Consolidated Financial Statements

Asanuma Corporation

Year ended March 31, 2026

Asanuma Corporation

Consolidated Financial Statements

Year ended March 31, 2026

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Asanuma Corporation

Consolidated Balance Sheet

March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Assets			
Current assets:			
Cash and cash deposits *(Note 8)*	**¥ 23,891**	¥ 16,833	**$ 149,431**
Receivables:			
Notes receivable *(Notes 7 and 20)*	**3,287**	7,586	**20,559**
Accounts receivable on completed construction contracts *(Notes 7, 20 and 22)*	**65,184**	66,002	**407,706**
Other accounts receivable	**4,211**	4,633	**26,338**
Allowance for doubtful accounts	**(418)**	(189)	**(2,614)**
	72,264	78,032	**451,989**
Inventories:			
Cost of uncompleted construction contracts	**1,692**	1,900	**10,583**
Real estate held for sale	**–**	30	**–**
Raw materials and supplies	**35**	44	**219**
	1,727	1,974	**10,802**
Other current assets	**696**	824	**4,353**
Total current assets	**98,578**	97,663	**616,575**
Property and equipment, at cost:			
Land *(Note 11)*	**1,457**	1,462	**9,113**
Buildings and structures *(Note 11)*	**6,634**	6,525	**41,493**
Machinery, equipment and vehicles	**535**	592	**3,346**
Tools, furniture and fixtures	**1,680**	1,599	**10,508**
Lease assets	**505**	420	**3,159**
Less accumulated depreciation	**(5,901)**	(5,729)	**(36,909)**
Construction in progress	**23**	6	**144**
Property and equipment, net	**4,933**	4,875	**30,854**
Intangible assets:			
Goodwill	**679**	853	**4,247**
Other intangible assets *(Note 9)*	**1,754**	1,851	**10,971**
Total intangible assets	**2,433**	2,704	**15,218**
Investments and other assets:			
Investments in securities *(Notes 10 and 20)*	**7,717**	6,204	**48,267**
Investments in unconsolidated subsidiaries and affiliates *(Note 3)*	**77**	74	**482**
Retirement benefit asset *(Note 13)*	**2,559**	1,709	**16,006**
Deferred income taxes *(Note 12)*	**1,053**	1,276	**6,586**
Other assets	**1,342**	1,765	**8,393**
Allowance for doubtful accounts	**(516)**	(1,030)	**(3,227)**
Total investments and other assets	**12,232**	9,998	**76,507**
Total assets	**¥ 118,176**	¥ 115,240	**$ 739,154**

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Consolidated Balance Sheet (continued)

March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Liabilities			
Current liabilities:			
Short-term bank loans *(Notes 11 and 20)*	**¥ 1,010**	¥ 8,310	**$ 6,317**
Current portion of long-term debt *(Notes 11 and 20)*	**348**	1,636	**2,177**
Payables:			
Accounts payable on construction contracts	**22,333**	20,886	**139,686**
Other accounts payable *(Note 20)*	**426**	221	**2,664**
	22,759	21,107	**142,350**
Advances received on uncompleted construction contracts *(Note 7)*	**10,389**	8,569	**64,980**
Deposits received	**1,479**	1,903	**9,251**
Suspense receipt of consumption taxes	**7,424**	7,184	**46,435**
Income taxes payable *(Note 12)*	**1,817**	2,044	**11,365**
Provision for compensation for completed construction	**664**	717	**4,153**
Provision for loss on construction contracts *(Note 16)*	**131**	75	**819**
Other current liabilities	**5,041**	1,341	**31,530**
Total current liabilities	**51,062**	52,886	**319,377**
Long-term liabilities:			
Long-term debt *(Notes 11 and 20)*	**12,864**	11,612	**80,460**
Liability for retirement benefits *(Note 13)*	**3,575**	4,199	**22,361**
Deferred income taxes *(Note 12)*	**210**	221	**1,313**
Other long-term liabilities	**260**	184	**1,627**
Total long-term liabilities	**16,909**	16,216	**105,761**
Total liabilities	**67,971**	69,102	**425,138**
Net assets			
Shareholders' equity *(Note 15)*:			
Common stock:			
Authorized – 290,000,000 shares			
Issued – 80,786,290 shares in 2025 and 2026	**9,615**	9,615	**60,138**
Capital surplus	**214**	222	**1,339**
Retained earnings	**34,500**	32,706	**215,786**
Less treasury stock, at cost	**(44)**	(131)	**(275)**
Total shareholders' equity	**44,285**	42,412	**276,988**
Accumulated other comprehensive income:			
Net unrealized holding gain on investments in securities	**3,076**	2,029	**19,240**
Foreign currency translation adjustments	**1,634**	1,349	**10,220**
Retirement benefits liability adjustments *(Note 13)*	**765**	(82)	**4,785**
Total accumulated other comprehensive income	**5,475**	3,296	**34,245**
Non-controlling interests	**445**	430	**2,783**
Total net assets	**50,205**	46,138	**314,016**
Total liabilities and net assets	**¥ 118,176**	¥ 115,240	**$ 739,154**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Income

Year ended March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Net sales *(Note 23)*:			
Construction contracts	**¥ 171,518**	¥ 163,661	**$ 1,072,792**
Other	**3,776**	3,344	**23,618**
	175,294	167,005	**1,096,410**
Cost of sales *(Note 16)*:			
Construction contracts	**153,016**	146,579	**957,068**
Other	**2,686**	2,434	**16,800**
	155,702	149,013	**973,868**
Gross profit:			
Construction contracts	**18,502**	17,082	**115,724**
Other	**1,090**	910	**6,818**
	19,592	17,992	**122,542**
Selling, general and administrative expenses *(Note 17)*	**12,381**	11,124	**77,438**
Operating income *(Note 23)*	**7,211**	6,868	**45,104**
Other income (expenses):			
Interest and dividends income	**229**	242	**1,432**
Foreign exchange gain (loss), net	**57**	34	**357**
Interest expenses	**(313)**	(193)	**(1,958)**
Guarantee fees	**(53)**	(49)	**(331)**
Commission fees	**(107)**	(324)	**(669)**
Gain on sales of property and equipment	**36**	6	**225**
Gain on sales of investments in securities *(Note 10)*	**58**	82	**362**
Impairment losses *(Notes 9 and 23)*	**–**	(183)	**–**
Provision of allowance for doubtful accounts	**(96)**	(146)	**(600)**
Loss on closure of subsidiaries	**(24)**	–	**(150)**
Other, net *(Note 10)*	**114**	106	**711**
Profit before income taxes	**7,112**	6,443	**44,483**
Income taxes *(Note 12)*:			
Current	**2,573**	2,107	**16,093**
Deferred	**(671)**	(437)	**(4,197)**
	1,902	1,670	**11,896**
Profit	**5,210**	4,773	**32,587**
Profit attributable to:			
Non-controlling interests	**28**	81	**175**
Owners of parent	**¥ 5,182**	¥ 4,692	**$ 32,412**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Comprehensive Income

Year ended March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Profit	**¥ 5,210**	¥ 4,773	**$ 32,587**
Other comprehensive income *(Note 18)*			
Net unrealized holding gain (loss) on investments in securities	**1,047**	(369)	**6,549**
Foreign currency translation adjustments	**294**	560	**1,839**
Retirement benefits liability adjustments	**847**	(208)	**5,297**
Total other comprehensive income (loss)	**2,188**	(17)	**13,685**
Comprehensive income	**¥ 7,398**	¥ 4,756	**$ 46,272**
Comprehensive income attributable to:			
Owners of parent	**¥ 7,360**	¥ 4,617	**$ 46,035**
Non-controlling interests	**38**	139	**237**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026

