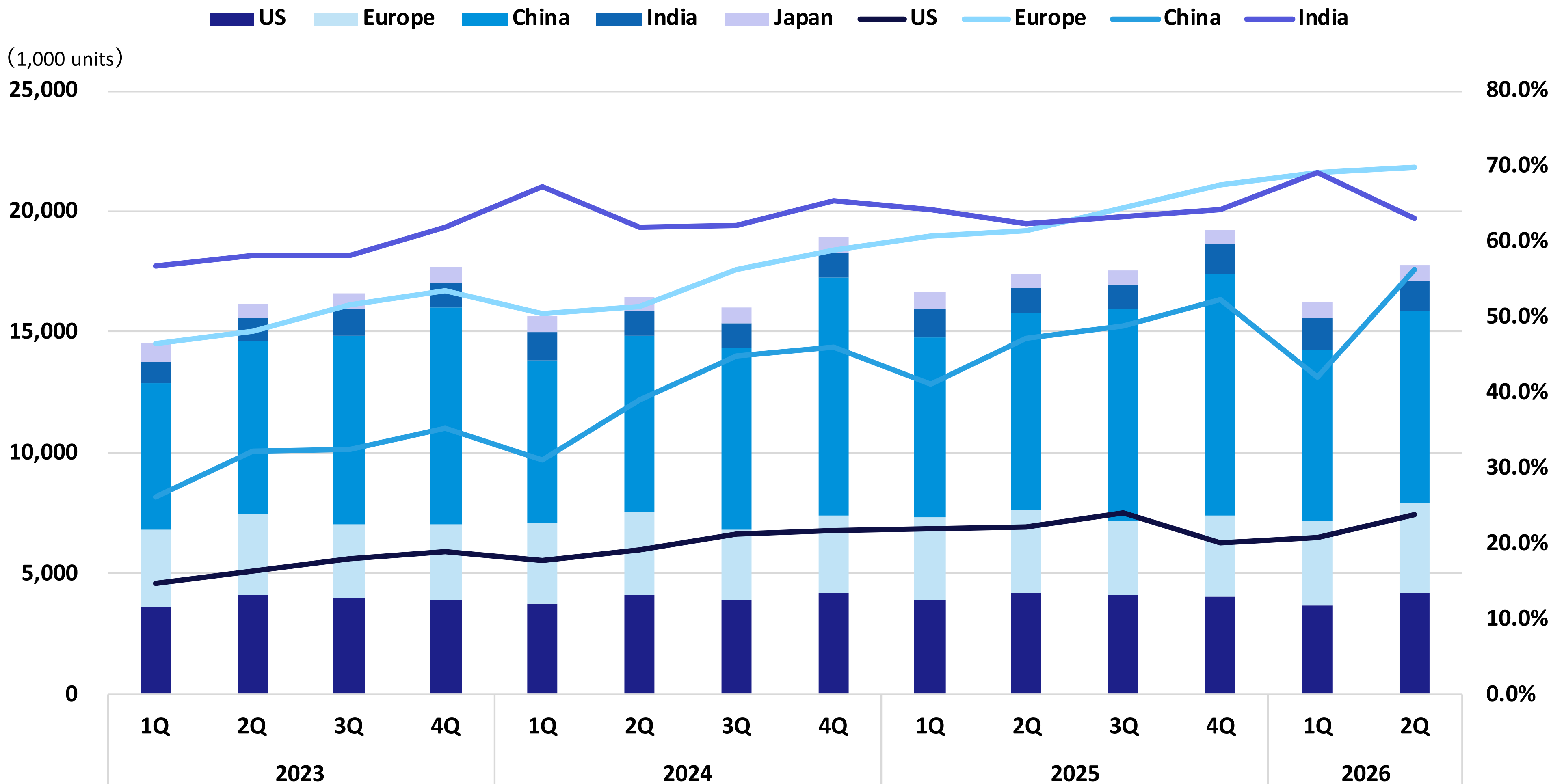
<AI Server and Data Center Market>

- **Orders are on the rise not only from Japanese capacitor manufacturers but also from overseas customers.**
- **Inquiries for lead terminals for new hybrid and solid-state capacitor products are increasing, and continued sales growth is expected going forward.**

<Consumer Electronics Market and Others>

- **The consumer electronics market continues to face challenging conditions due to rising raw material prices and economic stagnation in China.**
- **The PC market is in a particularly difficult situation, and the adjustment is expected to continue through this fall.**

Trends in New Passenger Vehicle Sales and NEV Penetration Rates in Major Global Markets



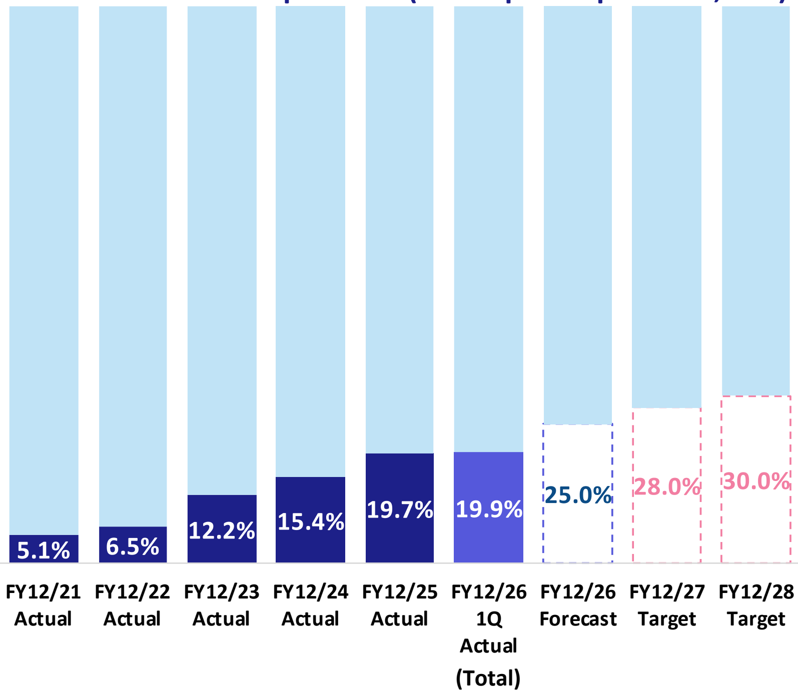
Sources: Japan Automobile Vending Machine Association, Argonne National Laboratory, ACEA, CAA, SIAM
*NEV includes HEV, PHEV, EV, and FCV

Expanding business scale through market development

While inquiries for high-value-added products for the automotive market and AI servers are on the rise, demand is slowing due to factors such as the slump in the PC market.

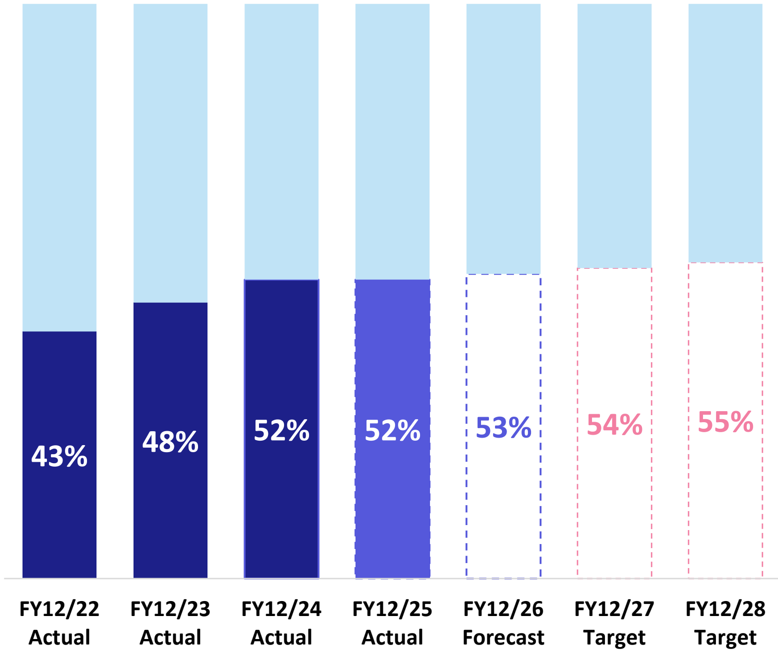
Sales ratio of high value-added products

- The adoption of various items for preventing leakage current, such as resin coatings, is on the rise.
- Strengthening the development of laser-welded products (nickel-plated products, etc.)



