Summary of Consolidated Financial Statements for the First Quarter Fiscal 2026 (JPGAAP)

July 29, 2026

Tokuyama Corporation	**Stock exchange listings:** **Tokyo**
(URL https://www.tokuyama.co.jp/eng/)	**Local code:** **4043**

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Scheduled date of dividends payout: -

Preparation of supplementary quarterly explanatory materials: Yes

Quarterly business results IR briefing to be held: Yes (for institutional investors and analysts)

1. Consolidated results for fiscal first quarter ended Jun. 30, 2026 (Apr. 1, 2026 – Jun. 30, 2026)

(1) Performance Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating profit		Ordinary profit	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
First Quarter Fiscal 2026	85,654	4.7	6,076	(22.9)	6,708	(11.8)
First Quarter Fiscal 2025	81,828	(0.8)	7,884	5.1	7,602	(9.8)

(Note) Comprehensive income: 1stQ FY26: 7,571 million yen [54.1%] 1stQ FY25: 4,912 million yen [(48.8)%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Quarter Fiscal 2026	5,204	6.0	72.34	-
First Quarter Fiscal 2025	4,911	(33.6)	68.27	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2026	577,945	301,952	49.7	3,988.96
March 31, 2026	569,687	297,812	49.7	3,934.76

(Reference) Shareholders' equity: Jun. 30, 2026: 287,008 million yen Mar. 31, 2026: 283,086 million yen

(Note) The Company Group determined the provisional accounting treatment related to the business combination in the first quarter of the fiscal year ending March 2027. The finalized accounting treatment is being applied in each reported figure for the fiscal year ended March 2026.

2. Dividends

	Annual dividends per share				
(Period)	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2025, ended Mar 31, 2026	-	60.00	-	60.00	120.00
Fiscal 2026, ending Mar 31, 2027	-				
Fiscal 2026 (Forecast)		60.00	-	72.00	132.00

(Note) Revision of the latest dividends forecast: Yes

*The Company announced the release, "Notice concerning Performance and Dividend Forecast for Fiscal 2026," dated July 29, 2026.

3. Consolidated performance forecast for fiscal 2026 (April 1, 2026 - March 31, 2027)

(% indicates the rate of change over the corresponding previous periods respectively)

	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)
Fiscal 2026	392,000	12.2	34,000	(8.2)	34,000	(11.0)	26,000	17.1	361.38

(Note) Revision of the latest consolidated performance forecast: Yes

*The Company announced the release, "Notice concerning Performance and Dividend Forecast for Fiscal 2026," dated July 29, 2026.

*Notes

(1) **Significant changes in the scope of consolidation during this period**

: No

(2) **Application of accounting methods specific to the preparation of the quarterly consolidated financial statements**

: Yes

(3) **Changes of accounting policies, changes in accounting estimates, and retrospective restatements**

i. Changes in accounting policy by revision of accounting standards: No
ii. Changes in accounting policy other than the above: No
iii. Changes in accounting estimates: No
iv. Retrospective restatements: No

(4) **Number of shares issued (in common stock)**

i.	Number of shares issued at end of period (including treasury stock):	1st Quarter Fiscal 2026:	72,088,327	Fiscal 2025:	72,088,327
ii.	Number of treasury stock at end of period:	1st Quarter Fiscal 2026:	137,762	Fiscal 2025:	143,164
iii.	Average number of shares over period:	1st Quarter Fiscal 2026:	71,946,860	1st Quarter Fiscal 2025:	71,944,361

*** Review of the accompanying quarterly consolidated financial statements by certified public accountants or audit corporation : No**

*** Cautions pertaining to appropriate use of performance forecast and other particular items**

(Cautions related to Forward-looking statement)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

(Access to supplementary explanations on business results)

The Company also has disclosed supplementary materials "Presentation for IR Meeting" through Company Announcement Service provided by Tokyo Stock Exchange at the same date.