	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2024	¥ 9,615	¥ 2,203	¥ 32,499	¥ (65)	¥ 44,252
Profit attributable to owners of parent	–	–	4,692	–	4,692
Cash dividends	–	–	(4,485)	–	(4,485)
Purchases of treasury stock	–	–	–	(232)	(232)
Restricted stock compensation	–	2	–	166	168
Change in ownership interest of parent due to transactions with non-controlling interests	–	(1,983)	–	–	(1,983)
Net change in items other than shareholders' equity	–	–	–	–	–
Balance at April 1, 2025	**9,615**	**222**	**32,706**	**(131)**	**42,412**
Profit attributable to owners of parent	**–**	**–**	**5,182**	**–**	**5,182**
Cash dividends	**–**	**–**	**(3,388)**	**–**	**(3,388)**
Purchases of treasury stock	**–**	**–**	**–**	**(114)**	**(114)**
Restricted stock compensation	**–**	**(8)**	**–**	**201**	**193**
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2026	**¥ 9,615**	**¥ 214**	**¥ 34,500**	**¥ (44)**	**¥ 44,285**

Asanuma Corporation

Consolidated Statement of Changes in Net Assets (continued)

Year ended March 31, 2026

	Millions of yen					
	Net unrealized holding gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	¥ 2,398	¥ 847	¥ 126	¥ 3,371	¥ 1,083	¥ 48,706
Profit attributable to owners of parent	–	–	–	–	–	4,692
Cash dividends	–	–	–	–	–	(4,485)
Purchases of treasury stock	–	–	–	–	–	(232)
Restricted stock compensation	–	–	–	–	–	168
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	(1,983)
Net change in items other than shareholders' equity	(369)	502	(208)	(75)	(653)	(728)
Balance at April 1, 2025	**2,029**	**1,349**	**(82)**	**3,296**	**430**	**46,138**
Profit attributable to owners of parent	**–**	**–**	**–**	**–**	**–**	**5,182**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**(3,388)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**–**	**(114)**
Restricted stock compensation	**–**	**–**	**–**	**–**	**–**	**193**
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	–
Net change in items other than shareholders' equity	**1,047**	**285**	**847**	**2,179**	**15**	**2,194**
Balance at March 31, 2026	**¥ 3,076**	**¥ 1,634**	**¥ 765**	**¥ 5,475**	**¥ 445**	**¥ 50,205**

Asanuma Corporation

Consolidated Statement of Changes in Net Assets (continued)

Year ended March 31, 2026

	Thousands of U.S. dollars (Note 2)				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2025	**$ 60,138**	**$ 1,388**	**$ 204,566**	**$ (819)**	**$ 265,273**
Profit attributable to owners of parent	**–**	**–**	**32,412**	**–**	**32,412**
Cash dividends	**–**	**–**	**(21,192)**	**–**	**(21,192)**
Purchases of treasury stock	**–**	**–**	**–**	**(713)**	**(713)**
Restricted stock compensation	**–**	**(49)**	**–**	**1,257**	**1,208**
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–
Net change in items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**
Balance at March 31, 2026	**$ 60,138**	**$ 1,339**	**$ 215,786**	**$ (275)**	**$ 276,988**

	Thousands of U.S. dollars (Note 2)					
	Net unrealized holding gain on investments in securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2025	**$ 12,691**	**$ 8,438**	**$ (512)**	**$ 20,617**	**$ 2,690**	**$ 288,580**
Profit attributable to owners of parent	**–**	**–**	**–**	**–**	**–**	**32,412**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**(21,192)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**–**	**(713)**
Restricted stock compensation	**–**	**–**	**–**	**–**	**–**	**1,208**
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	–
Net change in items other than shareholders' equity	**6,549**	**1,782**	**5,297**	**13,628**	**93**	**13,721**
Balance at March 31, 2026	**$ 19,240**	**$ 10,220**	**$ 4,785**	**$ 34,245**	**$ 2,783**	**$ 314,016**

Asanuma Corporation

Consolidated Statement of Cash Flows

Year ended March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Cash flows from operating activities:			
Profit before income taxes	**¥ 7,112**	¥ 6,443	**$ 44,483**
Adjustments for:			
Depreciation and amortization	**925**	884	**5,786**
Impairment losses	**–**	183	**–**
Increase (decrease) in allowance for doubtful accounts	**(285)**	597	**(1,783)**
Increase (decrease) in provision for loss on construction contracts	**56**	(244)	**350**
Change in net defined benefit asset and liability	**(240)**	(140)	**(1,501)**
Interest and dividends income	**(229)**	(242)	**(1,432)**
Interest expenses	**313**	193	**1,958**
Foreign exchange loss (gain)	**(57)**	(13)	**(357)**
Loss (gain) on sales of investments in securities	**(55)**	(82)	**(344)**
Loss on closure of subsidiaries	**24**	–	**150**
Loss (gain) on sales of property and equipment	**(32)**	(6)	**(200)**
Decrease (increase) in notes receivable and accounts receivable on completed construction contracts	**5,294**	(8,509)	**33,112**
Decrease (increase) in inventories	**248**	(428)	**1,551**
Decrease (increase) in other accounts receivable	**422**	(1,513)	**2,639**
Increase (decrease) in accounts payable on construction contracts	**1,352**	3,127	**8,456**
Increase (decrease) in other accounts payable	**200**	(53)	**1,251**
Increase (decrease) in advances received on uncompleted construction contracts	**1,811**	4,351	**11,327**
Other, net loss (gain)	**4,484**	3,072	**28,048**
Subtotal	**21,343**	7,620	**133,494**
Interest and dividends received	**229**	241	**1,432**
Interest paid	**(315)**	(191)	**(1,970)**
Income taxes paid	**(2,842)**	(2,486)	**(17,776)**
Net cash provided by (used in) operating activities	**18,415**	5,184	**115,180**
Cash flows from investing activities:			
Increase in time deposits	**(244)**	–	**(1,526)**
Purchases of property and equipment	**(331)**	(209)	**(2,070)**
Proceeds from sales of property and equipment	**90**	11	**563**
Purchases of intangible assets	**(296)**	(402)	**(1,851)**
Purchases of investments in securities	**(10)**	(259)	**(63)**
Proceeds from sales and redemption of investments in securities	**80**	93	**500**
Payments for guarantee deposits	**(135)**	(57)	**(844)**
Proceeds from collection of guarantee deposits	**47**	35	**294**
Other, net	**–**	3	**–**
Net cash provided by (used in) investing activities	**¥ (799)**	¥ (785)	**$ (4,997)**

Asanuma Corporation

Consolidated Statement of Cash Flows (Continued)

Year ended March 31, 2026

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2026	2025	**2026**
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	**¥ (7,300)**	¥ 1,832	**$ (45,659)**
Proceeds from long-term debt	**1,600**	10,000	**10,008**
Repayment of long-term debt	**(1,036)**	(4,626)	**(6,480)**
Proceeds from issuance of bonds	**–**	390	**–**
Redemption of bonds	**(600)**	(1,040)	**(3,753)**
Cash dividends paid	**(3,386)**	(4,472)	**(21,179)**
Repayments of lease liabilities	**(157)**	–	**(982)**
Cash dividends paid to non-controlling interests	**(24)**	–	**(150)**
Purchase of shares of a subsidiary not resulting in change in scope of consolidation	**–**	(2,765)	**–**
Net increase in treasury shares	**(114)**	(232)	**(713)**
Net cash provided by (used in) financing activities	**(11,017)**	(913)	**(68,908)**
Effect of exchange rate changes on cash and cash equivalents	**215**	316	**1,345**
Net increase (decrease) in cash and cash equivalents	**6,814**	3,802	**42,620**
Cash and cash equivalents at beginning of year	**16,833**	13,031	**105,285**
Cash and cash equivalents at end of year *(Note 8)*	**¥ 23,647**	¥ 16,833	**$ 147,905**

See accompanying notes to consolidated financial statements.

Asanuma Corporation

Notes to Consolidated Financial Statements

March 31, 2026

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements of Asanuma Corporation (the “Company”) and its consolidated subsidiaries (the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

Certain reclassifications of previously reported amounts have been made to conform the accompanying consolidated financial statements for the prior year to the current year’s presentation. Such reclassifications had no effect on consolidated net assets.

