



Annual Report 2025

Fiscal year ended March 31, 2025



CONTENTS

FINANCIAL HIGHLIGHTS	1
REPORT OF INDEPENDENT AUDITORS	2
CONSOLIDATED BALANCE SHEETS	7
CONSOLIDATED STATEMENTS OF INCOME	9
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	11
CONSOLIDATED STATEMENTS OF CASH FLOWS	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13
SUPPLEMENTAL INFORMATION	38
NONCONSOLIDATED BALANCE SHEETS	38
NONCONSOLIDATED STATEMENTS OF INCOME	40
CORPORATE PROFILE	41

Cautionary remarks regarding forward looking statements

This Annual Report includes forward-looking statements that represent Nakano Corporation's assumptions and expectations in light of currently available information. These statements reflect industry trends, client's situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward looking statements in accordance with changes in the domestic and international business environment.

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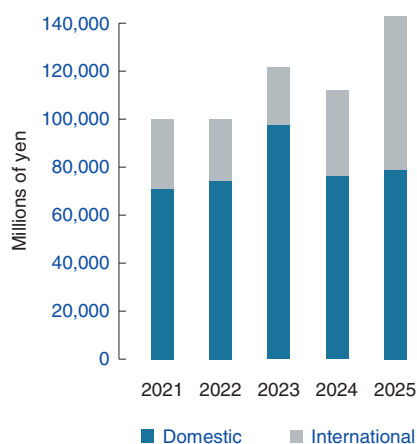
FINANCIAL HIGHLIGHTS

NAKANO CORPORATION and its subsidiaries
Years ended March 31, 2021 through 2025

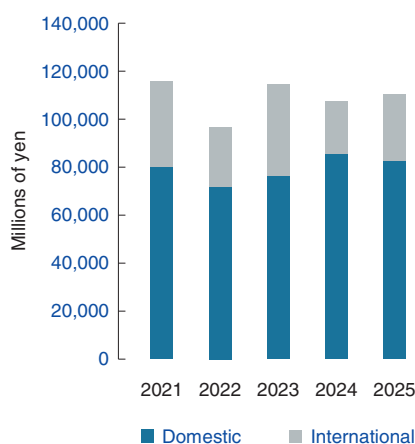
	2021	2022	2023	2024	2025	2025
	Millions of yen					Thousands of U.S. dollars
Contract awards	¥ 100,060	¥ 99,807	¥ 121,538	¥ 112,102	¥ 142,895	\$ 955,691
Net sales	115,994	96,470	114,459	107,415	110,538	739,285
Operating income (loss)	1,555	(840)	2,859	3,185	3,280	21,936
Ordinary income (loss)	1,750	(627)	3,134	3,835	3,724	24,906
Profit (loss) attributable to owners of parent	335	(1,594)	1,914	2,645	2,904	19,422
Comprehensive income	2,170	(920)	2,602	4,770	2,849	19,054
Total net assets	36,909	35,576	37,839	42,159	44,458	297,338
Total assets	84,235	82,190	79,673	80,616	80,669	539,519
Net cash provided by (used in) operating activities	(4,549)	11,515	2,170	(2,086)	(4,375)	(29,260)
Net cash provided by (used in) investing activities	94	(2,684)	(256)	(28)	(398)	(2,661)
Net cash provided by (used in) financing activities	4,057	(5,739)	(776)	(801)	(891)	(5,959)
Cash and cash equivalents at end of period	21,874	25,632	27,426	25,570	20,046	134,069
	Yen					U.S. dollars
Per share of common stock (in yen and U.S. dollars)						
Net assets	¥ 1,038.71	¥ 1,001.72	¥ 1,063.68	¥ 1,183.07	¥ 1,246.51	\$ 8.34
Net income (loss)	9.77	(46.39)	55.72	76.98	84.51	0.57
Cash dividends applicable to the year	12.00	10.00	13.00	16.00	22.00	0.15
Number of employees	1,336	1,278	1,315	1,331	1,357	

Note: The rate of ¥149.52=US\$1.00, the foreign exchange rate on March 31, 2025, has been used for translation.

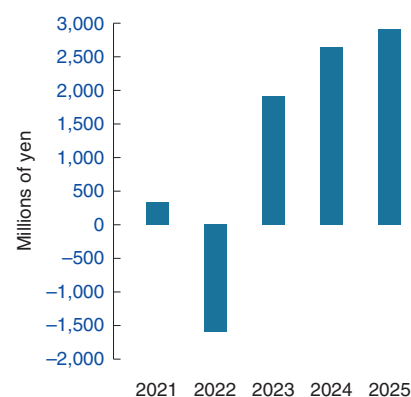
Contract Awards



Net Sales



Profit (loss) attributable to owners of parent



REPORT OF INDEPENDENT AUDITORS

The Board of Directors
NAKANO CORPORATION

The Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NAKANO CORPORATION and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as at March 31, 2025, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Rationality of estimates in net sales of completed construction contracts that recognized over time	
Description of key audit matter	How our audit addressed the key audit matter
<p>Net sales of completed construction contracts of ¥109,084 million (\$729,561 thousand) was recorded on the consolidated statements of income for the fiscal year ended March 31, 2025. Of this, ¥105,207 million (\$703,631 thousand) was accounted for by transactions in which revenue is recognized as performance obligations are satisfied over a certain period. As stated in “3. Summary of Significant Accounting Policies, m. Revenue and Cost of Construction Contracts” and “o. Significant Accounting Estimates” in the notes to the consolidated financial statements, net sales of completed construction contracts are recognized with estimates of progress in performance obligations up until the end of current consolidated fiscal year.</p> <p>Measurement of progress was based on the percentage of construction cost incurred until the balance sheet date against the expected total construction cost. The net sales of completed construction contracts in the current fiscal year was recognized with reasonable estimates of the total construction cost and the progress as of the current consolidated fiscal year against the total construction revenue.</p> <p>In the total construction revenue, which forms the basis of the calculation for net sales of completed construction contracts, items for consideration exist whose amount is yet to be determined due to the absence of a contract, etc., in construction work in progress, even though changes in the construction method or scope of work have been agreed upon.</p> <p>In addition, the total construction cost was estimated based on working budgets at the initial stage of construction, and as of the end of current consolidated fiscal year, was estimated based on the expected total amount to be paid as stated in the construction reports. However, the estimate of the total construction cost is subject to uncertainty due to factors such as the uncertainty of estimates at the design stage, changes in project details and workloads due to customer requests and company proposals, and</p>	<p>We performed the following audit procedures, among others, to examine the rationality of estimates in net sales of completed construction contracts that recognized over time.</p> <p>(1) Assessment of internal control</p> <p>We assessed the design and operating effectiveness of internal controls as pertains to estimates of total construction revenue, total construction cost, and progress. In so doing, we focused particular attention on the following controls.</p> <ul style="list-style-type: none"> Controls to ensure the reliability for the formulation of working budgets, which is the basis for estimating total construction cost at the initial stage of construction, by obtaining necessary approvals. Controls to ensure that estimated total construction cost is reviewed in a timely and appropriate manner in response to changes in the construction status of each project, the actual amount of costs incurred, customer requests, etc. <p>(2) Assessment of rationality of estimates of total construction revenue, total construction cost, and progress</p> <p>We selected construction projects that exceeded a certain scale in terms of construction contract value and other criteria and performed the following procedures.</p> <p>(i) Assessment of rationality of estimate of total construction revenue</p> <ul style="list-style-type: none"> We compared and reconciled the construction contract value with the contract or purchase order. For those projects where a contract had not been concluded, we considered whether that was rational. <p>(ii) Assessment of rationality of estimate of total construction cost</p> <ul style="list-style-type: none"> For construction projects with a construction profit margin and total construction cost significantly increased or decreased compared to the previous consolidated fiscal year, we examined whether that was rational by questioning the persons in charge and reviewing underlying evidence. We reviewed working budgets and construction

<p>fluctuations in the price of raw materials and labor cost markets, among other factors.</p> <p>Furthermore, the progress as of the end of current consolidated fiscal year is estimated based on the total construction cost and construction costs incurred, but if the total construction cost or construction costs incurred are improperly aggregated, it could have a material impact on the estimate of progress.</p> <p>We therefore consider this to be a key audit matter.</p>	<p>reports and examined whether matters had arisen, such as change of construction period, that might cause revise of total construction cost. In projects with changed construction periods or other matters, we examined the necessity to revise total construction cost by questioning the persons in charge.</p> <ul style="list-style-type: none"> • We compared the total construction cost estimated as of the end of consolidated fiscal year with the one determined after March 31, 2025, or the most recent one, and assessed whether there was a necessity to revise the estimate of the one as of the balance sheet date. <p>(iii) Assessment of rationality of estimate of progress</p> <ul style="list-style-type: none"> • For construction cost incurred which was estimated as of the end of consolidated fiscal year, we assessed whether estimates were appropriate by comparing the invoices and progress reports for the following fiscal year from partners. • For the progress of construction as of end of the consolidated fiscal year, we compared with the elapsed time and the schedule of construction progress, and considered consistence them. We also considered rationality of progress by inspecting a portion of construction sites.
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Other information

The other information comprises the information included in the disclosure documents, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

We determine key audit matters as those considered of particular significance in the audit of the consolidated financial statements for the fiscal year ended March 31, 2025, among matters discussed with Corporate Auditors and the Board of Corporate Auditors. Key audit matters are presented in the audit report, except where their disclosure is prohibited by laws, regulations or other rules, or, in extremely limited circumstances, where the auditor considers themselves unable to report them because the disadvantages that would arise from reporting them in the audit report can be reasonably expected to outweigh the public benefits of such disclosure.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit provided to the Group for the current consolidated fiscal year are ¥35 million (\$ 231 thousand), and there are no fees paid or payable for non-audit services.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Yu Matsufuji
Representative Partner
Engagement Partner
Certified Public Accountant



