August 7, 2026

Consolidated Financial Results for the Three Months Ended June 30, 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/en
Representative: Katsunori Mori President, Chief Operating Officer
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes (https://www.fukuvi.co.jp/en/ir/kessan)
Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	10,777	11.9	552	43.8	698	45.2	501	50.5
June 30, 2025	9,629	0.7	384	32.2	481	3.7	333	(5.0)

Note: Comprehensive income For the three months ended June 30, 2026: ¥ 538 million [66.3%]
For the three months ended June 30, 2025: ¥ 323 million [(24.8) %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	25.29	-
June 30, 2025	16.87	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	55,362	40,824	72.5
March 31, 2026	54,954	40,590	72.6

Reference: Equity
As of June 30, 2026: ¥ 40,127 million
As of March 31, 2026: ¥ 39,905 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	13.50	-	15.50	29.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		15.50	-	15.50	31.00

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

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
Six months ending September 30, 2026	21,300	9.2	1,060	47.3	1,240	41.1	950	57.9	49.32
Full year	42,800	5.4	2,250	29.9	2,510	16.9	1,900	13.1	98.64

Note: Revisions to the financial result forecast most recently announced: Yes

Although the financial result forecast had previously remained undetermined, it has been calculated based on information and forecasts currently available. For details, please refer to the "Notice Regarding Differences Between Consolidated Financial Result Forecasts for the First Quarter of the Fiscal Year Ending March 31, 2027 and Actual Results, and Consolidated Financial Result Forecasts for the Second Quarter (Interim Period) and Full Year" announced today.

*** Notes**

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

Newly included: - companies( )

Excluded: - companies( )

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2026	20,688,425 shares
As of March 31, 2026	20,688,425 shares

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

As of June 30, 2026	897,183 shares
As of March 31, 2026	895,983 shares

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

Three months ended June 30, 2026	19,791,542 shares
Three months ended June 30, 2025	19,723,592 shares

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

* Proper use of financial result 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 financial result forecasts and other related matters, please refer to “(3) Explanation Regarding Forecasts Such as Consolidated Financial Result Forecasts and Forward-Looking Information.” on page 5 of the attached materials.

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

○**Table of Contents of Attached Materials**

1. Overview of Operating Results

(1) Overview of Operating Results for the Period

(i) Overview of Business Performance

(Millions of yen, unless otherwise indicated)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	9,629	10,777	1,148	11.9
Gross profit	2,976	3,271	295	9.9
Operating profit	384	552	168	43.8
Ordinary profit	481	698	217	45.2
Profit before income taxes	481	795	314	65.4
Profit attributable to owners of parent	333	501	168	50.5

During the three months ended June 30, 2026, even amid a challenging external environment, including the naphtha shock against the backdrop of the situation in the Middle East, rising raw material prices, and uncertainties in supply, the Group promoted various measures company-wide to strengthen profitability, including reviewing the allocation of resources to growth and high-value-added fields, and worked to ensure stable supply while implementing appropriate pricing with the understanding of customers. As a result, net sales increased 11.9% year on year to 10,777 million yen.

Gross profit was 3,271 million yen (up 9.9% year on year), as the Group worked to reduce manufacturing costs and improve production efficiency in response to increases in procurement costs for raw materials and other inputs. Operating profit was 552 million yen (up 43.8% year on year), as the increase in gross profit absorbed the impact of wage increases resulting from proactive investment in human resources and higher logistics costs. Ordinary profit was 698 million yen (up 45.2% year on year), partly due to a shift from foreign exchange losses caused by yen appreciation in the same period of the previous year to foreign exchange gains caused by yen depreciation in the first quarter. Profit attributable to owners of parent was 501 million yen (up 50.5% year on year), reflecting the recording of gain on sale of non-current assets and gain on sale of investment securities.

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

In the fourth year of the Group’s Seventh Medium-Term Management Plan (FY2023–FY2027), under the slogan “Extruding Technology, Excitement for the Future,” the Group worked to enhance corporate value through initiatives based on its three basic policies: “Expansion of Circular Businesses,” “Establishment of a Robust Profit Base,” and “Building an Organization that Drives Growth.”

