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May 14, 2026

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: FUKUVI CHEMICAL INDUSTRY CO.,LTD.

Listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 7871

URL: <https://www.fukuvi.co.jp/>

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Scheduled date of annual general meeting of shareholders: June 18, 2026

Scheduled date to commence dividend payments: June 19, 2026

Scheduled date to file annual securities report: June 17, 2026

Preparation of supplementary material on financial results: Yes (<https://www.fukuvi.co.jp/en/ir/kessan>)

Holding of financial results briefing: Yes (for banks and securities companies)

President, Chief Operating Officer

Senior Managing Director, Chief Financial Officer, Chief  
General Manager, Corporate Management Strategy Division

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	40,594	1.6	1,733	11.8	2,148	14.1	1,680	14.6
March 31, 2025	39,973	0.6	1,550	(11.6)	1,882	(11.1)	1,466	(14.0)

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 3,865 million [ 251.0%]  
For the fiscal year ended March 31, 2025: ¥ 1,101 million [ (68.2)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	84.97	-	4.4	4.0	4.3
March 31, 2025	73.80	-	4.0	3.5	3.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ - million

For the fiscal year ended March 31, 2025: ¥ - million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	54,954	40,590	72.6	2,016.17
March 31, 2025	53,237	37,520	68.7	1,855.35

Reference: Equity

As of March 31, 2026: ¥ 39,905 million

As of March 31, 2025: ¥ 36,595 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	1,353	(822)	(1,247)	13,499
March 31, 2025	4,435	(381)	(1,151)	14,184

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	10.50	-	15.50	26.00	516	35.2	1.4
Fiscal year ended March 31, 2026	-	13.50	-	15.50	29.00	574	34.1	1.5
Fiscal year ending March 31, 2027 (Forecast)	-	15.50	-	15.50	31.00		-	

Note: For details, please refer to the “Notice Concerning Dividends from Surplus” announced today.

## 3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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
Three months ending June 30, 2026	10,200	5.9	400	4.2	500	4.0	430	29.3	21.74

Note: Full-year earnings forecasts are currently undetermined and will be disclosed once they become reasonably predictable. For details, please refer to “1. Overview of Operating Results (4) Outlook for the Future ” on page 7 of the attached materials.

### \* Notes

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

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	20,688,425 shares
As of March 31, 2025	20,688,425 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2026	895,983 shares
As of March 31, 2025	964,283 shares

- (iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	19,775,867 shares
Fiscal Year ended March 31, 2025	19,859,722 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	36,736	1.4	1,255	34.4	1,714	24.1	1,417	21.2
March 31, 2025	36,246	0.9	934	(10.4)	1,381	(11.9)	1,168	(15.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2026	71.63	-
March 31, 2025	58.83	-

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	47,840	34,869	72.9	1,761.72
March 31, 2025	47,234	32,530	68.9	1,649.26

Reference: Equity

As of March 31, 2026: ¥ 34,869 million

As of March 31, 2025: ¥ 32,530 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual financial results may differ from the results anticipated in the statements due to various factors. For the assumptions underlying the earnings forecasts and other related matters, please refer to "1. Overview of Operating Results, (4) Outlook for the Future." on page 6 of the attached materials.

Supplementary materials on the financial results are posted on our website (<https://www.fukuvi.co.jp/en/ir/kessan>).

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Period

#### (i) Overview of Business Performance

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	39,973	40,594	621	1.6
Gross profit	11,989	12,374	385	3.2
Operating profit	1,550	1,733	183	11.8
Ordinary profit	1,882	2,148	265	14.1
Profit before income taxes	2,013	2,344	331	16.4
Profit attributable to owners of parent	1,466	1,680	215	14.6

Net sales for the fiscal year under review increased by 1.6% year-on-year to 40,594 million yen, driven by the steady growth of high-performance insulation materials demanded for both new construction and renovation, as well as the recovery in non-residential building materials and automotive-related components.

In terms of profit, gross profit increased to 12,374 million yen (up 3.2% year on year) as a result of efforts to improve productivity in response to rising manufacturing costs. Although personnel expenses and digital-related costs increased, this was offset by the rise in gross profit, with operating profit growing to 1,733 million yen (up 11.8% year on year). Ordinary profit rose to 2,148 million yen (up 14.1% year on year) due to the recording of foreign exchange gains, and profit attributable to owners of parent increased to 1,680 million yen (up 14.6% year on year) as a result of gain on sale of investment securities.

For details, please refer to “(ii) Overview by Segment.”

In the third year of the Seventh Medium-Term Management Plan (FY2023–FY2027), under the slogan “Pushing Technology Forward, Excitement for the Future,” the Group worked to enhance corporate value by promoting initiatives based on the three basic strategies of “Expansion of Circular Business,” “Establishment of a Robust Profit Base,” and “Building an Organization that Drives Growth.”

#### • Expansion of Circular Business

We are accelerating the development of environmentally conscious product brands and expanding the scope of plastic recycling, aiming to achieve both a circular society and sustainable growth.

##### Brand Launch:

Amid strong performance of our flagship recycled wood product “PLUSWOOD,” “PLUSWOOD Deck ND KKAA” received the 2025 Good Design Award and has been highly evaluated in the market for its outstanding design and environmental performance.

