

Translation

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

November 6, 2025

Consolidated Financial Results for the Nine Months Ended September 30, 2025 (Under Japanese GAAP)



Company name: KOHOKU KOGYO CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 6524

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

Representative: Futoshi Ishii

Inquiries: Seiji Nakamura

Telephone: +81-749-85-3211

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

President and CEO

Director and CFO

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

1. Consolidated financial results for the nine months ended September 30, 2025 (from January 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(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	%
Nine months ended September 30, 2025	12,480	2.8	3,198	0.8	2,827	(15.0)	1,754	(21.1)
September 30, 2024	12,137	17.2	3,174	38.3	3,326	11.9	2,224	29.1

Note: Comprehensive income For the nine months ended September 30, 2025: ¥ 1,525 million [(35.8) %]
For the nine months ended September 30, 2024: ¥ 2,377 million [1.7 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2025	67.12	-
September 30, 2024	82.42	-

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	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	25,765	21,672	84.1
December 31, 2024	28,684	23,430	81.7

Reference: Equity As of September 30, 2025: ¥ 21,672 million
As of December 31, 2024: ¥ 23,430 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal 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: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2025 (from 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. Revisions to the financial result forecast most recently announced: None

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: - companies()
Excluded: - companies()

(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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2025	26,000,000 shares
As of December 31, 2024	27,000,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2025	94,498 shares
As of December 31, 2024	4,996 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2025	26,145,909 shares
Nine months ended September 30, 2024	26,992,176 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

(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.

○Contents of Attachment

1. Overview of Operating Results, Etc.	2
(1) Overview of Operating Results during the Period.....	2
(2) Overview of Financial Position during the Period	4
(3) Explanation Regarding Forecast Information Such as Consolidated Earnings Forecast.....	4
2. Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
(Notes on Going Concern Assumption)	9
(Notes on Significant Changes in the Amount of Shareholders' Equity)	9
(Notes on Statement of Cash Flows)	9
(Segment Information, Etc.)	9

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results during the Period

During the first nine months of the fiscal year ending December 31, 2025, the global economy continued to fluctuate without clear progress, for example, the economy in Japan and the U.S. turned toward a recovery trend and began to gradually show a brighter picture, while in China and Europe, the recovery has been slowing down since this summer. In the U.S., the economy showed its moderate expansion in the first half of the period, supported by strong employment conditions and consumer spending. However, since this summer, due to the repercussions of a last-minute surge in demand associated with increases in tariff rates and an increase in uncertainty about the future of the economy, the growth in consumer spending and the number of employees has slowed down.

In China, several indicators improved, including a recovery in industrial production and an increase in automobile sales. However, the economy entirely continued to stagnate due to the slowdown in consumer spending, the increase in youth unemployment rate, etc.

In Japan, the business environment improved due to such factors as enhanced employment conditions and increased inbound demand, while the market was impacted by a rise in consumer prices, the stagnation of exports due to the U.S. trade policies and other factors.

In the electronic components market, the EV markets in the U.S. and other areas stagnated, but the automobile markets in Europe, China, etc. gradually began to show a brighter picture since this spring after last autumn's stagnation. In addition, the consumer electronics market continued to be tough, however, some telecommunication equipment markets continued to be strong for reasons such as the spread of generative AI and increased investment in data centers. The overall electronic components market showed a moderate recovery trend.

Under these circumstances, the Company continuously 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 nine months of the fiscal year ending December 31, 2025, the Company posted net sales of 12,480 million yen (increase by 2.8% year on year), operating profit of 3,198 million yen (increase by 0.8% year on year), ordinary profit of 2,827 million yen (decrease by 15.0% year on year) due to foreign exchange losses resulting from the appreciation of the yen, and profit attributable to owners of parent of 1,754 million yen (decrease by 21.1% year on year).

The average exchange rate for the first nine months of the fiscal year ending December 31, 2025 was 148.09 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 nine months of the fiscal year ending December 31, 2025 were 6,359 million yen (increase by 1.2% year on year) and 555 million yen (increase by 87.5% 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 impacts on the U.S. trade policies after March. However, the overall market trend showed a moderate recovery due to the spread of EV in the Chinese and European automobile markets, etc.

