September 11, 2026

Consolidated Financial Results for the Nine Months Ended July 31, 2026 (Under Japanese GAAP)

Company name: KUMIAI CHEMICAL INDUSTRY CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 4996
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

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

1. Consolidated financial results for the nine months ended July 31, 2026 (from November 1, 2025 to July 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2026	141,406	5.1	7,628	(26.7)	12,205	5.5	5,725	(36.7)
July 31, 2025	134,485	4.1	10,411	(15.3)	11,567	(31.7)	9,048	(29.5)

Note: Comprehensive income For the nine months ended July 31, 2026: ¥6,491 million [(9.5)%]
For the nine months ended July 31, 2025: ¥7,175 million [(58.1)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
July 31, 2026	47.53	–
July 31, 2025	75.15	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
July 31, 2026	240,813	154,720	61.5
October 31, 2025	248,205	151,107	58.2

Reference: Equity
As of July 31, 2026: ¥148,193 million
As of October 31, 2025: ¥144,485 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 October 31, 2025	–	10.00	–	14.00	24.00
Fiscal year ending October 31, 2026	–	10.00	–		
Fiscal year ending October 31, 2026 (Forecast)				14.00	24.00

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

3. Consolidated financial result forecasts for the fiscal year ending October 31, 2026 (from November 1, 2025 to October 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	175,000	2.7	2,700	(74.4)	8,500	(36.4)	4,000	(8.7)	33.20

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

* **Notes**

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

(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 July 31, 2026	133,184,612 shares
As of October 31, 2025	133,184,612 shares

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

As of July 31, 2026	12,712,893 shares
As of October 31, 2025	12,761,542 shares

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

Nine months ended July 31, 2026	120,449,929 shares
Nine months ended July 31, 2025	120,401,663 shares

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

* Proper use of earnings forecasts and other special matters

(Note on forward-looking statements, etc.)

Earnings forecasts contained in this document are based on information available to management as of the date of publication and provisional assumptions made as of such date regarding uncertain factors that may impact future earnings. Readers are advised that actual results may differ materially from the forecasts due to a variety of factors. For the conditions that form the basis for the results forecasts and precautionary information on the use of results forecasts, please see (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information under 1. Qualitative Information on Quarterly Financial Results on page 2 of the attached materials.

(How to obtain the financial results supplementary materials)

The supplementary materials for the financial results will be posted on Kumiai’s official website on Friday, September 11, 2026.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended July 31, 2026, the Japanese economy remained on a moderate recovery track, with signs of a pickup in areas such as personal consumption and capital investment amid improvements in the employment and income environment. Meanwhile, the outlook remains uncertain due to factors such as geopolitical risks associated with prolonged instability in the Middle East, trends in raw material and energy prices, foreign exchange rate fluctuations, developments in financial and capital markets, and the impact of U.S. trade policies.

Against this backdrop, the Kumiai Group formulated the Medium-Term Business Plan, “Create the Future—Expanding our Possibilities,” which started in the fiscal year ended October 31, 2024, and is making every effort to implement priority measures designed to increase corporate value.

In the period under review, net sales increased by ¥6,920 million (5.1%) year on year, to ¥141,406 million, as sales in the Agricultural Chemicals and Agriculture-Related Business and the Fine Chemicals Business came in higher than in the previous year, despite lower sales in the Other Business than in the previous year. Operating profit was ¥7,628 million, down ¥2,783 million (26.7%) year on year, due in part to the recording of a loss on valuation of inventories of AXEEV in the Agricultural Chemicals and Agriculture-Related Business, despite its increase in the Fine Chemicals Business. Ordinary profit was ¥12,205 million, up ¥638 million (5.5%) year on year, due to an increase in share of profit of entities accounted for using equity method, as well as the recording of foreign exchange gains, a reversal from the recording of substantial foreign exchange losses in the previous fiscal year. Profit attributable to owners of parent amounted to ¥5,725 million, down ¥3,322 million (36.7%) year on year, due to the recording of impairment losses on non-current assets in the Fine Chemicals Business, restructuring expenses, and other items. The percentage of overseas net sales was 56.4%.

Business results by segment were as follows.