Ratio of sales to the automotive market (estimated)

- Maintaining a 95% global market share in the automotive market (powertrain).
- We will expand sales in the overseas automotive market and the AI server/data center market.



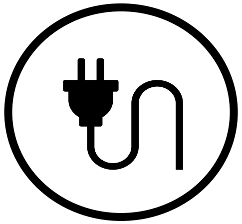
Our current situation and efforts to improve profitability

Our business environment

	Comments made at the beginning of the fiscal year ending December 2014 (as of February)	Situation in Q2 of FY2026/12	Outlook for Q3 and beyond of FY2026/12
(1) Production	● Promoting automation and labor-saving measures at the head office factory.	➢ Due to automation, labor-saving measures, and improved yield at our head office factory, as well as an increase in orders for high value-added products, the operating rate is on an upward trend.	➢ We will continue to increase production capacity and improve production efficiency for high value-added products.
	● FY2026 OEE improvement target 87% • Reducing adjustment errors • Strengthening horizontal deployment between overseas factories	➢ Q2 OEE was 84.2% (consolidated), showing an improvement from Q1's 82.9%, due to strengthened support activities between overseas factories.	➢ We will continue improvement activities to achieve our annual goals.
(2) Sales	● Expanding orders globally	➢ Adoption in overseas markets has progressed, but the increase in orders has been slow due to the slump in the PC market.	➢ Strengthening sales of high-value-added products such as Burr-less products.
	● Strengthening mass production orders for high value-added products	➢ Orders for hybrid conductive polymer capacitors for AI servers remain strong, while growth in the automotive market is slow.	➢ Strengthening sales efforts for high-value lead terminals for AI servers and automotive applications.
(3) Technology	● In February 2026, sample shipments of customer-spec nickel-plated types will begin.	➢ We are currently working on a list of development challenges at our head office factory.	➢ In July, a sample of the nickel-plated type, tailored to the customer's specifications, was presented.
	● Expanding sample items and establishing a mass production system.	➢ Increased sample supply, mainly for automotive and AI servers.	➢ We will continue to strengthen our sales efforts for high-value-added items such as low-resistance components.
	● Sales expansion of resin coatings and specialty chemical products focused on automotive and generation AI applications.	➢ Demand for resin coatings and other leakage current countermeasures is steadily increasing.	

AI Server Market Expansion Makes High-Reliability Lead Terminals More Important

Power efficiency and thermal management needs are driving demand for higher-performance small aluminum electrolytic capacitors



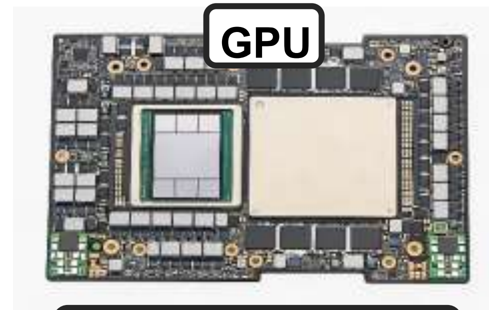
→

PSU
Power Supply Unit
AC | DC

→

IBC
Intermediate Bus Converter
DC | DC

→

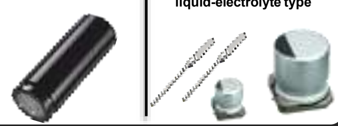


PDU AC
277V
Power Distribution Unit

Large aluminum electrolytic capacitor

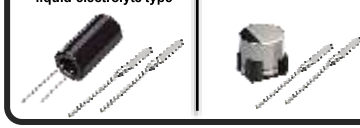
Primary power conversion
277V -> 48V
Aluminum electrolytic capacitor

IN	OUT
Large-size types (e.g., long-case models)	Small aluminum electrolytic hybrid type / liquid-electrolyte type



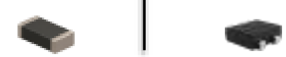
Secondary power conversion
48V -> 12V
Aluminum electrolytic capacitor

IN	OUT
Small aluminum electrolytic hybrid type / liquid-electrolyte type	Small solid aluminum electrolytic type



POL final conversion
12V -> below 1V

IN	OUT
Small solid aluminum electrolytic type, MLCC	Stacked aluminum polymer, tantalum, MLCC



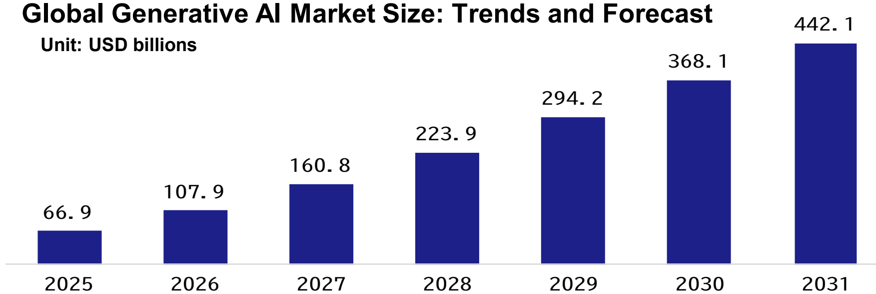
Point of Load Converter

Increasing GPU Performance

Required capacitor characteristics	Growing adoption of high-value-added products
High withstand voltage, heat resistance High ripple current (low ESR)	→ High-conductivity burr-free copper lead wire

