

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

April 20, 2026

Company name: HIKARI TSUSHIN, INC.
Representative: Hideaki Wada, President and
Representative Director
(Securities code: 9435, TSE Prime)
Inquiries: Investor and Public Relations
(Tel.+81-3-6863-0124)

Notice Concerning Execution of Share Exchange Agreement to Make IC Corporation CO., LTD. a Wholly Owned Subsidiary through a Simplified Share Exchange

HIKARI TSUSHIN, INC. (the “Company”) hereby announces that at a meeting of the Board of Directors held today, it has resolved to execute a share exchange (the “Share Exchange”) in which the Company will become the wholly owning parent company and IC Corporation CO.,LTD. (“IC Corporation”) will become the wholly owned subsidiary. The Company entered into a share exchange agreement (the “Share Exchange Agreement”) with IC Corporation on the same day, as outlined below.

The Share Exchange is scheduled to be conducted through a simplified share exchange procedure pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act without requiring approval by a resolution of a shareholders meeting. As the Share Exchange qualifies as one in which net assets of IC Corporation as of the end of the preceding fiscal year are less than 10% of the Company’s net assets as of the end of the preceding fiscal year, and its net sales are less than 3% of the Company’s net sales for the same period, certain disclosure items and details have been omitted.

1. Reasoning

The Group, through its subsidiaries and affiliates, primarily engages in electricity and gas, telecommunications, beverage, insurance, finance, solution, and commission-based sales businesses.

IC Corporation and its consolidated subsidiaries possess strengths in the sale of information and telecommunications equipment, PC servers, and security equipment.

By making IC Corporation a wholly owned subsidiary, the Company expects to strengthen its sales capabilities through enhanced collaboration with the Group’s business for corporate clients. Accordingly, the Company has determined that the share exchange will contribute to the enhancement of corporate value of both companies. Based on the resolution of the Board of Directors of the Company as of today, the Company resolved to conduct the share exchange for the purpose of making IC Corporation a wholly owned subsidiary, and both companies entered into a share exchange agreement.

2. Overview

(1) Share Exchange Schedule

Date of Execution of the Share Exchange Agreement (the Company and IC Corporation)	April 20, 2026
Date of General Meeting of Shareholders to Approve the Share Exchange Agreement (IC Corporation)	April 21, 2026 (Scheduled)
Effective Date of the Share Exchange (the Company and IC Corporation)	May 15, 2026 (Scheduled)

Note 1: This share exchange is scheduled to be conducted through a simplified share exchange

procedure which, in accordance with Article 796, Paragraph 2 of the Companies Act, does not require approval by a resolution of the shareholders' meeting.

Note 2: The schedule for this share exchange may be changed by mutual agreement between the two companies if deemed necessary due to procedural requirements or other circumstances related to the progress of the share exchange. Any changes to the above schedule will be promptly announced.

(2) Method of the Share Exchange

The share exchange will be conducted with the Company as the wholly owning parent company and IC Corporation as the wholly owned subsidiary.

This share exchange will be carried out as a simplified share exchange that, pursuant to Article 796, Paragraph 2 of the Companies Act of Japan, does not require approval by a resolution of the shareholders' meeting on the part of the Company. On the part of IC Corporation, the share exchange is scheduled to be executed on May 15, 2026, following approval of the share exchange agreement by resolution at the extraordinary general meeting of shareholders scheduled for April 21, 2026.

(3) Allotment in the Share Exchange

	The Company (Wholly Owning Parent Company in Share Exchange)	IC Corporation (Wholly Owned Subsidiary in Share Exchange)
Share Exchange Ratio	1	217
Number of Our Shares to Be Delivered Through the Share Exchange	21,700 shares of our common stock (planned)	

Note 1: Share Exchange Ratio

For each share of IC Corporation CO., LTD. (hereinafter referred to as "IC Corporation Share"), the Company will allot and deliver 217 shares of the Company's common stock (hereinafter referred to as "the Company Shares"). However, no shares will be allotted in the share exchange for IC Corporation Shares held by the Company as of the record date (as defined below).

The above-mentioned ratio for the share exchange (hereinafter referred to as the "Share Exchange Ratio") may be subject to change through mutual consultation and agreement between the two companies if there is a material change in the conditions on which the calculation of the ratio is based.

Note 2: Number of Shares to be Delivered in the Share Exchange

Upon the Share Exchange, the Company will deliver to shareholders of IC Corporation, in place of their IC Corporation shares, the number of the Company Shares calculated by multiplying 217 by the total number of IC Corporation Shares held by each shareholder as of the time immediately before the Company acquires all issued shares of IC Corporation (hereinafter referred to as the "Record Date"). The Company plans to use treasury shares (82,451 shares as of December 31, 2026) to fulfill the share delivery.

