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August 7, 2026

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 (Based on Japanese GAAP)

Company name: Carlit Co., Ltd. (hereinafter "the Company")
Listed exchange: Prime Market, Tokyo Stock Exchange Code number: 4275
URL: https://www.carlit.co.jp
Representative: Hirofumi Kaneko, Representative Director and President
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Scheduled date to commence dividend payments: –
Preparation of explanatory materials for financial results: Yes
Holding of financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the three months of the fiscal year ending March 31, 2027 (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	%
Jun. 30, 2026	8,654	(0.0)	255	(42.7)	385	(33.7)	68	(77.0)
Jun. 30, 2025	8,655	(1.2)	445	17.7	581	8.9	299	(18.1)

Note: Comprehensive income For the three months ended Jun. 30, 2026: ¥74 million [(92.4)%]
For the three months ended Jun. 30, 2025: ¥981 million [3.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
Jun. 30, 2026	3.10	–
Jun. 30, 2025	12.79	–

(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
Jun. 30, 2026	57,527	37,908	65.9	1,718.87
Mar. 31, 2026	57,674	39,793	69.0	1,774.98

Reference: Shareholders' equity As of Jun. 30, 2026: ¥37,908 million
As of Mar. 31, 2026: ¥39,793 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2026	–	0.00	–	42.00	42.00
Fiscal year ending Mar. 31, 2027	–				
Fiscal year ending Mar. 31, 2027 (Forecast)		0.00	–	42.00	42.00

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

3. Forecasts of consolidated financial results 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
1st half	17,300	(2.6)	1,100	(26.9)	1,200	(27.6)	1,400	21.8	62.35
Full year	37,200	2.6	3,200	(7.5)	3,300	(12.1)	3,000	0.8	133.61

Note: Revisions to the forecasts of consolidated financial results most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Excluded: One company (Minamisawa Construction Co., Ltd.)

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, Significant Changes in the Scope of Consolidation" on page 14 of the attached document.

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

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements" on page 11 of the attached document.

(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: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies" on page 11 of the attached document.

(4) Number of issued shares (common shares)

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

As of Jun. 30, 2026	22,940,600 shares	As of Mar. 31, 2026	22,940,600 shares

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

As of Jun. 30, 2026	886,463 shares	As of Mar. 31, 2026	521,563 shares

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

Three months ended Jun. 30, 2026	22,175,771 shares	Three months ended Jun. 30, 2025	23,377,141 shares

* Review of the Japanese language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Notice concerning forward-looking statements)

The forward-looking statements described in this document, such as business forecasts, are based on information available at the time of release of these materials and reasonable assumptions made by the Company, and do not represent a commitment from the Company that they will be achieved. Actual financial results, etc. may differ significantly from this forecast due to various factors. For assumptions used for earnings forecasts and notes on the use of earnings forecasts, please refer to “1. Overview of Business Results, (3) Explanation of Forward-Looking Statements Including Forecasts of Consolidated Financial Results” on page 6 of the attached document.

(Other special matters)

Not applicable

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1. Overview of Business Results

In our Medium-term Management Plan "Challenge 2027," which started in the fiscal year 2025, we have categorized various businesses, including ammonium perchlorate, a solid propellant ingredient for space rockets and defense-related products, into priority area, focus area, development area, and base area, and are promoting management based on a new business portfolio.

We have positioned the three-year period from fiscal year 2025 to fiscal year 2027 as the "Investment Promotion" stage and are actively carrying out capital investments. As major investment projects, the construction work to expand ammonium perchlorate production is scheduled to be completed in March 2027, the construction of manufacturing facilities for solid propellants for defense is expected to be completed in March 2028, and renovation work of the PET beverage production line in the Bottling segment is set to be completed in December 2026. All of these projects are progressing smoothly and expected to bring business growth and profit expansion.

Under our management philosophy of "For Confidence and Infinite Challenges," we aim to promote the growth of existing businesses and establish new businesses, while also promoting management that is conscious of the cost of capital and the share price in pursuing improvements in corporate value.

(1) Overview of Business Results for the Three Months Ended June 30, 2026

(i) Explanation of operating results

Turning to performance for the three months ended June 30, 2026, sales increased in both the Chemical Products segment and the Metal Working segment due to steady demand in each market. On the other hand, the Chemical Products segment experienced a decrease in profit due to rising raw material costs caused by the tense situation in the Middle East and China's export restrictions, as well as the impact of increased management costs. In the Bottling segment, both sales and profit decreased due to the impact of renovation work of the PET beverage production line. However, the production and sales of the manufacturing lines that continue to operate are progressing steadily as planned.