Global Generative AI Market Size: Trends and Forecast

Unit: USD billions



* Graph source: MIC, Information and Communications White Paper 2026

Burr-free

Cross-sectional View of Bar-less Products

Close-up of the corners of Bar-less products

Lead wire

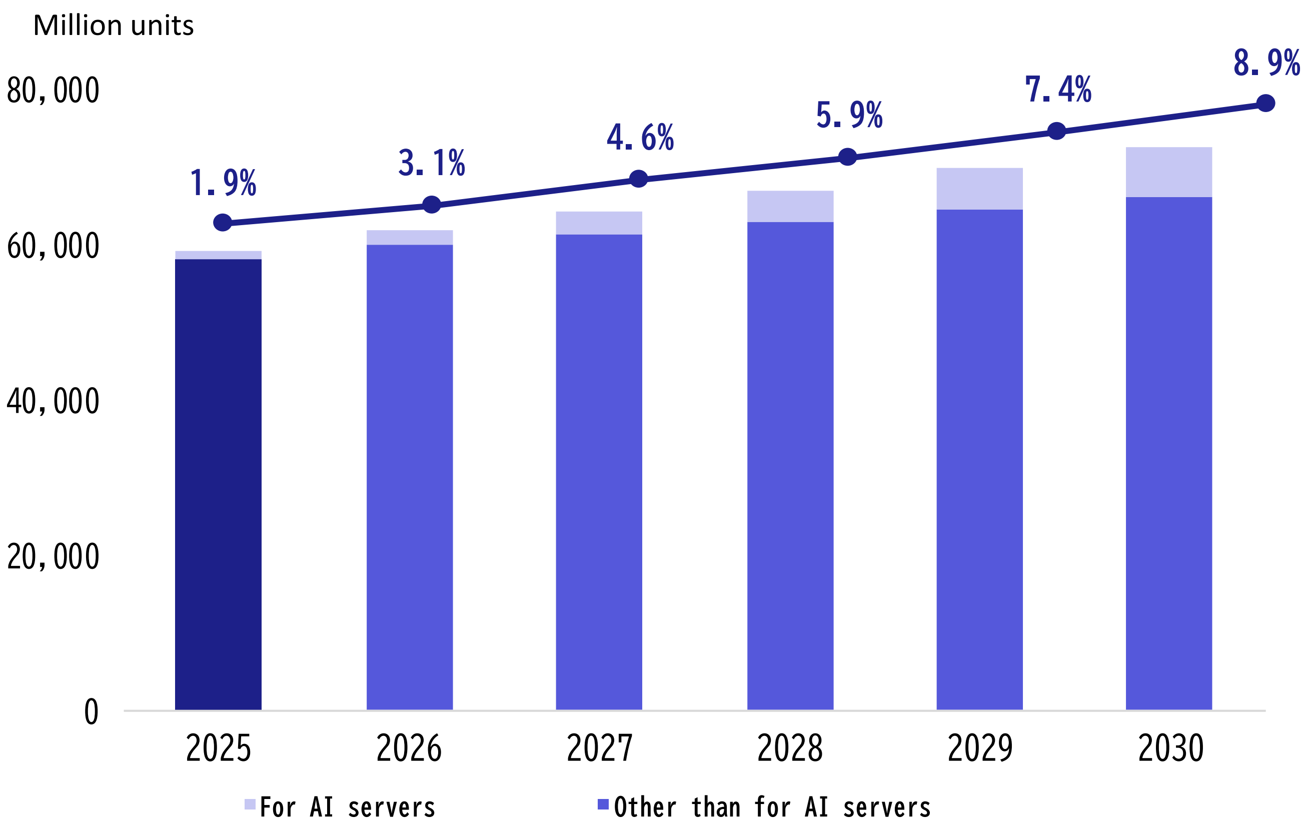
Cross-sectional View of the CP Line

Cross-sectional view of a copper wire

Trends in the AI Server Market and Our Initiatives

It's estimated that, within the small aluminum electrolytic capacitor market, the segment for AI servers will grow to just under 10% of the market within five years.

The Small-Size Aluminum Electrolytic Capacitor Market and Forecast for the Share of AI Servers



- **Leveraging the same high-quality and high-performance features as in the automotive market, we will strengthen our lineup of high-value-added products for 63V and 80V capacitors.**
- **We estimate that AI servers will account for approximately 7% of our total sales as of June 2026.(Approximately 3% as of March 2026)**
- **We estimate our market share in the capacitor market for generation AI servers to be quite high.**

Market forecast assumptions

• The forecast for the overall capacitor market is based on our research, assuming a CAGR of 4% for the 2026 capacitor market size, referencing the projected growth rate of market research firms.

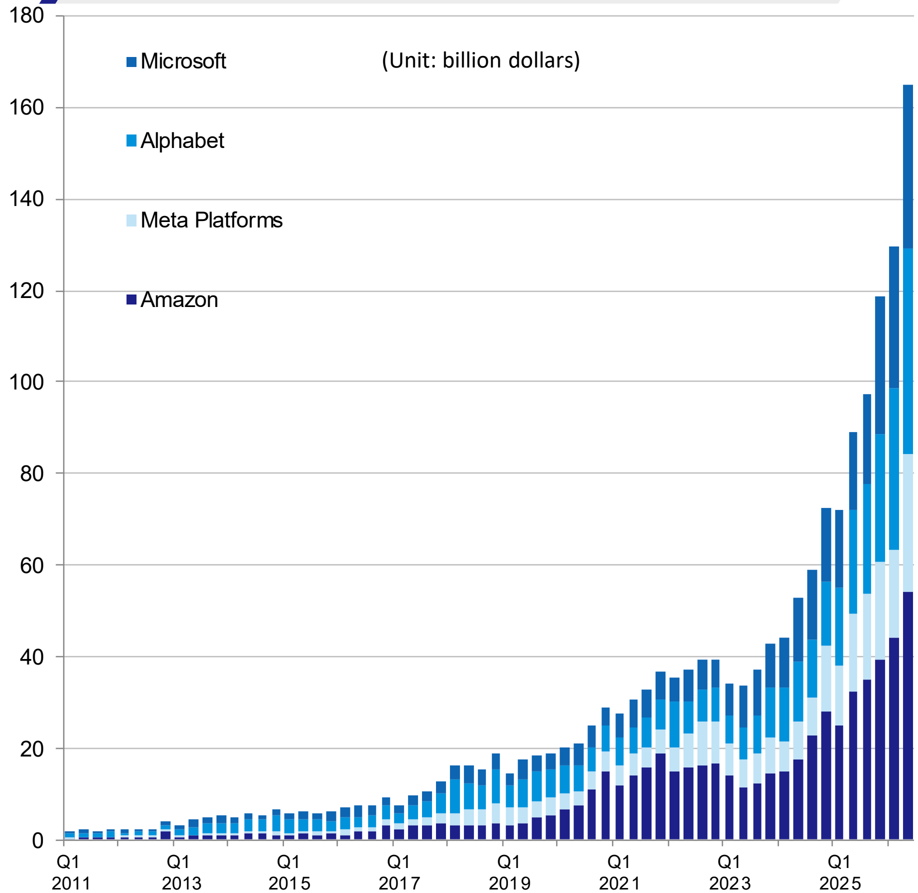
The market size and growth rate of capacitors for the AI server market were compiled by our company based on customer interviews.

Ⅳ. Performance by Segment(Optical Components and Devices)

Business environment

Active investment in AI servers and data centers continues, and submarine cable projects are also expanding.

Capital Expenditures by Cloud Providers



Market Trends

- **The submarine cable market continues to grow, driven by the launch of large-scale projects and the expansion of the cable-laying fleet.**
- **As submarine cables become multi-core, demand for conventional isolators is declining, while demand for compact isolators and integrated devices is increasing significantly.**
- **Following trends toward miniaturization and integration, demand for modular solutions is emerging.**
- **Products compatible with multi-core fiber will go into production and be sold starting in 2027.**
- **Demand for optical components for AI server optical transceivers continues to rise, and the market is expected to keep expanding**

(Source: Company documents)