Note 3: Handling of Shares Less Than One Unit (Less Than 100 Shares)

Shareholders of IC Corporation who, as a result of the Share Exchange, will hold less than one unit (i.e., less than 100 shares) of the Company Shares may use the following systems concerning the Company Shares. Please note that shares less than one unit cannot be sold on the financial instruments exchange market.

Request for Purchase of Additional Shares (to make up one unit)

Under Article 194, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, shareholders who hold less than one unit of shares may request the Company to sell them the number of shares necessary to bring their total holdings up to one unit (100 shares).

Request for Sale of Shares Less Than One Unit

Under Article 192, Paragraph 1 of the Companies Act, shareholders who hold less than one unit of shares may request the Company to purchase their fractional shares.

Note 4: Handling of Fractional Shares (Less Than One Share)

For shareholders of IC Corporation who would be entitled to receive fractional shares (less than one full share) of the Company as a result of the Share Exchange, the total number of such fractional shares (with any portion less than one share in aggregate to be discarded) will be sold in accordance with Article 234 of the Companies Act and other applicable laws and regulations, and the proceeds from such sales will be distributed to shareholders in proportion to the respective fractional shares held.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in relation to the Share Exchange

All stock acquisition rights issued by IC Corporation (excluding those held by the Company and its subsidiaries) are scheduled to be acquired without compensation and canceled, in accordance with the terms and conditions thereof, on the day prior to the effective date of the share exchange, based on the acquisition provisions of such stock acquisition rights, subject to approval of the Share Exchange agreement at IC Corporation's extraordinary general meeting of shareholders scheduled for April 21, 2026.

IC Corporation has not issued any bonds with stock acquisition rights.

3. Basis and Rationale for the Allotment Terms

(1) In determining the share exchange ratio for this Share Exchange, the Company engaged Aoyama Trust Accounting Co., Ltd. ("Aoyama Trust"), an independent third-party valuation firm unaffiliated with either the Company or IC Corporation, to ensure that the share values of both companies and the share exchange ratio were calculated in a fair and appropriate manner.

Based on the valuation results provided by Aoyama Trust, and after comprehensively considering factors such as the financial conditions, business performance, and stock price trends of both companies, the Company engaged in careful discussions and negotiations with IC Corporation. As a result, both parties concluded that the proposed share exchange ratio is fair and in the best interests of their respective shareholders. Accordingly, the Company resolved at its Board of Directors meeting held today to proceed with the Share Exchange using this ratio, and the parties have agreed to implement the Share Exchange.

Please note that the share exchange ratio may be revised upon mutual agreement between the two companies in the event of any significant change in the conditions on which the calculation is based, as stipulated in the Share Exchange Agreement.

(2) Matters Related to Valuation

(i) Name of the Valuation Firm and Relationship with the Companies

Aoyama Trust is an independent valuation firm unaffiliated with either the Company or IC Corporation.

It does not fall under the category of a related party of either company, and has no material interest in the Share Exchange that would require disclosure.

(ii) Overview of the Valuation

For the Company's shares, which are listed on the Prime Market of the Tokyo Stock Exchange and have a market price, Aoyama Trust applied the market price method. In addition, the financial projections based on the Company's business plan for the fiscal years ending March 2026 through March 2031, which Aoyama Trust used as the basis for its valuation of the Company's share value under the DCF method, do not include any fiscal years in which a significant increase or decrease in profits is anticipated; however, they do include a fiscal year in which a significant increase in free cash flow is expected. Specifically, free cash flow for the fiscal year ending March 2029 is projected to increase by 65.3% year-on-year, primarily due to an increase in recurring operating profits driven by the growth of the electricity and gas businesses and the insurance business, as well as an increase in the amortization of contract acquisition costs associated with customer growth.

For IC Corporation's shares, the DCF method was used to reflect the status of future business activities, and the adjusted net asset value method was used to reference objective valuation indicators. In addition, the financial projections based on IC Corporation's business plan do not anticipate any fiscal years with significant increases or decreases in profits.