Consequently, on the whole, the results are as follows.

(Millions of yen, unless otherwise noted)

	Three months ended Jun. 30, 2025	Three months ended Jun. 30, 2026	Amount of change	Rate of change
Net sales	8,655	8,654	(0)	(0.0)%
Operating profit	445	255	(190)	(42.7)%
Ordinary profit	581	385	(196)	(33.7)%
Profit attributable to owners of parent	299	68	(230)	(77.0)%

(ii) Explanations by business segment

Our main products and services are as follows.

Chemical Products segment

Explosives sub-segment = net sales remained flat and profit decreased

- Industrial explosives experienced a decrease in sales and profit due to a decline in industrial demand, including limestone quarrying.
- Automotive emergency flares saw an increase in sales due to steady demand for vehicle inspections. However, profits decreased due to increased production costs.
- Signal flares for highway use saw no significant change in demand from the previous year, resulting in flat sales and profits.
- Raw materials for fireworks saw an increase in sales due to steady sales of fireworks components for fireworks festivals in various locations. However, profits decreased due to increased costs.

Material assessment service sub-segment = decrease in sales and profit

- Despite some adjustments by certain customers, safety evaluation testing secured orders for safety evaluation of chemicals and large special tests, leading to an increase in sales and profit.
- Secondary batteries testing faced a decline in orders due to the slowdown in EV demand and adjustments by some customers. Additionally, increased depreciation costs from capital investments led to a decrease in sales and profit.

Chemicals sub-segment = decrease in sales and profit

- Sodium chlorate experienced a decrease in sales and profit, despite steady demand in the paper pulp market, as sales volume declined due to overlapping regular maintenance by paper companies.
- Ammonium perchlorate (the raw material in propellants for rockets and defense missiles) experienced an increase in sales and profit due to steady demand for both space development and defense applications.
- Electrodes experienced a decrease in sales and profit as the replacement demand for large projects, which were concentrated in the previous fiscal year, was completed for both oxygen generation and chlorine generation applications. Additionally, the impact of customers holding back on purchases due to the soaring prices of precious metals, which are raw materials, contributed to the decline.
- Chlorate-based herbicides experienced increased sales due to a rise in sales volume following the exclusion from designation as hazardous substances for pharmaceutical use. However, profits remained flat due to increased production costs.

Electronic materials sub-segment = increase in sales and profit

- Sales losses occurred due to the bottleneck of petrochemical-derived raw materials caused by the tense situation in the Middle East. On the other hand, there was continued strong sales of high-value-added capacitor materials for high-end servers, along with increased overseas demand for capacitor materials used in power converters and growing demand for antistatic chemicals used in trays and tapes for semiconductor production, leading to an increase in sales and profit.

Ceramic materials sub-segment = sales increased and profit remained flat

- The demand for grinding abrasives for metal working applications remained steady, resulting in an increase in sales. Profits remained flat due to increased production costs.

Silicon wafers sub-segment = decrease in sales and increase in profit

- Reduced sales impacted by excessive customer inventories and production adjustments led to a decrease in sales. On the other hand, the emergence of the effects of price adjustments to appropriate levels and cost reductions led to an increase in profit.

Bottling segment

- Currently, among the three beverage production lines owned, the “Hot Pack Line” is undergoing renovation work. One of the PET beverage production lines is halted, resulting in a decrease in sales and profit. The renovation work period is expected to last from this first quarter to the third quarter, with the impact on performance anticipated to be as planned. Additionally, the production and sales status of the lines that continue to operate is steady.

Metal Working segment

- The replacement demand for anchors for use inside heat-resistant furnaces and retainers for dust collectors remained steady, resulting in flat sales and profits compared to the previous year.
- Various metal springs and pressed products saw flat demand for automotive applications compared to the previous year, but increased demand for metal pressed products (such as washers) for construction machinery led to an increase in sales. Profits remained flat due to increased production costs.

Engineering Services segment

- For engineering and construction work, both internal group construction projects and external orders decreased, resulting in a decrease in sales and profit. Additionally, Minamisawa Construction Co., Ltd. had its status as a consolidated subsidiary removed at the end of June, and from the second quarter onward, it will be excluded from the scope of consolidation. However, the impact on consolidated performance is expected to be minor at this stage.