The Company's Situation and Efforts to Improve Earnings

Business environment

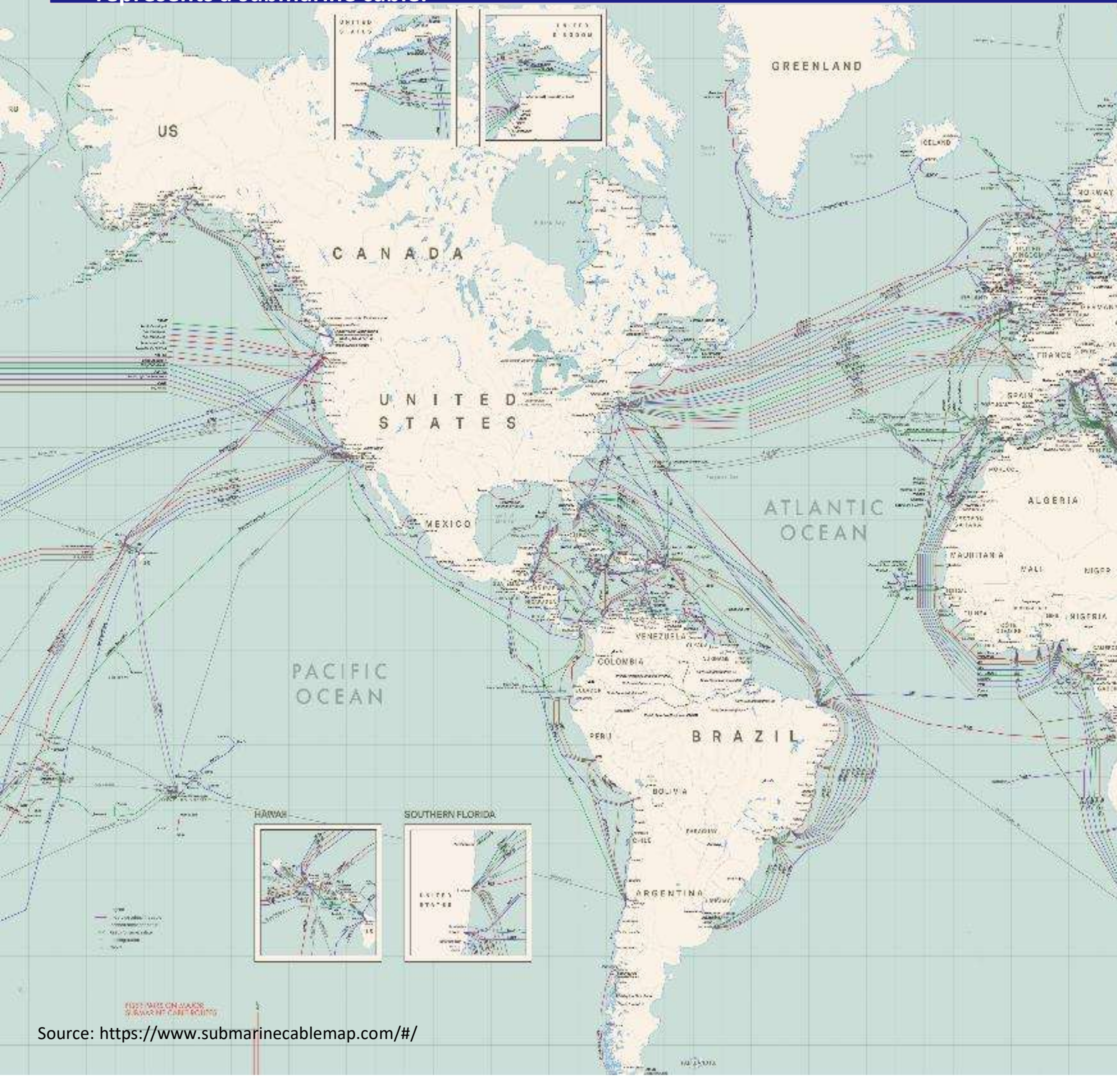
	Comments made at the beginning of the fiscal year ending December 2014 (as of February)	Situation in Q2 of FY2026/12	Outlook for Q3 and beyond of FY2026/12
(1) Product Development	● Evaluation of composite and modular products is progressing, with mass production scheduled to begin in 2026.	➢ **Begins Production and Sales of Hybrid Optical Devices** ➢ **The modular components are still undergoing sample evaluation.** ➢ **Progress on the Production Line Launch for FIFO Devices for Multicore Fibers**	➢ **Production and sales of composite optical devices increased significantly compared to initial projections for the period.** ➢ **Modules will undergo life testing, followed by transition to production and sales** ➢ **FIFO Devices for Multicore Fibers to Enter Production and Sales for Land-Based Applications Starting in Late 2026**
	● Sales ratio of small isolators is rising, and their adoption is expanding in line with the need for multi-core designs.	➢ **The ratio of small isolators has increased to 80%, while conventional types have fallen to 20%.**	➢ **While small isolators are expected to become mainstream, conventional types are likely to remain to some extent due to customer demand.**
	● Development of high-speed optical switches using PLZT is progressing.	➢ **Research Findings on PLZT Optical Modulators Accepted for Presentation at CLEO (Conference on Lasers and Electro-Optics)**	➢ **We plan to move our US front-end processing operations to our head office factory in September.**
(2) Productivity and other	● Improve production efficiency and expand production capacity by utilizing semi-automated equipment.	➢ **In response to increased orders from the third quarter onward, we are expanding production capacity at our Sri Lanka plant and preparing to add semi-automated equipment to accommodate further increases in production.**	➢ **We will launch our third semi-automatic machine in 2027 to further increase our production capacity.**
	● Increased production capacity for optical components for data centers, leading to increased sales.	➢ **Yield improvements are progressing in the front-end processes for optical components.**	➢ **We are investing in increasing capacity in the front-end processing of optical components, and we expect further sales growth in 2027.**
	● Increased sales of high-purity quartz glass (SSG®) products	➢ **Demand for semiconductor manufacturing equipment and special optical fiber preforms continues to increase.** ➢ **Expanding large-scale sintering furnaces to strengthen supply capacity**	➢ **We will continue to focus on expanding sales in the semiconductor-related and specialty preform fields.** ➢ **We are considering further capacity-building investments for 2027.**

The submarine cable network is becoming longer and higher capacity.

*Each line in the diagram represents a submarine cable.

Overall diagram of a long-distance submarine cable system

As of October 2026



<Large-scale projects of 24 FP or more>

Project	RFS	Owners	Length	Fiber Pairs
IOEMA-1	2029	IOEMA Fibre	1,667	48
Project Waterworth	2028	Meta	50,000	24
Candle	2028	Globe Telecom, IPS, Inc., Meta, Softbank, Telekom Malaysia, XLSmart	8,000	24
Daraja	2026	Meta, Safaricom	4,108	24
Fibre in Gulf (FIG)	2027	Ooredoo	1,931	24
Hawaiian Islands Fiber Link (HIFL)	2026	Ocean Networks, University of Hawai'i	740	24
INSICA	2026	Singtel, Telin	100	24

<Long-distance projects covering 10,000 km or more>

Project	RFS	Owners	Length	Fiber Pairs
Project Waterworth	2,028	Meta	50,000	24
SeaMeWe-6	2,028	Bahrain Telecommunications Company (Batelco), Bangladesh Submarine Cable Company Limited (BSCCL), Bharti Airtel, China Unicom, Dhiraagu, Djibouti Telecom, Microsoft, Mobily, Orange, PCCW, Singtel, Sri Lanka Telecom, Telecom Egypt, Telekom Malaysia, Telin, Transworld	21,700	10
Bulikula	2,028	Google	21,600	N.A.
Asia Connect Cable-1 (ACC-1)	2,029	Inligo Networks	19,000	16
Halaihai	2,028	Google	17,483	16
Honomoana	2,027	Google	15,215	16
APX East	-	SUBCO	13,000	N.A.
E2A	-	Chunghwa Telecom, SK Broadband, Softbank, Verizon	12,500	12
ORCA	2,027	Meta	12,482	6
Barat Timur Indonesia-2 (BTI-2)	2,027	Super Sistem (PT Super Sistem Data)	11,600	N.A.
Africa-1	2,027	G42, Mobily, Pakistan Telecommunications Company Ltd., TeleYemen, Telecom Egypt, Zain Omantel International, e&	10,000	8
Hawaiki Nui 1	2,027	BW Digital	10,000	N.A.