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the company is incorporated and operate. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥159.88 = U.S.$1.00, the exchange rate prevailing on March 31, 2026. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

3. Principles of Consolidation

At March 31, 2026 and 2025, the Company had 9 subsidiaries and 2 affiliates. The consolidated financial statements for the years ended March 31, 2026 and 2025 include the accounts of the Company and its 6 subsidiaries for both years.

The Company applied the equity method to its investments in 1 affiliate at March 31, 2026 and 2025 for the purpose of consolidated financial statements for the years then ended.

The accounts of the remaining subsidiaries and affiliate were not consolidated nor the equity method applied because its total assets, net sales, profit or loss and retained earnings were not material to the consolidated financial statements.

3. Principles of Consolidation (continued)

The balance sheet date of SINGAPORE PAINTS & CONTRACTOR PTE. LTD. and EVERGREEN ENGINEERING & CONSTRUCTION PTE. LTD. is December 31. Necessary adjustments were made to each subsidiary's balance sheet to reflect any significant intercompany transactions during the period from January 1 through March 31.

4. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in their value and which were purchased with an original maturity of three months or less.

(b) Investments in securities

Investments in securities are classified into two categories: held-to-maturity debt securities or other securities. Held-to-maturity debt securities are stated at amortized cost. Quoted securities classified as other securities, the Company uses the market-value method based on the market price, etc. at the consolidated closing date. Valuation differences are included directly in net assets and costs of securities sold are determined by the moving-average method. Unquoted securities classified as other securities are carried at cost determined by the moving average method.

(c) Allowance for doubtful accounts

The Group provide an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(d) Inventories

Cost of uncompleted construction contracts are stated at cost determined on an individual project basis. Real estate held for sale is stated at the lower of cost or net selling value, cost being determined on an individual project basis. Raw materials and supplies are stated at the lower of cost or net selling value, cost being determined by the period average method.

4. Summary of Significant Accounting Policies (continued)

(e) Property and equipment (Other than leased assets)

Property and equipment is stated on the basis of cost. Depreciation is calculated by the declining-balance method over the estimated useful lives of the respective assets; however, the straight-line method is applied to buildings (except for facilities attached to the buildings) acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016.

(f) Intangible assets (Other than leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures related to computer software developed for internal use are charged to income when incurred, except if they are deemed to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as intangible assets and amortized over an estimated useful life of 5 years.

(g) Leases

Leased assets held under finance leases that transfer ownership are depreciated by the same methods used for owned fixed assets. For finance leases that do not transfer ownership, depreciation expense is calculated based on the straight-line method over the leased period of the lease with a residual value of zero.

(h) Bonds issuance expenses

Issuance expenses of bonds are charged to income as incurred.

(i) Provision for compensation for completed construction

A provision for compensation for completed construction is provided for anticipated future costs arising from compensations on completed construction based on the historical data on the compensation cost.

(j) Provision for loss on construction contracts

A provision for loss on construction contracts is provided for uncompleted construction projects when a future loss is expected, and a reasonable estimate of the amount can be made at the end of the current fiscal year.

4. Summary of Significant Accounting Policies (continued)

(k) Retirement benefits

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain or loss is amortized commencing in the year following the year in which the gain or loss is recognized by the straight-line method over a period of principally 10 years, which is within the average remaining years of service of the eligible employees.

Prior service cost is charged to income when incurred.

(l) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and the amounts were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(m) Goodwill

Goodwill is being amortized on a straight-line basis over the estimated period of benefit. The goodwill resulting from the acquisition of SINGAPORE PAINTS & CONTRACTOR PTE. LTD. and EVERGREEN ENGINEERING & CONSTRUCTION PTE. LTD. is being amortized over periods of 7 years and 8 years, respectively.

(n) Significant revenue and expenses

Regarding the construction business in which the Group is mainly engaged, the Group has a performance obligation to complete construction and transfer objects based on a construction contract with a customer. In such a contract, when control of goods or services is transferred to customers over time, revenue is recognized as the Group satisfies the performance obligation over time. Progress toward satisfaction of a performance obligation is measured based on the percentage of construction cost incurred up to the end of the reporting period to the estimated total construction cost since the amount of construction cost incurred is considered to represent the degree of progress toward satisfaction of a performance obligation. If progress toward satisfaction of a performance obligation cannot be reasonably estimated, but the Group expects to recover all costs incurred, revenue is recognized on a cost recovery basis.

For construction contracts with a very short period of time between the commencement date of the transaction and the point in time when the Group expects the performance obligation to be fully satisfied, an alternative approach applies, whereby revenue is recognized at the point in time when a performance obligation is fully satisfied rather than over time.

4. Summary of Significant Accounting Policies (continued)

(o) Applicable accounting principles and procedures in cases where directly relevant accounting standards are not available

Accounting for constructions involving joint venture, the Company recognize their share of the jointly controlled assets, the jointly responsible liabilities, the income and expenses resulting from the joint venture.

5. Significant Accounting Estimates

Estimate of total construction costs when revenue is recognized as the Group satisfies its performance obligation over time

(1) Amounts recorded in the consolidated financial statements

Net sales of construction contracts accounted for as the Group satisfies its performance obligation over time amounted to ¥169,422 million ($1,059,682 thousand) and ¥161,450 million for the years ended March 31, 2026 and 2025, respectively.

(2) Information on the components of identified significant accounting estimate

i) Calculation method

For construction contracts in which control of goods or service is transferred to customers over time, revenue is recognized as the Group satisfies the performance obligation over time. Progress toward satisfaction of the performance obligation is measured based on the percentage of construction cost incurred up to the end of the reporting period to the estimated total construction cost.

ii) Significant assumptions

Significant assumptions used for estimation of total construction cost are such as unit price of building material and labor unit price, which are calculated based on each project condition such as scale, specification and construction period.

iii) Effect on consolidated financial statements for the following fiscal year

Significant assumptions expect to have effect on net sales of construction contracts for each reporting period due to uncertainty in estimates. The amount of net sales of construction contracts in the consolidated financial statements for the following fiscal year may fluctuate when there are fluctuations in significant assumptions such as unit price of building material or labor unit price, which were used for estimating total construction cost and which are calculated based on each project condition such as scale, specifications and construction period.

6. Accounting Standards Issued but Not Yet Effective

The Accounting Standards Board of Japan ("ASBJ") issued the following accounting standards and implementation guidance:

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No.33, September 13, 2024)

(1) Overview

As part of the efforts taken by the ASBJ to align Japanese accounting standards with international standards, discussions have been held regarding the development of accounting standards for leases that require the recognition of assets and liabilities for all lessee leases, taking international accounting standards into consideration. The guiding principle is to base these standards on a single accounting model for lessees as outlined in IFRS 16; however, rather than adopting all the provisions of IFRS 16, the aim is to primarily incorporate the key provisions. This approach seeks to create a lease accounting standard that is simple, convenient, and, in principle, does not require modifications when applying the provisions of IFRS 16 to unconsolidated financial statements. For the accounting treatment of lessees concerning lease expense allocation, a single accounting model is applied for all leases, regardless of whether they are finance leases or operating leases, as outlined in IFRS 16. This model requires the recording of depreciation expense related to the right-of-use assets and interest expense related to the lease liability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption

The Company is currently evaluating the effect of the adoption of the Accounting Standard for Leases and related implementation guidance on its consolidated financial statements.