Tetsuya Ohashi
Engagement Partner
Certified Public Accountant

Izumi Audit Corporation
Tokyo, Japan
September 24, 2025

CONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION and its subsidiaries
As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Assets			
Current assets:			
Cash and deposits (Notes 7 and 9)	¥ 26,225	¥ 20,961	\$ 140,188
Notes receivable, accounts receivable from completed construction contracts and other (Notes 4, 9 and 14)	22,084	26,921	180,049
Costs on uncompleted construction contracts (Note 4)	1,662	1,826	12,212
Costs on real estate business	45	45	300
Real estate for sale and development projects in progress	4	19	127
Raw materials and supplies	6	3	20
Accounts receivable - other	3,258	2,447	16,365
Other	888	2,392	15,997
Allowance for doubtful accounts	(191)	(187)	(1,250)
Total current assets	53,984	54,430	364,031
Non-current assets:			
Property, plant and equipment (Notes 4 and 13)			
Buildings and structures	11,036	11,156	74,612
Machinery, vehicles, tools, furniture and fixtures (Note 8)	2,512	2,556	17,094
Land	11,306	11,368	76,029
Construction in progress	11	0	0
Accumulated depreciation	(6,597)	(6,993)	(46,769)
Total property, plant and equipment	18,269	18,088	120,973
Intangible assets			
Goodwill	369	277	1,852
Leasehold right	1,289	1,282	8,574
Other	92	142	949
Total intangible assets	1,751	1,702	11,383
Investments and other assets			
Investment securities (Notes 4, 9 and 10)	4,476	4,402	29,440
Net defined benefit asset (Note 11)	1,575	1,473	9,851
Deferred tax assets (Note 12)	4	55	367
Other	565	527	3,524
Allowance for doubtful accounts	(12)	(11)	(73)
Total investments and other assets	6,610	6,448	43,124
Total non-current assets	26,631	26,238	175,481
Total assets	¥ 80,616	¥ 80,669	\$ 539,519

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Liabilities			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 9)	¥ 25,489	¥ 20,201	\$ 135,105
Short-term loans payable (Notes 4, 9 and 18)	618	624	4,173
Income taxes payable	370	610	4,079
Advances received on uncompleted construction contracts (Notes 4 and 14)	6,951	9,796	65,516
Provision for warranties for completed construction	285	267	1,785
Provision for loss on construction contracts (Note 4)	170	9	60
Provision for bonuses	584	787	5,263
Other (Note 18)	1,317	1,558	10,420
Total current liabilities	35,786	33,855	226,424
Non-current liabilities:			
Long-term loans payable (Notes 9 and 18)	204	50	334
Deferred tax liabilities (Note 12)	1,220	1,089	7,283
Provision for retirement benefits for directors	40	45	300
Net defined benefit liability (Note 11)	301	336	2,247
Other (Note 18)	903	834	5,577
Total non-current liabilities	2,670	2,355	15,750
Total liabilities	38,457	36,210	242,174
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	5,061	5,061	33,848
Capital surplus	1,400	1,400	9,363
Retained earnings	30,400	32,754	219,060
Less: Treasury stock, at cost			
132,361 shares in 2024 and 133,324 shares in 2025	(35)	(36)	(240)
Total shareholders' equity	36,826	39,180	262,038
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	1,470	1,450	9,697
Foreign currency translation adjustment	1,473	1,557	10,413
Remeasurements of defined benefit plans (Note 11)	886	647	4,327
Total accumulated other comprehensive income	3,830	3,655	24,444
Non-controlling interests:			
	1,502	1,622	10,848
Total net assets	42,159	44,458	297,338
Total liabilities and net assets	¥ 80,616	¥ 80,669	\$ 539,519

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Net sales:			
Net sales of completed construction contracts	¥ 105,997	¥ 109,084	\$ 729,561
Sales on real estate business (Note 13)	1,301	1,320	8,828
Sales on other business	117	134	896
Total net sales (Notes 5 and 14)	107,415	110,538	739,285
Cost of sales:			
Cost of sales of completed construction contracts (Note 5)	96,805	99,137	663,035
Cost of sales on real estate business (Note 13)	584	540	3,611
Cost of sales on other business	81	91	608
Total cost of sales	97,470	99,769	667,261
Gross profit:			
Gross profit on completed construction contracts	9,192	9,946	66,519
Gross profit - real estate business	716	780	5,216
Gross profit - other business	36	43	287
Total gross profit	9,945	10,769	72,023
Selling, general and administrative expenses (Note 5)	6,759	7,488	50,080
Operating income	3,185	3,280	21,936
Non-operating income:			
Interest income	325	353	2,360
Dividend income	71	92	615
Foreign exchange gains	175	—	—
Share of profit of entities accounted for using equity method	24	3	20
Other	71	34	227
Total non-operating income	666	484	3,237
Non-operating expenses:			
Interest expenses	14	19	127
Foreign exchange losses	—	19	127
Other	2	1	6
Total non-operating expenses	16	40	267
Ordinary income	3,835	3,724	24,906
Extraordinary income:			
Gain on sales of non-current assets (Note 5)	193	9	60
Gain on sales of investment securities (Notes 5 and 10)	0	85	568
Other	0	2	13
Total extraordinary income	195	97	648
Extraordinary losses:			
Impairment loss	327	—	—
Loss on litigation	70	29	193
Settlement payment	—	70	468
Other	14	14	93
Total extraordinary losses	413	114	762
Profit before income taxes	3,617	3,708	24,799
Income taxes:			
Income taxes - current	751	874	5,845
Income taxes - deferred (Note 12)	81	(104)	(695)
Total income taxes	833	770	5,149
Profit	2,784	2,937	19,642
Profit attributable to non-controlling interests	138	33	220
Profit attributable to owners of parent	¥ 2,645	¥ 2,904	\$ 19,422

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Profit	¥ 2,784	¥ 2,937	\$ 19,642
Other comprehensive income:			
Valuation difference on available-for-sale securities	568	(19)	(127)
Foreign currency translation adjustment	923	170	1,136
Remeasurements of defined benefit plans	494	(239)	(1,598)
Total other comprehensive income (Note 6)	1,986	(87)	(581)
Comprehensive income	¥ 4,770	¥ 2,849	\$ 19,054
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 4,548	¥ 2,729	\$ 18,251
Comprehensive income attributable to non-controlling interests	221	120	802

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2024 and 2025

Millions of yen

	Shareholders' Equity					Accumulated other comprehensive income							Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income					
Balance as at March 31, 2023	¥ 5,061	¥ 1,400	¥ 28,201	¥ (35)	¥ 34,627	¥ 901	¥ 633	¥ 392	¥ 1,927	¥ 1,283				¥ 37,839
Changes of items during period														
Dividends from surplus			(446)		(446)									(446)
Profit attributable to owners of parent			2,645		2,645									2,645
Purchase of treasury stock				(0)	(0)									(0)
Net changes of items other than shareholders' equity						568	840	494	1,903	218				2,121
Total changes of items during period	—	—	2,198	(0)	2,198	568	840	494	1,903	218				4,319
Balance as at March 31, 2024	¥ 5,061	¥ 1,400	¥ 30,400	¥ (35)	¥ 36,826	¥ 1,470	¥ 1,473	¥ 886	¥ 3,830	¥ 1,502				¥ 42,159
Changes of items during period														
Dividends from surplus			(549)		(549)									(549)
Profit attributable to owners of parent			2,904		2,904									2,904
Purchase of treasury stock				(0)	(0)									(0)
Net changes of items other than shareholders' equity						(19)	84	(239)	(174)	120				(54)
Total changes of items during period	—	—	2,354	(0)	2,353	(19)	84	(239)	(174)	120				2,299
Balance as at March 31, 2025	¥ 5,061	¥ 1,400	¥ 32,754	¥ (36)	¥ 39,180	¥ 1,450	¥ 1,557	¥ 647	¥ 3,655	¥ 1,622				¥ 44,458

Thousands of U.S. dollars (Note 2)

	Shareholders' Equity					Accumulated other comprehensive income							Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income					
Balance as at March 31, 2024	\$ 33,848	\$ 9,363	\$ 203,317	\$ (234)	\$ 246,294	\$ 9,831	\$ 9,851	\$ 5,925	\$ 25,615	\$ 10,045				\$ 281,962
Changes of items during period														
Dividends from surplus			(3,671)		(3,671)									(3,671)
Profit attributable to owners of parent			19,422		19,422									19,422
Purchase of treasury stock				(0)	(0)									(0)
Net changes of items other than shareholders' equity						(127)	561	(1,598)	(1,163)	802				(361)
Total changes of items during period	—	—	15,743	(0)	15,737	(127)	561	(1,598)	(1,163)	802				15,375
Balance as at March 31, 2025	\$ 33,848	\$ 9,363	\$ 219,060	\$ (240)	\$ 262,038	\$ 9,697	\$ 10,413	\$ 4,327	\$ 24,444	\$ 10,848				\$ 297,338

