

March 31, 2026

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Representative: Hideaki Wada, President and  
Representative Director  
(Securities code: 9435, TSE Prime)  
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## Notice Concerning Execution of Share Exchange Agreement to Make FT Group 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 FT Group CO.,LTD. (“FT Group”) will become the wholly owned subsidiary. The Company entered into a share exchange agreement (the “Share Exchange Agreement”) with FT Group 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 is a simplified share exchange to make a consolidated subsidiary a wholly owned subsidiary, certain disclosure items and details have been omitted.

### 1. Reasoning

Our consolidated subsidiary, FT Group, together with its consolidated subsidiaries, has been engaged in the Network Infrastructure Business, which includes electricity retailing and communication line services, as well as the Corporate Solution Business, which offers information, communication and environmental services. However, the sustainability of growth in these areas has become a concern. Furthermore, according to the "Notice Regarding Revision of Medium-Term Business Outlook and Dividend Policy" disclosed by FT Group on February 10, 2025, its performance is projected to decline in the medium to long term. We also recognize issues regarding its compliance with continued listing criteria.

In light of these circumstances, and with full consideration for the interests of minority shareholders, we have come to view the potential delisting of FT Group as a reasonable capital strategy. As such, we proposed to FT Group a share exchange to make it a wholly owned subsidiary. After careful discussions and negotiations between both companies, we reached a mutual understanding that the share exchange would contribute to enhancing the corporate value of both parties. Following a review and agreement on the terms and conditions, including the share exchange ratio, both companies resolved at their respective board meetings held today to proceed with the share exchange, and entered into a share exchange agreement.

### 2. Overview

#### (1) Share Exchange Schedule

Date of Board Resolutions Approving the Share Exchange Agreement (the Company and FT Group)	March 31, 2026
Date of Execution of the Share Exchange Agreement (the Company and FT Group)	March 31, 2026
Record Date for Ordinary General Meeting of Shareholders to Approve the Share Exchange Agreement (FT Group)	March 31, 2026

Ordinary General Meeting of Shareholders to Approve the Share Exchange Agreement (FT Group)	June 23, 2026 (Scheduled)
Final Trading Date (FT Group)	July 29, 2026 (Scheduled)
Delisting Date (FT Group)	July 30, 2026 (Scheduled)
Effective Date of the Share Exchange (the Company and FT Group)	August 1, 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 FT Group 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 FT Group, the share exchange is scheduled to be executed on August 1, 2026, following approval of the share exchange agreement by resolution at the ordinary general meeting of shareholders scheduled for June 23, 2026.

## (3) Allotment in the Share Exchange

	The Company (Wholly Owning Parent Company in Share Exchange)	FT Group (Wholly Owned Subsidiary in Share Exchange)
Share Exchange Ratio	1	0.03
Number of Our Shares to Be Delivered Through the Share Exchange	360,692 shares of our common stock (planned)	

### Note 1: Share Exchange Ratio

For each share of FT Group CO.,LTD. (hereinafter referred to as "FT Group Share" ), the Company will allot and deliver 0.03 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 FT Group 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 FT Group (excluding the Company and shareholders after the cancellation of treasury shares described below) the number of the Company Shares calculated by multiplying 0.03 by the total number of FT Group Shares held by each shareholder as of the time immediately before the Company acquires all issued shares of FT Group (excluding the shares held by the Company) (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, and will issue additional common shares if necessary to cover any shortfall.

FT Group plans to cancel all of its treasury shares (including any shares acquired by FT Group in response to share purchase requests made by dissenting shareholders under Article 785, Paragraph 1 of the Companies Act) as of the Record Date by resolution of the Board of Directors to be held by the day before the effective date of the Share Exchange.

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

Shareholders of FT Group 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 FT Group 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 Convertible Bonds in relation to the Share Exchange  
All stock acquisition rights issued by FT Group are planned to be acquired without compensation and canceled on the day prior to the effective date of the share exchange in accordance with their terms, subject to approval of the Share Exchange agreement at FT Group's annual general meeting of shareholders scheduled for June 23, 2026.

### 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 FT Group, 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, as well as taking into account the interests of minority shareholders of FT Group, the Company engaged in careful discussions and negotiations with FT Group. 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 parties have agreed to implement the Share Exchange using this ratio, as resolved at the board meetings of both companies held today.

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 FT Group. 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 and the DCF method to reflect future business prospects. The financial projections based on the Company's business plan for the fiscal years from March 2026 through March 2031, which Aoyama Trust used as the basis for its valuation of the Company's share value using the DCF method, do not include any fiscal years in which significant increases or decreases in profit are expected; however, they do include

fiscal years in which a substantial increase in free cash flow is anticipated. Specifically, free cash flow for the fiscal year ending March 2029 is expected to increase by 65.3% year on year, primarily due to an increase in recurring operating-type profit driven by the growth of the electricity, gas, and insurance businesses, as well as an increase in amortization of contract acquisition costs associated with customer growth.