- Sales of industrial paints increased due to preemptive demand for paint products caused by the tense situation in the Middle East. Furthermore, painting work also saw an increase in sales and profit due to increased production volume and the acquisition of new projects.
- Structural design experienced steady demand, particularly for seismic diagnosis and reinforcement design of water and sewage facilities, leading to an increase in sales and profit.

These results are provided below.

(Millions of yen)

Business segments	Net sales			Operating profit		
	Three months ended			Three months ended		
	Jun. 30, 2025	Jun. 30, 2026	Amount of change	Jun. 30, 2025	Jun. 30, 2026	Amount of change
Chemical Products	5,305	5,408	102	433	203	(229)
Bottling	931	664	(267)	(301)	(367)	(66)
Metal Working	1,868	1,901	32	172	176	4
Engineering Services	1,200	1,036	(164)	158	205	46
Subtotal	9,306	9,011	(295)	463	218	(245)
Eliminations	(651)	(356)	294	(18)	36	55
Total	8,655	8,654	(0)	445	255	(190)

(2) Overview of the Consolidated Balance Sheets as of June 30, 2026

(Assets)

Total assets was ¥57,527 million, a decrease of ¥147 million from the end of the previous fiscal year.
The breakdown of major increases (decreases) in assets includes a decrease in notes and accounts receivable - trade, and contract assets of ¥614 million, an increase in property, plant and equipment of ¥348 million, and an increase in intangible assets of ¥75 million.

(Liabilities)

Liabilities was ¥19,619 million, an increase of ¥1,737 million from the end of the previous fiscal year.
The breakdown of major increases (decreases) in liabilities includes an increase in interest-bearing liabilities of ¥737 million, an increase in provision for bonuses of ¥348 million and an increase in advances received included in other current liabilities of ¥268 million.

(Net assets)

Total net assets was ¥37,908 million, a decrease of ¥1,885 million from the end of the previous fiscal year.
The breakdown of major increases (decreases) in net assets includes a decrease in purchase of treasury shares of ¥999 million and a decrease in retained earnings of ¥890 million most of which derived from the payment of dividends.
As a result of the above, equity-to-asset ratio decreased from 69.0% to 65.9%.

(3) Explanation of Forward-Looking Statements Including Forecasts of Consolidated Financial Results

The global economy is expected to maintain moderate growth overall, supported by resilient consumer spending and capital investment, despite a slowdown in the pace of growth. On the other hand, uncertainties persist due to sustained high energy prices and prolonged geopolitical risks. The Chinese economy is projected to continue its gradual slowdown, influenced by the sluggish real estate market and stagnant consumer spending. While exports may provide some support, weak domestic demand and rising trade frictions are expected to weigh on the economy. The Japanese economy is anticipated to maintain a moderate recovery trend, backed by improvements in employment and income conditions, as well as corporate capital investment. However, it will be necessary to continue to pay attention to the impact of rising prices and energy price trends on household budgets and consumer spending.

In light of the economic environment mentioned above, our outlook for each business segment is as follows.

The Chemical Products segment is expected to continue being supported by growth in Electronic materials sub-segment and ammonium perchlorate. However, in Material assessment service sub-segment, a temporary downturn is anticipated due to the slowdown in the pace of growth of the EV market. Regarding the increase in various costs that impacted performance in this first quarter, efforts such as negotiating appropriate prices will be continued with the aim of achieving the full-year plan.

The Bottling segment is expected to continue experiencing a decline in sales and profit, albeit temporarily until the third quarter, due to the ongoing renovation work of the PET beverage production line. We expect the performance in the Metal Working segment and Engineering Services segment to remain solid, as in the previous fiscal year, in line with trends in the Japanese economy.

Uncertainty regarding the future remains extremely high due to such risks as supply disruptions and rising costs stemming from conditions in the Middle East.

Taking into consideration a comprehensive review of prevailing conditions, the consolidated earnings forecast for the fiscal year ending March 31, 2027 is as announced on May 15, 2026.