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 3,617	¥ 3,708	\$ 24,799
Adjustments for:			
Depreciation and amortization	542	608	4,066
Impairment loss	327	—	—
Amortization of goodwill	93	92	615
Increase (decrease) in allowance for doubtful accounts	11	(6)	(40)
Increase (decrease) in net defined benefit liability	29	37	247
Decrease (increase) in net defined benefit asset	(133)	(231)	(1,544)
Increase (decrease) in provision for loss on construction contracts	(890)	(162)	(1,083)
Loss (gain) on sales of investment securities	(0)	(85)	(568)
Interest and dividend income	(396)	(446)	(2,982)
Interest expenses	14	19	127
Loss (gain) on sales of non-current assets	(193)	(9)	(60)
Decrease (increase) in notes and accounts receivable - trade	589	(4,785)	(32,002)
Decrease (increase) in costs on uncompleted construction contracts	(415)	(182)	(1,217)
Increase (decrease) in notes and accounts payable - trade	272	(5,362)	(35,861)
Increase (decrease) in advances received on uncompleted construction contracts	(4,024)	2,865	19,161
Decrease/increase in consumption taxes receivable/payable	(84)	859	5,745
Other, net	(962)	(1,137)	(7,604)
Subtotal	(1,603)	(4,219)	(28,216)
Interest and dividend income received	387	446	2,982
Interest expenses paid	(14)	(18)	(120)
Income taxes refund (paid)	(855)	(588)	(3,932)
Other, net	—	4	26
Net cash provided by (used in) operating activities	(2,086)	(4,375)	(29,260)
Cash flows from investing activities:			
Payments into time deposits	(1,899)	(877)	(5,865)
Proceeds from withdrawal of time deposits	1,741	617	4,126
Purchase of property, plant and equipment	(302)	(261)	(1,745)
Proceeds from sales of property, plant and equipment	449	9	60
Purchase of intangible assets	(39)	(93)	(621)
Proceeds from sales of investment securities	10	158	1,056
Other, net	11	48	321
Net cash provided by (used in) investing activities	(28)	(398)	(2,661)
Cash flows from financing activities:			
Repayments of long-term loans payable	(149)	(148)	(989)
Cash dividends paid	(444)	(550)	(3,678)
Other, net	(207)	(192)	(1,284)
Net cash provided by (used in) financing activities	(801)	(891)	(5,959)
Effect of exchange rate change on cash and cash equivalents	1,060	140	936
Net increase (decrease) in cash and cash equivalents	(1,856)	(5,524)	(36,944)
Cash and cash equivalents at beginning of period	27,426	25,570	171,013
Cash and cash equivalents at end of period (Note 7)	¥ 25,570	¥ 20,046	\$ 134,069

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NAKANO CORPORATION and its subsidiaries

1. Basis of Presenting Consolidated Financial Statements	<p>The consolidated financial statements presented herein of NAKANO CORPORATION (the "Company") and its consolidated subsidiaries (together, the "Group") are prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.</p> <p>In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2024 financial statements to conform to the classifications used in 2025.</p>
2. U.S. Dollar Amounts	<p>The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥149.52 to U.S.\$1, the rate of exchange prevailing at March 31, 2025, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.</p>
3. Summary of Significant Accounting Policies	<p>a. Consolidation</p> <p>1) Scope of Consolidation</p> <p>The Company had 15 subsidiaries as of March 31, 2025. The consolidated financial statements for the year ended March 31, 2025 include the accounts of the Company and all subsidiaries. The Company had 5 affiliates as of March 31, 2025. As of March 31, 2025, the equity method was not applied to 2 affiliates, as it was not significant in terms of retained earnings and net income of the consolidated financial statements.</p> <p>2) Financial Statements of Subsidiaries</p> <p>6 domestic subsidiaries' fiscal year-end is January 31. In preparing the consolidated financial statements, their financial statements as of that date are used, and necessary adjustments for consolidation are made for any material transactions that occurred between that date and the consolidated closing date. The other subsidiaries' financial year-end is March 31.</p> <p>b. Securities</p> <p>Securities are classified and accounted for as follows:</p> <p>Available-for-sale securities</p> <p>Other than equity securities etc. without market prices are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, while the cost of securities sold is computed using the moving-average method.</p> <p>Equity securities etc. without market prices are stated at cost determined by the moving-average method. For other than temporary declines in fair value, securities are written down to net realizable value.</p> <p>c. Inventories</p> <p>Costs on uncompleted construction contracts are stated at cost determined by the specific identification method.</p> <p>Costs on real estate business, Real estate for sale and development projects in progress and Raw materials and supplies are stated at cost determined by the specific identification method for Costs on real estate business and Real estate for sale and development projects in progress and by the last purchase price method for Raw material and supplies, while the net book value of these inventories in the balance sheet is written down if the net realizable value declines.</p> <p>d. Property, Plant and Equipment (excluding lease assets)</p> <p>Property, plant and equipment are stated at cost. Depreciation of Property, plant and equipment of the Company and its domestic consolidated subsidiaries is computed by the declining-balance method. Buildings (excluding Building fixtures) acquired on or after April 1, 1998 and Building fixtures and Structures acquired on or after April 1, 2016 are depreciated using the straight-line method. Useful lives and residual values of the assets are determined based on the regulations of the Corporation Tax Act.</p> <p>Foreign consolidated subsidiaries use primarily the straight-line method.</p>

e. Intangible Assets (excluding lease assets) and Goodwill

Intangible assets are amortized by the straight-line method. Useful lives of the assets are determined based on the regulations of the Corporation Tax Act.

Software for internal use is amortized over a period of the internal available years (5 years) using the straight-line method.

Goodwill is amortized over 5 years using the straight-line method.

f. Lease Assets

Depreciation of Lease assets under finance leases that do not transfer ownership of the Lease assets to the lessee is calculated by the straight-line method over the lease term of the Lease assets with no residual value.

Some foreign consolidated subsidiaries prepare financial statements pursuant to the International Financial Reporting Standards. These subsidiaries have applied International Financial Reporting Standard 16 Leases (hereinafter referred to as "IFRS 16"). As a result, lessees recognize all leases as assets and liabilities on the balance sheet, in principle. Depreciation of Right-of-use assets recognized as assets is calculated by the straight-line method. Lease transactions based on IFRS 16 are classified under "1. Finance lease transactions" in "8. Lease Transactions."

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding.

Foreign consolidated subsidiaries provide for such possible losses based on the estimated uncollectible amounts of the specific accounts.

h. Provision for Warranties for Completed Construction

The provision for warranties for completed construction is provided by the Company and its domestic consolidated subsidiaries to cover expenses for defects claimed concerning completed work based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year which is calculated by using the results in the past fiscal years.

i. Provision for Loss on Construction Contracts

The provision for loss on construction contracts is provided by the Company with respect to construction projects for which eventual losses are reasonably estimated.

j. Provision for Bonuses

The provision for bonuses provided by the Company and its domestic consolidated subsidiaries is accrued at the year end to which such bonuses are attributable.

k. Provision for Retirement Benefits for Directors

The provision for retirement benefits for directors is provided by certain domestic subsidiaries at the amount to be paid according to their companies' regulations if they had retired at the current fiscal year-end, in order to prepare for the payment of retirement benefits for directors.

l. Accounting for Retirement Benefits

In computing projected benefit obligations, the estimated amounts of retirement benefit obligations are attributed to periods on a benefit formula basis.

Actuarial differences are amortized commencing in the following year after the differences are incurred by the straight-line method over a period (11 years) which is shorter than the average remaining years of service of the employees when incurred.

In determining Net defined benefit liability and Retirement benefit expenses, certain consolidated subsidiaries adopt a short-cut method where the amount required for voluntary termination of employees at the fiscal year-end is regarded as projected benefit obligations.

m. Revenue and Cost of Construction Contracts

The Group is primarily engaged in the general construction business, undertaking the construction and design of buildings and other structures. The principal obligation of the Group is to construct and design buildings and other structures based on the specifications of contracts with customers, and delivery to customers in exchange for contract consideration.

The Group recognizes revenue over time as performance obligations to transfer the goods or services to the customer are satisfied because control of the goods or services is primarily transferred to customers over time.

The measurement of progress toward satisfying performance obligations is based on the percentage of the cost of construction incurred until the end of each reporting period, against the total expected cost of construction. If, at an early stage of the contract, the degree of progress toward satisfying the performance obligation cannot be reasonably estimated, but it is probable that the costs to be incurred will be recovered, revenue is recognized on a cost recovery basis. For construction contracts with a very short period between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied, whereby revenue is not recognized over time, but is recognized when the performance obligation is fully satisfied.

n. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, Cash and cash equivalents include cash on hand, readily-available deposits and short-term highly liquid investments with maturities within 3 months at the time of acquisition that are exposed to insignificant risk of changes in value.

o. Significant Accounting Estimates

“Revenue recognized in construction contracts”

i) Amount recorded in the consolidated financial statements

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales of completed construction contracts	¥ 101,065	¥ 105,207	\$ 703,631

ii) Information on significant accounting estimates for identified items

Net sales of completed construction contracts are recorded by recognizing revenue over time, primarily as the performance obligation to transfer goods or services to the customer is satisfied. The measurement of progress toward satisfying performance obligations is based on the percentage of the cost of construction incurred until the end of each reporting period, against the total expected cost of construction. If estimated total cost or cost incurred should significantly exceed original estimations due to a substantial rise in labor and equipment costs, or other reasons, then this may have a significant impact on construction revenue recognized over time under the Revenue Recognition Standard in the consolidated financial statements of the following fiscal year.

p. Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes, Etc.

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other standards have been applied from the beginning of the current fiscal year. In addition, regarding revisions concerning the review of treatment in consolidated financial statements of gains or losses arising from the sale of shares, etc. of subsidiaries among consolidated companies, in cases where such gains or losses are deferred for tax purposes, “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) has also been applied from the beginning of the current fiscal year. The application of these standards has no impact on the consolidated financial statements.

q. Accounting Standards Not Yet Applied

“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)

and other related revisions to ASBJ accounting standards, implementation guidance, practical solutions, and transferred guidance

1) Overview

Similar to international accounting standards, the requirements of the new standards include the recognition of assets and liabilities for all leases by lessees.

