

**Translation**

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March 28, 2024

To whom it may concern

Company name: KOHOKU KOGYO CO.,LTD.

(Code: 6524, TSE Standard Market)

Contact: Director and Executive Officer

Hiroyuki Kunitomo, in charge of General

Affairs Department, Public Relations and IR Office

(TEL. 0749-85-3211)

**Notice regarding acquisition of shares of EpiPhotonics Co., Ltd. (making it a subsidiary)**

We would like to inform you that at the board of directors meeting held on March 28, 2024, we resolved to acquire the shares of EpiPhotonics Co., Ltd. and make it a subsidiary as follows.

**1. Reason for stock acquisition**

EpiPhotonics (President: Keiichi Nashimoto, Headquarters: Yamato City, Kanagawa Prefecture, Development base: San Jose, California, U.S.) has technologies such as optical switches and wavelength selective switches that apply PLZT (Lanthanum lead zirconate titanate) thin film formation technology for next-generation information and communications infrastructure.

Kohoku Kogyo has a high market share of over 50% in the market for optical isolators, a key device for undersea cables. In addition to optical isolators for submarine cables, we also develops, manufactures, and sells various optical components and devices such as optical circulators and optical filters, Faraday rotators that are crystal elements, high-purity quartz glass parts, and fiber/fiber array products using quartz glass capillaries. ,

In the optical communications market, there is a need for a dramatic expansion in data communication capacity in line with advances in generative AI and IoT. Technological development to meet these needs is progressing rapidly, and at our company, as the need for faster optical communications and lower power consumption increases, we are strengthening our development system and collaborating with industry-related companies. , we are strengthening our activities toward the development of next-generation information and communication technology.

The "PLZT thin film formation technology" developed by EpiPhotonics is a topic that is attracting attention as a next-generation optical information and communication technology, and is a technology that is attracting attention as a theme for next-generation optical information and communication technology. It has an electrical-optic effect 10 times that of thin films, and is considered to be an extremely promising elemental technology for promoting significant power savings and high-speed communications in the optical communications market. It is also expected to be applied to optical quantum computers, which require unprecedented high-speed processing.

EpiPhotonics has strengths in optical devices that apply PLZT thin film formation technology, and has developed and commercialized devices such as optical switches and optical modulators. They are also developing wavelength selective switches for the development of next-generation optical information and communications technology.

By acquiring EpiPhotonics, which has strengths in optical information and communication technology and has a development

base in Silicon Valley in the United States, we will be able to acquire material technology (crystal growth) adding optical components and devices owned by the Kohoku Kogyo Group. The two companies are accelerating development through synergies with technology and precision assembly technology, strengthening product lineups and expanding sales networks for next-generation information and communication infrastructure, and expanding capacity in the optical information and communication-related market, where capacity continues to increase for expanding our market share.

## 2. Overview of the subsidiary to be transferred (EpiPhotonics Co., Ltd.)

(1)	Company name	EpiPhotonics Co., Ltd.		
(2)	Location	5th floor, KAWAZ Building, 2-1-16 Yamatominami, Yamato City, Kanagawa Prefecture		
(3)	Representative's title and name	President Keiichi Nashimoto		
(4)	Business content	Research and development, manufacturing and sales, and contract development of ultra-high speed optical switches, wavelength selective switches, optical modulators, etc.		
(5)	Capital	135,789 thousand yen		
(6)	Date of establishment	December 18, 2007		
(7)	Major shareholders and shareholding ratio	Keiichi Nashimoto (89.1%), Naoaki Yamanaka (10.9%)		
(8)	Listed company and the company relationship between	Capital ties	none	
		personal relationships	none	
		business relationship	none	
(9)	Consolidated business results and consolidated financial position of the company for the past three years			
	Fiscal year end	Fiscal year ended March March 2021	Fiscal year ended March March 2022	Fiscal year ended March March 2023
	Consolidated net assets	5,740,000 yen	7,765,000 yen	19,426 thousand yen
	Consolidated Total Assets	215,344 thousand yen	286,918 thousand yen	273,131 thousand yen
	Consolidated net assets per share	50,080 yen	66,725 yen	63,519 yen
	Consolidated sales	86,609 thousand yen	126,186 thousand yen	142,033 thousand yen
	Consolidated operating profit	24,785 thousand yen	13,532 thousand yen	9,720 thousand yen
	Consolidated ordinary profit	2,148 thousand yen	3,673 thousand yen	8,320 thousand yen
	Profit attributable to owners of parent	- million yen	- million yen	- million yen
	Consolidated net income per share	178.1 yen	317.2 yen	1,323.0 yen
	Dividend per share	-yen	-yen	- yen

### 3. Overview of the partner for stock acquisition

(1)	Full name	Keiichi Nashimoto	Naoaki Yamanaka
(2)	Address	Yamato City, Kanagawa Prefecture	Nakano Ward, Tokyo
(3)	Relationship between the listed company and the individual	Not relevant	Not relevant

### 4. Number of acquired shares, acquisition price, and status of owned shares before and after acquisition

(1)	Number of shares held before change	0 shares (Number of voting rights: 0) (Voting rights ownership ratio: 0%)
(2)	Number of acquired shares	4,300 shares (Number of voting rights: 4,300)
(3)	Acquisition cost	It will not be made public due to the wishes of the other party.
(4)	Number of shares held after the transfer	4,300 shares (Number of voting rights: 4,300) (Voting rights ownership ratio: 100%)

### 5. Schedule

(1)	Board of Directors resolution date	March 28, 2024
(2)	Contract date	March 28, 2024
(3)	Stock transfer execution date	April 1, 2024 (planned)

### 6. Future outlook

If it becomes clear that there will be a material impact on the consolidated financial results for the fiscal year ending December 2024, we will announce promptly.

that's all

(Reference) <Overview of EpiPhotonics>

- A research and development company founded in 2007 by Keiichi Nashimoto, who has been researching and developing PLZT thin film waveguide technology since the 1980s, with the aim of commercializing the results of research and development.
- The company has a track record of research and development in collaboration with NEDO (New Energy and Industrial Technology Development Organization), the Ministry of Internal Affairs and Communications, and others, and have applied PLZT technology to various fields such as optical communications, optical quantum computers, and data centers. We are proceeding with the development of optical device products.
- As a business base, the company has a head office in Kanagawa Prefecture and a research and development base in San Jose, California, USA.
- The company will start shipping samples from 2022 to major communication equipment manufacturers, communication carriers, etc., and aim to commercialize it in earnest from 2026 onwards.

(Reference) <Kohokukogyo Co., Ltd.'s consolidated performance forecast for the current fiscal year (published on February 8, 2024) and consolidated results for the previous fiscal year>

	Consolidated Sales	Consolidated operating profit	Consolidated ordinary income	Net income attributable to owners of parent company
Consolidated earnings forecast for the current fiscal year (Fiscal year ending December 2024)	14,536 million yen	3,243 million yen	3,284 million yen	2,136 million yen
Previous period consolidated results (December 2023)	13,472 million yen	2,812 million yen	3,152 million yen	1,904 million yen