



Annual Report 2026

Fiscal year ended March 31, 2026



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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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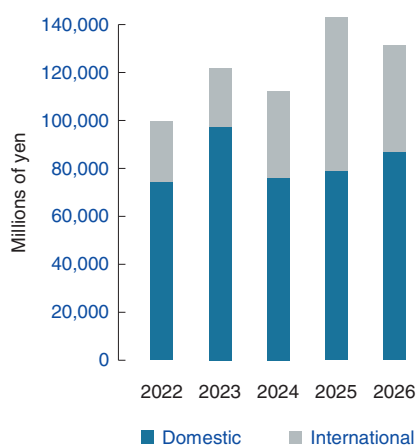
FINANCIAL HIGHLIGHTS

NAKANO CORPORATION and its subsidiaries
Years ended March 31, 2022 through 2026

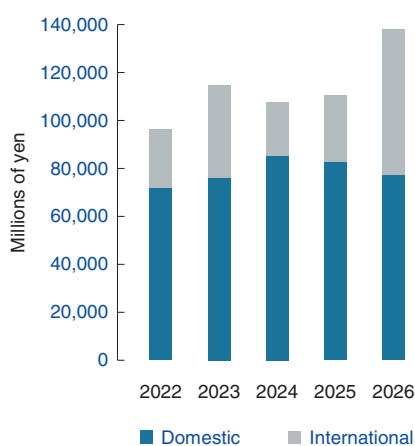
	2022	2023	2024	2025	2026	2026
	Millions of yen					Thousands of U.S. dollars
Contract awards	¥ 99,807	¥ 121,538	¥ 112,102	¥ 142,895	¥ 131,264	\$ 821,015
Net sales	96,470	114,459	107,415	110,538	138,071	863,591
Operating income (loss)	(840)	2,859	3,185	3,280	5,375	33,618
Ordinary income (loss)	(627)	3,134	3,835	3,724	5,996	37,503
Profit (loss) attributable to owners of parent	(1,594)	1,914	2,645	2,904	4,385	27,426
Comprehensive income	(920)	2,602	4,770	2,849	7,815	48,880
Total net assets	35,576	37,839	42,159	44,458	51,392	321,441
Total assets	82,190	79,673	80,616	80,669	100,783	630,366
Net cash provided by (used in) operating activities	11,515	2,170	(2,086)	(4,375)	10,419	65,167
Net cash provided by (used in) investing activities	(2,684)	(256)	(28)	(398)	548	3,427
Net cash provided by (used in) financing activities	(5,739)	(776)	(801)	(891)	(1,922)	(12,021)
Cash and cash equivalents at end of period	25,632	27,426	25,570	20,046	30,803	192,663
	Yen					U.S. dollars
Per share of common stock (in yen and U.S. dollars)						
Net assets	¥ 1,001.72	¥ 1,063.68	¥ 1,183.07	¥ 1,246.51	¥ 1,447.62	\$ 9.05
Net income (loss)	(46.39)	55.72	76.98	84.51	127.60	0.80
Cash dividends applicable to the year	10.00	13.00	16.00	22.00	38.00	0.24
Number of employees	1,278	1,315	1,331	1,357	1,394	

Note: The rate of ¥159.88=US\$1.00, the foreign exchange rate on March 31, 2026, has been used for translation.

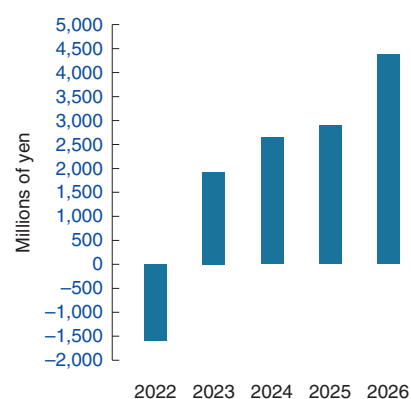
Contract Awards



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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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
Net sales of completed construction contracts of ¥136,555 million (\$729,561 thousand) was recorded on the consolidated statements of income for the fiscal year ended March 31, 2026. Of this, ¥132,538 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. 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. 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. 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	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. (1) Assessment of internal control 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. - 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. (2) Assessment of rationality of estimates of total construction revenue, total construction cost, and progress We selected construction projects that exceeded a certain scale in terms of construction contract value and other criteria and performed the following procedures. (i) Assessment of rationality of estimate of total construction revenue - 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. (ii) Assessment of rationality of estimate of total construction cost - 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.