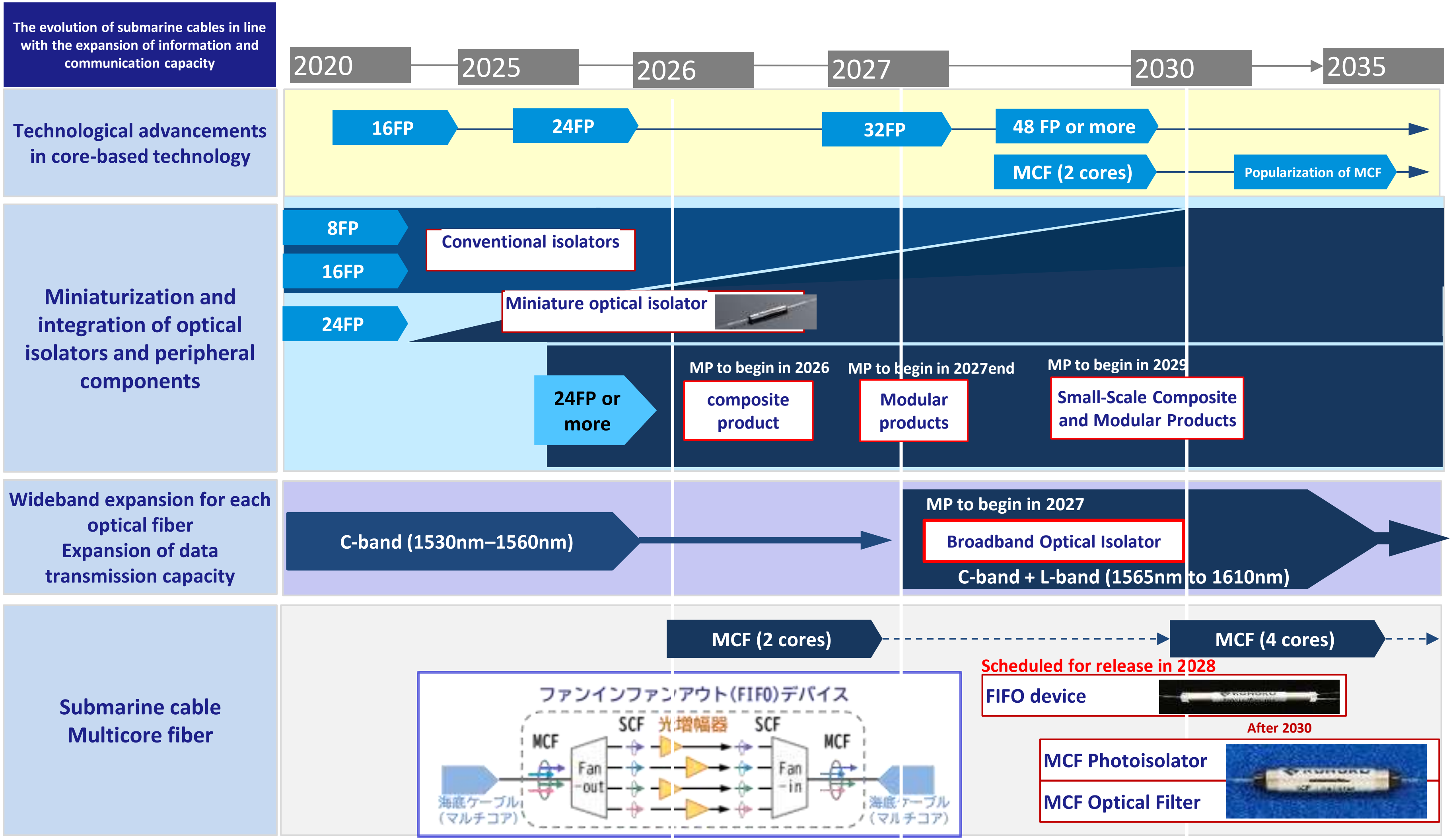
Source: https://www.submarinecablemap.com/#/

*Source: TeleGeography "Submarine Cable Map"

*Project update information is estimated from publicly available data.

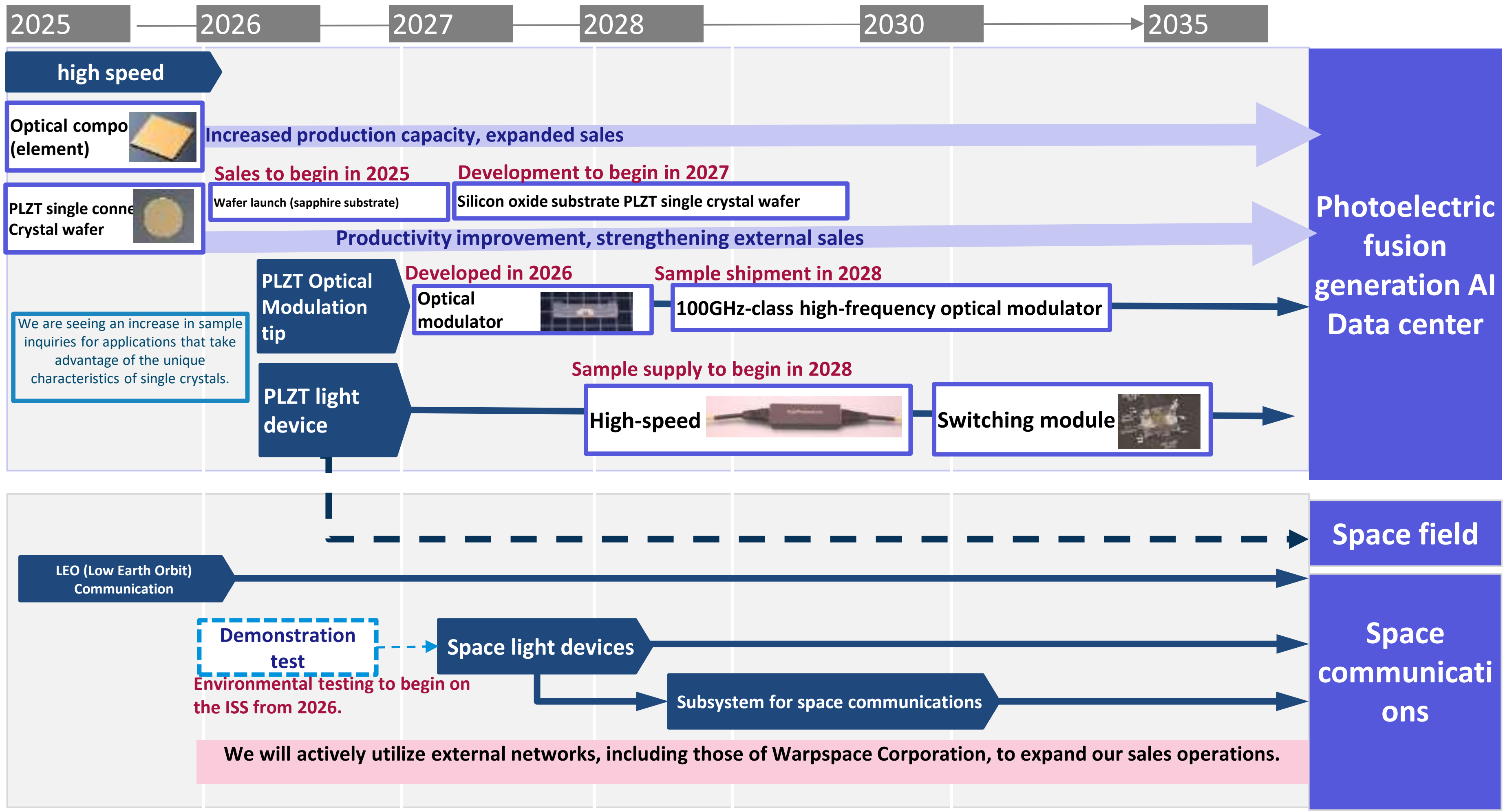
Expanding business scale through market development (optical components and devices business)

The increasing number of cores in submarine cables is accelerating, leading to a growing demand for the development of composite and modular products.