(Millions of yen, except percentages)

Segment	Nine months ended July 31, 2025			Nine months ended July 31, 2026			YoY	
	Net sales	Composition ratio	Operating profit	Net sales	Composition ratio	Operating profit	Net sales [% change]	Operating profit [% change]
Agricultural Chemicals and Agriculture-Related Business	¥108,141	80.4%	¥9,976	¥111,893	79.1%	¥6,782	¥3,752 [3.5]	¥(3,194) [(32.0)]
Fine Chemicals Business	18,844	14.0	1,430	22,519	15.9	1,873	3,675 [19.5]	443 [31.0]
Other Business	7,500	5.6	570	6,994	4.9	648	(507) [(6.8)]	78 [13.7]
Total	134,485	100.0	10,411	141,406	100.0	7,628	6,920 [5.1]	(2,783) [(26.7)]

Notes: 1. Consolidated segment operating profit for the nine months ended July 31, 2025 includes ¥1,564 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

2. Consolidated segment operating profit for the nine months ended July 31, 2026 includes ¥1,674 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

1) Agricultural Chemicals and Agriculture-Related Business segment

In the Japanese market, sales of products for paddy rice containing herbicide EFFEEDA and products for nursery boxes of rice containing fungicide DISARTA remained strong, and total sales in this segment exceeded those in the same period of the previous fiscal year.

In markets outside Japan, while sales of herbicide AXEEV to Australia and Argentine declined compared with the same period of the previous fiscal year, sales to the U.S. increased, driven by enhanced support for sales promotion.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-Related Business segment came to ¥111,893 million, up by ¥3,752 million (3.5%) compared with the same period of the previous fiscal year. Operating profit decreased by ¥3,194 million (32.0%) year on year to ¥6,782 million, due to the recording of a loss on valuation of inventories associated with a decline in the market price of AXEEV following the entry of its generic versions into the market.

2) Fine Chemicals Business segment

Sales volume of bismaleimides increased remarkably due to strong demand in the field of electronic materials for generative AI servers. Sales of some chloroxylene derivatives also increased.

As a result of the above, net sales in the Fine Chemicals Business segment came to ¥22,519 million, up by ¥3,675 million (19.5%) compared with the same period of the previous fiscal year. Operating profit increased by ¥443 million (31.0%) year on year to ¥1,873 million.

3) Other Business segment

Net sales in the Other Business segment amounted to ¥6,994 million, down ¥507 million (6.8%) compared with the same period of the previous fiscal year, due to factors including the completion of several large-scale projects in the construction business in the same period of the previous fiscal year. Meanwhile, operating profit increased by ¥78 million (13.7%) year on year to ¥648 million as a result of the Group’s efforts to improve revenue.

(2) Explanation of Financial Position

Total assets on a consolidated basis as of July 31, 2026 stood at ¥240,813 million, down by ¥7,392 million from the end of the previous fiscal year. The main factor was a decrease in merchandise and finished goods, which exceeded an increase in cash and deposits.

Liabilities decreased by ¥11,004 million compared with the end of the previous fiscal year to ¥86,094 million. The main factors were decreases in accounts payable - other and long-term borrowings.

Total net assets amounted to ¥154,720 million, an increase of ¥3,612 million compared with the end of the previous fiscal year. The increase in total net assets was mainly due to an increase in retained earnings.

The equity ratio stood at 61.5%, and net assets per share were ¥1,230.10.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The full-year consolidated earnings forecast announced on December 12, 2025 has been revised. For further details, please refer to the “Announcement of Revisions to the Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending October 31, 2026” released today.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2025	As of July 31, 2026
Assets		
Current assets		
Cash and deposits	21,982	29,389
Notes and accounts receivable - trade, and contract assets	38,965	41,785
Merchandise and finished goods	59,769	44,117
Work in process	18,803	17,807
Raw materials and supplies	10,294	10,868
Other	4,374	2,321
Allowance for doubtful accounts	(11)	(8)
Total current assets	154,176	146,279
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,358	23,056
Machinery, equipment and vehicles, net	10,498	9,272
Land	12,342	12,049
Construction in progress	1,804	1,700
Other, net	1,901	1,737
Total property, plant and equipment	49,903	47,814
Intangible assets		
Goodwill	1,432	1,117
Other	1,070	1,137
Total intangible assets	2,502	2,253
Investments and other assets		
Investment securities	38,640	41,392
Long-term loans receivable	588	622
Deferred tax assets	1,083	1,047
Retirement benefit asset	12	3
Other	1,702	1,853
Allowance for doubtful accounts	(402)	(451)
Total investments and other assets	41,623	44,467
Total non-current assets	94,028	94,534
Total assets	248,205	240,813