due to customer requests and company proposals, and fluctuations in the price of raw materials and labor cost markets, among other factors. 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. We therefore consider this to be a key audit matter.	• We reviewed working budgets and construction 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. • We compared the total construction cost estimated as of the end of consolidated fiscal year with the one determined after March 31, 2026, 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. (iii) Assessment of rationality of estimate of progress • 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 Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

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.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2026, 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 ¥36 million (\$ 225 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, 2026

CONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION and its subsidiaries
As of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Assets			
Current assets:			
Cash and deposits (Notes 7 and 9)	¥ 20,961	¥ 30,957	\$ 193,626
Notes receivable, accounts receivable from completed construction contracts and other (Notes 4, 9 and 14)	26,921	35,757	223,648
Securities	—	8	50
Costs on uncompleted construction contracts (Note 4)	1,826	1,420	8,881
Costs on real estate business	45	45	281
Real estate for sale and development projects in progress	19	17	106
Raw materials and supplies	3	7	43
Accounts receivable - other	2,447	2,369	14,817
Other	2,392	1,711	10,701
Allowance for doubtful accounts	(187)	(194)	(1,213)
Total current assets	54,430	72,099	450,956
Non-current assets:			
Property, plant and equipment (Notes 4 and 13)			
Buildings and structures (Note 7)	11,156	11,336	70,903
Machinery, vehicles, tools, furniture and fixtures (Note 7 and 8)	2,556	2,907	18,182
Land	11,368	11,485	71,835
Construction in progress	0	—	—
Accumulated depreciation	(6,993)	(7,712)	(48,236)
Total property, plant and equipment	18,088	18,017	112,690
Intangible assets			
Goodwill	277	184	1,150
Leasehold right	1,282	1,409	8,812
Other	142	111	694
Total intangible assets	1,702	1,704	10,657
Investments and other assets			
Investment securities (Notes 4, 9 and 10)	4,402	5,978	37,390
Net defined benefit asset (Note 11)	1,473	2,619	16,381
Deferred tax assets (Note 12)	55	57	356
Other	527	312	1,951
Allowance for doubtful accounts	(11)	(6)	(37)
Total investments and other assets	6,448	8,961	56,048
Total non-current assets	26,238	28,684	179,409
Total assets	¥ 80,669	¥ 100,783	\$ 630,366

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Liabilities			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 9)	¥ 20,201	¥ 28,895	\$ 180,729
Short-term loans payable (Notes 4, 9 and 18)	624	50	312
Income taxes payable	610	1,071	6,698
Advances received on uncompleted construction contracts (Notes 4 and 14)	9,796	11,400	71,303
Provision for warranties for completed construction	267	225	1,407
Provision for loss on construction contracts (Note 4)	9	30	187
Provision for bonuses	787	813	5,085
Other (Note 18)	1,558	4,124	25,794
Total current liabilities	33,855	46,611	291,537
Non-current liabilities:			
Long-term loans payable (Notes 9 and 18)	50	—	—
Deferred tax liabilities (Note 12)	1,089	1,549	9,688
Provision for retirement benefits for directors	45	50	312
Net defined benefit liability (Note 11)	336	383	2,395
Other (Note 18)	834	797	4,984
Total non-current liabilities	2,355	2,780	17,388
Total liabilities	36,210	49,391	308,925
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	5,061	5,061	31,654
Capital surplus	1,400	1,400	8,756
Retained earnings	32,754	36,383	227,564
Less: Treasury stock, at cost			
133,324 shares in 2025 and 134,152 shares in 2026	(36)	(37)	(231)
Total shareholders' equity	39,180	42,808	267,750
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	1,450	2,522	15,774
Foreign currency translation adjustment	1,557	3,105	19,420
Remeasurements of defined benefit plans (Note 11)	647	1,309	8,187
Total accumulated other comprehensive income	3,655	6,937	43,388
Non-controlling interests:	1,622	1,646	10,295
Total net assets	44,458	51,392	321,441
Total liabilities and net assets	¥ 80,669	¥ 100,783	\$ 630,366