Contents for Accompanying Materials

1. Qualitative Information on Consolidated Results

(1) Explanation concerning Business Results

Consolidated results for the first quarter fiscal 2026 (April 1, 2026 – June 30, 2026) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
First Quarter Fiscal 2026	**85,654**	**6,076**	**6,708**	**5,204**
First Quarter Fiscal 2025	81,828	7,884	7,602	4,911
Rate of change (%)	4.7	(22.9)	(11.8)	6.0

Net sales

Despite a downturn in sales of chemicals owing to a temporary shortage of raw materials, net sales came in at ¥85,654 million, up 4.7%, or ¥3,826 million, compared with the corresponding period of the previous fiscal year. This was largely due to the inclusion of Tokuyama Life Science(TLS) Group in the Company's scope of consolidation and increased sales of semiconductor-related products.

Cost of sales

Cost of sales increased 3.4%, or ¥ 1,837 million compared with the corresponding period of the previous fiscal year, to ¥ 55,689 million. This was due mainly to a upturn in raw material and fuel costs

SG&A expenses

SG&A expenses increased 18.9%, or ¥ 3,796 million compared with the corresponding period of the previous fiscal year, to ¥ 23,888 million largely due to the upswing in general and administrative expenses following inclusion of the TLS Group in the Company's scope of consolidation and logistics costs.

Operating profit

Operating profit decreased 22.9%, or ¥ 1,808 million, compared with the corresponding period of the previous fiscal year, to ¥ 6,076 million largely due to the decline in sales volumes of chemicals and an upturn in raw material and fuel costs.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses improved by ¥ 914 million compared with the previous consolidated fiscal year mainly due to a change from foreign exchange losses recorded in the corresponding period of the previous consolidated fiscal year to foreign exchange gains.

As a result of the above, ordinary profit decreased 11.8%, or ¥ 893 million compared with the corresponding period of the previous fiscal year, to ¥ 6,708 million.

Extraordinary income/losses, Profit before income taxes, Profit, Profit attributable to owners of parent

Extraordinary income/losses improved ¥ 541 million compared with the corresponding period of the previous fiscal year owing to a variety of factors, including an increase in gain on sale of investment securities in conjunction with a reduction in cross-shareholdings.

As a result of the above, profit before income taxes decreased 4.6 %, or ¥ 32 million compared with the corresponding period of the previous fiscal year, to ¥ 7,322 million.

Profit after deducting income taxes calculated in an appropriate way increased 3.7 %, or ¥ 186 million compared with the corresponding period of the previous fiscal year, to ¥ 5,241 million.

Profit attributable to owners of parent increased 6.0%, or ¥ 292 million compared with the corresponding period of the previous fiscal year, to ¥ 5,204 million.

(Operating results by segment)

(Unit: Millions of yen)

	First Quarter Fiscal 2026		First Quarter Fiscal 2025		Rate of change (%)	
	Net sales	**Operating Profit (loss)**	Net sales	Operating Profit (loss)	Net sales	Operating profit
Chemicals	**24,688**	**523**	27,471	2,808	(10.1)	(81.4)
Cement	**16,052**	**2,551**	16,080	2,517	(0.2)	1.3
Electronic & Advanced Materials	**22,303**	**3,126**	21,234	2,822	5.0	10.8
Life Science	**14,690**	**2,640**	9,097	1,705	61.5	54.8
Eco Business	**1,094**	**(7)**	1,479	159	(26.0)	-
Others	**9,732**	**251**	9,351	(67)	4.1	-
Total	**88,562**	**9,085**	84,713	9,945	4.5	(8.6)
Adjustment	**(2,908)**	**(3,009)**	(2,885)	(2,061)	-	-
Figures in quarterly consolidated profit statement	**85,654**	**6,076**	81,828	7,884	4.7	(22.9)

(Note) Sales and operating profit (loss) in each segment include inter-segment transactions.

Chemicals

Caustic soda earnings decreased owing to such factors as a decline in sales volumes and the increase in manufacturing costs.

Vinyl chloride monomer earnings decreased owing to such factors as an increase in manufacturing costs.

Despite the increase in manufacturing costs, vinyl chloride resin performance were in line with the successful efforts to revise domestic sales prices at an appropriate level.

Soda ash and calcium chloride earnings declined. This was mainly due to the increase in manufacturing and logistics costs

As a result of the above, segment net sales decreased 10.1% compared with the corresponding period of the previous fiscal year, to ¥ 24,688 million and operating profit decreased 81.4% to ¥ 523 million. The segment reported lower earnings on lower sales.