2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2028.

3) Effects of the application of the standards

The Company is in the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

4. Notes to Consolidated Balance Sheets

1. The amounts of receivables and contract assets in “Notes receivable, accounts receivable from completed construction contracts and other” arising from contracts with customers were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes receivable - trade	¥ 437	¥ 8	\$ 53
Electronically recorded monetary claims - operating	1,015	473	3,163
Accounts receivable from completed construction contracts and other	9,312	8,417	56,293
Contract Assets	11,318	18,022	120,532

2. The assets pledged as collateral and collateralized liabilities were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings	¥ 488	¥ 501	\$ 3,350
Land	5,487	5,487	36,697
Investment securities	951	951	6,360
Total	¥ 6,927	¥ 6,940	\$ 46,415
Short-term loans payable	¥ 348	¥ 354	\$ 2,367
Long-term loans payable	104	—	—
Total	¥ 452	¥ 354	\$ 2,367

Investment securities of ¥951 million as of March 31, 2024 include ¥4 million of stocks of subsidiaries and affiliates pledged as collateral based on loan agreements concluded between the Company's affiliates and financial institutions.

Investment securities of ¥951 million (\$6,360 thousand) as of March 31, 2025 include ¥4 million (\$26 thousand) of stocks of subsidiaries and affiliates pledged as collateral based on loan agreements concluded between the Company's affiliates and financial institutions.

3. The Group was contingently liable for the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Guarantees to financial institutions, etc. to ensure the completion of construction contracts of Nakano Singapore (Pte.) Ltd. and its subsidiaries	¥ 3,298	¥ 7,758	\$ 51,886

4. The following notes receivable and payable, etc. matured on March 31, 2024 were included in the respective accounts, since March 31, 2024 fell on a bank holiday;

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Electronically recorded monetary claims - operating	¥ 3	¥ —	\$ —
Notes payable - trade	87	—	—
Electronically recorded obligations - operating	3,226	—	—

5. "Costs on uncompleted construction contracts" which are estimated to recognize losses and "Provision for loss on construction contracts" are to be recorded on a gross basis without offsetting, if any.

6. Investment in unconsolidated subsidiaries and affiliates were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investment securities (Equity securities)	¥ 193	¥ 196	\$ 1,310

7. The amount of Contract liabilities in "Advances received on uncompleted construction contracts" was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Advances received on uncompleted construction contracts	¥ 6,951	¥ 9,796	\$ 65,516

5. Notes to Consolidated Statements of Income

1. Revenue from Contracts with Customers

Net sales do not separately present revenue arising from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in "14. Revenue Recognition 1. Information breakdown on revenue arising from contracts with customers".

2. Provision for loss on construction contracts included in "Cost of sales of completed construction contracts" was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Provision for loss on construction contracts	¥ 73	¥ 9	\$ 60

3. The major components of "Selling, general and administrative expenses" were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Employees' salaries and allowances	¥ 3,018	¥ 3,398	\$ 22,726
Provision for bonuses	251	350	2,340
Retirement benefit expenses	68	31	207
Provision of allowance for doubtful accounts	17	(6)	(40)
Depreciation	230	273	1,825

4. Research and development costs included in Selling, general and administrative expenses were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Research and development costs	¥ 122	¥ 131	\$ 876

5. “Gain on sales of non-current assets” consisted of the following:

For the year ended March 31	Millions of yen				Thousands of U.S. dollars	
	2024		2025		2025	
Buildings	¥	15	¥	—	\$	—
Machinery		0		3		20
Vehicles		2		5		33
Land		174		0		0
Other		0		0		0
Total	¥	193	¥	9	\$	60

6. “Gain on sales of investment securities”

Gain on sales of investment securities is the income generated from the sale of a part of investment securities

7. “Impairment losses”

Company Name	Country	Use	Type	Millions of yen		Thousands of U.S. dollars	
				2024	2025	2025	
Nakano Corporation	Japan (Saitama Pref.)	Operating assets	Buildings	¥ 117	¥ —	\$ —	—
			Land	209	—	—	—
			Total	¥ 327	¥ —	\$ —	—

The Group categorizes its construction business by each respective revenue unit, and its real estate leasing business and other businesses by individual assets, as the smallest cash flow-generating units.

In the fiscal year ended March 31, 2024, the Company had decided to repurpose some business assets held by the Company, which are grouped into business assets for the construction business, from internal use to investment to utilize them more efficiently. The recoverability of these properties was assessed based on future earnings prospects. As a result, impairment loss was recognized, and the book value of the properties was reduced to the recoverable amount. This reduction was recorded as Impairment loss under extraordinary losses.

The recoverable amount of such assets is measured by the net realizable value, which is determined based on the appraisal value by an independent real estate appraiser.

In the fiscal year ended March 31, 2025, there were no assets on which impairment loss was recognized.

6. Notes to Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects related to Other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31	2024	2025	2025
Valuation difference on available-for-sale securities			
Amount arising during the year	¥ 818	¥ 69	\$ 461
Reclassification adjustments	—	(72)	(481)
Total before income taxes and tax effects	818	(2)	(13)
Income taxes and tax effects	(250)	(16)	(107)
Valuation difference on available-for-sale securities	568	(19)	(127)
Foreign currency translation adjustments			
Amount arising during the year	923	170	1,136
Reclassification adjustments	—	—	—
Total before income taxes and tax effects	923	170	1,136
Income taxes and tax effects	—	—	—
Foreign currency translation adjustments	923	170	1,136
Remeasurements of defined benefit plans			
Amount arising during the year	818	(142)	(949)
Reclassification adjustments	(105)	(190)	(1,270)
Total before income taxes and tax effects	712	(333)	(2,227)
Income taxes and tax effects	(218)	93	621
Remeasurements of defined benefit plans	494	(239)	(1,598)
Total other comprehensive income	¥ 1,986	¥ (87)	\$ (581)

7. Notes to Consolidated Statements of Cash Flows

The reconciliation between “Cash and cash equivalents” reported in the consolidated statements of cash flows and “Cash and deposits” reported in the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2025	2025
Cash and deposits per consolidated balance sheets	¥ 26,225	¥ 20,961	\$ 140,188
Less: Time deposits maturing over 3 months	(654)	(914)	(6,112)
Cash and cash equivalents per consolidated statements of cash flows	¥ 25,570	¥ 20,046	\$ 134,069

8. Lease Transactions

1. Finance lease transactions

(As lessee)

Finance lease contracts that do not transfer ownership of the lease assets to the lessee

1) Contents of lease assets

Property, plant and equipment

Fixtures such as computers and vehicles.

In addition, "Right of use assets" of foreign consolidated subsidiaries mainly comprise offices and vehicles.

2) Depreciation of lease assets

As described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 3. Summary of Significant Accounting Policies f. Lease Assets".

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating lease contracts as of March 31, 2024 and 2025 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	
(As lessee)				
Due in 1 year	¥ 21	¥ 21	\$ 140	
Due after 1 year	36	14	93	
Total	¥ 57	¥ 36	\$ 240	
(As lessor)				
Due in 1 year	¥ 108	¥ 54	\$ 361	
Due after 1 year	242	238	1,591	
Total	¥ 350	¥ 293	\$ 1,959	

9. Financial Instruments

1. Overview

1) Policy for financial instruments

The Group raises operating funds primarily through bank loans etc. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the policy of the Group, the Group uses derivatives only for the purpose of reducing foreign exchange fluctuation risks associated with foreign currency denominated transactions and interest rate fluctuation risks associated with loans payable, and not for speculative purposes.

2) Types of financial instruments, risk and risk management

The Group controls risks by type of financial instruments in accordance with the risk management policy.

Regarding credit risk associated with Notes receivable and Accounts receivable from completed construction contracts, the Group identifies major customers' credit status by monitoring the payment terms and credit balances by each customer.

Regarding Investment securities, principally consisting of equity securities, the Group regularly identifies the quoted market price of the listed securities to manage the risks arising from market value fluctuations.

The Group manages liquidity risk associated with loans payable by appropriately planning for fund raising based on monthly cash flow projections.

Regarding derivative transactions, the Group executes and controls the transactions based on the internal control rules which define the transaction authority and limits and enter into contracts with only the high credit rating financial institutions to reduce credit risk.

3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is determined based on the market price or reasonable estimated amount if there is no market price. Certain assumptions are used for calculation of such fair value, and accordingly, the result of such calculation may vary, if different assumptions are used.

2. Fair value of financial instruments

The carrying amount, fair value and difference of the financial instruments as of March 31, 2024 and 2025 were as follows:

As of March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥ 22,084		
Allowance for doubtful accounts (Note 2)	(169)		
	¥ 21,914	¥ 21,914	¥ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	2,956	2,956	—
Corporate bonds	97	97	—
Others	14	14	—
Assets total	¥ 24,983	¥ 24,983	¥ —
Long-term loans payable (Note 4)	¥ 352	¥ 352	¥ (0)
Liabilities total	¥ 352	¥ 352	¥ (0)

1. Cash and deposits, Notes payable, accounts payable for construction contracts and other, and Short-term loans payable are omitted because they are cash, and their fair value approximates their book value due to their short maturities. Long-term loans receivable are omitted as they are immaterial.

2. Allowance for doubtful accounts individually recorded for Notes receivable, accounts receivable from completed construction contracts and other is deducted.