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half	17,300	(2.6)	1,100	(26.9)	1,200	(27.6)	1,400	21.8	62.35
Full year	37,200	2.6	3,200	(7.5)	3,300	(12.1)	3,000	0.8	133.61

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	3,994	3,985
Notes and accounts receivable - trade, and contract assets	9,497	8,883
Merchandise and finished goods	3,453	3,414
Work in process	605	619
Raw materials and supplies	1,858	1,984
Other	2,122	2,068
Allowance for doubtful accounts	(8)	(12)
Total current assets	21,524	20,942
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,706	9,759
Machinery, equipment and vehicles, net	3,643	3,573
Land	5,751	5,377
Construction in progress	2,457	3,165
Other, net	1,076	1,108
Total property, plant and equipment	22,635	22,984
Intangible assets		
Other	910	986
Total intangible assets	910	986
Investments and other assets		
Investment securities	11,095	11,052
Retirement benefit asset	608	665
Other	905	900
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	12,603	12,613
Total non-current assets	36,150	36,584
Total assets	57,674	57,527

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,332	4,110
Short-term borrowings	3,500	1,200
Current portion of long-term borrowings	257	588
Income taxes payable	325	479
Provision for bonuses	816	1,164
Other	2,277	3,228
Total current liabilities	11,509	10,772
Non-current liabilities		
Long-term borrowings	348	3,088
Provision for share awards	57	61
Provision for share awards for directors (and other officers)	150	159
Retirement benefit liability	343	331
Other	5,472	5,207
Total non-current liabilities	6,372	8,847
Total liabilities	17,881	19,619
Net assets		
Shareholders' equity		
Share capital	2,099	2,099
Retained earnings	31,148	30,257
Treasury shares	(525)	(1,524)
Total shareholders' equity	32,722	30,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,677	6,658
Deferred gains or losses on hedges	8	18
Foreign currency translation adjustment	217	237
Remeasurements of defined benefit plans	166	161
Total accumulated other comprehensive income	7,070	7,075
Total net assets	39,793	37,908
Total liabilities and net assets	57,674	57,527

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	8,655	8,654
Cost of sales	6,744	6,671
Gross profit	1,911	1,983
Selling, general and administrative expenses	1,466	1,728
Operating profit	445	255
Non-operating income		
Dividend income	123	135
Share of profit of entities accounted for using equity method	6	7
Other	25	18
Total non-operating income	155	161
Non-operating expenses		
Interest expenses	8	29
Commission for purchase of treasury shares	4	0
Foreign exchange losses	6	–
Other	0	1
Total non-operating expenses	19	31
Ordinary profit	581	385
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of shares of subsidiaries and associates	–	74
Total extraordinary income	0	74
Extraordinary losses		
Loss on retirement of non-current assets	22	11
Total extraordinary losses	22	11
Profit before income taxes	559	448
Income taxes	260	379
Profit	299	68
Profit attributable to owners of parent	299	68

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	299	68
Other comprehensive income		
Valuation difference on available-for-sale securities	711	(18)
Deferred gains or losses on hedges	3	9
Foreign currency translation adjustment	(26)	19
Remeasurements of defined benefit plans, net of tax	(5)	(4)
Total other comprehensive income	682	5
Comprehensive income	981	74
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	981	74

(3) Notes to Quarterly Consolidated Financial Statements

Changes in Accounting Policies

Application of Accounting Standard for Interim Financial Reporting and related guidance

The Company has applied the “Accounting Standard for Interim Financial Reporting” (ASBJ Statement No. 37, October 16, 2025) and “Implementation Guidance on Accounting Standard for Interim Financial Reporting” (ASBJ Implementation Guidance No. 34, October 16, 2025) from the beginning of the first quarter of the fiscal year ending March 31, 2027.

Accordingly, regarding the method of writing down the book value concerning inventories removed from the operating cycle, the Company has changed from the previously adopted interim separation method to the interim reversal method. Additionally, the Company applies this change in accounting policies prospectively in accordance with the transitional provisions stipulated in paragraph (35) of the “Accounting Standard for Interim Financial Reporting.”

This change in accounting policy had no effect on the consolidated financial statements for this first quarter.

Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements

Calculation method of income tax expense

Income tax expense is calculated by multiplying profit before income taxes by reasonably estimated effective tax rate after applying tax effect accounting for the fiscal year including this first quarter.

Also, income taxes - deferred is included in income taxes.

Segment Information

(1) Three months of the fiscal year ended March 31, 2026 (April 1, 2025 to June 30, 2025)
Amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Amount recorded on quarterly consolidated statements of income (Note 2)
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	5,045	931	1,832	845	8,655	–	8,655
Inter-segment sales	259	–	35	355	651	(651)	–
Total	5,305	931	1,868	1,200	9,306	(651)	8,655
Segment profit (loss)	433	(301)	172	158	463	(18)	445

Notes: 1. Adjustments to segment profit of negative ¥18 million are mainly unrealized income eliminations.
2. Segment profit is adjusted to operating profit in the quarterly consolidated statement of income.