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, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Net sales:			
Net sales of completed construction contracts	¥ 109,084	¥ 136,555	\$ 854,109
Sales on real estate business (Note 13)	1,320	1,368	8,556
Sales on other business	134	147	919
Total net sales (Notes 5 and 14)	110,538	138,071	863,591
Cost of sales:			
Cost of sales of completed construction contracts (Note 5)	99,137	122,977	769,183
Cost of sales on real estate business (Note 13)	540	563	3,521
Cost of sales on other business	91	83	519
Total cost of sales	99,769	123,624	773,229
Gross profit:			
Gross profit on completed construction contracts	9,946	13,577	84,919
Gross profit - real estate business	780	804	5,028
Gross profit - other business	43	63	394
Total gross profit	10,769	14,446	90,355
Selling, general and administrative expenses (Note 5)	7,488	9,070	56,730
Operating income	3,280	5,375	33,618
Non-operating income:			
Interest income	353	379	2,370
Dividend income	92	108	675
Foreign exchange gains	—	110	688
Share of profit of entities accounted for using equity method	3	13	81
Other	34	33	206
Total non-operating income	484	644	4,028
Non-operating expenses:			
Interest expenses	19	22	137
Foreign exchange losses	19	—	—
Other	1	1	6
Total non-operating expenses	40	23	143
Ordinary income	3,724	5,996	37,503
Extraordinary income:			
Gain on sales of non-current assets (Note 5)	9	3	18
Gain on sales of investment securities (Notes 5 and 10)	85	—	—
Gain on redemption of investment securities	2	17	106
Total extraordinary income	97	21	131
Extraordinary losses:			
Impairment loss (Note 7)	—	108	675
Settlement payment	70	—	—
Other	44	17	106
Total extraordinary losses	114	125	781
Profit before income taxes	3,708	5,892	36,852
Income taxes:			
Income taxes - current	874	1,856	11,608
Income taxes - deferred (Note 12)	(104)	(340)	(2,126)
Total income taxes	770	1,516	9,482
Profit	2,937	4,375	27,364
Profit (loss) attributable to non-controlling interests	33	(9)	(56)
Profit attributable to owners of parent	¥ 2,904	¥ 4,385	\$ 27,426

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, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Profit	¥ 2,937	¥ 4,375	\$ 27,364
Other comprehensive income:			
Valuation difference on available-for-sale securities	(19)	1,071	6,698
Foreign currency translation adjustment	170	1,705	10,664
Remeasurements of defined benefit plans	(239)	662	4,140
Total other comprehensive income (Note 6)	(87)	(3,440)	21,516
Comprehensive income	¥ 2,849	¥ 7,815	\$ 48,880
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 2,729	¥ 7,666	\$ 47,948
Comprehensive income attributable to non-controlling interests	120	149	931

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, 2025 and 2026

Millions of yen

	Shareholders' Equity					Accumulated other comprehensive income						
	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	Non-controlling interests	Total net assets	
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	
Changes of items during period												
Dividends from surplus			(756)		(756)						(756)	
Profit attributable to owners of parent			4,385		4,385						4,385	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						1,071	1,547	662	3,281	23	3,305	
Total changes of items during period	—	—	3,628	(0)	3,628	1,071	1,547	662	3,281	23	6,933	
Balance as at March 31, 2026	¥ 5,061	¥ 1,400	¥ 36,383	¥ (37)	¥ 42,808	¥ 2,522	¥ 3,105	¥ 1,309	¥ 6,937	¥ 1,646	¥ 51,392	

Thousands of U.S. dollars (Note 2)