Cement

Despite a decrease in sales volume year-on-year in Japan, cement performance were in line with improved earnings at consolidated subsidiaries

As a result of the above, segment net sales decreased 0.2% compared with the corresponding period of the previous fiscal year, to ¥ 16,052 million and operating profit increased 1.3% to ¥ 2,551 million. The segment reported higher earnings on lower sales.

Electronic & Advanced Materials

Despite a decrease in sales volume year-on-year, semiconductor-grade polycrystalline earnings grew on the back of such factors as a reduction of a loss on valuation of inventories

IC chemical earnings decreased despite the increase in sales volumes of high-purity isopropyl alcohol for electronic manufacturing. This downturn largely reflected higher raw material costs.

Fumed silica earnings increased. This largely reflected robust sales volumes and successful efforts to reduce manufacturing costs at Tokuyama Chemicals (Zhejiang) Co., Ltd.

Thermal management material earnings increased. This largely reflected robust sales volumes of such applications used for semiconductor production equipment.

As a result of the above, segment net sales increased 5.0% compared with the corresponding period of the previous fiscal year, to ¥ 22,303 million and operating profit increased 10.8% to ¥ 3,126 million. The segment reported higher earnings on higher sales.

Life Science

Dental materials earnings increased. This largely reflected robust sales volumes and the impact of movements in foreign currency exchange rates as a result of the weak yen.

Diagnosis earnings increased mainly due to the inclusion of TLS Group in the Company's scope of consolidation.

APIs and intermediates earnings increased owing mainly to a robust sales volume of generic pharmaceuticals.

As a result of the above, segment net sales increased 61.5% compared with the corresponding period of the previous fiscal year, to ¥ 14,690 million and operating profit increased 54.8% to ¥ 2,640 million. The segment reported higher earnings on higher sales.

Eco Business

Ion exchange membrane earnings decreased owing to an decrease in membrane and equipment shipments.

In waste gypsum board recycling, earnings improved, as a result of steady acceptance of waste gypsum board.

As a result of the above, segment net sales decreased 26.0% compared with the corresponding period of the previous fiscal year, to ¥ 1,094 million and operating loss amounted to ¥ 7 million (posted operating profit of ¥ 159 million in the corresponding period of the previous year).

(2) Explanation concerning Financial Position

(Status of Assets, Liabilities and Net Assets)

Summary of Consolidated Balance Sheets

(Unit: Millions of yen)

	Mar 31, 2026	Jun 30, 2026	Amount of change	Rate of change (%)
Assets	569,687	577,945	8,257	1.4
Liabilities	271,874	275,992	4,117	1.5
(Interest-bearing debt)	162,020	164,700	2,680	1.7
Net assets	297,812	301,952	4,139	1.4
(Shareholders' equity)	283,086	287,008	3,921	1.4

Assets

Total assets amounted to ¥ 577,945 million, an increase of ¥ 8,257 million compared with those as of March 31, 2026.

This increase primarily reflects the increase in merchandise and finished goods of ¥ 3,980 million, property, plant and equipment of ¥ 2,570 million and investment securities of ¥ 2,145 million.

Liabilities

Total liabilities amounted to ¥ 275,992 million, up ¥ 4,117 million compared with those as of March 31, 2026.

This increase primarily reflects the increase in notes and accounts payable - trade of ¥ 7,214 million despite the decrease in provision for bonuses of ¥ 2,163 million and income taxes payable of ¥ 1,042 million.

Net assets

Net assets totaled ¥ 301,952 million, an increase of ¥ 4,139 million compared with those as of March 31, 2026.

This increase primarily reflects the increase in valuation difference on available-for-sale securities of ¥ 1,258 million, foreign currency translation adjustment of ¥ 1,108 million and retained earnings of ¥ 880 million as a result of posting profit attributable to owners of parent.

(Analysis of Financial Indicators for the Quarter under Review)

Tokuyama Group has set the following targets for the final year of its Medium-Term Management Plan 2030.