(2) Three months of the fiscal year ending March 31, 2027 (April 1, 2026 to June 30, 2026)
Amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Amount recorded on quarterly consolidated statements of income (Note 2)
	Chemical Products	Bottling	Metal Working	Engineering Services	Sub-total		
Net sales							
Outside customers	5,159	664	1,863	967	8,654	–	8,654
Inter-segment sales	249	–	37	69	356	(356)	–
Total	5,408	664	1,901	1,036	9,011	(356)	8,654
Segment profit (loss)	203	(367)	176	205	218	36	255

Notes: 1. Adjustments to segment profit of ¥36 million are mainly unrealized income eliminations.
2. Segment profit is adjusted to operating profit in the quarterly consolidated statement of income.

Significant Changes in Amounts of Shareholders' Equity

Repurchase of treasury shares

The Company, at the Board of Directors meeting held on May 15, 2026, resolved to repurchase treasury shares and determined the specific method of the repurchase pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the said Act. On May 18, 2026, the Company acquired 364,900 treasury shares. As a result, during the three months ended June 30, 2026, treasury shares increased by ¥999 million and amounted to ¥1,524 million as of June 30, 2026.

(Reference)

Details of the resolution, etc. passed at the meeting of the Board of Directors held on May 15, 2026

1. Reason for repurchase of treasury shares

Our Medium-term Management Plan "Challenge 2027" (from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2028) announced in March 2025 sets out the Group's financial policy of providing appropriate shareholder returns based on an optimal capital structure. Based on this policy, we have decided to repurchase treasury shares with the aim of providing flexible shareholder returns that are directed to improve capital efficiency.

2. Details of matters related to the repurchase

(1)	Class of shares to be repurchased	Common shares of the Company
(2)	Total number of shares to be repurchased	364,900 shares (maximum) (1.6% of total number of issued shares (excluding treasury shares))
(3)	Total amount of the repurchase of shares	¥1.0 billion (maximum)
(4)	Method of repurchase	Repurchase of Treasury Shares Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange

3. Result of repurchase

(1)	Class of shares repurchased	Common shares of the Company
(2)	Total number of repurchased shares	364,900 shares
(3)	Total amount of the repurchase of shares	¥999,826,000
(4)	Date of repurchase	May 18, 2026
(5)	Method of repurchase	Repurchase of Treasury Shares Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange

Going Concern Assumption

Not applicable

Notes to Quarterly Consolidated Cash Flow Statement

There is no quarterly consolidated statement of cash flows for the three months ended June 30, 2026. Depreciation (including amortization related to intangible assets) for the three months ended June 30, 2026/2025 is as follows:

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation	420	471

Significant changes in the scope of consolidation

During the three months ended June 30, 2026, the Company transferred all its shares of Minamisawa Construction Co., Ltd., which was a consolidated subsidiary of the Company, to Hokubu Co., Ltd., resulting in the transferred company's exclusion from the scope of consolidation.

Business combinations

Business divestiture (transfer of subsidiary shares)

At the Board of Directors meeting held on June 9, 2026, the Company resolved to transfer all its shares of Minamisawa Construction Co., Ltd., a consolidated subsidiary, to Hokubu Co., Ltd. On the same day, a share transfer agreement was signed, and the transfer was completed on June 30, 2026. Consequently, the transferred company has been excluded from the scope of consolidation.

1. Overview of business divestiture
   (1) Name of transferee company
   Hokubu Co., Ltd.
   (2) Details of divested business
   Building construction, construction design, construction work, civil engineering work, etc.
   (3) Main reason for conducting divestiture
   After considering the optimal allocation of business resources and revision of the business portfolio, the Company judged that the business transfer would contribute to the enhancement of the corporate value of the Group and also the growth of the transferred company.
   (4) Date of business divestiture
   June 30, 2026
   (5) Other details regarding the transaction, including legal form
   Share transfer with consideration received solely in the form of cash and other assets

2. Overview of accounting treatment applied
   (1) Amount of transfer gain/loss

Gain on sale of shares of subsidiaries and associates	¥74 million

   (2) Appropriate book value of assets and liabilities related to the transferred business and main breakdown

Current assets	¥723 million
Non-current assets	¥172 million
Total assets	¥895 million
Current liabilities	¥159 million
Non-current liabilities	¥11 million
Total liabilities	¥170 million

   (3) Accounting treatment
   The difference between the sale price of the transferred shares and their consolidated book value is recorded as "Gain on sale of shares of subsidiaries and associates" under extraordinary income.