(Millions of yen)

	As of October 31, 2025	As of July 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,039	22,648
Short-term borrowings	36,782	34,339
Accounts payable - other	8,651	1,657
Income taxes payable	2,012	1,359
Provision for bonuses	1,865	1,139
Other	1,669	3,885
Total current liabilities	74,017	65,026
Non-current liabilities		
Long-term borrowings	14,324	9,489
Deferred tax liabilities	3,940	6,676
Provision for retirement benefits for directors (and other officers)	464	433
Retirement benefit liability	3,469	3,510
Asset retirement obligations	44	165
Other	840	794
Total non-current liabilities	23,081	21,067
Total liabilities	97,098	86,094
Net assets		
Shareholders' equity		
Share capital	4,534	4,534
Capital surplus	37,502	37,499
Retained earnings	110,394	113,229
Treasury shares	(9,184)	(9,145)
Total shareholders' equity	143,247	146,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,243	3,333
Foreign currency translation adjustment	(1,651)	(1,896)
Remeasurements of defined benefit plans	645	638
Total accumulated other comprehensive income	1,238	2,075
Non-controlling interests	6,622	6,527
Total net assets	151,107	154,720
Total liabilities and net assets	248,205	240,813

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended July 31

(Millions of yen)

	For the nine months ended July 31, 2025	For the nine months ended July 31, 2026
Net sales	134,485	141,406
Cost of sales	106,668	115,921
Gross profit	27,818	25,485
Selling, general and administrative expenses	17,406	17,856
Operating profit	10,411	7,628
Non-operating income		
Interest income	90	68
Dividend income	219	296
Reversal of allowance for doubtful accounts	215	3
Share of profit of entities accounted for using equity method	2,509	3,669
Foreign exchange gains	–	963
Other	235	155
Total non-operating income	3,267	5,154
Non-operating expenses		
Interest expenses	487	492
Provision of allowance for doubtful accounts	34	51
Foreign exchange losses	1,555	–
Other	34	34
Total non-operating expenses	2,111	577
Ordinary profit	11,567	12,205
Extraordinary income		
Gain on disposal of non-current assets	6	8
Gain on sale of investment securities	55	3
Subsidy income	1	244
Insurance claim income	241	1
Total extraordinary income	302	256
Extraordinary losses		
Loss on disposal of non-current assets	102	133
Loss on tax purpose reduction entry of non-current assets	–	244
Impairment losses	68	514
Loss on sale of investment securities	0	–
Restructuring expenses	–	907
Environmental expenses	53	–
Total extraordinary losses	224	1,798
Profit before income taxes	11,645	10,663
Income taxes	2,330	5,083
Profit	9,315	5,580
Profit attributable to non-controlling interests	267	(146)
Profit attributable to owners of parent	9,048	5,725

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended July 31

(Millions of yen)

	For the nine months ended July 31, 2025	For the nine months ended July 31, 2026
Profit	9,315	5,580
Other comprehensive income		
Valuation difference on available-for-sale securities	545	1,126
Foreign currency translation adjustment	(197)	555
Remeasurements of defined benefit plans, net of tax	(4)	(8)
Share of other comprehensive income of entities accounted for using equity method	(2,483)	(763)
Total other comprehensive income	(2,140)	911
Comprehensive income	7,175	6,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,945	6,563
Comprehensive income attributable to non-controlling interests	230	(72)

(3) Notes to Quarterly Consolidated Financial Statements

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Total income taxes)

Total income taxes were calculated by rationally estimating the effective tax rate after application of tax effect accounting on the profit before income taxes of the consolidated fiscal year, including the consolidated third quarter under review, and multiplying the pretax quarterly profit by this estimated effective tax rate.

However, if the estimated effective tax rate cannot be used, the statutory effective tax rate is used instead.

(Notes on segment information, etc.)