Building on our experience in developing products and spaces for public areas, we have launched the platform-type business brand “Fukuvi commons,” which fosters connections between people and communities by bringing together diverse individuals and ideas.

##### Utilization of Regional Resources and Innovative Technologies:

We advanced collaboration with local communities through product development utilizing Nara and Miyagi Prefecture timber. On the technology front, the integrated manufacturing process for CFRTP (carbon fiber reinforced thermoplastic) received the NEDO Energy Conservation Technology Development Award. Furthermore, to address environmental regulations of global automobile manufacturers, especially in Europe, we became the first in the industry to successfully develop a Light Guiding Bar PFAS-Free Type that does not use any fluorine compounds (PFAS).

##### Initiatives to Address Social Issues:

We have launched a demonstration project for thermal insulation renovation through industry-academia-government collaboration utilizing closed schools, contributing to the development of next-generation school facility models, the extension of existing building lifespans, and the reduction of environmental impact.

#### • Establishment of a Robust Profit Base

Leveraging our unique strengths in material formulation and molding processing technology, we have optimized operations to

achieve profitability that exceeds capital costs.

Enhancement of Insulation Business:

In response to the growing demand for high-performance insulation material "Phenova Board," we have decided to construct a second plant at Fukuvi Okayama (a wholly owned subsidiary). This project has been selected for the Ministry of Economy, Trade and Industry's "Large-scale Growth Investment Subsidy," and by establishing a dual-location structure with Fukui, we will simultaneously strengthen our BCP (Business Continuity Plan) capabilities and stable supply system.

Expansion of Growth Areas:

Products for factories and warehouses, "PLANTOOL," as well as "Light Guiding Bar" used in automotive interior illumination components, have continued to perform strongly and are driving earnings.

Business Restructuring:

In April 2026, we integrated the construction business within the Group and reorganized it as FUKUVI REFOJOLE ARCHITECTS CO., LTD.. This restructuring aims to accelerate optimal resource allocation and operational efficiency, further strengthen sales capabilities, product competitiveness, and the construction network, and drive continued business expansion and improved profitability.

• Building an Organization that Drives Growth

To achieve "Enhancement of Corporate Value 2030," we actively invested in human capital and promoted advanced governance.

Organizational Culture Reform:

As part of promoting flexible work arrangements, we encourage male employees to take childcare leave and have newly established the Childcare Leave Support Program (Special Allowance) for employees who support colleagues during their leave. Through these initiatives, we are fostering a renewed organizational culture where diverse talent can thrive and working to enhance employee engagement.

AI and Digital Strategy:

We implemented an "AI Learning Program" for all employees to enhance literacy, alongside the development of "Usage Guidelines" from a governance perspective.

Challenges for the Future:

We implemented the "AI Challenge Project," which not only improves operational efficiency but also accelerates an innovation framework to create new value in this unpredictable (VUCA) era.

(ii) Segment Overview

The performance and principal factors for each segment are as follows.

In addition, as of April 1, 2025, due to organizational restructuring aimed at further expanding the FRP business, Alice Chemical Co., Ltd. was reorganized from under the Building Materials Business Division to the Business Development Division, which handles new businesses.

Accordingly, from the current fiscal year onward, Alice Chemical Co., Ltd., previously included in the "Building Materials Business," has been transferred to "Others," and the year-on-year change amount and change rate are calculated based on figures reclassified according to the revised segmentation method.

[Building Materials Business]

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	25,641	25,440	(201)	(0.8)
Gross profit	9,401	9,342	(60)	(0.6)
Operating profit	3,550	3,737	186	5.3

The overall net sales of the Building Materials Business decreased by 0.8% compared to the previous fiscal year, while operating profit increased by 5.3%, resulting in improved earnings. Although generic products were impacted by the decline in housing starts, the steady progress in shifting to growth areas offset this effect. In particular, the Insulation Business, including high-performance insulation material "Phenova Board," as well as products for non-residential and renovation applications ("PLUSWOOD," "OA Floor," etc.), are accelerating the expansion of the portfolio toward environmentally friendly products. Furthermore, we will strengthen our structure for further business growth, including investment in a new plant at Fukuvi Okayama to establish increased production capacity for Phenova Board.

[CSE Business] (\*)

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	10,059	10,160	101	1.0
Gross profit	1,288	1,410	122	9.5
Operating profit	326	497	170	52.3

The overall net sales of the CSE Business increased by 1 % year on year, and operating profit rose by 52.3 % year on year, resulting in higher revenue and a significant increase in profit. In addition to strong demand for large vehicles such as buses, sales in the Mobility segment—including illumination components "Light Guiding Bar" and logistics materials "Resin Fork Guard"—made a substantial contribution to profit growth.

(\*) "CSE" is an acronym that stands for "Customer Satisfaction & Expectation." It refers to sales engineering that leverages specialized knowledge and technical capabilities to provide value exceeding customer needs and expectations. The goal of CSE is to enhance customer satisfaction and trust.