・Expansion of Circular Businesses

The Group is promoting the development of environmentally friendly products and the establishment of resource circulation schemes. Together with Idemitsu Kosan Co., Ltd., TAKENAKA CORPORATION, Chemical Recycle Japan Co., Ltd., and Prime Polymer Co., Ltd., the Group successfully applied recycled plastics, produced through oil-based chemical recycling of used plastics and utilizing the mass balance method, to construction materials.

In addition, for recycled wood “PLUSWOOD,” which combines the effective use of forest resources with longer product life, the Group launched “Louver KKAA,” following “Deck ND KKAA,” which has been highly evaluated in the market for its superior design quality and environmental performance, thereby expanding the product lineup.

Furthermore, for the high-performance insulation material “Phenova Board,” the Group has published SuMPO EPD, quantitatively and transparently disclosing the product’s environmental impact, and is also working on demonstration testing for thermal insulation renovation of school facilities using this product.

Meanwhile, in new businesses related to urban development, the Group is promoting sustainable community development through energy savings, simplified installation, and the use of existing resources by deploying solar LED lighting and the public space brand “NEURAUM.”

・Establishment of a Robust Profit Base

Sales of the high-performance insulation material “Phenova Board” increased significantly, up 26.7% year on year, making the early establishment of a production increase system an urgent priority.

Sales for non-residential buildings also remained generally steady, although some construction delays occurred.

Sales of “Light Guiding Bar,” which is used for automotive interior illumination components and other applications, were sluggish, but the Group is focusing on new proposal activities, including exhibiting at overseas trade shows.

・Building an Organization that Drives Growth

With the aim of building an organization in which each employee can fully demonstrate their capabilities, the Group promoted various initiatives for human resource development and workstyle reform. In addition to enhancing training for management personnel, the Group introduced an hourly paid leave system and advanced the development of support programs that address employees’ diverse life stages, while working to improve employee engagement and strengthen the human resource base that supports sustainable growth.

(ii) Segment Overview

The performance by segment and the principal factors are as follows.

[Building Materials Business]

(Millions of yen, unless otherwise indicated)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	6,104	6,466	362	5.9
Gross profit	2,292	2,450	158	6.9
Operating profit	862	1,011	149	17.2

Net sales in the Building Materials Business increased 5.9% year on year, and operating profit increased 17.2% year on year, resulting in higher sales and a significant increase in profit. This was mainly attributable to last-minute demand arising from concerns over supply chain disruptions due to the deterioration of the situation in the Middle East, supply shortages and restrictions among building materials manufacturers, and uncertainty over rising prices, as well as the prompt and appropriate pass-through of higher raw material costs and other factors to prices. Existing business domains drove performance, with waterproofing components for exterior building materials and interior building materials performing well. In growth domains, although delays in construction schedules occurred due to material shortages, the high-performance insulation material Phenova Board grew substantially, up 26.7% year on year, and its adoption is expanding particularly for use in the additional insulation method (*) in the housing field.

(*) The additional insulation method is a method in which another layer of insulation material is installed on the outside of the structure, in addition to the “filled insulation (internal insulation)” commonly used in conventional wooden houses. This reduces “thermal bridges,” where heat is transferred through wooden parts such as columns and beams, and improves the insulation performance of the entire exterior wall.

[CSE Business] (*)

(Millions of yen, unless otherwise indicated)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	2,541	2,756	215	8.5
Gross profit	369	338	(31)	(8.4)
Operating profit	141	115	(26)	(18.5)

Net sales in the CSE Business increased 8.5% year on year, while operating profit decreased 18.5% year on year. Sales of flooring materials recovered and increased significantly, up 12.7% year on year, and higher sales of housing interior components and bathroom OEM components offset lower sales of window frames and components for refrigeration equipment. Although prices were revised in response to the rise in raw material prices, the impact could not be fully absorbed, resulting in a decrease in profit.