Similarly, for FT Group's shares, which are listed on the Standard Market of the Tokyo Stock Exchange, the same two methods were applied. The financial projections based on FT Group's business plan for the fiscal years from March 2026 through March 2031, which Aoyama Trust used as the basis for its valuation of FT Group's share value using the DCF method, do not include any fiscal years in which significant increases or decreases in profit are expected.

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	FT Group	The Company	FT Group	
Market Price Method	Market Price Method	40,030 yen- 43,096 yen	1,257 yen- 1,272 yen	0.02917- 0.03178
DCF Method	DCF Method	60,130 yen- 75,514 yen	2,066 yen- 2,205 yen	0.02735- 0.03668

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, FT Group, 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 FT Group, and no verification of such information was independently conducted, nor was any appraisal or assessment requested from third-party institutions.

The financial forecasts of FT Group (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 March 30, 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.	FT Group CO., LTD.
(2) Location	1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo	13-6, Nihonbashi Kakigaracho 2-chome, Chuo-ku, Tokyo, Japan
(3) Title and Name of Representative	President and Representative Director Hideaki Wada	President and Representative Director Ryoji Kobayashi
(4) Business Description	Electricity and gas, Telecommunications, Beverage, Insurance, Financial, Solution, and Commission-based sales	Planning, sales, and maintenance of information and communications equipment, Retail electricity services, Telecommunications line services, etc.
(5) Capital	54,259 million yen (As of March 31, 2025)	1,344 million yen
(6) Date of Establishment	February 5, 1988	August 1, 1985
(7) Number of Shares Outstanding	43,989,642 shares (As of December 31, 2025)	30,342,268 shares (As of December 31, 2025)
(8) Fiscal Year-End	End of March	End of March
(9) Number of Employees (as of March 31, 2025)	4,861 persons (consolidated) (As of March 31, 2025)	126 persons (consolidated) (As of March 31, 2025)
(10) Major	Hikari Power Ltd 39.24%	Hikari Tsushin, Inc. 59.56%

Shareholders and Shareholding Ratios (as of March 31, 2025)	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) 3.2% Yasumitsu Shigeta 2.73% Takeshi Tamamura 2.42% STATE STREET BANK AND TRUST COMPANY 505001 1.24% Hideaki Wada 0.96% Hikari Power Z LLC 0.91%	HCMA Alpha, Inc. 13.02% Murata Machinery, Ltd. 1.67% Kinji Negishi 1.37% Toshiyuki Hirasaki 1.14% INTERACTIVE BROKERS LLC 1.09% (Standing proxy: Interactive Brokers Securities Japan Inc.) MSIP CLIENT SECURITIES LLC 0.73% (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) Shiyo Yoshida 0.68% FT Group Employee Shareholding Association 0.63% Hiroyuki Yamamoto 0.61%
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(11) Relationships Between the Parties Involved	
Capital Relationship	As of today, our group holds 72.6% of the shares of FT Group.
Personnel Relationship	Among the directors of FT Group (excluding directors who are Audit and Supervisory Committee members), one serves as an employee of the Company. In addition, among the directors who are Audit and Supervisory Committee members, one serves as an employee of the Company.
Business Relationship	The Company's subsidiaries engage in transactions with FT Group related to the sale of office automation equipment.
Status as Related Parties	The Company qualifies as the parent company of FT Group.

(12) Financial Results for the Past Three Years			(million yen)			
Fiscal Year-End	The Company (consolidated)			FT Group (consolidated)		
	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024	Fiscal Year Ended March 2025	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024	Fiscal Year Ended March 2025
Equity Attributable to Owners of the Parent	571,009	790,478	914,768	20,543	23,677	29,842
Total Consolidated Assets	1,691,949	2,078,956	2,371,026	32,734	33,082	40,592
Equity Attributable to Owners of the Parent per Share (yen)	12,773.00	17,906.68	20,845.16	676.97	785.20	1,003.81
Consolidated Revenue	643,984	601,948	686,553	40,698	36,480	34,625
Consolidated Operating Profit	86,615	94,546	105,036	5,837	7,694	9,282
Consolidated Ordinary Profit	118,479	168,000	150,718	5,851	7,705	9,325
Profit Attributable to Owners of the Parent	91,345	122,225	117,523	3,625	5,284	6,613
Consolidated Net Income per Share (yen)	2,037.65	2,753.52	2,671.18	117.97	174.04	220.40
Dividend per Share (yen)	545.00	638.00	661.00	55.00	55.00	55.00

## 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 3, 2026 and Consolidated Results for the previous fiscal year.

The Company

(million yen)

	Consolidated revenue	Consolidated operating profit	Profit attributable to parent
Fiscal year ending March 31, 2026	760,000	115,000	120,000
Fiscal year ending March 31, 2025	686,553	105,036	117,523

FT Group

(million yen)

	Consolidated revenue	Consolidated operating profit	Profit attributable to parent
Fiscal year ending March 31, 2026	30,900	7,300	4,800
Fiscal year ending March 31, 2025	34,625	9,282	6,613