6. Accounting Standards Issued but Not Yet Effective (continued)

- Accounting Standard for Subsequent Events (ASBJ Statement No. 41, January 9, 2026)
- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No. 35, January 9, 2026)

(1) Overview

The Accounting Standard for Subsequent Events, etc. set out accounting treatment and disclosure requirements for subsequent events. In developing these standards, the ASBJ gave priority to establishing comprehensive accounting standards addressing the definition of subsequent events, accounting treatment, disclosure and other matters. The basic policy was to transfer to the ASBJ the accounting-related content set out in Practical Guideline No. 1 of Auditing Standards Committee Statement No. 560, "Audit Treatment Concerning Subsequent Events," issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants, while in principle maintaining the same content. The standards also revise the wording, clarify the evaluation period for subsequent events, and newly require notes on approval for the issuance of financial statements.

(2) Scheduled date of application

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

7. Contract Assets and Liabilities

Receivables from contracts with customers, contract assets, and contract liabilities as of March 31, 2026 and 2025, consisted of the following:

(1) Receivables from contracts with customers and contract assets

	Millions of yen		*Thousands of U.S. dollars*
	At March 31,		
	2026	2025	**2026**
Notes receivable	¥ –	¥ 57	$ –
Electronically recorded monetary claims	**3,287**	7,529	**20,559**
Accounts receivable on completed construction contracts	**20,549**	23,236	**128,528**
Contract assets	**44,635**	42,766	**279,178**
Total	**¥ 68,471**	¥ 73,588	**$ 428,265**

7. Contract Assets and Liabilities (continued)

(2) Contract liabilities

	Millions of yen		*Thousands of U.S. dollars*
	At March 31,		
	2026	2025	**2026**
Advances received on uncompleted construction contracts	**¥ 10,389**	¥ 8,569	**$ 64,980**
Total	**¥ 10,389**	¥ 8,569	**$ 64,980**

8. Cash and Cash Equivalents

A reconciliation of cash and deposits in the accompanying consolidated balance sheets at March 31, 2026 and 2025 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	At March 31,		
	2026	2025	**2026**
Cash and cash deposits	**¥ 23,891**	¥16,833	**$ 149,431**
Time deposits with a deposit term of more than 3 months	**(244)**	–	**(1,526)**
Cash and cash equivalents	**¥ 23,647**	¥16,833	**$ 147,905**

9. Impairment Losses

There were no impairment losses for the year ended March 31, 2026.

Impairment losses for the year ended March 31, 2025 are as follows:

			Millions of yen
Location	Main use	Class	2025
Osaka Prefecture	Idle asset	Software in progress	¥183

The Group principally group the assets in association with the business operations at each regional office whereas leased properties and idle assets are grouped individually and fixed assets of the Group and investments for which the equity method is applied are grouped per subsidiary or investment.

For the fiscal year ended March 31, 2025, the Company recognized impairment loss of ¥183 million for Software in progress, which comprises of the expenditures for developing internal-use software, because some planned functions are no longer expected to be used and was classified as an idle asset.

10. Investments in Securities

At March 31, 2026 and 2025, marketable securities classified as other securities are as follows:

	Millions of yen					
	2026			2025		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:						
Equity securities	**¥ 6,998**	**¥ 2,537**	**¥ 4,461**	¥ 5,472	¥ 2,537	¥ 2,934
Other securities whose carrying value does not exceed their acquisition costs:						
Equity securities	**60**	**75**	**(15)**	51	68	(16)
	¥ 7,058	**¥ 2,612**	**¥ 4,446**	¥ 5,523	¥ 2,605	¥ 2,918

	Thousands of U.S. dollars		
	2026		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Other securities whose carrying value exceeds their acquisition costs:			
Equity securities	**$ 43,770**	**$ 15,868**	**$ 27,902**
Other securities whose carrying value does not exceed their acquisition costs:			
Equity securities	**375**	**469**	**(94)**
	$ 44,145	**$ 16,337**	**$ 27,808**

The proceeds from sales of investments in securities and gross realized gains or losses on such sales for the years ended March 31, 2026 and 2025 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Proceeds from sales	**¥ 80**	¥ 93	**$ 500**
Gross realized gain	**58**	82	**363**
Gross realized loss	**3**	–	**19**

10. Investments in Securities (continued)

For the fiscal year ended March 31, 2026 and 2025, the Company did not recognize any impairment loss on equity securities classified as other securities.

Stocks with market prices are recognized as impairment losses when the market price falls by 30% or more from the acquisition cost.

For stocks without a market price, if the real value drops significantly due to a deterioration in financial conditions, impairment losses are recorded for the amount deemed necessary in consideration of the possibility of recovery.

11. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans had average interest rates of 1.56% and 1.74% at March 31, 2026 and 2025, respectively.

Long-term debt at March 31, 2026 and 2025 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Unsecured loans due through 2033 at rates ranging from 1.51% to 2.38%	**¥ 11,616**	¥ 10,719	**$ 72,655**
Secured loans due through 2033 at rates ranging from 0.58% to 0.71%	**1,206**	1,539	**7,543**
0.84% unsecured bond due July 25, 2025	**–**	600	**–**
0.87% unsecured bond due July 25, 2029	**390**	390	**2,439**
Total	**13,212**	13,248	**82,637**
Less current portion included in current liabilities	**(348)**	(1,636)	**(2,177)**
	¥ 12,864	¥ 11,612	**$ 80,460**

The aggregate annual maturities of long-term debt including bonds subsequent to March 31, 2026 are summarized as follows:

Years ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2027	**¥ 348**	**$ 2,177**
2028	**353**	**2,207**
2029	**1,344**	**8,406**
2030	**434**	**2,715**
2031 and thereafter	**10,733**	**67,132**
	¥ 13,212	**$ 82,637**

11. Short-Term Bank Loans and Long-Term Debt (continued)

Assets pledged at March 31, 2026 and 2025 as collateral for lines of credit of the Company are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Buildings and structures	**¥ –**	¥ 464	**$ –**
Land	**–**	744	**–**
	¥ –	¥ 1,208	**$ –**

All assets of the consolidated subsidiaries engaged in the Private Finance Initiative business were pledged as collateral for their loans under the project finance agreements. Assets pledged at March 31, 2026 and 2025 amounted to ¥1,806 million ($11,296 thousand) and ¥2,159 million as collateral for loans of ¥1,206 million ($7,543 thousand) and ¥1,539 million, respectively.

Assets of the Company pledged at March 31, 2026 and 2025 as collateral for loans of subsidiaries engaged in the PFI business are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Shares of subsidiaries	**¥ 12**	¥ 12	**$ 75**
Long-term loans receivable due from subsidiaries	**65**	78	**407**
	¥ 77	¥ 90	**$ 482**

Shares of subsidiaries and Long-term loans receivable due from subsidiaries in the table above have been eliminated in full.

In order to achieve more efficient financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Lines of credit	**¥ 10,000**	¥ 10,000	**$ 62,547**
Credit utilized	**–**	–	**–**
Available credit	**¥ 10,000**	¥ 10,000	**$ 62,547**

12. Income Taxes

Income taxes applicable to the Group comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.4% for the years ended March 31, 2026 and 2025.

