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February 10, 2024

**Consolidated Financial Results
for the Nine Months Ended December 31, 2025
[Under Japanese GAAP]**

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7226
 URL: <https://www.kyokuto.com/>
 Representative: Tatsuya Nunohara, Representative Director, President, CEO
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine Months ended December 31, 2025	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	112,681	16.6	5,626	48.4	6,178	48.0	702	(81.9)
December 31, 2024	96,642	7.0	3,792	75.4	4,174	55.4	3,885	167.2

Note: Comprehensive income For the Nine Months ended December 31, 2025 (556) million yen [- %]
 For the Nine Months ended December 31, 2024 2,425 million yen [(29.3)%]

	Basic earnings per share	Diluted earnings per share
Nine Months ended December 31, 2025	Yen 18.29	Yen -
December 31, 2024	101.32	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of December 31, 2025	Millions of yen 195,839	Millions of yen 111,341	% 56.1
As of March 31, 2025	187,748	117,271	61.8

Reference: Equity As of December 31, 2025 109,821 million yen
 As of March 31, 2025 116,106 million yen

2. Cash Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2025	Yen -	Yen 75.00	Yen -	Yen 83.00	Yen 158.00
Fiscal year ending March 31, 2026	-	70.00			
Fiscal year ending March 31, 2026 (forecast)			-	70.00	140.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	168,000	19.6	9,600	44.2	9,500	37.9	2,645	(54.6)	68.84

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
 Newly included: None
 Excluded: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total Number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	40,150,000
As of March 31, 2025	40,150,000

2) Number of treasury shares at the end of the period

As of December 31, 2025	1,706,829
As of March 31, 2025	1,729,600

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine Months ended December 31, 2025	38,435,534
Nine Months ended December 31, 2024	38,347,639

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or auditing firms: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information available as of the date of this document's release, and actual results may differ from these forecasts due to various factors in the future.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	20,291	18,627
Notes and accounts receivable - trade, and contract assets	34,162	28,134
Electronically recorded monetary claims - operating	10,933	13,509
Merchandise and finished goods	2,471	4,009
Work in process	15,339	18,800
Raw materials and supplies	11,052	12,195
Prepaid expenses	612	868
Other	2,181	2,986
Allowance for doubtful accounts	(110)	(69)
Total current assets	<u>96,933</u>	<u>99,061</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,293	18,520
Machinery, equipment and vehicles, net	9,052	9,668
Land	28,249	31,681
Construction in progress	4,836	7,288
Other, net	2,158	1,990
Total property, plant and equipment	<u>61,590</u>	<u>69,150</u>
Intangible assets		
Goodwill	7,629	7,409
Customer-related intangible assets	1,189	999
Other	2,166	1,986
Total intangible assets	<u>10,984</u>	<u>10,395</u>
Investments and other assets		
Investment securities	15,379	13,542
Long-term loans receivable	188	150
Long-term prepaid expenses	239	742
Retirement benefit asset	1,094	1,157
Deferred tax assets	371	607
Other	1,670	1,735
Allowance for doubtful accounts	(704)	(704)
Total investments and other assets	<u>18,239</u>	<u>17,231</u>
Total non-current assets	<u>90,814</u>	<u>96,777</u>
Total assets	<u>187,748</u>	<u>195,839</u>

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,653	11,573
Electronically recorded obligations - operating	3,548	4,790
Short-term borrowings	19,113	10,146
Current portion of long-term borrowings	8	8
Accounts payable	1,586	6,983
Income taxes payable	2,665	2,019
Accrued consumption taxes	1,829	764
Accrued expenses	5,291	4,242
Provisions	1,418	2,253
Other	2,907	3,583
Total current liabilities	52,023	46,365
Non-current liabilities		
Bonds payable	2,800	2,800
Long-term borrowings	7,625	27,322
Retirement benefit liability	53	55
Provisions	85	100
Deferred tax liabilities	6,180	6,242
Other	1,708	1,611
Total non-current liabilities	18,453	38,132
Total liabilities	70,476	84,497
Net assets		
Shareholders' equity		
Share capital	11,899	11,899
Capital surplus	11,880	11,921
Retained earnings	87,481	82,304
Treasury shares	(1,749)	(1,725)
Total shareholders' equity	109,511	104,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,228	5,631
Foreign currency translation adjustment	26	(496)
Remeasurements of defined benefit plans	339	286
Total accumulated other comprehensive income	6,594	5,421
Non-controlling interests	1,165	1,520
Total net assets	117,271	111,341
Total liabilities and net assets	187,748	195,839

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the Nine-month Period)

(Millions of yen)

	Nine Months ended December 31, 2024	Nine Months ended December 31, 2025
Net sales	96,642	112,681
Cost of sales	80,181	91,836
Gross profit	16,460	20,845
Selling, general and administrative expenses	12,667	15,218
Operating profit	3,792	5,626
Non-operating income		
Interest and dividend income	453	509
Foreign exchange gains	106	500
Miscellaneous income	181	217
Total non-operating income	742	1,227
Non-operating expenses		
Interest expenses	91	326
Share of loss of entities accounted for using equity method	42	1
Miscellaneous expenses	225	348
Total non-operating expenses	360	675
Ordinary profit	4,174	6,178
Extraordinary income		
Gain on sale of non-current assets	4	3
Gain on sale of investment securities	1,907	4,382
Subsidy income	229	-
Other	-	0
Total extraordinary income	2,141	4,386
Extraordinary losses		
Loss on disposal of non-current assets	31	37
Loss on tax purpose reduction entry of non-current assets	229	-
Provision of allowance for losses related to the Anti- Monopoly Act	-	5,925
Other	6	2
Total extraordinary losses	266	6,178
Profit before income taxes	6,049	4,386
Income taxes	2,141	3,677
Profit	3,907	708
Profit attributable to non-controlling interests	22	5
Profit attributable to owners of parent	3,885	702

(Quarterly Consolidated Statements of Comprehensive Income)

(For the Nine-month Period)

(Millions of yen)

	Nine Months ended December 31, 2024	Nine Months ended December 31, 2025
Profit	3,907	708
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,307)	(596)
Foreign currency translation adjustment	(83)	(591)
Remeasurements of defined benefit plans, net of tax	(105)	(53)
Share of other comprehensive income of entities accounted for using equity method	13	(23)
Total other comprehensive income	<hr/> (1,482)	<hr/> (1,265)
Comprehensive income	<hr/> 2,425	<hr/> (556)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,379	(470)
Comprehensive income attributable to non-controlling interests	45	(85)