	Index	FY2030 (Target)	CAGR*2 (FY2025–FY2030)
	Net Sales	¥ 407.5 billion	3.1%
Profitability	Operating Profit	¥ 57.0 billion	9.0%
	Operating Profit Margin	14.0%	-
	EPS*1	¥ 551	-
Equity Efficiency	ROE	10.6%	-
	ROIC	9.1%	-
Shareholder Returns	DOE	4.0%	-

*1 The number of issued shares used for the calculation is based on the actual results for FY2025.

*2 CAGR・・・Compound Annual Growth Rate

These forward-looking statements are based on expectations and certain assumptions at the time this report was prepared and accordingly do not represent a guarantee of achievement or future performance. Meanwhile, plans are in place to report on the progress of financial indicators as of the end of the consolidated fiscal year.

(3) Explanation concerning Capital Resources and Funding Liquidity

(Analysis of Capital Resources)

The Tokuyama Group recognizes the need to retain a certain level of funds in order to secure the working capital required to finance its business activities, for priority investments in growth fields for the purpose of reinventing its business portfolio and capital investments for the purpose of contributing to the mitigation of global warming, such as rationalization, energy saving, and measures to reduce GHG emissions, as well as to promote strategic investments. While the principal method of procuring these funds is to accumulate cash on hand through the continuous posting of business earnings, the Group will also pursue other avenues. These include borrowing from financial institutions and the issuing of unsecured bonds. Furthermore, the Tokuyama Group's intended capital investment amount for the consolidated fiscal year under review is ¥ 46,119 million. Plans are in place to utilize cash on hand, borrowings from financial institutions, and the issuance of unsecured bonds.

(Analysis of Funding Liquidity)

Cash and cash equivalents stood at ¥ 47,628 million as of June 30, 2026. On this basis, the Tokuyama Group is confident that it maintains more than ample liquidity to promote its business activities. In addition, Tokuyama has executed revolving credit facility, overdraft, and credit liquidation agreements with a financial institution. Accounting for these factors, the Company is more than capable of maintaining a certain level of liquidity should any impediment arise. To secure liquidity funds in preparation for unforeseen circumstances, we will also set up commitment lines on an as needed basis.

(4) Research and Development (R&D) Activities

Total R&D expenses for the first quarter of the consolidated fiscal year under review amounted to ¥ 4,763 million.

(5) Explanation concerning Information related to Future Prediction such as Consolidated Performance Forecast

The performance and dividend forecast for the fiscal year ending March 31, 2027 had previously been undetermined due to difficulties in making a reasonable estimate. However, based on current business conditions, performance trends, and other factors, the Company has now formulated and released the performance forecast. For further details, please see the Company's news release, "Notice concerning Performance and Dividend Forecast for Fiscal 2026," dated July 29, 2026.

The performance forecast has been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	3/31/2026	6/30/2026
Assets		
Current assets		
Cash and deposits	47,193	49,033
Notes receivable - trade	585	633
Electronically recorded monetary claims - operating	6,861	8,565
Accounts receivable - trade	75,285	66,246
Lease receivables	2	1
Merchandise and finished goods	26,298	30,279
Work in process	22,934	24,099
Raw materials and supplies	25,120	26,434
Other	7,849	10,591
Allowance for doubtful accounts	(61)	(59)
Total current assets	212,070	215,825
Non-current assets		
Property, plant and equipment		
Buildings and structures	135,775	139,567
Accumulated depreciation	(88,584)	(89,650)
Buildings and structures, net	47,191	49,916
Machinery, equipment and vehicles	516,229	530,837
Accumulated depreciation	(449,198)	(453,112)
Machinery, equipment and vehicles, net	67,031	77,724
Tools, furniture and fixtures	30,441	31,281
Accumulated depreciation	(24,491)	(24,829)
Tools, furniture and fixtures, net	5,950	6,451
Land	33,182	33,486
Leased assets	12,696	13,204
Accumulated depreciation	(5,806)	(5,960)
Leased assets, net	6,890	7,244
Construction in progress	30,038	18,030
Total property, plant and equipment	190,284	192,854
Intangible assets		
Goodwill	31,008	30,609
Leased assets	9	7
Customer-related intangible assets	39,993	39,666
Other	4,567	4,723
Total intangible assets	75,578	75,006
Investments and other assets		
Investment securities	58,816	60,962
Long-term loans receivable	1,602	1,591
Deferred tax assets	13,036	12,657
Retirement benefit asset	11,428	11,958
Other	6,941	7,161
Allowance for doubtful accounts	(71)	(72)
Total investments and other assets	91,754	94,258
Total non-current assets	357,617	362,119
Total assets	569,687	577,945