Expanding business scale through market development (optical components and devices business)

We have started selling PLZT single-crystal wafer, and are seeing increased interest from the R&D departments of major telecommunications equipment manufacturers as they advance optoelectronic integration technology.

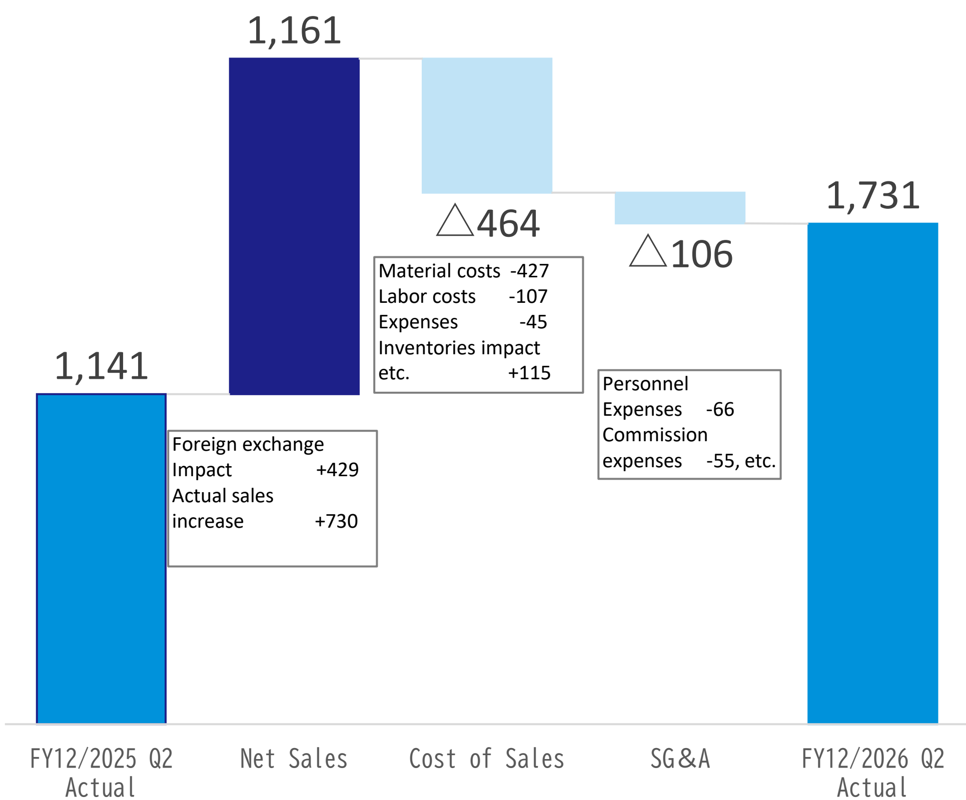


Ⅴ. Reference information

Factors increase/decrease in operating profit in Q2 (April-June)

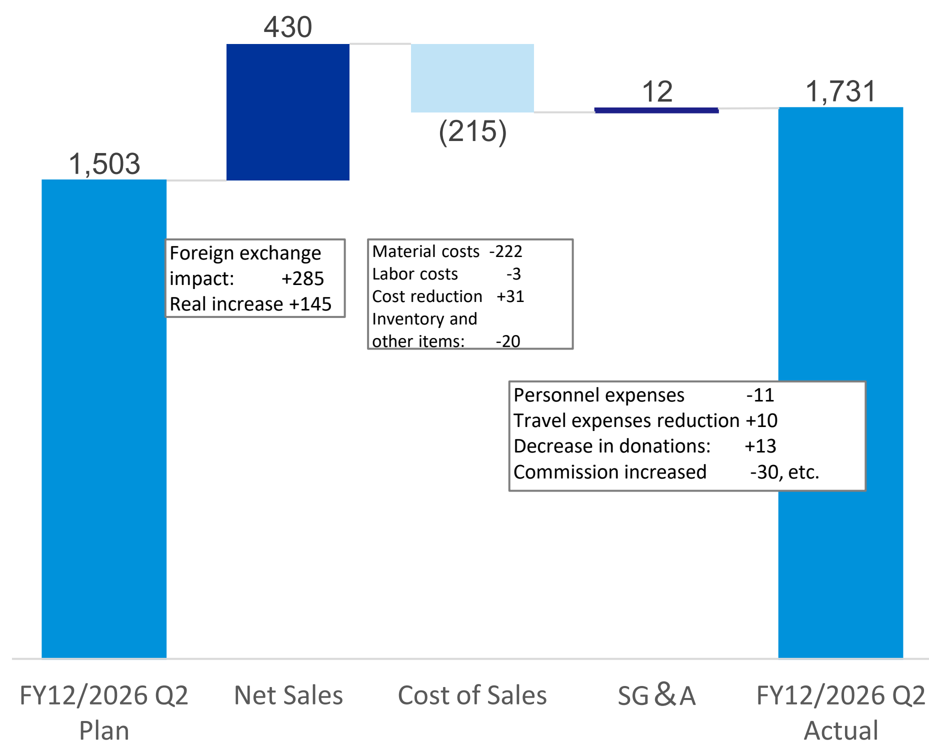
(Million yen)

Year-on-year comparison



(Million yen)