A reconciliation of the statutory tax rate and the effective tax rates for the years ended March 31, 2026 and 2025 as a percentage of profit before income taxes are summarized as follows:

	2026	2025
Statutory tax rate	**30.4%**	30.4%
Permanently non-tax-deductible expenses	**1.5**	1.3
Permanently non-taxable income	**(0.1)**	(0.1)
Per capita portion of inhabitants' taxes	**1.4**	1.5
Tax credit for corporation tax	**(3.4)**	(3.6)
Valuation allowance	**(0.3)**	(2.0)
Other	**(2.8)**	(1.7)
Effective tax rates	**26.7%**	25.9%

12. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Group at March 31, 2026 and 2025 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 292**	¥ 382	**$ 1,827**
Provision for compensation for completed construction	**209**	218	**1,307**
Loss on devaluation of inventories	**–**	16	**–**
Provision for loss on construction contracts	**41**	23	**256**
Liability for retirement benefits	**1,125**	776	**7,037**
Impairment losses	**463**	463	**2,896**
Loss on valuation of investments in securities	**44**	45	**275**
Other	**2,003**	1,202	**12,528**
Gross deferred tax assets	**4,177**	3,125	**26,126**
Less valuation allowance	**(802)**	(825)	**(5,016)**
Total deferred tax assets	**3,375**	2,300	**21,110**
Deferred tax liabilities:			
Intangible assets	**(147)**	(175)	**(920)**
Retirement benefit asset	**(805)**	—	**(5,035)**
Unrealized holding gain on investments in securities	**(1,370)**	(889)	**(8,569)**
Deferred capital gains on property	**(115)**	(118)	**(719)**
Other	**(95)**	(63)	**(594)**
Total deferred tax liabilities	**(2,532)**	(1,245)	**(15,837)**
Net deferred tax assets	**¥ 843**	¥ 1,055	**$ 5,273**

13. Retirement Benefits

1. Outline of retirement benefits for employees

The Company has funded or unfunded defined benefit pension plans and defined contribution plans in order to allocate for employees' retirement benefits. In addition to these retirement benefit plans, the Company may pay additional retirement benefits when employees retire.
Asanuma Tatemono K.K., a consolidated subsidiary of the Company, participates in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme (the "SERAMA Scheme") as defined contribution plan.
The other consolidated subsidiaries do not have any retirement pension plans.

Under the defined benefit plans, the Company pays lump-sum or pension payments, the amounts of which are determined by reference to employees' ranks and length of service.

2. Defined benefit plans

(1) The changes in retirement benefit obligation for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Balance at the beginning of the year	**¥ 9,253**	¥ 9,355	**$ 57,875**
Service cost	**315**	327	**1,970**
Interest cost	**92**	94	**575**
Actuarial loss (gain)	**(925)**	30	**(5,785)**
Benefit paid	**(785)**	(553)	**(4,910)**
Balance at the end of the year	**¥ 7,950**	¥ 9,253	**$ 49,725**

(2) The changes in plan assets for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Balance at the beginning of the year	**¥ 6,763**	¥ 7,026	**$ 42,300**
Expected return on plan assets	**135**	141	**844**
Actuarial gain (loss)	**255**	(255)	**1,595**
Contributions by the employer	**211**	211	**1,320**
Benefit paid	**(430)**	(360)	**(2,689)**
Balance at the end of the year	**¥ 6,934**	¥ 6,763	**$ 43,370**

13. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2026 and 2025 for the Company's and the consolidated subsidiary's defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Funded retirement benefit obligation	**¥ 4,375**	¥ 5,054	**$ 27,364**
Plan assets at fair value	**(6,934)**	(6,763)	**(43,370)**
	(2,559)	(1,709)	**(16,006)**
Unfunded retirement benefit obligation	**3,575**	4,199	**22,361**
Net assets and liabilities recognized on the consolidated balance sheet	**¥ 1,016**	¥ 2,490	**$ 6,355**

(4) The components of retirement benefit expense for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Service cost	**¥ 315**	¥ 327	**$ 1,970**
Interest cost	**92**	94	**575**
Expected return on plan assets	**(135)**	(141)	**(844)**
Amortization of actuarial loss (gain)	**55**	(15)	**344**
Retirement benefit expense	**¥ 327**	¥ 265	**$ 2,045**

(5) The components of retirement benefits liability and asset adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Actuarial gain (loss)	**¥ 1,235**	¥ (301)	**$ 7,725**

13. Retirement Benefits (continued)

2. Defined benefit plans (continued)

(6) The components of retirement benefits liability and asset adjustments included in accumulated other comprehensive income (before tax effect) at March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Unrecognized actuarial gain (loss)	**¥ (1,116)**	¥ 119	**$ (6,980)**

(7) The fair value of plan assets, by major category, as a percentage of total plan assets at March 31, 2026 and 2025 are as follows:

	2026	2025
Debt securities	**52%**	52%
Equity securities	**21**	21
Multi-asset	**26**	26
Cash and cash deposits	**1**	1
Total	**100%**	100%

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and the expected long-term rate of return from multiple plan assets at present and in the future.

(8) The assumptions used in accounting for the defined benefit plans are as follows:

	2026	2025
Discount rate	**2.4%**	1.0%
Expected long-term rate of return on plan assets	**2.0%**	2.0%
Estimated rate of salary increase	**8.2%**	8.2%

(Note) Estimated rate of salary increase is an expected rate of the increase of the retirement benefit points.

13. Retirement Benefits (continued)

3. Defined contribution pension plan

Information on contributions to the defined contribution pension plan for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Contributions to the defined contribution pension plan	**¥ 139**	¥ 142	**$ 869**

14. Asset Retirement Obligations

The Company estimates the cost of restoration obligations based on property lease agreements of the headquarters in Osaka, Tokyo office and Kyusyu office. As the cost of the restoration obligations is immaterial, the information on asset retirement obligations is omitted.

Regarding certain restoration obligations, the Company estimated non-recoverable amounts of deposits for those premises and charged the portion attributable to the years ended March 31, 2026 and 2025, instead of recording asset retirement obligations.

15. Shareholders' Equity

The Companies Act (the "Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Under the Act, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

15. Shareholders' Equity (continued)

Movements in shares of common stock in issue and treasury stock during the years ended March 31, 2026 and 2025 are summarized as follows:

	Number of shares			
	2026			
	April 1, 2025	Increase	Decrease	March 31, 2026
Shares of common stock in issue	**80,786,290**	–	–	**80,786,290**
Treasury stock	**177,635**	**150,260**	**268,421**	**59,474**

The increase in treasury stock of common stock of 150,260 shares is due to the acquisition of 150,000 shares of treasury stock by the resolution of the Board of Directors held on June 26, 2025, and the acquisition of 260 fractional shares of less than one unit. The decrease in treasury stock of common stock of 268,421 shares is due to the disposal of treasury shares under restricted stock remuneration plan.

	Number of shares			
	2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Shares of common stock in issue	16,157,258	64,629,032	–	80,786,290
Treasury stock	20,286	336,306	178,957	177,635

The increase in shares of common stock of 64,629,032 is due to the stock split that the company conducted at a ratio of five-for one effective August 1, 2024.

The increase in treasury stock of common stock of 336,306 shares is due to the acquisition of 60,000 shares of treasury stock by the resolution of the Board of Directors held on June 27, 2024, the increase of 276,132 shares due to the stock split, and the acquisition of 174 fractional shares of less than one unit. The decrease in treasury stock of common stock of 178,957 shares is due to the disposal of treasury shares under restricted stock remuneration plan.

15. Shareholders' Equity (continued)

Restricted stock awards

1. Outline, scale and movement

(1) Outline

Restricted stock awards	2025 plan
Individuals covered by the plan	5 directors
Type of shares	Common stock
Number of shares	36,020 shares
Granted date	July 25, 2025
Vesting period	From July 25, 2025 (allocation date) to the date when an individual ceases to be a director of the Company

Restricted stock awards	2024 plan
Individuals covered by the plan	5 directors
Type of shares	Common stock
Number of shares	18,900 shares
Granted date	July 26, 2024
Vesting period	From July 26, 2024 (allocation date) to the date when an individual ceases to be a director of the Company

Restricted stock awards	2023 plan
Individuals covered by the plan	5 directors
Type of shares	Common stock
Number of shares	35,305 shares
Granted date	July 21, 2023
Vesting period	From July 21, 2023 (allocation date) to the date when an individual ceases to be a director of the Company

Restricted stock awards	2022 plan
Individuals covered by the plan	6 directors
Type of shares	Common stock
Number of shares	51,830 shares
Granted date	July 19, 2022
Vesting period	From July 19, 2022 (allocation date) to the date when an individual ceases to be a director of the Company

15. Shareholders' Equity (continued)

Restricted stock awards (continued)

1. Outline, scale and movement (continued)

   (1) Outline (continued)

Restricted stock awards	2021 plan
Individuals covered by the plan	6 directors
Type of shares	Common stock
Number of shares	71,300 shares
Granted date	July 20, 2021
Vesting period	From July 20, 2021 (allocation date) to the date when an individual ceases to be a director of the Company

The number of shares in the tables above represents the Company's splitting its common stock as follows:

・ One share into two shares effective on August 1, 2022
・ One share into five shares effective on August 1, 2024

Conditions for release of transfer restriction are as follows:

The Company shall release transfer restriction for all of the allocated shares upon the end of the vesting period provided that a covered person continues to be director of the Company during the "Service Period" (from the allocation date to the end of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2026). However, in the event that a covered person ceases to be a director during the Service Period due to death or other reasons that the Board of Directors deem as justifiable, the Company shall release transfer restrictions for the specified number of allocated shares at the end of the vesting period. The specified number of allocated shares is calculated by multiplying the number of months from the allocation date to the month when a covered person ceases to be a director divided by 12 (if the number exceeds 1, it shall be deemed to be 1) by the number of allocated shares (it shall be rounded down).