[Precision Business]

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	1,593	2,071	478	30.0
Gross profit	330	545	214	64.9
Operating profit	157	348	191	122.0

The Precision Business recorded a 30% year-on-year increase in net sales and a 122% year-on-year increase in operating profit, resulting in significant growth in both revenue and profits. Sales of automotive components rose sharply in the second half, while lens cover products in non-automotive fields also drove sales. In addition, cost reduction measures in manufacturing contributed to improved profitability.

[Global Business]

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	3,462	3,790	328	9.5
Gross profit	818	979	161	19.7
Operating profit	(122)	(29)	93	-

Net sales for the Global Business increased by 9.5% year-on-year, and operating profit improved by 93 million yen. ASEAN and U.S. building materials business progressed smoothly, while sales of new OEM products and vehicle parts for overseas markets remained strong, contributing to increased revenue. In terms of profit, thorough cost reductions and controlled selling, general and administrative expenses at each local subsidiary narrowed the loss.

(Individual Performance)

For the Company's non-consolidated results, net sales amounted to 36,736 million yen (up 1.4% year on year). In terms of profit, operating profit was 1,255 million yen (up 34.4% year on year), ordinary profit was 1,714 million yen (up 24.1% year on year), and profit was 1,417 million yen (up 21.2% year on year)..

(2) Overview of Financial Position for the Period

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Current assets (Millions of yen)	35,454	33,989	(1,464)	(4.1)
Non-current assets (Millions of yen)	17,783	20,964	3,181	17.9
Total assets (Millions of yen)	53,237	54,954	1,717	3.2
Total liabilities (Millions of yen)	15,717	14,364	(1,353)	(8.6)
Total net assets (Millions of yen)	37,520	40,590	3,070	8.2
Equity-to-asset ratio (%)	68.7	72.6	3.9	-

(Assets)

Total assets increased by 1,717 million yen (3.2%) from the end of the previous fiscal year to 54,954 million yen. The main factors for this fluctuation were as follows: In current assets, although inventories increased by 335 million yen, cash and deposits decreased by 685 million yen and trade receivables decreased by 1,205 million yen, resulting in a decrease of 1,464 million yen (4.1%). In non-current assets, property, plant and equipment increased by 174 million yen, and investments and other assets increased by 3,051 million yen due to an increase in the market value of investment securities, resulting in an increase of 3,181 million yen (17.9%).

(Liabilities)

Liabilities decreased by 1,353 million yen (8.6%) from the end of the previous fiscal year to 14,364 million yen. The main factors for this fluctuation were as follows: In current liabilities, trade payables decreased by 2,303 million yen, while accrued expenses increased by 71 million yen, resulting in a decrease of 2,319 million yen (17.3%). In non-current liabilities, although lease liabilities decreased by 61 million yen, deferred tax liabilities increased by 991 million yen, resulting in an increase of 965 million yen (41.6%).

(Net Assets)

Net assets increased by 3,070 million yen (8.2%) from the end of the previous fiscal year to 40,590 million yen. The principal factors for this increase were a 1,424 million yen increase in valuation difference on available-for-sale securities and an 1,107 million yen increase in retained earnings. Total shareholders' equity amounted to 34,750 million yen, resulting in total equity of 39,905 million yen. As part of the growth strategy, additional shares of the Company's subsidiary, Refojoule Co., Ltd., were acquired, which led to a decrease in non-controlling interests by 240 million yen. As a result, the equity-to-asset ratio improved by 3.9 points from 68.7% at the end of the previous fiscal year to 72.6%.

(3) Overview of Cash Flows for the Period

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Amount of increase/decrease
Cash flows from operating activities	4,435	1,353	(3,082)
Cash flows from investing activities	(381)	(822)	(441)
Cash flows from financing activities	(1,151)	(1,247)	(96)

The balance of cash and cash equivalents at the end of the fiscal year decreased by 685 million yen (4.8% year-on-year), resulting in a balance of 13,499 million yen.

The status and main factors of each cash flow are as follows.

(Cash Flows from Operating Activities)

Cash flows from operating activities amounted to a positive 1,353 million yen, reflecting income such as profit before income taxes of 2,344 million yen, depreciation of 1,411 million yen, and a decrease in trade receivables and contract assets of 1,216 million yen. Offsetting these were expenses including a decrease in trade payables of 2,309 million yen and income taxes paid of 612 million yen. Compared to the previous fiscal year, cash flows from operating activities decreased by 3,082 million yen.

Note: The changes in trade receivables and contract assets, trade payables, and other items for the previous fiscal year include the impact of the last day of the fiscal year before last being a bank holiday. If these items had been processed as settled on the last day of the fiscal year before last, cash flows from operating activities for the current fiscal year would have decreased by 1,081 million yen compared to the previous fiscal year.

(Cash Flows from Investing Activities)

Cash flows from investing activities totaled a negative 822 million yen, mainly due to expenditures of 1,106 million yen for the purchase of property, plant and equipment, offset by proceeds of 499 million yen from the sale of investment securities and other factors. Compared to the previous fiscal year, this represents a decrease of 441 million yen.

(Cash Flows from Financing Activities)

Cash flows from financing activities totaled a negative 1,247 million yen, mainly due to expenditures such as dividends paid of 573 million yen and repayments of lease liabilities of 363 million yen. Compared to the previous fiscal year, this represents a decrease of 96 million yen.