Compared to the plan



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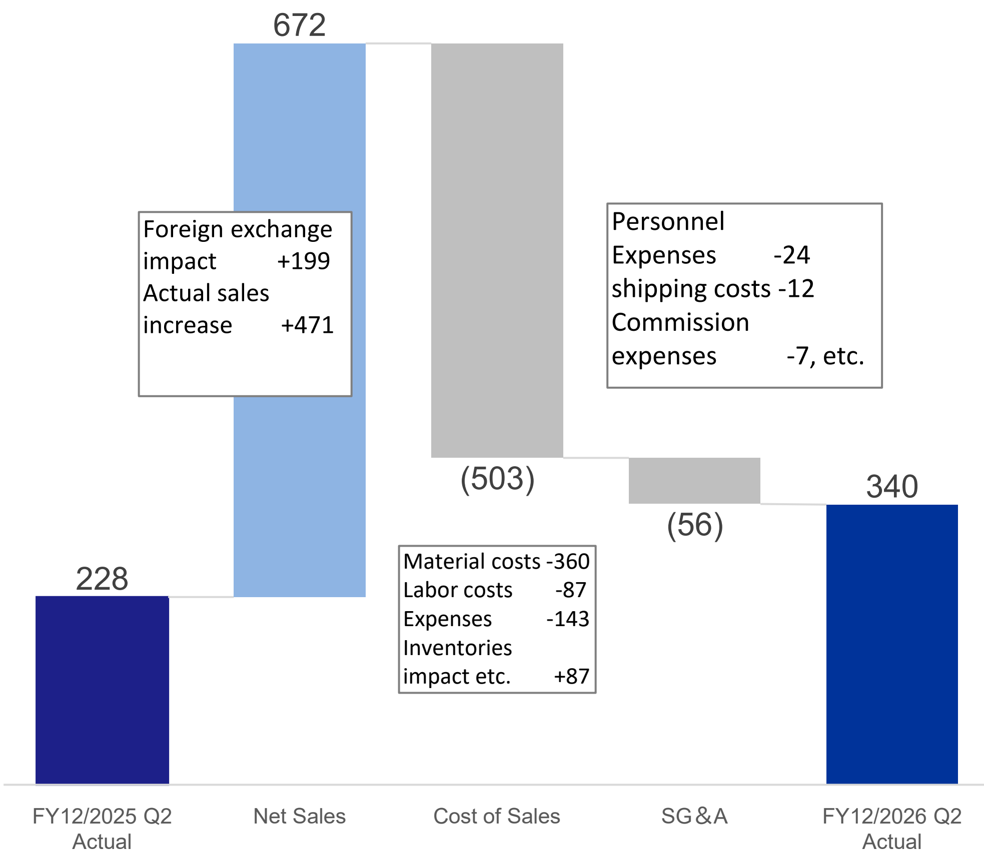
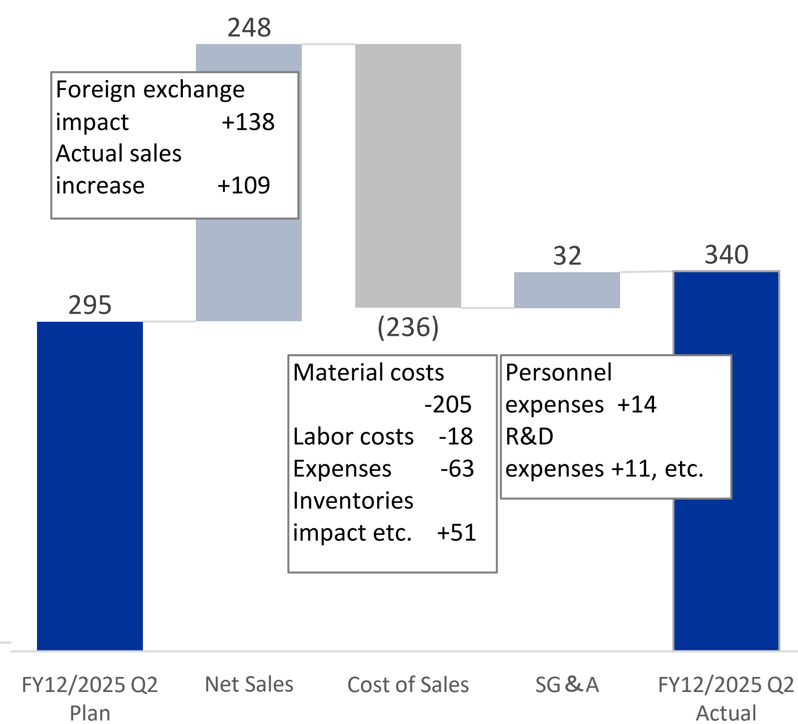


Compared to the plan (Million yen)



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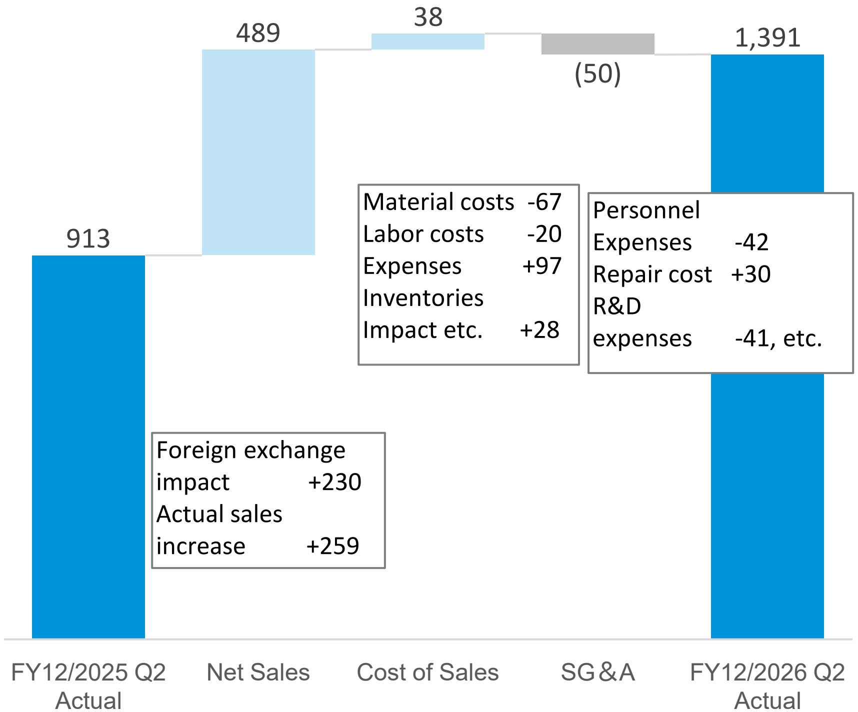
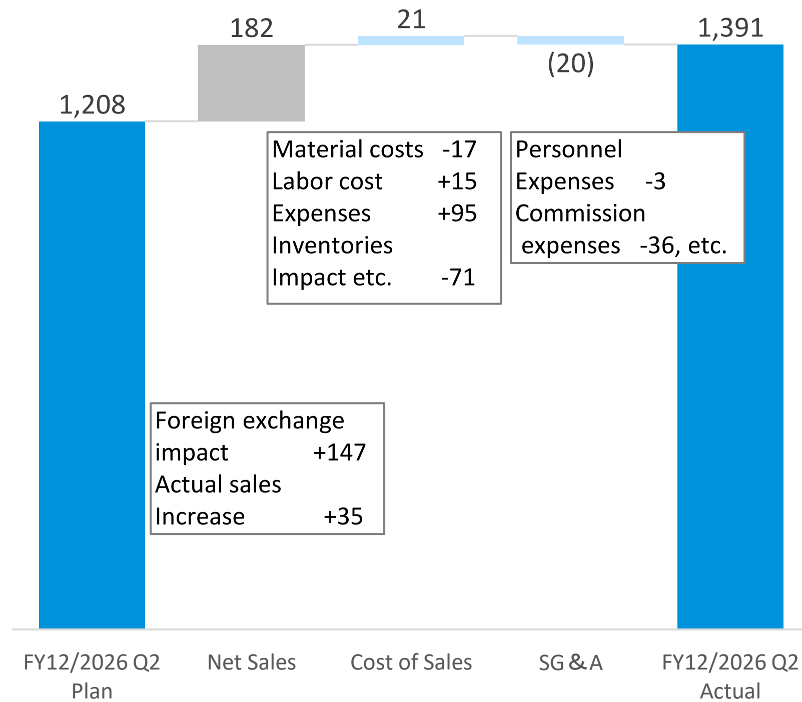