The evaluation range for the share exchange ratio, based on the respective equity value of both companies, and assuming the Company's per-share value as 1, is as follows:

Method Used		Per-Share Value		Share Exchange Ratio Range
The Company	IC Corporation	The Company	IC Corporation	
Market Price Method	DCF Method	40,000 yen-42,574 yen	16,270,755 yen-21,536,177 yen	382 - 538
Market Price Method	Adjusted Net Asset Value Method	40,000 yen-42,574 yen	2,171,344 yen	51 - 54
DCF Method	DCF Method	57,430 yen-79,499 yen	16,270,755 yen-21,536,177 yen	205 - 375

In conducting this valuation, Aoyama Trust assumed that all publicly available information and the information provided by both companies was accurate and complete. Aoyama Trust did not independently verify the accuracy or completeness of the information.

With respect to the assets and liabilities (including derivative transactions, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company, IC Corporation, and their affiliated companies, no independent evaluation, appraisal, or assessment was conducted, including analysis and valuation of individual assets and liabilities. The valuation was based on information, judgments, and projections provided or disclosed by the Company and IC Corporation, and no verification of such information was independently conducted, nor was any appraisal or assessment requested from third-party institutions.

The financial forecasts of IC Corporation (including profit projections and other relevant information) were assumed to be reasonably prepared by its management based on the best currently available knowledge.

The share exchange ratio valuation by Aoyama Trust reflects information and economic conditions available as of April 17, 2026. The valuation was prepared solely for the purpose of assisting our Board of Directors in considering the share exchange ratio.

4. Overview of the Companies Involved in the Share Exchange

	Wholly Owning Parent Company	Wholly Owned Subsidiary
(1) Name	HIKARI TSUSHIN, INC.	IC Corporation CO., LTD.
(2) Location	1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo	1-6-4 Taito, Taito-ku, Tokyo
(3) Title and Name of Representative	President and Representative Director Hideaki Wada	Representative Director Kei Inuma
(4) Business Description	Electricity and gas, Telecommunications, Beverage, Insurance, Financial, Solution, and Commission-based sales	Acquisition, holding, and sale of assets, including securities
(5) Capital	54,259 million yen (As of March 31, 2025)	100 million yen
(6) Date of Establishment	February 5, 1988	December 13, 2021
(7) Number of Shares Outstanding	43,989,642 shares (As of December 31, 2025)	100 shares (As of December 31, 2025)
(8) Fiscal Year-End	End of March	End of March
(9) Number of Employees	4,861 (consolidated) (As of March 31, 2025)	1(non-consolidated) (As of September 30, 2025)
(10) Major Shareholders and Shareholding Ratios (as of September 30, 2025)	Hikari Power Ltd 39.24% Kagoshima East India Inc 7.51% The Master Trust Bank of Japan, Ltd. (Trust Account) 7.10% Hikari Power Honke LLC 5.36% Custody Bank of Japan, Ltd. (Trust Account) 3.20% Yasumitsu Shigeta 2.73% Takeshi Tamamura 2.42% STATE STREET BANK AND TRUST	Kei Inuma 100%

	COMPANY 505001 1.24%		
	Hideaki Wada 0.96%		
	Hikari Power Z LLC 0.91%		
(11) Financial Results for the Preceding Fiscal Year		(million yen)	
Fiscal Year-End	The Company (consolidated)	Fiscal Year End	IC Corporation
	Fiscal Year Ended March 2025		Fiscal Year Ended September 2025
Equity Attributable to Owners of the Parent	914,768	Net Assets	2,257
Total Consolidated Assets	2,371,026	Total Assets	5,358
Equity Attributable to Owners of the Parent per Share (yen)	20,845.16	Book-value Per Share	22
Consolidated Revenue	686,553	Revenue	0
Consolidated Operating Profit	105,036	Operating Profit	-2
Consolidated Profit Before Tax	150,718	Ordinary Profit	2,330
Profit Attributable to Owners of the Parent	117,523	Profit Attributable to Owners of the Parent	2,329
Consolidated Net Income per Share (yen)	2,671.18	Net Income Per Share	23

Note: Starting from the current fiscal year, IC Corporation has changed its fiscal year-end to March.

5. Post-Share Exchange Status

For the Company, as the wholly owning parent company in this share exchange, there will be no changes to its name, head office location, representative's title and name, business description, capital, or fiscal year-end.

6. Future Outlook

We believe that the impact of this share exchange on our consolidated financial results will be minimal. If any matters requiring disclosure arise in the future, we will make announcements promptly.

(Reference) Consolidated Earnings Forecast for the Fiscal Year Ending March 2026 and Consolidated Results for the Fiscal Year Ended March 2025.

The Company		(million yen)	
	Consolidated revenue	Consolidated operating profit	Profit attributable to parent
Consolidated Earnings Forecast (Fiscal year ending March 31, 2026)	760,000	115,000	120,000
Consolidated Earnings (Fiscal year ended March 31, 2025)	686,553	105,036	117,523