Reference: Trends in Cash Flow-Related Indicators

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity-to-asset ratio	66.0%	66.0%	67.2%	68.7%	72.6%
Equity ratio based on market value	24.8%	22.6%	33.2%	30.5%	31.7%
Cash flow to interest-bearing debt ratio	0.4年	0.5年	1.5年(0.4)	0.2年(0.4)	0.8年
Interest coverage ratio	440.6	790.2	56.9(200.1)	627.9(344.7)	135.0

※( ) Figures in parentheses represent actual values excluding the impact of fiscal year-end holidays.

#### (4) Outlook for the Future

The global economy is experiencing heightened geopolitical tensions, with the deepening economic confrontation between the United States and China and ongoing adjustments in monetary policies across countries, further exacerbated by the dramatic deterioration of the situation in Iran that began in late February. Risks have materialized, including a sharp surge in crude oil and energy prices due to the closure of the Strait of Hormuz and the resulting “flight to the dollar” in foreign exchange markets leading to yen depreciation. These factors pose complex risks to global supply chains and procurement costs. Domestically, while wage increases are observed, there are growing concerns that the renewed surge in energy and raw material costs may adversely affect corporate earnings and personal consumption.

In Japan’s housing industry, which is the core market for our Group, not only has the rise in interest rates impacted housing demand, but continued increases in energy, logistics, and various material costs have further driven up construction costs. As a result, the number of new housing starts is expected to remain at a low level. Additionally, the structural issues facing the construction industry as a whole—namely, labor shortages and an aging workforce—remain evident, leading to increasing demand for productivity improvements and labor-saving construction methods.

Amidst these uncertain conditions, our Group is working to strengthen the resilience of our supply chain by diversifying procurement networks to avoid reliance on specific regions or routes. We are also visualizing cost fluctuations and appropriately passing on costs to ensure stable earnings. At the same time, we view this period of transformation as an opportunity for sustainable growth. We will accelerate strategic investments in growth-driving areas, such as establishing a production system for “Phenova Board,” a high-performance insulation material for which increased demand is anticipated following revisions to the Building Energy Efficiency Act, and “Light Guiding Bar,” a PFAS-free component for automotive interiors that complies with environmental regulations. Furthermore, to ensure growth in the renovation and refurbishment business for existing buildings and in the non-residential construction sector, we will integrate our Group’s construction business into Fukuvi Refojoule Architects Co., Ltd. (wholly owned subsidiary). This will significantly enhance our expertise and agility in construction contracting, enabling us to shift from simply supplying materials to providing comprehensive solution-oriented business.

We will proactively advance the three basic strategies of the Seventh Medium-Term Management Plan—“Expansion of Circular Business,” “Establishment of a Robust Profit Base,” and “Building an Organization that Drives Growth”—with the aim of maximizing sustainable corporate value, including improvement of ROE.

In addition, our performance forecast for the first quarter of the fiscal year ending March 2027 is as follows: net sales of 10,200 million yen, operating profit of 400 million yen, ordinary profit of 500 million yen, and profit attributable to owners of parent of 430 million yen. The full-year forecast is “undetermined” and will be announced once it becomes reasonably predictable.

#### (Impact of the Middle East situation)

Our Group manufactures and markets products primarily made from plastics derived from naphtha. Regarding the impact of the recent deterioration in the Middle East situation, we have secured procurement of raw materials through the end of June 2026. However, there are concerns about a sharp rise in crude oil prices and stable procurement of raw materials from July 2026 onward,

which may affect our business operations and performance.

## **2. Basic Concept Regarding Selection of Accounting Standards**

With consideration for the comparability of periods and among companies, our Group intends, for the time being, to prepare its consolidated financial statements in accordance with Japanese GAAP.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
<b>Assets</b>		
Current assets		
Cash and deposits	14,184	13,499
Notes and accounts receivable - trade, and contract assets	8,536	7,766
Electronically recorded monetary claims - operating	5,979	5,545
Merchandise and finished goods	3,475	3,693
Work in process	777	754
Raw materials and supplies	1,384	1,525
Accounts receivable - other	981	981
Other	136	226
<b>Total current assets</b>	<b>35,454</b>	<b>33,989</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,610	3,453
Machinery, equipment and vehicles, net	1,950	2,205
Tools, furniture and fixtures, net	198	230
Land	1,911	1,911
Leased assets, net	423	460
Construction in progress	163	171
<b>Total property, plant and equipment</b>	<b>8,256</b>	<b>8,430</b>
Intangible assets		
Software	123	260
Leased assets	519	440
Other	152	50
<b>Total intangible assets</b>	<b>794</b>	<b>750</b>
Investments and other assets		
Investment securities	5,845	7,667
Long-term prepaid expenses	251	220
Retirement benefit asset	2,144	3,278
Deferred tax assets	65	69
Other	428	550
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>8,733</b>	<b>11,784</b>
<b>Total non-current assets</b>	<b>17,783</b>	<b>20,964</b>
<b>Total assets</b>	<b>53,237</b>	<b>54,954</b>