(*) “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)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	357	793	435	121.7
Gross profit	79	212	132	167.3
Operating profit	36	157	121	337.7

Net sales in the Precision Business increased 121.7% year on year, and operating profit increased 337.7% year on year, resulting in substantial increases in both sales and profit. Sales of automotive components grew significantly against a backdrop of strong demand, while lens cover products also drove sales in non-automotive fields. In terms of profit, profitability improved substantially as a result of measures to reduce manufacturing costs. In the process of responding to increased demand for automotive components, challenges such as labor shortages arose, but the Company is addressing them while strengthening its production system.

[Global Business]

(Millions of yen, unless otherwise indicated)

	Three months ended June 30, 2025	Three months ended June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Net sales	857	901	45	5.2
Gross profit	223	242	19	8.7
Operating profit	(16)	(8)	9	-

Net sales in the Global Business increased 5.2% year on year, and operating profit improved by 9 million yen. The building materials business in ASEAN and the United States performed steadily, and the depreciation of the yen also contributed to higher sales. In terms of profit, the deficit narrowed as each local subsidiary thoroughly improved manufacturing efficiency and controlled selling, general and administrative expenses.

(2) Overview of Financial Position for the Period

	March 31, 2026	June 30, 2026	Amount of increase/decrease	Rate of increase/decrease (%)
Current assets (Millions of yen)	33,989	33,838	(152)	(0.4)
Non-current assets (Millions of yen)	20,964	21,525	560	2.7
Total assets (Millions of yen)	54,954	55,362	409	0.7
Total liabilities (Millions of yen)	14,364	14,538	174	1.2
Total net assets (Millions of yen)	40,590	40,824	235	0.6
Equity-to-asset ratio (%)	72.6	72.5	(0.1)	-

(Assets)

Total assets at the end of the three months ended June 30, 2026 increased by 409 million yen (up 0.7% from the end of the previous fiscal year) from the end of the previous fiscal year to 55,362 million yen. The main factors behind the changes were as follows: Current assets decreased by 152 million yen (down 0.4%) due primarily to a decrease of 2,306 million yen in cash and deposits, despite increases of 1,926 million yen in trade receivables and 171 million yen in inventories. Non-current assets increased by 560 million yen (up 2.7%), mainly as a result of an increase of 770 million yen in construction in progress.

(Liabilities)

Liabilities increased by 174 million yen (up 1.2% from the end of the previous fiscal year) from the end of the previous fiscal year to 14,538 million yen. The main factors behind the changes were as follows: Current liabilities increased by 331 million yen (up 3.0%), mainly due to an increase of 365 million yen in provision for bonuses, despite a decrease of 158 million yen in trade payables. Non-current liabilities decreased by 157 million yen (down 4.8%), mainly as a result of decreases of 45 million yen in long-term lease liabilities and 114 million yen in deferred tax liabilities.

(Net Assets)

Net assets increased by 235 million yen, or 0.6% from the end of the previous fiscal year, to 40,824 million yen. The main factors behind the change were increases of 195 million yen in retained earnings and 34 million yen in foreign currency translation adjustment. Total shareholders' equity was 34,962 million yen, and as a result, equity was 40,127 million yen and the equity-to-asset ratio was 72.5%.

(3) Explanation Regarding Forecasts Such as Consolidated Financial Result Forecasts and Forward-Looking Information

The forecast of consolidated financial result for the fiscal year ending March 31, 2027 remained undetermined due to concerns over a surge in crude oil prices and the stable procurement of raw materials caused by the deterioration of the situation in the Middle East. Although such concerns remain, the Company has calculated its financial result forecast based on recent business conditions and information and projections currently available.

Actual results may differ from the forecast figures due to various factors in the future. If the Company determines that it is necessary to revise its financial result forecasts in light of the future business environment, it will promptly disclose such revisions.