For the nine months ended July 31, 2025 (from November 1, 2024 to July 31, 2025)

1. Information on net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Agricultural Chemicals and Agriculture-Related Business	Fine Chemicals Business	Total				
Net sales							
Net sales to outside customers	108,141	18,844	126,985	7,500	134,485	–	134,485
Inter-segment net sales or transfers	2	37	39	2,846	2,885	(2,885)	–
Total	108,143	18,882	127,025	10,346	137,371	(2,885)	134,485
Segment income	9,976	1,430	11,406	570	11,975	(1,564)	10,411

(Notes) 1. The Other Business segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and staffing business.

2. The segment income adjustment of ¥(1,564) million primarily consists of corporate expenses not allocated to each reportable segment. Corporate expenses consist of general administrative expenses that are not attributable to reportable segments.

3. Segment income was reconciled to operating profit in the quarterly consolidated statements of income.

For the nine months ended July 31, 2026 (from November 1, 2025 to July 31, 2026)

1. Information on net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Agricultural Chemicals and Agriculture-Related Business	Fine Chemicals Business	Total				
Net sales							
Net sales to outside customers	111,893	22,519	134,412	6,994	141,406	–	141,406
Inter-segment net sales or transfers	2	47	50	2,854	2,903	(2,903)	–
Total	111,895	22,566	134,462	9,847	144,309	(2,903)	141,406
Segment income	6,782	1,873	8,654	648	9,302	(1,674)	7,628

(Notes) 1. The Other Business segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and staffing business.

2. The segment income adjustment of ¥(1,674) million primarily consists of corporate expenses not allocated to each reportable segment. Corporate expenses consist of general administrative expenses that are not attributable to reportable segments.

3. Segment income was reconciled to operating profit in the quarterly consolidated statements of income.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated statements of cash flows)

No quarterly consolidated statements of cash flows have been prepared for the nine months ended July 31, 2026. Depreciation and amortization (including amortization of intangible assets except goodwill) and amortization of goodwill for the nine months ended July 31 are as shown below.

(Millions of yen)

	For the nine months ended July 31, 2025	For the nine months ended July 31, 2026
Depreciation and amortization	3,916	4,317
Amortization of goodwill	497	722

(Significant subsequent events)
(Conversion of three consolidated subsidiaries into wholly owned subsidiaries through simplified share exchanges)
At the meeting of the Board of Directors held on September 11, 2026, the Company resolved to conduct share exchanges with its three consolidated subsidiaries, Ihara Construction Industry Co., Ltd. (hereinafter, "Ihara Construction"), KUMIKA LOGISTICS CO., LTD. (hereinafter, "KUMIKA LOGISTICS"), and NIHON PRINTING INDUSTRY CO., LTD. (hereinafter, "NIHON PRINTING") (hereinafter, collectively the "Three Target Consolidated Subsidiaries") with the effective date of November 1, 2026, whereby the Company will become the wholly owning parent company resulting from the share exchanges, and each of the Three Target Consolidated Subsidiaries will become a wholly owned subsidiary resulting from the share exchanges (hereinafter, individually or collectively the "Share Exchanges"). Accordingly, the Company entered into a share exchange agreement with each of the Three Target Consolidated Subsidiaries on that date.

The Three Target Consolidated Subsidiaries plan to conduct the Share Exchanges after obtaining approval at their respective extraordinary general meetings of shareholders to be held on October 15, 2026. The Company plans to conduct the Share Exchanges without obtaining approval at a general meeting of shareholders, pursuant to the simplified share exchange procedures set forth in the provisions of Article 796, Paragraph 2 of the Companies Act.

1. Overview of the business combinations

(1) Names of the wholly owned subsidiaries resulting from the share exchanges and descriptions of their businesses

Name	Description of business
Ihara Construction	General construction; manufacture and sale of expanded polystyrene products; building materials; and residential land development and real estate sales
KUMIKA LOGISTICS	General motor truck transportation; consigned freight forwarding; warehousing; collection, transportation, and treatment of industrial waste; consulting, brokerage and related services concerning industrial waste; worker dispatching; and general retail
NIHON PRINTING	Printing; manufacture and sale of various processed paper products

The Three Target Consolidated Subsidiaries are planned to become wholly owned subsidiaries of the Company on the effective date of the Share Exchanges. The location, representative, share capital, and description of business of each company are as stated in the extraordinary report.