15. Shareholders' Equity (continued)

Restricted stock awards (continued)

1. Outline, scale and movement (continued)

(2) Scale and movement

Scale and movement of restricted stocks that have not yet been released for the fiscal years ended March 31, 2026 and 2025 are as follows.

i) Amount of expenses and account name

	Thousands of yen		*U.S. dollars*
	2026	2025	**2026**
Stock compensation expense in general and administrative expenses	**¥ 23,173**	¥ 16,175	**$ 144,940**

ii) Number of shares

	2025 plan	2024 plan	2023 plan
Unvested at the end of prior fiscal period	–	18,900	21,345
Granted	**36,020**	–	–
Forfeited	–	–	–
Vested	–	–	–
Unvested at the end of the current fiscal period	**36,020**	18,900	21,345

	2022 plan	2021 plan
Unvested at the end of prior fiscal period	26,440	36,410
Granted	–	–
Forfeited	–	–
Vested	–	–
Unvested at the end of the current fiscal period	26,440	36,410

The number of shares in the table above represents the Company's splitting its common stock as follows:

- One share into two shares effective on August 1, 2022
- One share into five shares effective on August 1, 2024

15. Shareholders' Equity (continued)

Restricted stock awards (continued)

1. Outline, scale and movement (continued)

(2) Scale and movement (continued)

iii) Unit price information

	Yen		
	2025 plan	2024 plan	2023 plan
Fair value per share	**¥ 728**	¥ 742	¥ 641

	Yen	
	2022 plan	2021 plan
Fair value per share	¥ 522	¥ 449

Fair value per share in the table above represents the Company's splitting its common stock as follows:

- One share into two shares effective on August 1, 2022
- One share into five shares effective on August 1, 2024

2. Method of determining fair value

It is the closing price of the Company's common stock in the Tokyo Stock Exchange on the business day before the day of the meeting of the Board of Directors.

3. Method of estimating the number of vested shares

The actual number of forfeited stock options is shown as it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

16. Provision for Loss on Construction Contracts

Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2026 and 2025 amounted to ¥131 million ($819 thousand) and ¥75 million, respectively.

17. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2026 and 2025 amounted to ¥445 million ($2,783 thousand) and ¥372 million, respectively.

18. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to components of other comprehensive income for the years ended March 31, 2026 and 2025:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Net unrealized holding gain (loss) on investments in securities:			
Amount arising during the year	**¥ 1,586**	¥ (405)	**$ 9,920**
Reclassification adjustments for loss (gain) realized in the statement of income	**(58)**	(82)	**(363)**
Before tax effect	**1,528**	(487)	**9,557**
Tax effect	**(481)**	118	**(3,008)**
Net unrealized holding gain (loss) on investments in securities, net	**1,047**	(369)	**6,549**
Foreign currency translation adjustments, net	**294**	560	**1,839**
Retirement benefits liability adjustments:			
Amount of gain (loss) arising during the year	**1,180**	(286)	**7,380**
Reclassification adjustments for loss (gain) realized in the statement of income	**55**	(15)	**344**
Before tax effect	**1,235**	(301)	**7,724**
Tax effect	**(388)**	93	**(2,427)**
Retirement benefits liability adjustments, net	**847**	(208)	**5,297**
Total other comprehensive income	**¥ 2,188**	¥ (17)	**$ 13,685**

19. Leases

Operating lease transactions

(Lessee)

Future lease payments for the non-cancelable portion of the Company's operating leases at March 31, 2026 and 2025, are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Due within 1 year	**¥ 12**	¥ 31	**$ 75**
Due after 1 year	–	12	–
	¥ 12	¥ 43	**$ 75**

20. Financial Instruments

Status of financial instruments

(1) Policy for financial instruments

The Group manage their funds by investing only in short-term deposits, and primarily raise funds by borrowings from banks and issuing bonds. The purpose of entering into derivative transactions is to mitigate fluctuation risk related to interest rates with respect to borrowings from banks, and derivative transactions are not carried out for speculative purposes.

(2) Types of financial instruments, related risk and risk management for financial instruments

Notes receivable and accounts receivable on completed construction contracts are subject to the credit risk of customers. Regarding this risk, the Group monitor due dates and outstanding balances by individual customer, and the credit worthiness of their main customers regularly.

Investments in securities are mainly composed of stocks and are exposed to fluctuation risk of market prices and the Group review the fair values of such listed stocks every quarter.

Bank loans and bonds are mainly utilized for business operations.

20. Financial Instruments (continued)

Status of financial instruments (continued)

(3) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments can fluctuate because different assumptions maybe adopted for calculations of fair value considering various factors.

Estimated fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets at March 31, 2025 and 2026, the estimated fair value and the difference between them are shown in the following table. Cash and deposits and accounts payable on construction contracts and short-term bank loans are not included in the table below as they are mainly settled within a short term and their fair value approximates carrying value.

	Millions of yen		
	2026		
	Carrying value	Estimated fair value	Difference
Notes receivable and accounts receivable on completed construction contracts	**¥ 68,471**	**¥ 68,442**	**¥ (29)**
Investments in securities (*)	**7,058**	**7,058**	**–**
Total assets	**¥ 75,529**	**¥ 75,500**	**¥ (29)**
Bonds	**¥ 390**	**¥ 370**	**¥ (20)**
Long-term loans	**12,822**	**12,272**	**(550)**
Total liabilities	**¥ 13,212**	**¥ 12,642**	**¥ (570)**

	Millions of yen		
	2025		
	Carrying value	Estimated fair value	Difference
Notes receivable and accounts receivable on completed construction contracts	¥ 73,588	¥ 73,573	¥ (15)
Investments in securities (*)	5,523	5,523	–
Total assets	¥ 79,111	¥ 79,096	¥ (15)
Bonds	¥ 990	¥ 965	¥ (25)
Long-term loans	12,258	12,184	(74)
Total liabilities	¥ 13,248	¥ 13,149	¥ (99)

20. Financial Instruments (continued)

Estimated fair value of financial instruments (continued)

	Thousands of U.S. dollars		
	2026		
	Carrying value	Estimated fair value	Difference
Notes receivable and accounts receivable on completed construction contracts	**$ 428,265**	**$ 428,083**	**$ (182)**
Investments in securities (*)	**44,145**	**44,145**	**–**
Total assets	**$ 472,410**	**$ 472,228**	**$ (182)**
Bonds	**$ 2,439**	**$ 2,314**	**$ (125)**
Long-term loans	**80,198**	**76,758**	**(3,440)**
Total liabilities	**$ 82,637**	**$ 79,072**	**$ (3,565)**

(*) Since there is no market price for unlisted equity securities and it is difficult to determine the fair value, they are not included in investments in securities.