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,568	3,719
Electronically recorded obligations - operating	3,931	3,477
Short-term borrowings	82	31
Current portion of long-term borrowings	17	17
Lease liabilities	322	338
Accrued expenses	1,124	1,195
Income taxes payable	388	372
Liabilities related to charged supply	504	487
Provision for bonuses	683	700
Provision for bonuses for directors (and other officers)	14	24
Provision for product compensation	47	35
Other provisions	29	10
Other	684	671
Total current liabilities	13,394	11,075
Non-current liabilities		
Long-term borrowings	33	66
Lease liabilities	624	563
Deferred tax liabilities	1,308	2,299
Retirement benefit liability	68	69
Other	291	292
Total non-current liabilities	2,323	3,289
Total liabilities	15,717	14,364
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,194	2,194
Capital surplus	1,511	1,539
Retained earnings	30,465	31,572
Treasury shares	(598)	(555)
Total shareholders' equity	33,572	34,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,113	3,537
Foreign currency translation adjustment	469	475
Remeasurements of defined benefit plans	441	1,144
Total accumulated other comprehensive income	3,023	5,155
Non-controlling interests	924	685
Total net assets	37,520	40,590
Total liabilities and net assets	53,237	54,954

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	39,973	40,594
Cost of sales	27,984	28,220
Gross profit	11,989	12,374
Selling, general and administrative expenses	10,439	10,642
Operating profit	1,550	1,733
Non-operating income		
Interest income	6	12
Dividend income	208	215
Foreign exchange gains	29	86
Sample income	30	75
Other	107	99
Total non-operating income	380	487
Non-operating expenses		
Interest expenses	7	10
Commission for transfer of receivables	16	31
Claim compensation expenses	15	22
Other	10	10
Total non-operating expenses	48	73
Ordinary profit	1,882	2,148
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	231	230
Other	22	13
Total extraordinary income	255	242
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	21	6
Loss on sale of investment securities	18	2
Expenses for product compensation	83	32
Other	2	5
Total extraordinary losses	124	46
Profit before income taxes	2,013	2,344
Income taxes - current	570	588
Income taxes - deferred	(88)	26
Total income taxes	482	614
Profit	1,531	1,730
Profit attributable to non-controlling interests	65	50
Profit attributable to owners of parent	1,466	1,680

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	1,531	1,730
Other comprehensive income		
Valuation difference on available-for-sale securities	(390)	1,424
Foreign currency translation adjustment	191	8
Remeasurements of defined benefit plans, net of tax	(231)	703
Total other comprehensive income	(430)	2,135
Comprehensive income	1,101	3,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	985	3,812
Comprehensive income attributable to non-controlling interests	116	53

## (3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,194	1,517	29,547	(431)	32,826	2,503	329	672	3,504	831	37,162
Changes during period											
Dividends of surplus			(519)		(519)						(519)
Profit attributable to owners of parent			1,466		1,466						1,466
Purchase of treasury shares				(259)	(259)						(259)
Restricted stock compensation		(35)		92	58						58
Transfer from retained earnings to capital surplus		29	(29)		-						-
Purchase of shares of consolidated subsidiaries					-						-
Net changes in items other than shareholders' equity						(390)	140	(231)	(481)	93	(388)
Total changes during period	-	(6)	918	(167)	746	(390)	140	(231)	(481)	93	358
Balance at end of period	2,194	1,511	30,465	(598)	33,572	2,113	469	441	3,023	924	37,520

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,194	1,511	30,465	(598)	33,572	2,113	469	441	3,023	924	37,520
Changes during period											
Dividends of surplus			(573)		(573)						(573)
Profit attributable to owners of parent			1,680		1,680						1,680
Purchase of treasury shares				(2)	(2)						(2)
Restricted stock compensation		29		44	73						73
Transfer from retained earnings to capital surplus					-						-
Purchase of shares of consolidated subsidiaries		(1)			(1)						(1)
Net changes in items other than shareholders' equity						1,424	6	703	2,132	(240)	1,892
Total changes during period	-	28	1,107	42	1,178	1,424	6	703	2,132	(240)	3,070
Balance at end of period	2,194	1,539	31,572	(555)	34,750	3,537	475	1,144	5,155	685	40,590

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,013	2,344
Depreciation	1,343	1,411
Share-based payment expenses	58	73
Interest and dividend income	(214)	(227)
Interest expenses	7	10
Foreign exchange losses (gains)	(29)	(86)
Loss (gain) on sale of investment securities	(213)	(227)
Loss (gain) on sale of property, plant and equipment	(2)	0
Loss on retirement of property, plant and equipment	2	4
Loss on tax purpose reduction entry of non-current assets	21	6
Subsidy income	(22)	(11)
Expenses for product compensation	83	42
Decrease (increase) in trade receivables and contract assets	2,587	1,216
Decrease (increase) in inventories	231	(342)
Increase (decrease) in trade payables	(812)	(2,309)
Increase (decrease) in accrued consumption taxes	(13)	(97)
Increase (decrease) in provision for bonuses	(8)	17
Decrease (increase) in retirement benefit asset	(139)	(110)
Increase (decrease) in retirement benefit liability	3	1
Other, net	(224)	70
Subtotal	4,673	1,783
Interest and dividends received	214	225
Interest paid	(7)	(10)
Subsidies received	22	11
Payments for product compensation	(37)	(44)
Income taxes paid	(430)	(612)
Net cash provided by (used in) operating activities	4,435	1,353
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(793)	(1,106)
Proceeds from sale of property, plant and equipment	2	15
Purchase of intangible assets	(137)	(95)
Purchase of investment securities	(10)	(30)
Proceeds from sale of investment securities	661	499
Other, net	(103)	(105)
Net cash provided by (used in) investing activities	(381)	(822)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(16)	-
Proceeds from long-term borrowings	50	-
Repayments of long-term borrowings	(33)	(17)
Repayments of lease liabilities	(352)	(363)
Purchase of treasury shares	(259)	(2)
Dividends paid	(519)	(573)
Dividends paid to non-controlling interests	(23)	(13)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(280)
Net cash provided by (used in) financing activities	(1,151)	(1,247)
Effect of exchange rate change on cash and cash equivalents	78	31