(Millions of yen)

	3/31/2026	6/30/2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,324	49,539
Short-term borrowings	5,883	6,265
Commercial papers	18,000	19,000
Current portion of long-term borrowings	3,613	4,122
Current portion of bonds payable	10,000	10,000
Lease liabilities	1,657	1,669
Income taxes payable	4,193	3,150
Provision for bonuses	4,226	2,063
Provision for share awards	98	98
Provision for repairs	7,034	6,151
Provision for decommissioning and removal	404	342
Provision for product warranties	113	63
Provision for loss on compensation for damage	58	54
Provision for contract loss	499	403
Allowance for loss on compensation for building materials	19	15
Other	23,367	21,234
Total current liabilities	121,493	124,174
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	92,449	93,221
Long-term income taxes payable	121	—
Lease liabilities	5,417	5,421
Deferred tax liabilities	13,528	13,581
Provision for retirement benefits for directors (and other officers)	146	181
Provision for repairs	1,196	1,826
Provision for decommissioning and removal	79	24
Provision for contract loss	3,630	3,630
Retirement benefit liability	2,070	2,118
Asset retirement obligations	261	264
Other	6,480	6,548
Total non-current liabilities	150,380	151,818
Total liabilities	271,874	275,992
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	22,759	23,559
Retained earnings	228,233	229,113
Treasury shares	(427)	(411)
Total shareholders' equity	260,565	262,261
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,715	10,973
Foreign currency translation adjustment	10,936	12,045
Remeasurements of defined benefit plans	1,869	1,727
Total accumulated other comprehensive income	22,521	24,746
Non-controlling interests	14,725	14,944
Total net assets	297,812	301,952
Total liabilities and net assets	569,687	577,945

(2) Consolidated Statements of Income

(Millions of yen)

	Q1 FY2025 YTD	Q1 FY2026 YTD
Net sales	81,828	85,654
Cost of sales	53,852	55,689
Gross profit	27,975	29,964
Selling, general and administrative expenses		
Selling expenses	11,623	12,825
General and administrative expenses	8,468	11,062
Total selling, general and administrative expenses	20,091	23,888
Operating profit	7,884	6,076
Non-operating income		
Interest income	79	43
Dividend income	373	547
Share of profit of entities accounted for using equity method	389	463
Trial products income	117	770
Foreign exchange gains	—	254
Other	855	583
Total non-operating income	1,814	2,663
Non-operating expenses		
Interest expenses	259	503
Trial products expenses	117	647
Comprehensive welfare group term insurance expenses	207	212
Foreign exchange losses	414	—
Other	1,097	666
Total non-operating expenses	2,096	2,030
Ordinary profit	7,602	6,708
Extraordinary income		
Gain on sale of non-current assets	15	11
Gain on sale of investment securities	198	637
Subsidy income	—	51
Total extraordinary income	214	700
Extraordinary losses		
Loss on sale of non-current assets	9	0
Impairment losses	40	—
Loss on tax purpose reduction entry of non-current assets	21	—
Loss on disposal of non-current assets	69	78
Loss on sale of investment securities	2	7
Total extraordinary losses	142	86
Profit before income taxes	7,674	7,322
Income taxes	2,618	2,080
Profit	5,055	5,241
Profit attributable to non-controlling interests	144	37
Profit attributable to owners of parent	4,911	5,204

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q1 FY2025 YTD	Q1 FY2026 YTD
Profit	5,055	5,241
Other comprehensive income		
Valuation difference on available-for-sale securities	(399)	1,257
Foreign currency translation adjustment	624	1,104
Remeasurements of defined benefit plans, net of tax	(98)	(142)
Share of other comprehensive income of entities accounted for using	(270)	109
Total other comprehensive income	(143)	2,329
Comprehensive income	4,912	7,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,212	7,428
Comprehensive income attributable to non-controlling interests	700	142

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Major Changes in Shareholders' Equity)

Not applicable.