The amount on the consolidated balance sheet is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Unlisted stocks	**¥ 736**	¥ 755	**$ 4,604**

20. Financial Instruments (continued)

Redemption schedule

The redemption schedule for cash deposits, and receivables are summarized as follows:

	Millions of yen		
	2026		
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years
Cash deposits	**¥ 23,884**	**¥ –**	**¥ –**
Notes receivable and accounts receivable on completed construction contracts	**67,539**	**831**	**101**
Total	**¥ 91,423**	**¥ 831**	**¥ 101**

	Thousands of U.S. dollars		
	2026		
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years
Cash deposits	**$ 149,387**	**$ –**	**$ –**
Notes receivable and accounts receivable on completed construction contracts	**422,436**	**5,198**	**631**
Total	**$ 571,823**	**$ 5,198**	**$ 631**

Breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three levels as described below on the basis of the observability and the materiality of the inputs used in the fair value measurement.

Level 1: Fair values measured using quoted prices of identical assets or liabilities in active markets among observable valuation inputs
Level 2: Fair values measured using inputs other than inputs included within Level 1 among observable valuation inputs
Level 3: Fair values measured using unobservable valuation inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

20. Financial Instruments (continued)

Breakdown of fair value of financial instruments by level (continued)

Financial instruments measured at fair value at March 31, 2026 and 2025

	Millions of yen			
	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Stocks	**¥ 7,058**	**¥ –**	**¥ –**	**¥ 7,058**
Total assets	**¥ 7,058**	**¥ –**	**¥ –**	**¥ 7,058**

	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Stocks	¥ 5,523	¥ –	¥ –	¥ 5,523
Total assets	¥ 5,523	¥ –	¥ –	¥ 5,523

	Thousands of U.S. dollars			
	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Stocks	**$ 44,145**	**$ –**	**$ –**	**$ 44,145**
Total assets	**$ 44,145**	**$ –**	**$ –**	**$ 44,145**

20. Financial Instruments (continued)

Breakdown of fair value of financial instruments by level (continued)

Financial instruments other than those measured at fair value at March 31, 2026 and 2025

	Millions of yen			
	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable and accounts receivable on completed construction contracts	**¥ –**	**¥ 68,442**	**¥ –**	**¥ 68,442**
Total assets	**¥ –**	**¥ 68,442**	**¥ –**	**¥ 68,442**
Bonds	**¥ –**	**¥ 370**	**¥ –**	**¥ 370**
Long-term loans	**–**	**12,272**	**–**	**12,272**
Total liabilities	**¥ –**	**¥ 12,642**	**¥ –**	**¥ 12,642**

	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable and accounts receivable on completed construction contracts	¥ –	¥ 73,573	¥ –	¥ 73,573
Total assets	¥ –	¥ 73,573	¥ –	¥ 73,573
Bonds	¥ –	¥ 965	¥ –	¥ 965
Long-term loans	–	12,184	–	12,184
Total liabilities	¥ –	¥ 13,149	¥ –	¥ 13,149

	Thousands of U.S. dollars			
	2026			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable and accounts receivable on completed construction contracts	**$ –**	**$ 428,083**	**$ –**	**$ 428,083**
Total assets	**$ –**	**$ 428,083**	**$ –**	**$ 428,083**
Bonds	**$ –**	**$ 2,314**	**$ –**	**$ 2,314**
Long-term loans	**–**	**76,758**	**–**	**76,758**
Total liabilities	**$ –**	**$ 79,072**	**$ –**	**$ 79,072**

20. Financial Instruments (continued)

Breakdown of fair value of financial instruments by level (continued)

Note: Description of valuation techniques used and inputs related to the calculation of fair value

Notes receivable and accounts receivable on completed construction contracts

Fair values are measured using the discounted present value method based on the amounts receivable, maturity, and interest rates taking into account credit risk for each receivable classified by a certain period, and are categorized as Level 2.

Investments in securities

Fair values of listed stocks are determined by using quoted prices. Fair values of listed stocks are categorized as Level 1 since they are traded in active markets.

Bonds

Fair value of bonds with fixed rate issued by the Company is determined by discounting the total amount of principal with the expected interest rate in the case of issuing a new bond in same condition, and is categorized as Level 2.

Long-term loans

Fair value of long-term loans with fixed rates is determined by discounting the total amount of principal with the expected interest rate in the case of undertaking new borrowings in same condition, and is categorized as Level 2.

21. Amounts per Share

Amounts per share at March 31, 2026 and 2025 and for the years then ended are as follows:

	Yen		*U.S. dollars*
	2026	2025	**2026**
Net assets	**¥ 616.39**	¥ 567.04	**$ 3.86**
Profit attributable to owners of parent	**64.24**	58.21	**0.40**
Cash dividends	**45.00**	41.00	**0.28**

Information used in the computation of profit attributable to owners of parent per share for the years ended March 31, 2026 and 2025 are presented as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Profit attributable to owners of parent	**¥ 5,182**	¥ 4,692	**$ 32,412**
Profit not attributable to common shareholders	–	–	–
Profit attributable to owners of parent applicable to common shareholders	**¥ 5,182**	¥ 4,692	**$ 32,412**

	Thousands of shares	
	2026	2025
Weighted-average number of shares of common stock used in the calculation	**80,664**	80,606

Net assets per share are computed based on the net assets and the number of shares of common stock outstanding at the year end.

Profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years.

22. Revenue Recognition

a. Information on disaggregated revenue arising contracts with customers

Information on disaggregated revenue arising contracts with customers for the years ended March 31, 2026 and 2025 is described in Note 23 “Segment Information.”

b. Information providing a basis for understanding revenue arising from contracts with customers

Information providing a basis for understanding revenue arising from contracts with customers is described in Note 4 “Summary of Significant Accounting Policies” “Significant revenue and expenses.”

c. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the fiscal year that are expected to be recognized in the following fiscal year or beyond

(1) Balances of contract assets and contract liabilities

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Receivables arising from contracts with customers (balance at the beginning of the year)	**¥ 30,822**	¥ 34,351	**$ 192,782**
Receivables arising from contracts with customers (balance at the end of the year)	**23,836**	30,822	**149,087**
Contract assets (balance at the beginning of the year)	**42,766**	30,426	**267,488**
Contract assets (balance at the end of the year)	**44,635**	42,766	**279,178**
Contract liabilities (balance at the beginning of the year)	**8,569**	4,197	**53,596**
Contract liabilities (balance at the end of the year)	**10,389**	8,569	**64,980**

Contract assets mainly relate to the rights of the Group to the consideration for unbilled amount of construction contracts, which the Group have satisfied a performance obligation at the end of the fiscal year. Contract assets are reclassified to accounts receivable arising from contracts with customers when the rights of the Group become unconditional.

22. Revenue Recognition (continued)

c. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the fiscal year that are expected to be recognized in the following fiscal year or beyond (continued)

(1) Balances of contract assets and contract liabilities (continued)

Contract liabilities mainly relate to consideration received from customers prior to performance based on construction contracts. Contract liabilities are reversed in line with revenue recognition. The revenue recognized during the fiscal year that was included in the balance of contract liabilities at the beginning of the year was ¥6,556 million ($41,006 thousand).

(2) Transaction price allocated to remaining performance obligations

The amounts of the transaction price allocated to remaining performance obligations by segment are as follows. These amounts are expected to be recognized as revenue within approximately two years.

	Millions of yen		*Thousands of U.S. dollars*
	2026	2025	**2026**
Building construction	**¥ 200,688**	¥ 161,304	**$ 1,255,241**
Civil engineering	**45,204**	38,529	**282,737**
Total	**¥ 245,892**	¥ 199,833	**$ 1,537,978**

23. Segment Information

a. Segment Information

(1) Overview of reporting segments

The reporting segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company’s Board of Directors to make decisions about resource allocation and assess their performance.

The Group mainly operates in the construction business and has two reporting segments, which are the Building Construction Segment and the Civil Engineering Segment.

23. Segment Information (continued)

a. Segment Information (continued)

(2) Information on the amount of sales, profit or loss, assets, liabilities and other items by reportable segment, and disaggregated information on earnings

The method of accounting for reporting segments is, in principle, the same as stated in Note 4 "Summary of Significant Accounting Policies." The income of reporting segments is calculated on the basis of operating income. Intersegment sales are recorded based on current market prices.