3. Equity securities etc. without market prices are not included. The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

As of March 31, 2024	Millions of yen
Unlisted equity securities	¥ 1,407

4. Current portion of long-term loans payable is included.

As of March 31, 2025	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥ 26,921		
Allowance for doubtful accounts (Note 2)	(177)		
	¥ 26,743	¥ 26,743	¥ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	2,881	2,881	—
Corporate bonds	99	99	—
Others	13	13	—
Assets total	¥ 29,739	¥ 29,739	¥ —
Long-term loans payable (Note 4)	¥ 204	¥ 203	¥ (0)
Liabilities total	¥ 204	¥ 203	¥ (0)

As of March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	\$ 180,049		
Allowance for doubtful accounts (Note 2)	(1,183)		
	\$ 178,859	\$ 178,859	\$ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	19,268	19,268	—
Corporate bonds	662	662	—
Others	86	86	—
Assets total	\$ 198,882	\$ 198,882	\$ —
Long-term loans payable (Note 4)	\$ 1,364	\$ 1,357	\$ (0)
Liabilities total	\$ 1,364	\$ 1,357	\$ (0)

1. Cash and deposits, Notes payable, accounts payable for construction contracts and other, and Short-term loans payable are omitted because they are cash, and their fair value approximates their book value due to their short maturities.
2. Allowance for doubtful accounts individually recorded for Notes receivable, accounts receivable from completed construction contracts and other is deducted.
3. Equity securities etc. without market prices are not included. The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

As of March 31, 2025	Millions of yen	Thousands of U.S. dollars
Unlisted equity securities	¥ 1,407	\$ 9,410

4. Current portion of long-term loans payable is included.

(Notes): 1. Redemption schedule for monetary assets and securities with contractual maturities after balance sheet date was as follows:

As of March 31, 2024	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥ 26,225	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	22,084	—	—	—
Investment securities				
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	97
Available-for-sale securities with contractual maturities (Others)	—	9	—	5
Total	¥ 48,309	¥ 9	¥ —	¥ 103

As of March 31, 2025	Millions of yen				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	
Cash and deposits	¥ 20,961	¥ —	¥ —	¥ —	—
Notes receivable, accounts receivable from completed construction contracts and other	26,921	—	—	—	—
Investment securities					
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	—	99
Available-for-sale securities with contractual maturities (Others)	—	8	—	—	5
Total	¥ 47,883	¥ 8	¥ —	¥ —	105

As of March 31, 2025	Thousands of U.S. dollars				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	
Cash and deposits	\$ 140,188	\$ —	\$ —	\$ —	—
Notes receivable, accounts receivable from completed construction contracts and other	180,049	—	—	—	—
Investment securities:					
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	—	662
Available-for-sale securities with contractual maturities (Others)	—	53	—	—	33
Total	\$ 320,244	\$ 53	\$ —	\$ —	702

2. Repayment schedule of Short-term loans payable and Long-term loans payable after balance sheet date was as follows:

As of March 31, 2024	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥ 470	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	148	154	50	—	—	—
Total	¥ 618	¥ 154	¥ 50	¥ —	¥ —	¥ —

As of March 31, 2025	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥ 470	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	154	50	—	—	—	—
Total	¥ 624	¥ 50	¥ —	¥ —	¥ —	¥ —

	Thousands of U.S. dollars					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
As of March 31, 2025						
Short-term loans payable	\$ 3,143	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans payable	1,029	334	—	—	—	—
Total	\$ 4,173	\$ 334	\$ —	\$ —	\$ —	\$ —

3. Breakdown, etc., if the fair value of financial instruments for each level

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to determine fair value.

Level 1 fair value: Fair value calculated from the market prices for assets or liabilities, whereby such fair value calculation is formed in active markets from among the inputs associated with the calculation of observable fair value.

Level 2 fair value: Fair value calculated using inputs related to the fair value other than with Level 1 inputs from among the inputs associated with the calculation of observable fair value.

Level 3 fair value: Fair value calculated using inputs associated with fair value that cannot be observed.

1) Financial instruments that deem carrying value as fair value

	Millions of yen			
	Fair Value			Total
As of March 31, 2024	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	¥ 2,956	¥ —	¥ —	¥ 2,956
Corporate bonds	—	97	—	97
Others	—	14	—	14
Assets Total	¥ 2,956	¥ 111	¥ —	¥ 3,068

	Millions of yen			
	Fair Value			Total
As of March 31, 2025	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	¥ 2,881	¥ —	¥ —	¥ 2,881
Corporate bonds	—	99	—	99
Others	—	13	—	13
Assets Total	¥ 2,881	¥ 113	¥ —	¥ 2,995

	Thousands of U.S. dollars			
	Fair Value			Total
As of March 31, 2025	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	\$ 19,268	\$ —	\$ —	\$ 19,268
Corporate bonds	—	662	—	662
Others	—	86	—	86
Assets Total	\$ 19,268	\$ 755	\$ —	\$ 20,030

2) Financial instruments that do not deem carrying value as fair value

		Millions of yen			
		Fair Value			
As of March 31, 2024		Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥	—	¥ 21,914	¥ —	¥ 21,914
Assets Total	¥	—	¥ 21,914	¥ —	¥ 21,914
Long-term loans payable	¥	—	¥ 352	¥ —	¥ 352
Liabilities Total	¥	—	¥ 352	¥ —	¥ 352

		Millions of yen			
		Fair Value			
As of March 31, 2025		Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥	—	¥ 26,743	¥ —	¥ 26,743
Assets Total	¥	—	¥ 26,743	¥ —	¥ 26,743
Long-term loans payable	¥	—	¥ 203	¥ —	¥ 203
Liabilities Total	¥	—	¥ 203	¥ —	¥ 203

		Thousands of U.S. dollars			
		Fair Value			
As of March 31, 2025		Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	\$	—	\$ 178,859	\$ —	\$ 178,859
Assets Total	\$	—	\$ 178,859	\$ —	\$ 178,859
Long-term loans payable	\$	—	\$ 1,357	\$ —	\$ 1,357
Liabilities Total	\$	—	\$ 1,357	\$ —	\$ 1,357

(Notes): Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

Investment securities

Listed securities and corporate bonds are valued using quoted prices. listed securities are traded in active markets, and as such their fair value is classified as Level 1 fair value. The fair value of corporate bonds and others are classified as Level 2 fair value because they are not traded frequently in the market and not considered to have quoted prices in active markets.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these items is calculated using the discounted cash flow method based on the period until the receivables amount is collected as well as an interest rate adjusted to reflect credit risk, for each receivable classified by a certain period; classified as Level 2 fair value.

Long-term loans payable (including current portion of long-term loans payable)

The fair value of Long-term loans payable is calculated based on the discounted cash flow method using the total amount of principal and interest, and the interest rate that would be applicable to similar new loan; classified as Level 2 fair value.

10. Securities

1. Investment securities as of March 31, 2024 and 2025 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Available-for-sale securities with market value	¥ 3,068	¥ 2,995	\$ 20,030

2. The carrying amount and fair value of held-to-maturity debt securities as of March 31, 2024 and 2025 were as follows:

Not applicable

3. The carrying amount (fair value) and acquisition cost of available-for-sale securities as of March 31, 2024 and 2025 were as follows:

As of March 31, 2024	Millions of yen		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 2,861	¥ 732	¥ 2,129
Other	14	5	8
Subtotal	¥ 2,876	¥ 738	¥ 2,137
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	¥ 94	¥ 101	¥ (7)
Bonds	97	100	(2)
Subtotal	¥ 192	¥ 201	¥ (9)
Total	¥ 3,068	¥ 940	¥ 2,128

As of March 31, 2025	Millions of yen		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 2,879	¥ 761	¥ 2,117
Other	13	5	8
Subtotal	¥ 2,893	¥ 767	¥ 2,125
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	¥ 1	¥ 2	¥ (0)
Bonds	99	100	(0)
Subtotal	¥ 101	¥ 102	¥ (0)
Total	¥ 2,995	¥ 869	¥ 2,125

As of March 31, 2025	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	\$ 19,254	\$ 5,089	\$ 14,165
Other	86	33	53
Subtotal	\$ 19,348	\$ 5,129	\$ 14,219
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	\$ 6	\$ 13	\$ (7)
Bonds	662	668	(6)
Subtotal	\$ 675	\$ 682	\$ (7)
Total	\$ 20,030	\$ 5,811	\$ 14,219

(Note) "Unlisted equity securities etc." in an amount of ¥1,407 million as of March 31, 2024 and ¥1,407 million (\$9,410 thousand) as of March 31, 2025 were not included in available-for-sale securities in the above table, since there is no market price.

4. Available-for-sale securities which were sold during the years ended March 31, 2024 and 2025 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Sales proceeds	¥ 10	¥ 158	\$ 1,056
Gain on sales	0	85	568
Loss on sales	—	—	—

5. Securities on which impairment loss was recognized during the years ended March 31, 2024 and 2025 were as follows:

For the year ended March 31, 2024:

There were no securities on which impairment loss was recognized.

For the year ended March 31, 2025:

There were no securities on which impairment loss was recognized.

If the fair value of available-for-sale securities with fair value declines by 30% to 50% of the acquisition cost, the Company judges the recoverability, considering the current status of the issuing companies and the fair value trends, and recognizes impairment loss, unless the recovery is reasonably expected.

11. Retirement Benefits

1. Outline of the Company's retirement benefit plans

The Company has defined benefit plans that consist of a defined benefit corporate pension plan and a lump-sum retirement benefit plan and also defined contribution pension plans. Certain consolidated subsidiaries have unfunded defined benefit plans and lump-sum benefit plans.

Furthermore, the Group may pay additional retirement benefits upon the retirement of certain employees.

With respect to lump-sum benefit plans adopted by certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the short-cut method.