2.Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	13,499	11,194
Notes and accounts receivable - trade, and contract assets	7,766	7,734
Electronically recorded monetary claims - operating	5,545	7,503
Merchandise and finished goods	3,693	3,717
Work in process	754	763
Raw materials and supplies	1,525	1,663
Accounts receivable - other	981	1,041
Other	226	223
Total current assets	33,989	33,838
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,453	3,374
Machinery, equipment and vehicles, net	2,205	2,169
Tools, furniture and fixtures, net	230	228
Land	1,911	1,897
Leased assets, net	460	442
Construction in progress	171	942
Total property, plant and equipment	8,430	9,052
Intangible assets		
Software	260	254
Leased assets	440	411
Other	50	48
Total intangible assets	750	713
Investments and other assets		
Investment securities	7,667	7,639
Long-term prepaid expenses	220	211
Retirement benefit asset	3,278	3,289
Deferred tax assets	69	83
Other	550	539
Allowance for doubtful accounts	(0)	-
Total investments and other assets	11,784	11,760
Total non-current assets	20,964	21,525
Total assets	54,954	55,362

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,719	4,090
Electronically recorded obligations - operating	3,477	2,947
Short-term borrowings	31	32
Current portion of long-term borrowings	17	17
Lease liabilities	338	329
Accrued expenses	1,195	1,177
Income taxes payable	372	411
Liabilities related to charged supply	487	494
Provision for bonuses	700	1,065
Provision for bonuses for directors (and other officers)	24	31
Provision for product compensation	35	32
Other provisions	10	12
Other	671	769
Total current liabilities	11,075	11,406
Non-current liabilities		
Long-term borrowings	66	66
Lease liabilities	563	518
Deferred tax liabilities	2,299	2,184
Retirement benefit liability	69	71
Other	292	292
Total non-current liabilities	3,289	3,132
Total liabilities	14,364	14,538
Net assets		
Shareholders' equity		
Share capital	2,194	2,194
Capital surplus	1,539	1,557
Retained earnings	31,572	31,767
Treasury shares	(555)	(556)
Total shareholders' equity	34,750	34,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,537	3,548
Foreign currency translation adjustment	475	508
Remeasurements of defined benefit plans	1,144	1,109
Total accumulated other comprehensive income	5,155	5,166
Non-controlling interests	685	697
Total net assets	40,590	40,824
Total liabilities and net assets	54,954	55,362

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the Three-Month Period

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	9,629	10,777
Cost of sales	6,653	7,506
Gross profit	2,976	3,271
Selling, general and administrative expenses	2,592	2,719
Operating profit	384	552
Non-operating income		
Interest income	1	4
Dividend income	97	113
Foreign exchange gains	-	8
Other	35	30
Total non-operating income	133	156
Non-operating expenses		
Interest expenses	1	2
Foreign exchange losses	23	-
Commission for transfer of receivables	4	2
Claim compensation expenses	5	4
Other	3	2
Total non-operating expenses	36	10
Ordinary profit	481	698
Extraordinary income		
Gain on sale of non-current assets	-	81
Gain on sale of investment securities	-	40
Reversal of provision for product compensation	0	0
Total extraordinary income	0	121
Extraordinary losses		
Loss on retirement of property, plant and equipment	0	1
Loss on valuation of investment securities	-	20
Other	-	3
Total extraordinary losses	0	24
Profit before income taxes	481	795
Income taxes - current	204	400
Income taxes - deferred	(66)	(124)
Total income taxes	137	276
Profit	343	519
Profit attributable to non-controlling interests	11	18
Profit attributable to owners of parent	333	501

Quarterly Consolidated Statement of Comprehensive Income

For the Three-Month Period

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	343	519
Other comprehensive income		
Valuation difference on available-for-sale securities	114	12
Foreign currency translation adjustment	(114)	42
Remeasurements of defined benefit plans, net of tax	(20)	(35)
Total other comprehensive income	(20)	19
Comprehensive income	323	538
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	341	511
Comprehensive income attributable to non-controlling interests	(18)	27

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Segment Information, etc.)

Ⅰ　For The Three months ended June 30, 2025

1.Information on net sales and profit or loss by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segment					Other (Note 1)	Adjust-ment (Note 2)	Amounts recorded in the quarterly 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	5,215	2,541	357	606	8,719	73	-	8,792
Goods transferred over a period of time	837	-	-	-	837	-	-	837
Revenue from contracts with customers	6,052	2,541	357	606	9,556	73	-	9,629
Revenue from external customers	6,052	2,541	357	606	9,556	73	-	9,629
Intersegment sales or transfers	53	1	―	250	303	65	(368)	-
Total	6,104	2,541	357	857	9,860	137	(368)	9,629
Segment profit (loss)	862	141	36	(16)	1,023	(102)	(537)	384

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

2. The adjustment amount of segment profit or loss (537) million yen includes elimination of inter-segment transactions of 6 million yen and company-wide expenses of (543) million yen not allocated to each reportable segment. Company-wide expenses mainly consist of personnel expenses and administrative expenses related to the submitting company’s management division.