	Millions of yen						
	2026						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Authorities	**¥ 14,056**	**¥ 16,473**	**¥ 30,529**	**¥ 605**	**¥ 31,134**	**¥ –**	**¥ 31,134**
Private sales	**115,871**	**11,491**	**127,362**	**716**	**128,078**	**–**	**128,078**
Overseas	**12,339**	**1,288**	**13,627**	**2,455**	**16,082**	**–**	**16,082**
Sales to third parties	**142,266**	**29,252**	**171,518**	**3,776**	**175,294**	**–**	**175,294**
Intersegment sales	**–**	**–**	**–**	**6**	**6**	**(6)**	**–**
Net sales	**142,266**	**29,252**	**171,518**	**3,782**	**175,300**	**(6)**	**175,294**
Segment income	**¥ 15,447**	**¥ 3,055**	**¥ 18,502**	**¥ 814**	**¥ 19,316**	**¥ (12,105)**	**¥ 7,211**

	Millions of yen						
	2025						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Authorities	¥ 11,546	¥ 12,091	¥ 23,637	¥ 593	¥ 24,230	¥ –	¥ 24,230
Private sales	121,938	8,866	130,804	671	131,475	–	131,475
Overseas	7,886	1,334	9,220	2,081	11,301	–	11,301
Sales to third parties	141,370	22,291	163,661	3,344	167,005	–	167,005
Intersegment sales	–	–	–	6	6	(6)	–
Net sales	141,370	22,291	163,661	3,350	167,011	(6)	167,005
Segment income	¥ 14,356	¥ 2,726	¥ 17,082	¥ 642	¥ 17,724	¥(10,856)	¥ 6,868

23. Segment Information (continued)

a. Segment Information (continued)

(2) Information on the amount of sales, profit or loss, assets, liabilities and other items by reportable segment, and disaggregated information on earnings (continued)

	Thousands of U.S. dollars						
	2026						
	Reporting Segments						
	Building Construction	Civil Engineering	Total	Others	Sub total	Adjustments	Total
Net sales and income:							
Authorities	**$ 87,916**	**$ 103,033**	**$ 190,949**	**$ 3,785**	**$ 194,734**	**$ –**	**$ 194,734**
Private sales	**724,737**	**71,873**	**796,610**	**4,478**	**801,088**	**–**	**801,088**
Overseas	**77,177**	**8,056**	**85,233**	**15,355**	**100,588**	**–**	**100,588**
Sales to third parties	**889,830**	**182,962**	**1,072,792**	**23,618**	**1,096,410**	**–**	**1,096,410**
Intersegment sales	**–**	**–**	**–**	**37**	**37**	**(37)**	**–**
Net sales	**889,830**	**182,962**	**1,072,792**	**23,655**	**1,096,447**	**(37)**	**1,096,410**
Segment income	**$ 96,616**	**$ 19,108**	**$ 115,724**	**$ 5,092**	**$ 120,816**	**$ (75,712)**	**$ 45,104**

"Others" is a business segment which is not included in the reporting segments and includes real estate and other businesses.

Adjustments for segment income in the amounts of ¥12,105 million ($75,712 thousand) and ¥10,856 million for the years ended March 31, 2026 and 2025 include eliminations of intersegment transactions of ¥1 million ($6 thousand) and ¥1 million and corporate expenses of ¥12,104 million ($75,706 thousand) and ¥10,855 million recorded as selling, general and administrative expenses not attributable to any business segments, respectively.

The total amount of segment income is adjusted to operating income on the consolidated statement of income.

Sales to third parties include revenue from contracts with customers and other revenues. Other revenues are not significant.

Assets, liabilities and others are not allocated to business segments.

23. Segment Information (continued)

b. Related information

(1) Information by products and services

Disclosure of information by products and services for the years ended March 31, 2026 and 2025 has been omitted as the Company classifies such information in the same way as it does its reporting segments.

(2) Information by geographical segment

(i) Net sales
Disclosure of sales by geographical area for the years ended March 31, 2026 and 2025 has been omitted as sales to domestic customers were in excess of 90% of consolidated net sales.

(ii) Property and equipment

	Millions of yen		
	2026		
	Geographical area		
	Japan	Singapore	Total
Property and equipment	**¥ 4,406**	**¥ 527**	**¥ 4,933**

	Thousands of U.S. dollars		
	2026		
	Geographical area		
	Japan	Singapore	Total
Property and equipment	**$ 27,558**	**$ 3,296**	**$ 30,854**

Disclosure of property and equipment by geographical area at March 31, 2025 has been omitted as the balance of property and equipment in Japan was in excess of 90% of consolidated property and equipment.

(3) Information by major customers

Disclosure of information by major customers for years ended March 31, 2026 and 2025 has been omitted as sales to each customer were less than 10% of consolidated net sales.

23. Segment Information (continued)

c. Impairment losses by reporting segment

There were no impairment losses for the year ended March 31, 2026.

	Millions of yen					
	2025					
	Reporting Segments					
	Building Construction	Civil Engineering	Total	Other	Elimination and corporate (*)	Total
Impairment losses	¥ –	¥ –	¥ –	¥ –	¥ 183	¥ 183

(*) The amount of "Elimination and corporate" is impairment loss on idle assets that do not belong to any segment.

d. Information on amortization of goodwill and remaining unamortized balance

Goodwill is not allocated to reporting segments. Amortization of goodwill was ¥212 million ($1,326 thousand) and ¥203 million for the years ended March 31, 2026 and 2025, respectively.

Remaining unamortized balance of goodwill was ¥679 million ($4,247 thousand) and ¥853 million as at March 31, 2026 and 2025, respectively.

24. Subsequent Events

1. Business combination through acquisition

On May 19, 2026, the Board of Directors of the Company resolved that the Company would acquire the shares of T3 INTERNATIONAL PTE. LTD. and make it a subsidiary. The acquisition was subsequently completed on June 16, 2026.

a. Overview of business combination

1) Name and business description of the acquired company
Name: T3 INTERNATIONAL PTE. LTD.
Business description: Painting of building exteriors, interior walls, and other surfaces

24. Subsequent Events (continued)

1. Business combination through acquisition (continued)

a. Overview of business combination (continued)

2) Primary reasons for the business combination
The Company has identified six themes to focus on over the next three years in its Three-Year Medium-Term Plan (FY2024 to FY2026), one of which is "strengthening the renovation business." As part of this initiative, the Company has set out the "strengthening of the renovation business in the ASEAN region" as a concrete initiative and incorporated this into its investment plan. In line with this strategy, the Company has decided to acquire shares in T3 International Pte. Ltd., a company that is engaged in painting of building exteriors, interior walls, and other surfaces in Singapore, and to make it a subsidiary.

3) Date of the business combination
Acquisition date: June 16, 2026

4) Legal form of the business combination
Acquisition of shares

5) Voting rights acquired through the business combination
80%

6) Principal basis for determination of the acquiring company
The Company acquired shares of T3 INTERNATIONAL PTE. LTD. for cash.

b. Acquisition cost for the acquired company and a breakdown of consideration by type
The acquisition cost of the acquired company was SGD 8,000 thousand, consisting entirely of cash consideration.

c. Details and amount of major expenses for the acquisition
Advisory expenses ¥73 million ($457 thousand)

d. Amount of goodwill generated, reason for generation of goodwill, and method and period of amortization
The amounts and related details have not yet been finalized.

e. Amounts and major breakdown of assets acquired and liabilities assumed on the date of business combination
The amounts and related details have not yet been finalized.

24. Subsequent Events (continued)

2. Appropriation of retained earnings

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2026, was approved at the annual general meeting of the shareholders of the Company held on June 25, 2026.

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends of ¥29.00 ($0.18) per share	**¥ 2,341**	**$ 14,642**