(2) Purposes of the Share Exchanges

The Kumiai Group's main business is the manufacture and sale of agricultural chemicals and fine chemicals, and the Group develops businesses in various fields such as the construction, logistics, and printing businesses. The Company has determined that it needs to further enhance the speed, efficiency, and flexibility of decision-making as the Group in response to the currently extremely volatile business environment, thereby further strengthening the Group's management. Therefore, the Company has decided to establish a system to manage the entire Group in an integrated manner by converting the Three Target Consolidated Subsidiaries into wholly owned subsidiaries.

With this measure, the Company aims to further strengthen the Group's management, thereby increasing the corporate value of the entire Kumiai Group.

(3) Effective date of the Share Exchanges

November 1, 2026 (scheduled)

(4) Legal form of the Share Exchanges

These are share exchanges whereby the Company will become the wholly owning parent company resulting from the share exchanges, and each of the Three Target Consolidated Subsidiaries will become a wholly owned subsidiary resulting from the share exchanges. The Company plans to conduct the Share Exchanges pursuant to the simplified share exchange procedures set forth in the provisions of Article 796, Paragraph 2 of the Companies Act, while the Three Target Consolidated Subsidiaries plan to conduct them after obtaining approval at their respective extraordinary general meetings of shareholders to be held on October 15, 2026.

(5) Names of the companies after the business combinations

There will be no change in the trade names of the Three Target Consolidated Subsidiaries after the effective date of the Share Exchanges.

2. Overview of the accounting treatment to be implemented

As the Company already holds shares of the Three Target Consolidated Subsidiaries, the Share Exchanges are transactions in which the Company will additionally acquire shares held by non-controlling shareholders. Therefore, they will be accounted for as transactions under common control, etc., in accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

3. Matters regarding the additional acquisition of shares of subsidiaries

(1) Acquisition cost and its breakdown by type of consideration

The acquisition cost of shares of the Three Target Consolidated Subsidiaries to be additionally acquired through the Share Exchanges and its breakdown by type of consideration have not been determined at this time.

The consideration for the acquisition is planned to be common shares of the Company.

(2) Exchange ratios by type of shares and expected number of shares to be delivered

The variable share exchange ratio method has been adopted for the Share Exchanges.

Under this method, the share values of the Three Target Consolidated Subsidiaries were determined at the time the Share Exchanges were resolved, and the number of common shares of the Company to be delivered per common share of each of the Three Target Consolidated Subsidiaries will be determined based on the average share price of the Company's common shares over a certain period immediately preceding the effective date of the Share Exchanges. The share exchange ratio for each company is planned to be calculated using the following formulas.

Wholly owned subsidiary resulting from the share exchanges	Share exchange ratio
Ihara Construction	¥1,543 / Average share price of the Company's common shares
KUMIKA LOGISTICS	¥741 / Average share price of the Company's common shares
NIHON PRINTING	¥279 / Average share price of the Company's common shares

The average share price of the Company's common shares means the simple average of the daily closing prices per share of the Company's common shares on the Prime Market of the Tokyo Stock Exchange for the five trading days from October 9, 2026 to October 16, 2026.

Each share exchange ratio is planned to be calculated to three decimal places and rounded to two decimal places.

As the average share price of the Company's common shares has not yet been determined at this time, the share exchange ratios and the expected number of shares to be delivered have not been determined. They are planned to be determined after the average share price of the Company's common shares is determined.

All of the common shares of the Company to be delivered are planned to be allocated from treasury shares held by the Company, and no new shares are planned to be issued in connection with the Share Exchanges.

(3) Method of calculating the share exchange ratios

To ensure the fairness and appropriateness of the share exchange ratios for the Share Exchanges, the Company requested a third-party institution independent of the Company and the Three Target Consolidated Subsidiaries to calculate the share values of the Three Target Consolidated Subsidiaries.

The third-party institution calculated the share values of the Three Target Consolidated Subsidiaries using the discounted cash flow method (DCF Method) in order to reflect their earnings capacity based on their future business activities.

For the Company's share value, the simple average of the closing prices of the Company's common shares on the Prime Market of the Tokyo Stock Exchange over a certain period is planned to be used.

The share exchange ratios are planned to be calculated by dividing the valuation amount per common share of each of the Three Target Consolidated Subsidiaries by the average share price of the Company's common shares. As the average share price of the Company's common shares has not yet been determined, the share exchange ratios and the expected number of shares to be delivered have not been determined at this time.

(4) Contingent consideration

There is no contingent consideration under the share exchange agreements.