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MEMBERSHIP

May 11, 2026

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Cancelation of Basic Agreement for Sale of Equity Interests in a Consolidated Subsidiary and Change of Planned Purchaser

YODOKO, Ltd., its consolidated subsidiary (specified subsidiary) Sheng Yu Steel Co., Ltd. (SYSCO), and Shanghai Tsinghen International Trading Co., Ltd. (STIT) had been holding discussions concerning the sale of all or part of the equity interests that YODOKO and SYSCO hold in YODOKO's consolidated subsidiary Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), to STIT. This was announced on January 28, 2026, in a release titled "Notice Regarding the Basic Agreement for the Sale of Equity Interests in a Consolidated Subsidiary." Today, the board of directors of YODOKO approved resolutions to terminate discussions with STIT and cancel the basic agreement concerning the proposed sale of YSS.

Discussions have begun with a prospective purchaser in China of all or part of the equity interests held by YODOKO and SYSCO in YSS. An announcement will be made promptly when information that needs to be disclosed is determined.

1. Reason for canceling the basic agreement

After YODOKO and STIT signed the basic agreement, the two companies began to prepare for signing a contract for the sale of YSS stock to STIT. However, after a thorough evaluation of STIT's financial status and actions, the decision was made to terminate discussions. The conclusion was that not selling YSS to STIT was a reasonable decision and the best way to protect the interests of the stakeholders of YODOKO and YSS.

2. Outlook

YODOKO holds ongoing discussions with a prospective purchaser in China of YSS. Accordingly, YODOKO plans to record a consolidated gain on sale of shares of subsidiaries and associates due to the sale of YSS stock as originally disclosed in the February 27, 2026 release titled "Notice of Outlook for Deferred Tax Assets (Cons./Non-Cons.), Subsidiaries and Associates Stock Valuation Loss (Non-Cons.), Gain on Sale of Shares of Subsidiaries and Associates in FY3/27 (Cons.), and Revisions to Earnings and Dividend Forecasts." The effect of this amount was included in the forecasts for the fiscal year ending in March 2027, which were announced today (May 11, 2026) alongside the results of operations for the fiscal year ended March 2026. An announcement will be made promptly when information that needs to be disclosed is determined.