2. Defined Benefit Plans

1) The changes in projected benefit obligations for the years ended March 31, 2024 and 2025 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of projected benefit obligations	¥ 3,759	¥ 3,717	\$ 24,859
Service cost	251	225	1,504
Interest cost	18	39	260
Actuarial differences	(79)	(33)	(220)
Retirement benefits paid	(240)	(247)	(1,651)
Other	8	12	80
Ending balance of projected benefit obligations	¥ 3,717	¥ 3,714	\$ 24,839

2) The changes in plan assets for the years ended March 31, 2024 and 2025 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of plan assets	¥ 4,373	¥ 5,147	\$ 34,423
Expected return of plan assets	87	102	682
Actuarial differences	738	(175)	(1,170)
Contribution from the employer	178	179	1,197
Retirement benefits paid	(230)	(242)	(1,618)
Ending balance of plan assets	¥ 5,147	¥ 5,011	\$ 33,513

3) The changes in Net defined benefit liability of the plans to which the short-cut method was applied for the years ended March 31, 2024 and 2025 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of net defined benefit liability	¥ 141	¥ 154	\$ 1,029
Retirement benefit expenses	24	36	240
Retirement benefits paid	(11)	(32)	(214)
Ending balance of net defined benefit liability	¥ 154	¥ 158	\$ 1,056

4) Reconciliation between the ending balances of projected benefit obligations and plan assets and Net defined benefit liability and Net defined benefit asset recorded in the consolidated balance sheet as of March 31, 2024 and 2025 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Funded projected benefit obligations	¥ 3,571	¥ 3,537	\$ 23,655
Plan assets	(5,147)	(5,011)	(33,513)
Net	¥ (1,575)	¥ (1,473)	\$ (9,851)
Unfunded projected benefit obligations	301	336	2,247
Net liability recorded in the consolidated balance sheet	¥ (1,274)	¥ (1,137)	\$ (7,604)
Net defined benefit liability	¥ 301	¥ 336	\$ 2,247
Net defined benefit asset	(1,575)	(1,473)	(9,851)
Net liability recorded in the consolidated balance sheet	¥ (1,274)	¥ (1,137)	\$ (7,604)

(Note) Above amounts include plans to which the short-cut method is applied.

5) The components of Retirement benefit expenses for the years ended March 31, 2024 and 2025 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service cost	¥ 251	¥ 225	\$ 1,504
Interest cost	18	39	260
Expected return of plan assets	(87)	(102)	(682)
Amortization of actuarial differences	(105)	(190)	(1,270)
Retirement benefit expenses computed by short-cut method	24	36	240
Other	8	12	80
Retirement benefit expenses on defined benefit plans	¥ 109	¥ 20	\$ 133

6) The component of "Remeasurements of defined benefit plans" under "Other comprehensive income" (before adjusting for tax effects) for the years ended March 31, 2024 and 2025 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Actuarial differences	¥ 712	¥ (333)	\$ (2,227)

7) The component of "Remeasurements of defined benefit plans" under "Accumulated other comprehensive income" (before adjusting for tax effects) as of March 31, 2024 and 2025 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized actuarial differences	¥ 1,278	¥ 945	\$ 6,320

8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2024 and 2025 consisted of the following:

As of March 31	2024	2025
Bonds	39%	41%
Equity securities	52	49
Insurance assets (general account)	7	7
Other	2	3
Total	100	100

b. Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

9) Actuarial assumptions used for the years ended March 31, 2024 and 2025 were set forth as follows:

For the year ended March 31	2024	2025
Discount rate	0.8%	1.5%
Long-term expected rate of return on plan assets	2.0	2.0

3. Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company for the years ended March 31, 2024 and 2025 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Required contribution to the defined contribution plans	¥ 65	¥ 66	\$ 441

12. Deferred Tax Accounting

1. The significant components of Deferred tax assets and liabilities as of March 31, 2024 and 2025 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Tax loss carryforwards	¥ 1,263	¥ 960	\$ 6,420
Provision for bonuses	192	263	1,758
Net defined benefit liability	36	37	247
Allowance for doubtful accounts	36	35	234
Loss on valuation of real estate for sale	287	287	1,919
Provision for loss on construction contracts	38	2	13
Accounts payable for construction contracts	113	97	648
Impairment loss	1,364	1,390	9,296
Other	411	448	2,996
Subtotal	3,745	3,523	23,562
Less: Valuation allowance (Note)	(3,344)	(2,939)	(19,656)
Deferred tax assets	¥ 400	¥ 583	\$ 3,899
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (662)	¥ (679)	\$ (4,541)
Undistributed earnings of foreign consolidated subsidiaries	(435)	(395)	(2,641)
Net defined benefit asset	(482)	(464)	(3,103)
Other	(35)	(77)	(514)
Deferred tax liabilities	¥ (1,616)	¥ (1,616)	\$ (10,807)
Net deferred tax liabilities	¥ (1,215)	¥ (1,033)	\$ (6,908)

(Note) Valuation allowance decreased by ¥404 million (\$2,701 thousand). The major reason for this decrease were the decrease of Valuation allowance of ¥331 million (\$2,213 thousand) and ¥41 million (\$274 thousand) associated with Tax loss carryforwards and Accounts payable for construction contracts.

2. Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income as of March 31, 2024 and 2025 was as follows:

As of March 31	2024	2025
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible income tax purposes	1.6	0.7
Tax rate difference in foreign consolidated subsidiaries	(4.4)	1.2
Undistributed earnings of foreign consolidated subsidiaries	1.1	(1.2)
Inhabitant per capita taxes	1.0	0.9
Refund of income taxes for prior periods	—	(2.1)
Tax credit for income taxes etc.	(2.4)	(3.7)
Amortization of goodwill	0.8	0.8
Valuation allowance	(7.6)	(8.1)
Effects of changes in tax rate	—	0.2
Other	2.3	1.5
Actual effective tax rate	23.0	20.8

3. Revision of amounts of deferred tax assets and deferred tax liabilities due to change in corporate tax rate.

As a result of the enactment by the Diet on March 31, 2025, of the “Act Partially Amending the Income Tax Act, Etc.” (Act No. 13 of 2025), deferred tax assets and deferred tax liabilities related to temporary difference and other items expected to be reversed on or after April 1, 2026, have been calculated using the normal effective statutory tax rate revised from 30.6% to 31.5%.

As a result of this change, deferred tax liabilities (after deducting deferred tax assets) increased by ¥34 million(\$227 thousand) and income taxes - deferred increased by ¥7 million(\$46 thousand) for the current fiscal year, while valuation difference on available-for-sale securities decreased by ¥18 million(\$120 thousand) and remeasurements of defined benefit plans decreased by ¥8 million(\$53 thousand).

13. Investment and Rental Properties

1. The Company and certain consolidated subsidiaries own office buildings, commercial facilities and residual units for lease in Tokyo and other areas. Rental income from these real estate properties for lease for the years ended March 31, 2024 and 2025 were ¥671 million and ¥759 million (\$5,076 thousand), respectively. Rental income and related costs were included in “Sales on real estate business” and “Cost of sales on real estate business”, respectively, in the accompanying consolidated statements of income for the years ended March 31, 2024 and 2025.

2. The carrying amounts, changes in such balances during the year and fair values of such properties were as follows:

As of March 31		Millions of yen		Thousands of U.S. dollars
		2024	2025	2025
Carrying amounts				
(Note 1):	Beginning balance	¥13,450	¥13,205	\$ 88,315
	Increase (decrease) (Note 2)	(245)	(118)	(789)
	Ending balance	¥13,205	¥13,086	\$ 87,520
Fair value (Note 3)		¥19,954	¥22,790	\$152,421

(Notes): 1. The carrying amount is presented after deducting Accumulated depreciation from the acquisition cost.

2. Increase during the year ended March 31, 2024 primarily represents the acquisition of real estate of ¥169 million and due to the change in holding purpose from internal use to investment of ¥27 million, and decrease is primarily due to sale of real estate of ¥235 million and due to Depreciation of ¥202 million.

Increase during the year ended March 31, 2025 primarily represents the acquisition of real estate of ¥72 million (\$481 thousand) and decrease is primarily due to Depreciation of ¥203 million (\$1,357 thousand).

3. The fair values of major properties are determined based on the real estate appraisal value by independent real estate appraisers and the fair values of other properties are determined based on the value in accordance with “Japanese Real Estate Appraisal Standard” or based on reasonable internal appraisal.

14. Revenue Recognition

1. Information breakdown on revenue arising from contracts with customers

	Millions of yen								
	Reportable segments								
	Construction			Real estate					
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total	Other (Note)	Total	
For the year ended March 31, 2024									
Goods or services transferred at a point in time	¥ 4,932	¥ —	¥ 4,932	¥ 18	¥ —	¥ 18	¥ 116	¥ 5,067	
Goods or services transferred over time	78,765	22,299	101,065	11	—	11	1	101,078	
Revenue from Contracts with Customers	83,697	22,299	105,997	30	—	30	117	106,145	
Other Revenue	¥ —	¥ —	¥ —	¥ 1,267	¥ 2	¥ 1,270	¥ —	¥ 1,270	
Sales to External Customers	¥ 83,697	¥ 22,299	¥ 105,997	¥ 1,298	¥ 2	¥ 1,301	¥ 117	¥ 107,415	

(Note): "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

	Reportable segments							Millions of yen	
	Construction			Real estate			Other (Note)	Total	
For the year ended March 31, 2025	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total			
Goods or services transferred at a point in time	¥ 3,876	¥ —	¥ 3,876	¥ 6	¥ —	¥ 6	¥ 133	¥ 4,016	
Goods or services transferred over time	77,183	28,023	105,207	11	—	11	0	105,218	
Revenue from Contracts with Customers	81,060	28,023	109,084	17	—	17	134	109,235	
Other Revenue	¥ —	¥ —	¥ —	¥ 1,299	¥ 3	¥ 1,303	¥ —	¥ 1,303	
Sales to External Customers	¥ 81,060	¥ 28,023	¥ 109,084	¥ 1,317	¥ 3	¥ 1,320	¥ 134	¥ 110,538	

	Thousands of U.S. dollars							
	Reportable segments							
	Construction			Real estate			Other (Note)	Total
For the year ended March 31, 2025	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total		
Goods or services transferred at a point in time	\$ 25,922	\$ —	\$ 25,922	\$ 40	\$ —	\$ 40	\$ 889	\$ 26,859
Goods or services transferred over time	516,205	187,419	703,631	73	—	73	0	703,705
Revenue from Contracts with Customers	542,134	187,419	729,561	113	—	113	896	730,571
Other Revenue	\$ —	\$ —	\$ —	\$ 8,687	\$ 20	\$ 8,714	\$ —	\$ 8,714
Sales to External Customers	\$ 542,134	\$ 187,419	\$ 729,561	\$ 8,808	\$ 20	\$ 8,828	\$ 896	\$ 739,285

(Note): "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

2. Basis for understanding the revenue

It is as described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 3. Summary of Significant Accounting Policies m. Revenue and Cost of Construction Contracts".