3. Name of the reportable segment in which the divested business was included
   Engineering Services business

4. Approximate amount of profit or loss related to the divested business recorded in the quarterly consolidated statement of income for the three months ended June 30, 2026

Net sales	¥155 million
Operating profit	¥16 million

Subsequent Events

Repurchase of treasury shares

The Company, at the Board of Directors meeting held on August 7, 2026, resolved the matters concerning the repurchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

1. Reason for repurchase of treasury shares

Our current Medium-term Management Plan “Challenge 2027” (from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2028) sets out the Group’s financial policy of providing appropriate shareholder returns based on an optimal capital structure. Based on this policy, we have decided to repurchase treasury shares with the aim of providing flexible shareholder returns that are directed to improve capital efficiency.

2. Details of matters related to the repurchase

(1)	Class of shares to be repurchased	Common shares of the Company
(2)	Total number of shares to be repurchased	700,000 shares (maximum) (3.1% of total number of issued shares (excluding treasury shares))
(3)	Total amount of the repurchase of shares	¥1.0 billion (maximum)
(4)	Repurchase period	August 10, 2026 to September 30, 2026
(5)	Method of repurchase	Market purchase on the Tokyo Stock Exchange

Independent Auditor's Interim Review Report on the Quarterly Consolidated Financial Statements (Translation)

August 7, 2026

The Board of Directors
Carlit Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Eri Sekiguchi
Designated Engagement Partner
Certified Public Accountant

Tetsuya Kawawaki
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have conducted an interim review of the quarterly consolidated financial statements, namely, the quarterly consolidated balance sheets, the quarterly consolidated statements of income and the quarterly consolidated statements of comprehensive income, and notes thereto, for the first quarter ended June 30, 2026 (April 1, 2026 to June 30, 2026) and for the three months ended June 30, 2026 (April 1, 2026 to June 30, 2026), which are included in the attached materials to the Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027) of Carlit Co., Ltd.

In the interim review we conducted, we found no matter that would lead us to believe that the above quarterly consolidated financial statements have not been prepared in any material respect in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting principles applicable to interim consolidated financial statements generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied).

Basis for Auditor's Conclusion

We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibilities under the standards for interim reviews are described in "Auditor's Responsibilities for Interim Review of Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including the provisions applicable to audits of financial statements of entities with higher social impact), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained evidence to form the basis for expressing a conclusion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting principles applicable to interim consolidated financial statements generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied); this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting principles applicable to interim consolidated financial statements generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied), matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for Interim Review of Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the interim review report based on the interim review we conducted.

In accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the interim review. We also:

- Make inquiries, primarily of management and other persons responsible for financial and accounting matters, and perform analytical procedures and other interim review procedures. Interim review procedures are more limited in scope compared with an audit of annual financial statements conducted in accordance with auditing standards generally accepted in Japan.

- Determine whether there is significant uncertainty regarding events or circumstances that give rise to significant doubts regarding matters related to the going concern assumption. If significant uncertainty exists, we will make a conclusion, based on the evidence obtained, as to whether there are any matters that lead one to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting principles applicable to interim consolidated financial statements generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied). In addition, if significant uncertainties regarding the going concern assumption are recognized, the interim review report is required to draw attention to the notes to the quarterly consolidated financial statements, or, if the notes to the quarterly consolidated financial statements regarding significant uncertainties are not appropriate, to express a qualified or adverse conclusion on the quarterly consolidated financial statements. Although our conclusion is based on the evidence obtained up to the date of the interim review report, future events or circumstances may cause the Group to be unable to continue as a going concern.

- Evaluate whether there are any matters that lead one to believe that the presentation and notes of the quarterly consolidated financial statements have not been prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange Inc. and the accounting principles applicable to interim consolidated financial statements generally accepted in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. are applied).
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for directing, supervising and inspecting the interim review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned interim review, and any significant findings from the interim review.

We shall report to Audit & Supervisory Board Members and the Audit & Supervisory Board that we have complied with the provisions related to professional ethics in Japan regarding independence and any matters that could reasonably be considered to affect our independence, and any measures taken to eliminate impediments or safeguards applied to reduce impediments to an acceptable level, if any.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

(Notes) 1. The original copy of the above interim review report is kept separately by the Company (the company disclosing the quarterly financial statements).
2. XBRL data and HTML data are not included in the scope of the interim review.