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net increase (decrease) in cash and cash equivalents	2,981	(685)
Cash and cash equivalents at beginning of period	11,203	14,184
Cash and cash equivalents at end of period	14,184	13,499

(5) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

No applicable matters.

(Changes in Accounting Policies)

No applicable matters.

(Changes in Presentation Method)

(Notes to Consolidated Statement of Income)

“Sample income,” which had been included in “Other” under “Non-operating income” in the previous fiscal year, has been presented separately from the fiscal year under review due to increased materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, 137 million yen previously presented in “Other” under “Non-operating income” has been reclassified as “Sample income” of 30 million yen and “Other” of 107 million yen.

(Matters Relating to Business Combinations, etc.)

(Transactions under common control)

(Additional acquisition of shares of subsidiaries)

In accordance with Article 370 of the Companies Act and Article 25, Paragraph 2 of the Company's Articles of Incorporation, the Company additionally acquired shares of Refojoule Co., Ltd., a subsidiary of the Company, and made it a wholly owned subsidiary.

#### 1. Overview of Business Combination

##### (1) Name and Description of Business of the Combined Companies

Company name: Refojoule Co., Ltd.

Business description: Installation and sale of ceiling materials and interior materials

##### (2) Date of Business Combination

April 10, 2025 (share acquisition date)

##### (3) Legal Form of the Business Combination

Acquisition of shares from non-controlling shareholders

##### (4) Name of Company After the Business Combination

There is no change.

##### (5) Other Matters Concerning the Outline of the Transaction

As part of the growth strategy, the Company decided to acquire all shares held by YAGIKUMA CO.,LTD. and make it a wholly owned subsidiary in order to promote and expand the construction business.

#### 2. Summary of Accounting Treatment Applied

In accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction has been accounted for as a transaction with non-controlling shareholders among transactions under common control.

#### 3. Matters Concerning the Additional Acquisition of Shares of a Subsidiary

Consideration for acquisition: Cash

Acquisition cost: 280 million yen

#### 4. Matters Concerning Changes in the Company's Ownership Interest Resulting from Transactions with Non-Controlling Shareholders

##### (1) Main Reason for the Change in Capital Surplus

Additional acquisition of shares of subsidiaries

##### (2) Amount of Decrease in Capital Surplus Resulting from Transactions with Non-Controlling Shareholders

1 million yen

(Segment Information, etc.)

## 1. Overview of Reportable Segments

### (1) Method of Determining Reportable Segments

The reportable segments of the Company are those components of the Company for which separate financial information is available and which are subject to regular review by the Company's Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group has established business divisions classified based on such factors as business content, characteristics of products handled, and market similarities, and each business division formulates comprehensive domestic and overseas strategies and conducts business activities.

Accordingly, the Group consists of business segments based on business divisions, and has designated four segments—"Building Materials Business," "CSE Business," "Precision Business," and "Global Business"—as well as "Other" as reportable segments.

### (2) Description of Products and Services Belonging to Each Reportable Segment

The types of products and services belonging to each reportable segment are as follows.

Building Materials Business	We develop, manufacture, and sell exterior building materials, interior building materials, flooring-related materials, system building materials, and other products. We also engage in the business of designing, contracting, and executing construction work.
CSE Business (*)	We develop, manufacture, and sell OEM products, ODM products, and other products, mainly in the housing equipment and vehicle fields, based on orders received from users.
Precision Business	We develop, manufacture, and sell functional coating products, primarily anti-reflective resin sheets.
Global Business	We develop, manufacture, and sell exterior building materials, interior building materials, and other products for overseas markets.

(\*) "CSE" is an acronym that stands for "Customer Satisfaction & Expectation." It refers to sales engineering that leverages specialized knowledge and technical capabilities to provide value exceeding customer needs and expectations. The goal of CSE is to enhance customer satisfaction and trust.

### (3) Matters Concerning Changes in Reportable Segments, etc.

#### (Matters Concerning Changes in Reportable Segments)

As a result of the organizational restructuring implemented on April 1, 2025, Alice Chemical Co., Ltd. was transferred from the Building Materials Business Division to the Business Development Division, which undertakes new businesses, with the aim of further expanding the FRP business.

Accordingly, from the fiscal year under review, Alice Chemical Co., Ltd., which had previously been included in the "Building Materials Business," has been reclassified to "Other."

