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November 12, 2025

Consolidated Financial Results for the Six Months Ended September 30, 2025 [Under Japanese GAAP]

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 7226
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Scheduled date to file semi-annual securities report: November 14, 2025
Scheduled date to commence dividend payments: December 3, 2025
Preparation of supplementary materials on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	74,180	15.9	3,701	35.1	3,688	38.0	(1,485)	-
September 30, 2024	64,007	7.4	2,740	109.0	2,672	43.8	3,068	188.6

Note: Comprehensive income For the Six months ended September 30, 2025 (2,853)million yen [- %]
For the Six months ended September 30, 2024 929 million yen [(69.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	(38.64)	-
September 30, 2024	80.04	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	190,166	111,736	58.0
As of March 31, 2025	187,748	117,271	61.8

Reference: Equity As of September 30, 2025 110,207 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	75.00	-	83.00	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 September 30, 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 September 30, 2025	1,706,467
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)

Six months ended September 30, 2025	38,431,664
Six months ended September 30, 2024	38,342,728

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	20,291	17,475
Notes and accounts receivable - trade, and contract assets	34,162	30,544
Electronically recorded monetary claims - operating	10,933	12,231
Merchandise and finished goods	2,471	2,987
Work in process	15,339	16,385
Raw materials and supplies	11,052	12,004
Prepaid expenses	612	808
Other	2,181	2,813
Allowance for doubtful accounts	(110)	(91)
Total current assets	96,933	95,160
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,293	17,501
Machinery, equipment and vehicles, net	9,052	8,675
Land	28,249	31,609
Construction in progress	4,836	7,013
Other, net	2,158	2,069
Total property, plant and equipment	61,590	66,869
Intangible assets		
Goodwill	7,629	7,360
Customer-related intangible assets	1,189	1,022
Other	2,166	1,999
Total intangible assets	10,984	10,382
Investments and other assets		
Investment securities	15,379	13,943
Long-term loans receivable	188	151
Long-term prepaid expenses	239	790
Retirement benefit asset	1,094	1,138
Deferred tax assets	371	714
Other	1,670	1,719
Allowance for doubtful accounts	(704)	(704)
Total investments and other assets	18,239	17,753
Total non-current assets	90,814	95,005
Total assets	187,748	190,166

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,653	12,111
Electronically recorded obligations - operating	3,548	4,391
Short-term borrowings	19,113	24,066
Current portion of long-term borrowings	8	8
Accounts payable	1,586	6,613
Income taxes payable	2,665	2,542
Accrued consumption taxes	1,829	807
Accrued expenses	5,291	5,142
Provisions	1,418	1,142
Other	2,907	3,146
Total current liabilities	52,023	59,971
Non-current liabilities		
Bonds payable	2,800	2,800
Long-term borrowings	7,625	7,916
Retirement benefit liability	53	52
Provisions	85	93
Deferred tax liabilities	6,180	5,954
Other	1,708	1,642
Total non-current liabilities	18,453	18,459
Total liabilities	70,476	78,430
Net assets		
Shareholders' equity		
Share capital	11,899	11,899
Capital surplus	11,880	11,921
Retained earnings	87,481	82,807
Treasury shares	(1,749)	(1,725)
Total shareholders' equity	109,511	104,903
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,228	5,789
Foreign currency translation adjustment	26	(789)
Remeasurements of defined benefit plans	339	304
Total accumulated other comprehensive income	6,594	5,303
Non-controlling interests	1,165	1,528
Total net assets	117,271	111,736
Total liabilities and net assets	187,748	190,166

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

(Semi-annual Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	64,007	74,180
Cost of sales	53,299	60,464
Gross profit	10,708	13,715
Selling, general and administrative expenses	7,967	10,014
Operating profit	2,740	3,701
Non-operating income		
Interest and dividend income	277	328
Foreign exchange gains	-	31
Miscellaneous income	122	87
Total non-operating income	400	446
Non-operating expenses		
Interest expenses	46	212
Share of loss of entities accounted for using equity method	46	17
Foreign exchange losses	235	-
Miscellaneous expenses	139	229
Total non-operating expenses	468	459
Ordinary profit	2,672	3,688
Extraordinary income		
Gain on sale of non-current assets	2	2
Gain on sale of investment securities	1,907	3,093
Subsidy income	13	-
Other	0	0
Total extraordinary income	1,923	3,095
Extraordinary losses		
Loss on disposal of non-current assets	20	14
Loss on tax purpose reduction entry of non-current assets	13	-
Provision of allowance for losses related to the Anti-Monopoly Act	-	5,925
Other	2	206
Total extraordinary losses	36	6,146
Profit or loss before income taxes	4,559	637
Income taxes	1,467	2,107
Profit or loss	3,092	(1,470)
Profit attributable to non-controlling interests	23	14
Profit or loss attributable to owners of parent	3,068	(1,485)

(Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit or loss	3,092	(1,470)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,809)	(439)
Foreign currency translation adjustment	(329)	(872)
Remeasurements of defined benefit plans, net of tax	(70)	(35)
Share of other comprehensive income of entities accounted for using equity method	45	(34)
Total other comprehensive income	(2,163)	(1,382)
Comprehensive income	929	(2,853)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	855	(2,776)
Comprehensive income attributable to non-controlling interests	73	(77)