3. Information pertaining to the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from such contracts, and on the amount and timing of revenue expected to be recognized, in the following fiscal year or later, from contracts with customers that existed at the end of the fiscal year ended March 31, 2024 and 2025

1) Balance of Contract assets and Contract Liabilities, etc.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Receivables from a contract with customers (beginning balance)	¥ 11,042	¥ 10,765	\$ 71,997
Receivables from a contract with customers (ending balance)	10,765	8,899	59,517
Contract assets (beginning balance)	11,140	11,318	75,695
Contract assets (ending balance)	11,318	18,022	120,532
Contract liabilities (beginning balance)	10,928	6,951	46,488
Contract liabilities (ending balance)	6,951	9,796	65,516

Contract assets consist primarily of unbilled Accounts receivable from completed construction contracts related to revenue recognized on the basis of progress measurement under construction contracts, etc. Contract assets are reclassified to receivables arising from contracts with customers at the point when the Company and its consolidated subsidiaries' rights to the consideration become unconditional. Contract liabilities consist mainly of Advances received on uncompleted construction contracts from customers on construction contracts, etc. Contract liabilities are reversed upon revenue recognition.

The increase of ¥178 million in Contract assets in the fiscal year ended March 31, 2024 was mainly due to the increase from satisfaction of performance obligations and a decrease from the receipt of consideration in accordance with contract terms. The decrease of ¥3,976 million in Contract liabilities in the fiscal year ended March 31, 2024 was mainly from an increase due to Advances received on uncompleted construction contracts and a decrease due to the fulfillment of performance obligations.

The increase of ¥6,703 million (\$44,830 thousand) in Contract assets in the fiscal year ended March 31, 2025 was mainly due to the increase from satisfaction of performance obligations and a decrease from the receipt of consideration in accordance with contract terms. The increase of ¥2,844 million (\$19,020 thousand) in Contract liabilities in the fiscal year ended March 31, 2025 was mainly from an increase due to Advances received on uncompleted construction contracts and a decrease due to the fulfillment of performance obligations.

The revenue recognized for performance obligations that have been satisfied (or partially satisfied) in prior periods is immaterial.

2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations at the end of the fiscal year ended March 31, 2024 and 2025 were ¥119,841 million and ¥153,640 million (\$1,027,554 thousand), respectively. The remaining performance obligation relates primarily to construction contracts, and as of March 31, 2025, the Company expects to recognize revenue over a period of up to 4 years as construction progresses.

15. Segment Information

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group is active in the construction business and the real estate business in Japan and foreign countries.

Therefore, the Group consists of regional segments which are based on each business. Reportable segments of the construction business are "Japan" and "Southeast Asia (Singapore, Malaysia, Indonesia, Thailand and Vietnam)", and those of the real estate business are "Japan" and "Southeast Asia (Malaysia)".

2. Methods of measurement for the amounts of sales, income (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in "3. Summary of Significant Accounting Policies".

3. Information on sales, income (loss), assets and other items for each reportable segment was as follows:

	Millions of yen									
	Reportable segments									
	Construction			Real estate						
For the year ended March 31, 2024	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:										
Customers	¥ 83,697	¥ 22,299	¥ 105,997	¥ 1,298	¥ 2	¥ 1,301	¥ 117	¥ 107,415	¥ —	¥107,415
Inter-segment	0	—	0	6	—	6	—	6	(6)	—
Total	83,697	22,299	105,997	1,305	2	1,307	117	107,422	(6)	107,415
Segment income	1,585	966	2,551	604	0	605	28	3,185	0	3,185
Segment assets	27,491	19,151	46,642	14,470	81	14,552	441	61,636	18,980	80,616
Other items:										
Depreciation	¥ 200	¥ 91	¥ 291	¥ 203	¥ 1	¥ 205	¥ 45	¥ 542	¥ —	¥ 542
Amortization of goodwill	93	—	93	—	—	—	—	93	—	93
Impairment loss	311	11	323	2	—	2	0	327	—	327
Investments in equity method subsidiaries	163	—	163	—	—	—	—	163	—	163
Increase in property, plant and equipment and intangible assets	369	171	541	138	—	138	0	680	—	680

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

2. An adjustment of "Segment assets" in an amount of ¥18,980 million was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (Cash and deposits) and long-term investment fund (Investment securities) of the Company.

3. Segment income is adjusted with Operating income in the accompanying consolidated statements of income.

										Millions of yen										
For the year ended March 31, 2025	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)										
	Construction			Real estate																
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total														
Net sales:																				
Customers	¥	81,060	¥	28,023	¥	109,084	¥	1,317	¥	3	¥	1,320	¥	134	¥	110,538	¥	—	¥	110,538
Inter-segment		5		—		5		3		—		3		—		8		(8)		—
Total		81,066		28,023		109,089		1,320		3		1,323		134		110,547		(8)		110,538
Segment income		2,588		1		2,589		658		0		659		30		3,279		1		3,280
Segment assets		33,545		22,133		55,678		14,272		84		14,357		401		70,437		10,231		80,669
Other items:																				
Depreciation	¥	226	¥	133	¥	359	¥	205	¥	1	¥	207	¥	40	¥	608	¥	—	¥	608
Amortization of goodwill		92		—		92		—		—		—		—		92		—		92
Investments in equity method subsidiaries		166		—		166		—		—		—		—		166		—		166
Increase in property, plant and equipment and intangible assets		214		191		406		74		—		74		2		483		—		483

Thousands of U.S. dollars										
For the year ended March 31, 2025	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total				
Net sales:										
Customers	\$ 542,134	\$ 187,419	\$ 729,561	\$ 8,808	\$ 20	\$ 8,828	\$ 896	\$ 739,285	\$ —	\$ 739,285
Inter-segment	33	—	33	20	—	20	—	53	(53)	—
Total	542,174	187,419	729,594	8,828	20	8,848	896	739,345	(53)	739,285
Segment income	17,308	6	17,315	4,400	0	4,407	200	21,930	6	21,936
Segment assets	224,351	148,027	372,378	95,452	561	96,020	2,681	471,087	68,425	539,519
Other items:										
Depreciation	\$ 1,511	\$ 889	\$ 2,401	\$ 1,371	\$ 6	\$ 1,384	\$ 267	\$ 4,066	\$ —	\$ 4,066
Amortization of goodwill	615	—	615	—	—	—	—	615	—	615
Investments in equity method subsidiaries	1,110	—	1,110	—	—	—	—	1,110	—	1,110
Increase in property, plant and equipment and intangible assets	1,431	1,277	2,715	494	—	494	13	3,230	—	3,230

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

2. An adjustment of "Segment assets" in an amount of ¥10,231 million (\$68,425 thousand) was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (Cash and deposits) and long-term investment fund (Investment securities) of the Company.

3. Segment income is adjusted with Operating income in the accompanying consolidated statements of income.

16. Per Share Information

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share was not presented for the years ended March 31, 2024 and 2025 since the Company had no potentially dilutive shares outstanding as of the balance sheet dates.

Net assets per share is computed based on the number of shares of common stock outstanding as of the balance sheet dates.

Net assets and net income per share for the years ended March 31, 2024 and 2025 were as follows:

		Yen	U.S. dollars
For the year ended March 31	2024	2025	2025
Net assets per share	¥1,183.07	¥1,246.51	\$ 8.34
Basic net income per share	76.98	84.51	0.57

(Notes): 1. Net assets per share was calculated based on the following information:

		Millions of yen	Thousands of U.S. dollars
As of March 31	2024	2025	2025
Total net assets	¥ 42,159	¥ 44,458	\$ 297,338
Deductions from total net assets:			
Non-controlling interests	(1,502)	(1,622)	(10,848)
Net assets attributable to common stock	¥ 40,656	¥ 42,835	\$ 286,483
Number of shares of common stock used in computing net assets per share (in thousand shares)	34,365	34,364	34,364

2. Net income per share was calculated based on the following information:

		Millions of yen	Thousands of U.S. dollars
For the year ended March 31	2024	2025	2025
Profit attributable to owners of parent	¥ 2,645	¥ 2,904	\$ 19,422
Amount not attributable to common stock shareholders	—	—	—
Profit attributable to common stock of owners of parent	¥ 2,645	¥ 2,904	\$ 19,422
Average number of shares of common stock during the year (in thousand shares)	34,366	34,365	34,365

17. Bonds Payable

Not applicable.

