

December 22, 2025

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### **Notice Regarding Recognition of Extraordinary Loss**

We hereby announce that, at the Board of Directors meeting held today, our company resolved to implement fixed cost structural reforms at our consolidated subsidiary, Dongguan Yokowo Car Components Co., Ltd. ("DYC"), and to recognize an extraordinary loss as outlined below.

#### **1. Reasons for Implementing Fixed Cost Structural Reforms**

The Yokowo Group operates in-vehicle communication equipment business in the VCCS segment, with production activities at subsidiaries in China, Vietnam, and the Philippines. In recent years, we have systematically transferred production from China to Vietnam and from Vietnam to the Philippines to adapt to changes in the market and competitive environment. However, due to the prolonged deterioration of the business environment, including shrinking demand in the Chinese market, a significant decline in the performance of DYC has become unavoidable.

In light of these circumstances, at today's Board of Directors meeting, we resolved to implement fixed cost structural reforms at DYC, specifically streamlining operations through workforce optimization and partial impairment of owned machinery and equipment. As a result, we will recognize 795 million yen as an extraordinary loss for business structural reform expenses in the third quarter of the fiscal year ending March 2026.

#### **2. Summary of the Fixed Cost Structural Reforms at DYC**

##### **Workforce Optimization**

- Planned number of early retirements: 200 employees
- Estimated cost: 715 million yen
- Scheduled completion date for early retirement: End of March, 2026 (month to be determined)

##### **Partial Impairment of Owned Equipment**

- Amount: 80 million yen

Total Business Structural Reform Expenses: 795 million yen

#### **3. Impact on Financial Results**

The impact on our consolidated business results for the fiscal year ending March 2026 is expected to be the recognition of 795 million yen in business structural reform expenses as an extraordinary loss. However, as order forecasts have improved compared to initial assumptions, we will maintain the full-year earnings forecast announced on November 11, 2025.

**End**