In the consumer electronics 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 nine months of the fiscal year ending December 31, 2025 were 6,120 million yen (increase by 4.6% year on year) and 2,642 million yen (decrease by 8.2% year on year), respectively.

In optical devices for submarine cables, sales increased showing a recovery trend after this spring due to needs to expand telecommunication capacity, though some short-term adjustments were made at the beginning of the period because of schedule changes in some projects and inventory adjustments to existing finished goods for the switch to smaller items.

Also, sales of small optical isolators have progressed, which are products in response to an increase in new submarine cable projects and technological innovations. As for other products, as a tight supply and demand situation for Faraday rotators has continued due to the growing popularity of generative AI and active investment in data centers, the sales of Faraday rotators increased by increasing production capacity. The Company worked on providing samples of hybrid and module finished goods of optical devices in response to needs for further technological innovation to customers. Furthermore, for the next-generation technological innovation, the Company worked on developing new 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 during the Period

(Assets)

Current assets decreased by 3,015 million yen from the end of the previous fiscal year to 15,315 million yen. This was mainly attributable to notes and accounts receivable – trade, and contract assets increasing 721 million yen, while cash and deposits decreasing 2,056 million yen, securities decreasing 1,400 million yen and raw materials and supplies decreasing 185 million yen.

Non-current assets increased by 96 million yen from the end of the previous fiscal year to 10,449 million yen. This was mainly attributable to investment securities increasing 813 million yen, while machinery, equipment and vehicles, net decreasing 239 million yen, leased assets, net decreasing 205 million yen, and goodwill decreasing 291 million yen.

As a result, total assets decreased by 2,919 million yen from the end of the previous fiscal year to 25,765 million yen.

(Liabilities)

Current liabilities decreased by 1,003 million yen from the end of the previous fiscal year to 1,942 million yen. This was mainly attributable to accounts payable – trade increasing 197 million yen, while current portion of long-term borrowings decreasing 208 million yen and income taxes decreasing 975 million yen.

Non-current liabilities decreased by 158 million yen from the end of the previous fiscal year to 2,150 million yen. This was mainly attributable to lease liabilities decreasing 159 million yen.

As a result, total liabilities decreased by 1,161 million yen from the end of the previous fiscal year to 4,092 million yen.

(Net assets)

Net assets decreased by 1,757 million yen from the end of the previous fiscal year to 21,672 million yen. This was mainly attributable to retained earnings increasing 944 million yen, while capital surplus decreasing 2,261 million yen and valuation difference on a available-for-sale securities decreasing 288 million yen.

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

During the period, the recovery continued to remain weak in the aluminum electrolytic capacitor market, however, the Company started to achieve results of increasing sales and profitability by measures such as strengthening the global customer support system and improving productivity.

In the submarine cable market, there were temporary inventory adjustments at the beginning of the period, but sales have been increasing due to the global expansion of data transmission capacity and business conditions have been on a steady trend after the second quarter by expanding the production capacity and developing new products in response to larger data transmission capacity, etc.

Taking these situations into account, the Company believes that business performance is proceeding, generally on track, against the forecast that was officially announced on August 7, 2025, as of now. Therefore, the consolidated financial forecasts remain the same.

The Company will promptly announce any significant changes in business conditions in the future.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	9,327	7,271
Notes and accounts receivable - trade, and contract assets	3,013	3,734
Electronically recorded monetary claims - operating	1,038	1,109
Securities	1,801	400
Finished goods	1,019	946
Work in process	481	469
Raw materials and supplies	1,210	1,024
Other	439	359
Total current assets	18,331	15,315
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,503	1,374
Machinery, equipment and vehicles, net	3,037	2,797
Tools, furniture and fixtures, net	567	651
Land	756	756
Leased assets, net	1,939	1,733
Construction in progress	356	396
Total property, plant and equipment	8,160	7,710
Intangible assets		
Goodwill	291	-
Other	608	718
Total intangible assets	899	718
Investments and other assets		
Investment securities	856	1,670
Deferred tax assets	228	145
Other	208	204
Total investments and other assets	1,292	2,020
Total non-current assets	10,353	10,449
Total assets	28,684	25,765