18. Loans Payable and Other Debts Short-term loans payable, Long-term loans payable and other debts as of March 31, 2024 and 2025 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Maturity
	2024	2025	2025		
Short-term loans payable	¥ 470	¥ 470	\$ 3,143	1.42	—
Current portion of long-term loans payable	148	154	1,029	0.86	—
Current portion of lease obligations	153	162	1,083	—	—
Long-term loans payable excluding current portion	204	50	334	0.98	Aug. 25, 2026 - Feb. 25, 2027
Lease obligations excluding current portion	196	116	775	—	Apr. 30, 2026 - Jun. 30, 2029
Total	¥ 1,172	¥ 953	\$ 6,373	—	—

(Notes):1. "Average interest rate" represents the weighted average interest rate on loans payable outstanding as of the balance sheet date. "Average interest rate" of Lease obligations is not shown since interest equivalent amounts included in the aggregated lease premiums are allocated to each fiscal year using the straight-line method.

2. The following was a summary of annual maturities of loans payable and lease obligations subsequent to March 31, 2025:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term loans payable	Lease obligations	Long-term loans payable	Lease obligations
2026	¥ 154	¥ 162	\$ 1,029	\$ 1,083
2027	50	84	334	561
2028	—	24	—	160
2029	—	5	—	33
2030	—	0	—	0
2031 and thereafter	—	—	—	—
Total	¥ 204	¥ 279	\$ 1,364	\$ 1,865

19. Dividends

At the Annual General Meeting of Shareholders held on June 27, 2024, it was resolved to distribute the year-end cash dividends of ¥16 per share of common stock of the Company.

The aggregate amount of such cash dividends was ¥549 million.

At the Annual General Meeting of Shareholders held on June 26, 2025, it was resolved to distribute the year-end cash dividends of ¥22 (\$0.15) per share of common stock of the Company.

The aggregate amount of such cash dividends was ¥756 million (\$5,056 thousand).

20. Subsequent Events

Not applicable.

SUPPLEMENTAL INFORMATION

NONCONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION

As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Assets			
Current assets:			
Cash and deposits	¥ 13,782	¥ 5,670	\$ 37,921
Notes receivable - trade	437	8	53
Electronically recorded monetary claims - operating	999	458	3,063
Accounts receivable from completed construction contracts	15,162	21,127	141,298
Costs on uncompleted construction contracts	902	692	4,628
Costs on real estate business	43	43	287
Raw materials and supplies	3	1	6
Accounts receivable - other	2,456	1,651	11,042
Other	519	1,987	13,289
Allowance for doubtful accounts	(16)	(4)	(26)
Total current assets	34,291	31,636	211,583
Non-current assets:			
Property, plant and equipment			
Buildings	9,991	10,086	67,455
Accumulated depreciation	(4,400)	(4,635)	(30,999)
Buildings, net	5,591	5,450	36,449
Structures	182	183	1,223
Accumulated depreciation	(150)	(154)	(1,029)
Structures, net	32	29	193
Machinery and equipment	774	776	5,189
Accumulated depreciation	(448)	(490)	(3,277)
Machinery and equipment, net	325	286	1,912
Vehicles	11	11	73
Accumulated depreciation	(11)	(11)	(73)
Vehicles, net	0	0	0
Tools, furniture and fixtures	453	490	3,277
Accumulated depreciation	(344)	(384)	(2,568)
Tools, furniture and fixtures, net	109	106	708
Land	11,031	11,031	73,776
Lease assets	231	221	1,478
Accumulated depreciation	(56)	(93)	(621)
Lease assets, net	174	127	849
Total property, plant and equipment	17,264	17,032	113,911
Intangible assets			
Total intangible assets	200	250	1,672
Investments and other assets			
Investment securities	2,837	2,798	18,713
Stocks of subsidiaries and affiliates	4,440	4,440	29,695
Insurance funds	31	31	207
Prepaid pension cost	297	528	3,531
Other	373	373	2,494
Allowance for doubtful accounts	(12)	(11)	(73)
Total investments and other assets	7,967	8,160	54,574
Total non-current assets	25,433	25,442	170,157
Total assets	¥ 59,725	¥ 57,079	\$ 381,748

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Liabilities			
Current liabilities:			
Notes payable – trade	¥ 172	¥ 148	\$ 989
Electronically recorded obligations - operating	9,360	3,947	26,397
Accounts payable for construction contracts	10,271	8,402	56,193
Short-term loans payable	618	624	4,173
Lease obligations	58	59	394
Income taxes payable	290	547	3,658
Advances received on uncompleted construction contracts	6,406	9,010	60,259
Provision for warranties for completed construction	285	266	1,779
Provision for loss on construction contracts	73	9	60
Provision for bonuses	566	765	5,116
Other	846	1,083	7,243
Total current liabilities	28,949	24,865	166,298
Non-current liabilities:			
Long-term loans payable	204	50	334
Lease obligations	133	81	541
Deferred tax liabilities	284	259	1,732
Provision for retirement benefits	48	45	300
Long-term deposits received	537	548	3,665
Other	126	131	876
Total non-current liabilities	1,335	1,116	7,463
Total liabilities	30,284	25,981	173,762
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	5,061	5,061	33,848
Capital surplus			
Legal capital surplus	1,400	1,400	9,363
Total capital surplus	1,400	1,400	9,363
Retained earnings			
Other retained earnings			
Retained earnings brought forward	21,727	23,378	156,353
Total retained earnings	21,727	23,378	156,353
Less: Treasury stock, at cost			
132,361 shares in 2024 and 133,324 shares in 2025	(35)	(36)	(240)
Total shareholders' equity	28,153	29,804	199,331
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	1,287	1,293	8,647
Total valuation and translation adjustments	1,287	1,293	8,647
Total net assets	29,440	31,097	207,978
Total liabilities and net assets	¥ 59,725	¥ 57,079	\$ 381,748

NONCONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION

For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales:			
Net sales of completed construction contracts	¥ 81,493	¥ 78,452	\$ 524,692
Sales on real estate business	1,214	1,289	8,620
Sales on other business	93	87	581
Total net sales	82,801	79,828	533,895
Cost of sales:			
Cost of sales of completed construction contracts	75,451	71,075	475,354
Cost of sales on real estate business	638	613	4,099
Cost of sales on other business	59	57	381
Total cost of sales	76,149	71,746	479,842
Gross profit:			
Gross profit on completed construction contracts	6,042	7,376	49,331
Gross profit - real estate business	575	676	4,521
Gross profit - other business	34	29	193
Total gross profit	6,652	8,081	54,046
Selling, general and administrative expenses	4,806	5,266	35,219
Operating income	1,846	2,815	18,826
Non-operating income:			
Interest income	28	55	367
Dividend income	65	85	568
Foreign exchange gains	174	—	—
Other	24	8	53
Total non-operating income	291	149	996
Non-operating expenses:			
Interest expenses	8	11	73
Foreign exchange losses	—	20	133
Other	0	0	0
Total non-operating expenses	8	31	207
Ordinary income	2,129	2,932	19,609
Extraordinary income:			
Gain on sales of non-current assets	—	0	0
Gain on sales of investment securities	—	85	568
Total extraordinary income	—	86	575
Extraordinary losses:			
Impairment loss	327	—	—
Loss on litigation	64	24	160
Settlement payment	—	70	468
Other	1	5	33
Total extraordinary losses	393	100	668
Profit before income taxes	1,735	2,918	19,515
Income taxes:			
Income taxes - current	628	769	5,143
Income taxes - deferred	31	(52)	(347)
Total income taxes	659	717	4,795
Profit	¥ 1,075	¥ 2,201	\$ 14,720

CORPORATE PROFILE

Company Outline (As of March 31, 2025)

Company Name	NAKANO CORPORATION
Headquarters	4-2-28 Kudan-kita, Chiyoda-ku, Tokyo 102-0073, Japan
Foundation	February 8, 1933
Established	December 19, 1942
Capitalization	¥5,061,678,686
Employees	1,357(Group)
Stock Listing	Tokyo Stock Exchange, Standard Market
Primary Business	Domestic Construction Business International Construction Business Real Estate Business

Board of Directors/Board of Corporate Auditors (As of September 24, 2025)

President	Takashi Iizuka	
Executive Vice President	Yoshinobu Oshima	
Directors	Yorinobu Kato	Noboru Ogoyama
Outside Directors	Moriyasu Kawamura	Makoto Fukuda
	Mitsuharu Kotaka	
Standing Corporate Auditors	Koichiro Nakano	Shunji Goto
Corporate Auditors	Kohei Yamaya	Hideaki Sekizawa

Main Affiliated Financial Institutions

MUFG Bank, Ltd.	The Shoko Chukin Bank, Ltd.
Mizuho Bank, Ltd.	The Yamanashi Chuo Bank, Ltd.
The Bank of Yokohama, Ltd.	

Major Shareholders

Oshima Scholarship Foundation	Kanto Kogyo Co., Ltd.
Yoshikazu Oshima	Marine Dream Co., Ltd.
MB Service Co., Ltd.	MUFG Bank, Ltd.

Domestic Offices

Headquarters	Tokyo Main Office
Tohoku Regional Office	Nagoya Regional Office
Osaka Regional Office	Kyushu Regional Office
Taito Branch Office	Hokkaido Branch Office
Kita Tohoku Branch Office	Kita Kanto Branch Office
Higashi Kanto Branch Office	Yokohama Branch Office
Sales Offices (Mie, Kita Kyushu)	

International Offices

Nakano Singapore (Pte.) Ltd. (Singapore)	Nakano Construction Sdn. Bhd. (Malaysia)
PT. Indonakano (Indonesia)	Thai Nakano Co., Ltd. (Thailand)
Nakano Vietnam Co., Ltd. (Vietnam)	

Industry Affiliations

Japan Federation of Construction Contractors	National General Contractors Association of Japan
The Associated General Contractors of Tokyo	Japan Association of Representative General Contractors
General Contractors Association of Osaka	



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