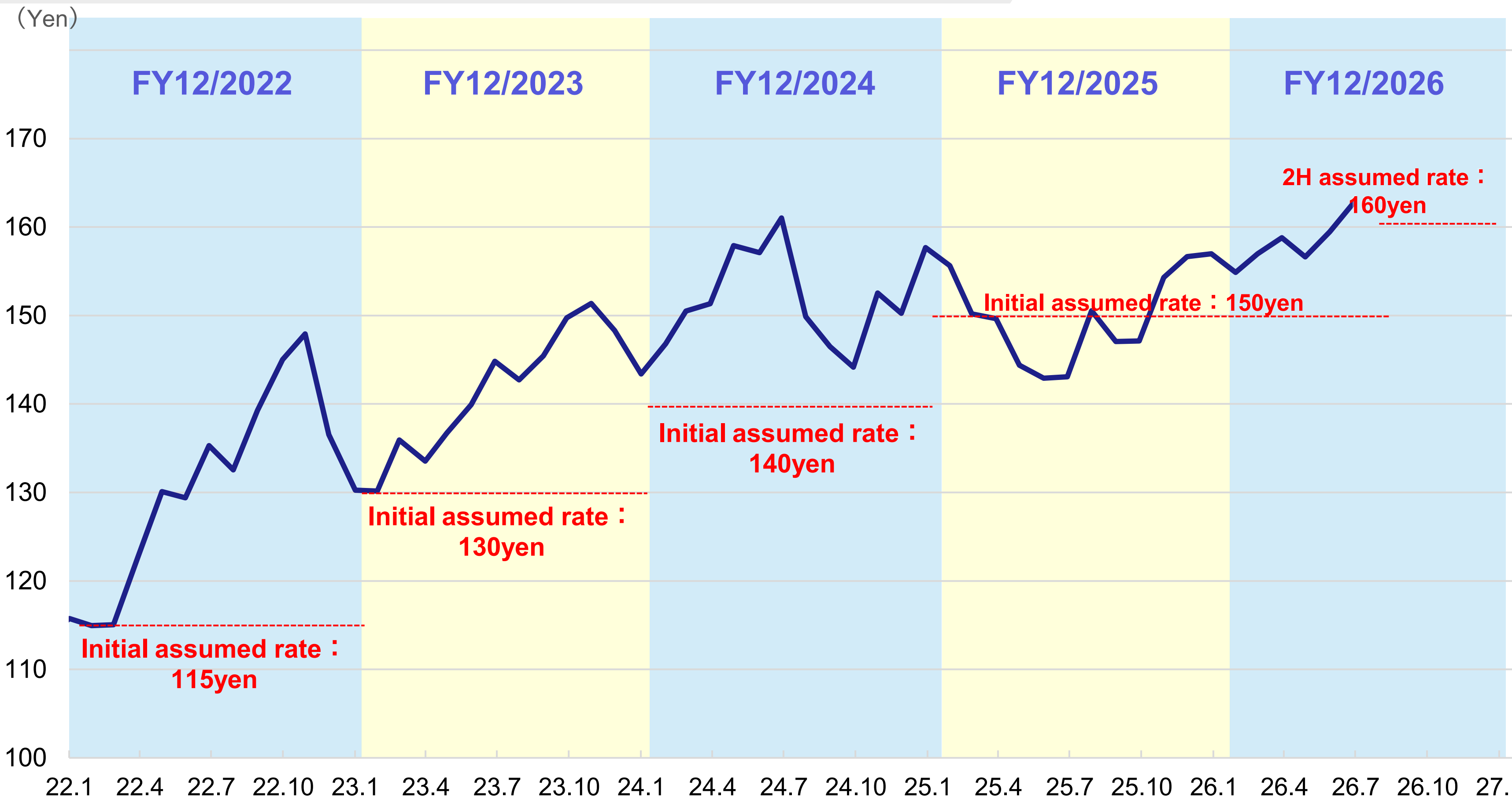
Compared to the plan (Million yen)



Business environment for the fiscal year ending December 2026 (interim period)

The yen is trending weaker compared to the assumed exchange rate at the start of fiscal 2026 (150 yen per USD); the assumed exchange rate for the second half of the fiscal year has been set at 160 yen.

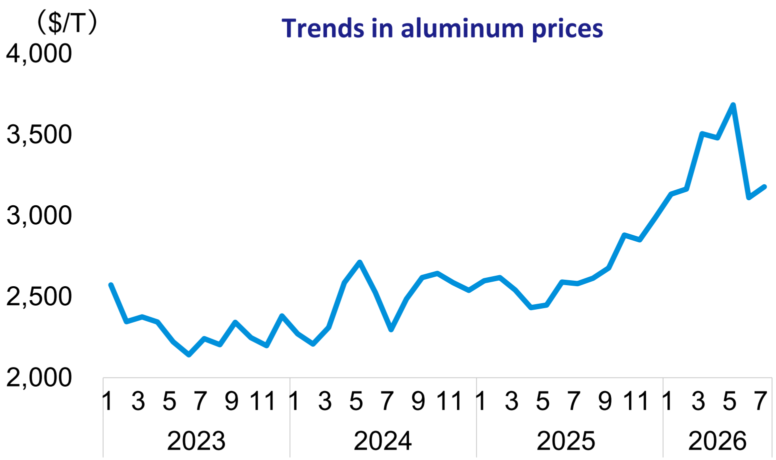
USD/JPY Trend Chart

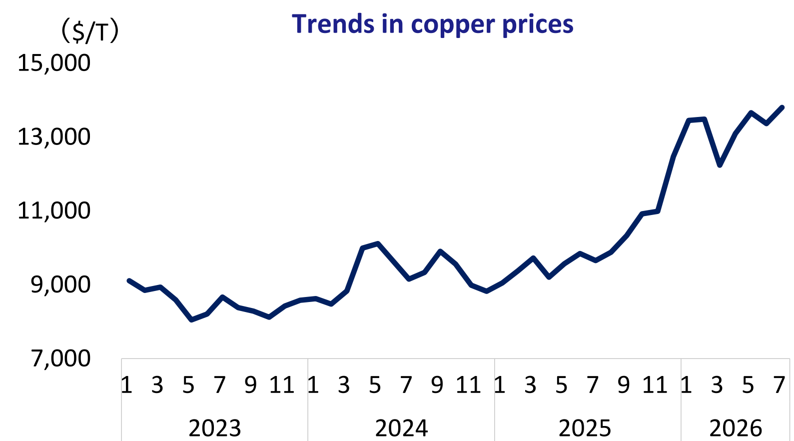


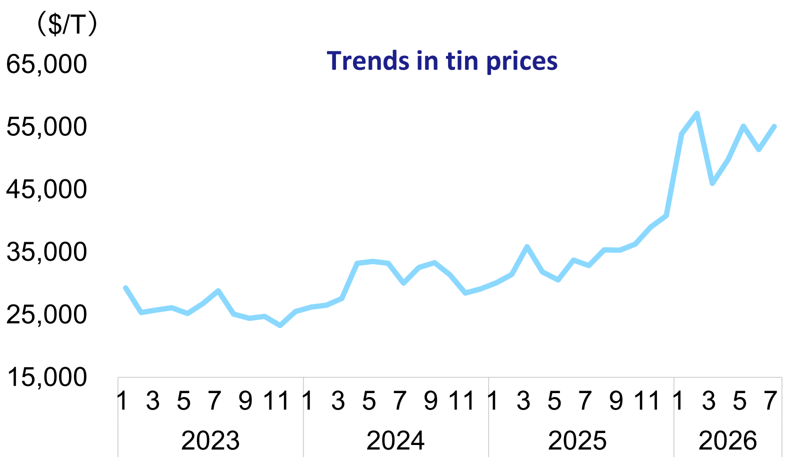
External Environment – Trends in Nonferrous Metal Market Prices

Market prices for non-ferrous metals continued to rise but are expected to stabilize in the second half of the year.
The cost burden resulting from soaring material prices will generally be passed on to prices three months later.

Trends in Nonferrous Metals Prices (LME)







This document includes our current plans and performance forecasts. These future plans and projected figures are based on information available to our company and are our own plans and forecasts. Actual results may differ from these plans and forecasts due to various conditions and factors. This document does not guarantee or promise that this will be realized.

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