	As of December 31, 2024	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	700	898
Current portion of long-term borrowings	208	-
Lease liabilities	139	112
Accounts payable - other	379	337
Income taxes payable	1,068	92
Provision for bonuses	74	268
Provision for bonuses for directors (and other officers)	40	24
Other	334	209
Total current liabilities	2,945	1,942
Non-current liabilities		
Lease liabilities	1,961	1,801
Deferred tax liabilities	127	130
Retirement benefit liability	145	143
Asset retirement obligations	68	68
Other	6	5
Total non-current liabilities	2,309	2,150
Total liabilities	5,254	4,092
Net assets		
Shareholders' equity		
Share capital	350	350
Capital surplus	5,658	3,397
Retained earnings	15,345	16,290
Treasury shares	(1)	(213)
Total shareholders' equity	21,353	19,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(16)	42
Foreign currency translation adjustment	2,093	1,804
Total accumulated other comprehensive income	2,076	1,847
Total net assets	23,430	21,672
Total liabilities and net assets	28,684	25,765

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income (For the nine months)

(Millions of yen)

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2025
Net sales	12,137	12,480
Cost of sales	6,855	7,110
Gross profit	5,281	5,370
Selling, general and administrative expenses	2,107	2,171
Operating profit	3,174	3,198
Non-operating income		
Interest and dividend income	174	107
Foreign exchange gains	43	-
Other	30	10
Total non-operating income	249	118
Non-operating expenses		
Interest expenses	84	65
Foreign exchange losses	-	413
Other	12	10
Total non-operating expenses	97	489
Ordinary profit	3,326	2,827
Extraordinary income		
Subsidy income	-	155
Total extraordinary income	-	155
Extraordinary losses		
Impairment losses	-	310
Total extraordinary losses	-	310
Profit before income taxes	3,326	2,671
Income taxes - current	1,135	855
Income taxes - deferred	(33)	60
Total income taxes	1,101	916
Profit	2,224	1,754
Profit attributable to owners of parent	2,224	1,754

Quarterly Consolidated Statement of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2025
Profit	2,224	1,754
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	58
Foreign currency translation adjustment	192	(288)
Total other comprehensive income	152	(229)
Comprehensive income	2,377	1,525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,377	1,525

(3) Notes to Quarterly 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 nine 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 nine months of the current consolidated fiscal year.

(Notes on Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the nine months ended September 30, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months are as follows.

	For the nine months ended September 2024 (January 1, 2024 - September 30, 2024)	For the nine months ended September 2025 (January 1, 2025 - September 30, 2025)
Depreciation	696 Millions of yen	719 Millions of yen
Amortization of goodwill	34 Millions of yen	39 Millions of yen

(Segment Information, Etc.)

【Segment Information】

First nine months of the fiscal year ended December 31, 2024 (January 1, 2024 – September 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	2,802	772	3,574	-	3,574
China	1,366	179	1,546	-	1,546
Asia	2,097	18	2,115	-	2,115
U.K.	-	2,251	2,251	-	2,251
U.S.A.	-	2,524	2,524	-	2,524
Others	18	105	124	-	124
Revenue from contracts with customers	6,285	5,852	12,137	-	12,137
Sales to outside customers	6,285	5,852	12,137	-	12,137
Inter-segment sales or transfers	-	-	-	-	-
Total	6,285	5,852	12,137	-	12,137
Segment income	296	2,878	3,174	-	3,174

(Note) The total segment income is consistent with operating profit as reported in the Quarterly 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 semi-annual consolidated fiscal period. The increase in goodwill resulting from this event was 343 million yen for the nine months ended September 30, 2024.

First nine months of the fiscal year ending December 31, 2025 (January 1, 2025 to September 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	3,033	957	3,991	—	3,991
China	1,519	507	2,026	—	2,026
Asia	1,787	28	1,816	—	1,816
U.K.	—	2,384	2,384	—	2,384
U.S.A.	—	2,155	2,155	—	2,155
Others	18	87	105	—	105
Revenue from contracts with customers	6,359	6,120	12,480	—	12,480
Sales to outside customers	6,359	6,120	12,480	—	12,480
Inter-segment sales or transfers	—	—	—	—	—
Total	6,359	6,120	12,480	—	12,480
Segment income	555	2,642	3,198	—	3,198

(Note) The total segment income is consistent with operating profit as reported in the Quarterly 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 resulting from this event was 310 million yen for the nine months ended September 30, 2025.

(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 resulting from this event was 273 million yen for the nine months ended September 30, 2025.