(Significant Changes in the Scope of Consolidation During This Period)

Not applicable.

(Additional Information)

(Regarding the domestic sales business of cement and solidifying materials and the establishment of a wholly-owned subsidiary through a company split (simplified absorption-type split) arising from the transfer of shares of certain consolidated subsidiaries, as well as the transfer of the shares of the said wholly-owned subsidiary (change in subsidiaries))

At the Board of Directors meeting held on March 25, 2026, the Company decided to transfer the domestic sales business of cement and solidifying materials along with shares of certain consolidated subsidiaries to a new wholly-owned subsidiary (hereinafter referred to as the 'New Company') established through an absorption-type split, and to transfer all of the issued shares of the New Company to Taiheiyo Cement Corporation. A share transfer agreement was executed on the same day. (Hereinafter, the absorption-type split and the share transfer are collectively referred to as the 'Transaction'.)

Note that the absorption-type split is a simplified absorption-type split as provided for in Article 784, Paragraph 2 of the Companies Act and is scheduled to be executed without obtaining approval from the general meeting of shareholders.

1. Overview of the Business Separation

(1) Name of the Separated Entity

Taiheiyo Cement Corporation

(2) Content of the Business to be Separated

Domestic Sales Business for Cement and Solidification Materials

(3) Main Reasons for the Business Separation

It aims to further accelerate structural reforms and business transformation, strengthen competitiveness, and enhance the allocation of resources to growth businesses

(4) Inception Date of the New Company

July 1, 2026

(5) Business Separation Date

October 1, 2026 (planned)

(6) Transfer Price

37,000 million yen (planned)

* The actual transfer price is expected to be an amount adjusted based on the price at the time of execution of the share transfer as stipulated in the share transfer agreement.

(7) Other

This transaction is subject to the completion of obtaining all necessary clearances, licenses, and approvals in accordance with domestic competition law and other applicable regulations.

2. Overview of Accounting Treatment

It is scheduled to be accounted for in accordance with the 'Accounting Standards for Business Separations, etc.' (Accounting Standards for Business, No. 7, September 13, 2013) and the 'Application Guidelines for Accounting Standards on Business Combinations and Business Separations, etc.' (Accounting Standards Application Guidelines No. 10, January 16, 2019).

In addition, the impact of this transaction on the consolidated financial statements for the following consolidated accounting year is currently under review.

3. Reporting Segment Containing the Separated Business

Cement

(Notes on Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the consolidated fiscal year under review. Meanwhile, depreciation (including amortization of intangible assets excluding goodwill, customer-related assets) and amortization of goodwill, customer-related assets for the first quarter of the fiscal year under review are as follows.

	First Quarter Fiscal 2025	First Quarter Fiscal 2026
Depreciation	4,839 million yen	5,751 million yen
Amortization of goodwill	6	433
Amortization of customer-related intangible assets	-	327

(Business Combinations, etc.)

(Finalization of provisional accounting treatment for business combinations)

As far as the acquisition of shares in JSR-01 Corporation and the change in the company's name to Tokuyama Life Science Corporation both on October 1, 2025 are concerned, Tokuyama applied provisional accounting treatment during the previous fiscal year. This accounting treatment was finalized during the first quarter of the fiscal year under review.

With this finalization of the provisional accounting treatment, the comparative data included in the consolidated financial statements for the first quarter of the fiscal year under review reflects a material revision to the initial allocation of the acquisition cost.

As a result, provisional goodwill totaling ¥60,139 million decreased ¥28,346 million following finalization of the accounting treatment, to ¥31,792 million. The decrease in goodwill was primarily attributable to increases of ¥40,649 million in customer-related assets and ¥12,455 million in deferred tax liabilities. In addition, customer-related assets, deferred tax liabilities, and retained earnings increased ¥39,993 million, ¥12,254 million, and ¥0 million, respectively, while goodwill decreased ¥27,638 million on a year-on-year consolidated balance sheet basis. There is no impact on the quarterly consolidated statements of income for the first quarter of the previous fiscal year. Meanwhile, the amortization period for goodwill is 20 years, while the amortization period for customer-related assets allocated to items other than goodwill is 31 years.