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To whom it may concern

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Notice regarding the recording of an extraordinary loss (impairment loss)
and revision of the second quarter (Semi-annual) earnings forecast

We would like to announce that we have recorded the following extraordinary loss (impairment loss) in consolidated financial statements for the second quarter (Semi-annual period) of the fiscal year ending December 2025. In addition, taking into account recent business performance trends, we have revised our consolidated earnings forecast for the second quarter (Semi-annual period) of the fiscal year ending December 2025, which was announced on February 12, 2025, as follows.

1. Recording of impairment losses

Regarding EpiPhotonics CO., LTD., consolidated subsidiary, there are no changes to the management policy and business strategy. However, as a result of reviewing the development schedule and capital investment plan, we have decided to record an impairment loss of 310 million yen on tangible fixed assets and goodwill as an extraordinary loss.

2. Revision of consolidated financial forecasts for the second quarter (Semi-annual period) of the fiscal year ending December 2025 (January 1, 2025 to June 30, 2025)

	Net sales	Operating profit	Ordinary profit	Semi-annual net profit attributable to owners of parent	Semi-annual net income per share
	million yen	million yen	million yen	million yen	Yen
Previous forecast (A)	8,344	1,920	1,623	1,082	41.20
Revised forecast (B)	7,875	1,812	1,297	604	23.03
Difference (B-A)	-469	-108	-325	-477	
Rate of change (%)	-5.6	-5.6	-20.1	-44.1	
(Reference) Actual result for the second quarter (Semi-annual period) of the fiscal year ending December 2024	7,707	1,788	2,753	1,791	66.37

3. Reasons for the revision

The business environment surrounding our company is gradually beginning to show signs of improvement, with the order adjustment in the European automobile market that began in the latter half of last year coming to an end and orders for optical components and devices for the undersea cable market recovering.

However, in the current consolidated Semi-annual period, due to the prolonged adjustment in the European automobile market in the first half of the period and the impact of unexpected temporary order adjustments from some customers, sales are expected to fall short of the initial plan.

In addition, operating profit, ordinary profit and Semi-annual net profit attributable to owners of parent are also expected to fall short of the plan due to the decrease in sales, the appreciation of the yen compared to the end of last year, resulting in foreign exchange losses, and the recording of impairment losses as extraordinary losses as described in No. 1 above.

The consolidated financial forecast for the full fiscal year ending December 2025 is currently under review and will be announced at the time of the announcement of the second quarter (Semi-annual) financial results, scheduled for August 7, 2025.

(Note 1) The Company acquired and cancelled treasury shares pursuant to a resolution at the Board of Directors meeting held on February 26, 2025. "Semi-annual net income per share" takes into account the impact of the acquisition and cancellation of treasury shares.

(Note 2) The above forecasts are based on information available as of the date of publication of this document. Actual results may differ from forecast figures due to various future factors.

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