Segment information for the previous fiscal year has been disclosed based on the revised segment classification.

## 2. Method of Calculation of Amounts of Net Sales, Profit or Loss, Assets, Liabilities and Other Items for Each Reportable Segment

The accounting methods used for the reportable business segments are the same as those adopted in preparing the consolidated financial statements.

Profit for each reportable segment is stated on an operating profit basis.

3. Information on Amounts of Net Sales, Profit or Loss, Assets, Liabilities and Other Items for Each Reportable Segment, and Information on Disaggregation of Revenue

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment					Other (Note 1)	Adjust- ment (Note 2)	Amounts recorded in the consolidated statements of income (Note 3)
	Building Materials Business	CSE Business	Precision Business	Global Business	Total			
Net sales								
Goods transferred at a point in time	21,635	10,059	1,593	2,546	35,832	330	—	36,162
Goods transferred over a period of time	3,811	—	—	—	3,811	—	—	3,811
Revenue from contracts with customers	25,446	10,059	1,593	2,546	39,642	330	—	39,973
Revenue from external customers	25,446	10,059	1,593	2,546	39,642	330	—	39,973
Intersegment sales or transfers	196	—	—	916	1,112	211	(1,322)	—
Total	25,641	10,059	1,593	3,462	40,754	541	(1,322)	39,973
Segment profit (loss)	3,550	326	157	(122)	3,912	(291)	(2,071)	1,550
Segment assets	21,167	7,703	2,566	3,974	35,411	757	17,069	53,237
Other items								
Depreciation	426	284	168	222	1,101	89	155	1,344
Increase in property, plant and equipment and intangible assets	274	267	76	163	779	90	211	1,080

(Note) 1. Other includes new businesses not included in reportable segments.

2. The adjustment amount of segment profit or loss in (1), (2,071) million yen, includes 62 million yen for elimination of intersegment transactions and (2,133) million yen of corporate expenses not allocated to each reportable segment. Corporate expenses mainly consist of personnel expenses and expenses related to the administrative division of the submitting company.

(2) The adjustment amount of segment assets, 17,069 million yen, mainly consists of surplus funds for investment by the submitting company (cash and deposits), long-term investment funds (investment securities), and assets related to the administrative division.

(3) The adjustment amount of depreciation, 155 million yen, mainly consists of depreciation related to the administrative division of the submitting company.

3. Segment profit is reconciled with operating profit in the consolidated statement of income.

4. Intersegment sales or transfers are determined through consultation, taking market prices into consideration.

For the fiscal year ended March 31, 2026

(Millions of yen)

	Reportable segment					Other (Note 1)	Adjust- ment (Note 2)	Amounts recorded in the consolidated statements of income (Note 3)
	Building Materials Business	CSE Business	Precision Business	Global Business	Total			
Net sales								
Goods transferred at a point in time	21,093	10,160	2,071	2,829	36,154	308	—	36,461
Goods transferred over a period of time	4,133	—	—	—	4,133	—	—	4,133
Revenue from contracts with customers	25,226	10,160	2,071	2,829	40,286	308	—	40,594
Revenue from external customers	25,226	10,160	2,071	2,829	40,286	308	—	40,594
Intersegment sales or transfers	214	—	—	961	1,175	232	(1,406)	—
Total	25,440	10,160	2,071	3,790	41,461	539	(1,406)	40,594
Segment profit (loss)	3,737	497	348	(29)	4,553	(348)	(2,473)	1,733
Segment assets	20,573	7,064	3,067	4,203	34,907	1,076	18,971	54,954
Other items								
Depreciation	489	254	186	215	1,144	86	173	1,403
Increase in property, plant and equipment and intangible assets	616	314	147	208	1,285	37	263	1,586

(Note) 1. Other includes new businesses not included in reportable segments.

2. The adjustment amount of segment profit or loss in (1), (2,473) million yen, includes 15 million yen for elimination of intersegment transactions and (2,488) million yen of corporate expenses not allocated to each reportable segment. Corporate expenses mainly consist of personnel expenses and expenses related to the administrative division of the submitting company.

(2) The adjustment amount of segment assets, 18,971 million yen, mainly consists of surplus funds for investment by the submitting company (cash and deposits), long-term investment funds (investment securities), and assets related to the administrative division.

(3) The adjustment amount of depreciation, 173 million yen, mainly consists of depreciation related to the administrative division of the submitting company.

3. Segment profit is reconciled with operating profit in the consolidated statement of income.

4. Intersegment sales or transfers are determined through consultation, taking market prices into consideration.

**【Related Information】**

For the fiscal year ended March 31, 2025

1. Information by product and service

As this information is identical to that presented in the segment information, it has been omitted.

2. Information by geographic area

(1) Net sales

As net sales to external customers in Japan exceeded 90% of net sales reported in the consolidated statement of income, the information has been omitted.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
6,833	918	505	8,256

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
ITOCHU KENZAI CORPORATION	6,977	Building Materials Business

For the fiscal year ended March 31, 2026

1. Information by product and service

As this information is identical to that presented in the segment information, it has been omitted.