3. Segment profit or loss is adjusted with operating profit in the quarterly consolidated statement of income.

4. Internal sales or transfers between segments are determined through consultation, taking into account market prices.

Ⅱ For The Three months ended June 30, 2026

1.Information on net sales and profit or loss by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segment					Other (Note 1)	Adjust-ment (Note 2)	Amounts recorded in the quarterly 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	5,731	2,756	793	654	9,933	161	—	10,094
Goods transferred over a period of time	683	—	—	—	683	—	—	683
Revenue from contracts with customers	6,414	2,756	793	654	10,616	161	—	10,777
Revenue from external customers	6,414	2,756	793	654	10,616	161	—	10,777
Intersegment sales or transfers	52	—	—	248	300	6	(305)	—
Total	6,466	2,756	793	901	10,916	166	(305)	10,777
Segment profit (loss)	1,011	115	157	(8)	1,275	(97)	(626)	552

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

2. The adjustment amount of segment profit or loss (626) million yen includes elimination of inter-segment transactions of 5 million yen and company-wide expenses of (631) million yen not allocated to each reportable segment. Company-wide expenses mainly consist of personnel expenses and administrative expenses related to the submitting company’s management division.

3. Segment profit or loss is adjusted with operating profit in the quarterly consolidated statement of income.

4. Internal sales or transfers between segments are determined through consultation, taking into account market prices.

2.Matters Concerning Changes in Reportable Segments

From the three months ended June 30, 2026, the Company reviewed the treatment of company-wide expenses not allocated to each reportable segment and decided to allocate certain expenses to the “Other” segment.

Segment information for the three months ended June 30, 2025 is presented based on the allocation method after the change.

(Note on Significant Changes in Shareholders' Equity)

No applicable matters.

(Note on Going Concern Assumption)

No applicable matters.

(Notes to the Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the three months ended June 30, 2026, has not been prepared. The depreciation and amortization expenses for the three months ended June 30, 2026 (including amortization of intangible assets other than goodwill), are as follows.

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation	320 million yen	341 million yen

(Business Combinations and Related Matters)

(Transactions under common control, etc.)

At the Board of Directors meeting held on November 14, 2025, the Company resolved to transfer a portion of its business (Construction Business) to its consolidated subsidiary, Reforjule Co., Ltd., and to change the trade name of the said consolidated subsidiary., and entered into a business transfer agreement effective April 1, 2026.

1. Overview of Transaction

(1) Description of the business concerned

Construction Business of the Company's Construction Work Supervisory Division (Construction Business)

(2) Date of business transfer

April 1, 2026

(3) Legal form of business transfer

The Company as the transferring company and Reforjule Co., Ltd. as the transferee company, with cash as consideration for the transfer

(4) Name of the company after business transfer

Fukuvi Refojoule Architects Co., Ltd.

(5) Other matters related to the outline of the transaction

In the construction industry, demand for construction investment in the fields of insulation, renovation, and repair is on an upward trend due to growing needs for energy conservation, decarbonization, and measures to address the aging of public facilities and other infrastructure. While the market is expected to continue expanding going forward, a shortage of construction personnel has become increasingly apparent, and demand for construction capabilities is rising rapidly.

The Group views this situation as a new growth opportunity. By integrating and consolidating the construction businesses that had previously been dispersed within the Group into Refojoule Co., Ltd., a consolidated subsidiary of the Company, the Group will accelerate the optimal allocation and efficient use of resources, while further strengthening its sales capabilities, product capabilities, and construction network. Accordingly, the Group has decided to implement an intra-group organizational restructuring and trade name change through this business transfer, with the aim of further expanding the business and improving profitability.

2. Overview of Accounting Procedures to Be Implemented

Based on the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc." (Accounting Standards Board of Japan Guidance No. 10, January 16, 2019), the transaction will be accounted for as a transaction under common control.