May 8, 2026

To All

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.
Representative: Tatsuya Nunohara, Representative Director, President, CEO
(Code: 7226)
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Notice Regarding the Recognition of Extraordinary Income (Gain on Extinguishment of Intercompany Shares) in Connection with the Absorption-Type Merger with a Consolidated Subsidiary

KYOKUTO KAIHATSU KOGYO CO., LTD. (the “Company”) hereby announces that, as announced in the “Notice Regarding Completion of Absorption-Type Merger with Consolidated Subsidiary (Kyokuto Kaihatsu Parking Co., Ltd.)” dated April 1, 2026, it completed the absorption-type merger with Kyokuto Kaihatsu Parking Co., Ltd., its wholly owned subsidiary, on April 1, 2026.
In connection with the merger, the Company will record a gain on extinguishment of intercompany shares as extraordinary income in its non-consolidated financial statements for the fiscal year ended March 31, 2027.

1. Recognition and details of extraordinary income

   On the effective date of the merger (April 1, 2026), a difference arose between the amount of net assets received from Kyokuto Kaihatsu Parking Co., Ltd., the absorbed company, and the book value of the shares of that company held by the Company.
   As a result, the Company will record a gain on extinguishment of intercompany shares of ¥2,759 million yen as extraordinary income in its non-consolidated financial statements for the fiscal year ended March 31, 2027.

2. Impact on financial results

   This gain will be eliminated in the consolidated financial statements and will have no impact on the consolidated financial statements.