2. Information by geographic area

(1) Net sales

As net sales to external customers in Japan exceeded 90% of net sales reported in the consolidated statement of income, the information has been omitted.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other	Total
7,022	897	511	8,430

### 3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
ITOCHU KENZAI CORPORATION	6,868	Building Materials Business

#### **【Information on Impairment Losses on Non-current Assets by Reportable Segment】**

For the fiscal year ended March 31, 2025

No applicable matters.

For the fiscal year ended March 31, 2026

No applicable matters.

#### **【Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment】**

For the fiscal year ended March 31, 2025

No applicable matters.

For the fiscal year ended March 31, 2026

No applicable matters.

#### **【Information on Gain on Bargain Purchase by Reportable Segment】**

For the fiscal year ended March 31, 2025

No applicable matters.

For the fiscal year ended March 31, 2026

No applicable matters.

## (Per Share Information)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net assets per share	1,855.35 yen	2,016.17 yen
Basic earnings per share	73.80 yen	84.97 yen

(Notes) 1. Diluted earnings per share are not presented because there are no potentially dilutive shares.

2. The basis for calculating basic earnings per share is as follows.

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (million yen)	1,466	1,680
Amounts not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common shares (million yen)	1,466	1,680
Average number of common shares during the period (thousand shares)	19,860	19,776

3. The basis for calculating net assets per share is as follows.

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Total net assets (million yen)	37,520	40,590
Amounts deducted from total net assets (million yen)	924	685
[of which non-controlling interests (million yen)]	[924]	[685]
Net assets attributable to common shares at the end of the period (million yen)	36,595	39,905
Number of common shares at the end of the period used in calculating net assets per share (thousand shares)	19,724	19,792

(Significant Subsequent Events)

(Transactions under common control)

The Company resolved at the meeting of the Board of Directors held on November 14, 2025 to transfer a portion of its business (construction business) to Refojoule Co., Ltd., a consolidated subsidiary of the Company, and to change the trade name of such consolidated subsidiary, and entered into a business transfer agreement effective April 1, 2026.

1. Overview of the Transaction

(1) Description of the Business to be Transferred

Business of the Company's construction management division (construction business)

(2) Date of Business Transfer

April 1, 2026

(3) Legal Form of the Business Transfer

A transfer for monetary consideration, with the Company as the transferor and Refojoule Co., Ltd. as the transferee

(4) Name of the Company after the Business Transfer

FUKUVI REFOJOLE ARCHITECTS CO., LTD.

(5) Other Matters Related to the Overview of the Transaction

In the construction industry, construction investment in the insulation, renovation, and refurbishment fields has been increasing due to growing demands for energy conservation, decarbonization, and measures to address the aging of public facilities and other properties, and while further market expansion is expected, shortages of construction personnel have become increasingly apparent, causing demand for construction functions to rise rapidly.

The Group views this situation as a new growth opportunity and decided to implement this intra-group organizational restructuring through the business transfer and trade name change in order to accelerate the optimal allocation of resources and improve efficiency by integrating and consolidating the construction business, which had previously been dispersed within the Group, into Refojoule Co., Ltd., a consolidated subsidiary of the Company, while further strengthening sales capabilities, product capabilities, and the construction network, thereby achieving further business expansion and improved profitability.

2. Overview of the Accounting Treatment to be Applied

The transaction is scheduled to be accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(Conclusion of a syndicated loan agreement with financial covenants by a consolidated subsidiary)

At the meeting of the Board of Directors held on April 20, 2026, the Company resolved that Fukuvi Okayama Co., Ltd. (hereinafter, “Fukuvi Okayama”), a consolidated subsidiary of the Company, will enter into a syndicated loan agreement with financial covenants (hereinafter, the “Agreement”).

#### 1. Purpose of entering into the Agreement

The purpose of the Agreement is to procure funds for the construction of Fukuvi Okayama’s second production site and the introduction of equipment, as described in the “Notice Regarding the Grant Decision for Fukuvi Okayama Co., Ltd. under the Large-Scale Growth Investment Subsidy for Labor-Saving and Other Measures to Support Wage Increases at Medium-Sized and Small and Medium-Sized Enterprises,” which was disclosed on February 6, 2026.

#### 2. Overview of the Agreement

##### (1) Form of agreement

Term loan with commitment period

##### (2) Amount

2,000 million yen

##### (3) Date of agreement

April 30, 2026

##### (4) Borrowing date

May 8, 2026 (commitment commencement date)

##### (5) Final repayment date

March 31, 2038

##### (6) Interest rate

Base interest rate + spread

##### (7) Arrangement

The Hokuriku Bank, Ltd. (Arranger and Agent)

The Fukui Bank, Ltd. (Co-arranger)

##### (8) Participating financial institutions

The Hokuriku Bank, Ltd.

The Fukui Bank, Ltd.

Sumitomo Mitsui Banking Corporation

##### (9) Collateral, etc.

Unsecured and unguaranteed

#### 3. Details of the Financial Covenants Attached to the Agreement

(1) The total amount of net assets in Fukuvi Okayama’s balance sheet must be maintained at 70% or more of the amount at the end of the immediately preceding fiscal year.

(2) Fukuvi Okayama must not record an operating loss in its statement of income for two consecutive fiscal years.