	Shareholders' Equity					Accumulated other comprehensive income						
	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	Non-controlling interests	Total net assets	
Balance as at March 31, 2025	\$ 31,654	\$ 8,756	\$204,866	\$ (225)	\$245,058	\$ 9,069	\$ 9,738	\$ 4,046	\$ 22,860	\$ 10,145	\$278,071	
Changes of items during period												
Dividends from surplus			(4,728)		(4,728)						(4,728)	
Profit attributable to owners of parent			27,426		27,426						27,426	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						6,698	9,676	4,140	20,521	143	20,671	
Total changes of items during period	—	—	22,692	(0)	22,692	6,698	9,676	4,140	20,521	143	43,363	
Balance as at March 31, 2026	\$ 31,654	\$ 8,756	\$227,564	\$ (231)	\$267,750	\$ 15,774	\$ 19,420	\$ 8,187	\$ 43,388	\$ 10,295	\$321,441	

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, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2026	2026
Cash flows from operating activities:			
Profit before income taxes	¥ 3,708	¥ 5,892	\$ 36,852
Adjustments for:			
Depreciation and amortization	608	884	5,529
Impairment loss	—	108	675
Amortization of goodwill	92	92	575
Increase (decrease) in allowance for doubtful accounts	(6)	(9)	(56)
Increase (decrease) in net defined benefit liability	37	28	175
Decrease (increase) in net defined benefit asset	(231)	(177)	(1,107)
Increase (decrease) in provision for loss on construction contracts	(162)	20	125
Loss (gain) on sales of investment securities	(85)	—	—
Interest and dividend income	(446)	(487)	(3,046)
Interest expenses	19	22	137
Loss (gain) on sales of non-current assets	(9)	(3)	(18)
Decrease (increase) in notes and accounts receivable – trade	(4,785)	(7,657)	(47,892)
Decrease (increase) in costs on uncompleted construction contracts	(182)	463	2,895
Increase (decrease) in notes and accounts payable - trade	(5,362)	7,357	46,015
Increase (decrease) in advances received on uncompleted construction contracts	2,865	1,570	9,819
Decrease/increase in consumption taxes receivable/payable	859	(353)	(2,207)
Other, net	(1,137)	3,658	22,879
Subtotal	(4,219)	11,408	71,353
Interest and dividend income received	446	490	3,064
Interest expenses paid	(18)	(20)	(125)
Income taxes refund (paid)	(588)	(1,463)	(9,150)
Other, net	4	3	18
Net cash provided by (used in) operating activities	(4,375)	10,419	65,167
Cash flows from investing activities:			
Payments into time deposits	(877)	(843)	(5,272)
Proceeds from withdrawal of time deposits	617	1,657	10,364
Purchase of property, plant and equipment	(261)	(280)	(1,751)
Proceeds from sales of property, plant and equipment	9	3	18
Purchase of intangible assets	(93)	(15)	(93)
Proceeds from sales of investment securities	158	—	—
Other, net	48	26	162
Net cash provided by (used in) investing activities	(398)	548	3,427
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	—	(470)	(2,939)
Repayments of long-term loans payable	(148)	(154)	(963)
Cash dividends paid	(550)	(753)	(4,709)
Dividends paid to non-controlling interests	—	(125)	(781)
Other, net	(192)	(419)	(2,620)
Net cash provided by (used in) financing activities	(891)	(1,922)	(12,021)
Effect of exchange rate change on cash and cash equivalents	140	1,711	10,701
Net increase (decrease) in cash and cash equivalents	(5,524)	10,756	67,275
Cash and cash equivalents at beginning of period	25,570	20,046	125,381
Cash and cash equivalents at end of period (Note 7)	¥ 20,046	¥ 30,803	\$ 192,663

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	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. 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 2025 financial statements to conform to the classifications used in 2026.
2. U.S. Dollar Amounts	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 ¥159.88 to U.S.\$1, the rate of exchange prevailing at March 31, 2026, 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.
3. Summary of Significant Accounting Policies	a. Consolidation 1) Scope of Consolidation The Company had 15 subsidiaries as of March 31, 2026. The consolidated financial statements for the year ended March 31, 2026 include the accounts of the Company and all subsidiaries. The Company had 5 affiliates as of March 31, 2026. As of March 31, 2026, 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. 2) Financial Statements of Subsidiaries 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. b. Securities Securities are classified and accounted for as follows: Available-for-sale securities 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. 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. c. Inventories Costs on uncompleted construction contracts are stated at cost determined by the specific identification method. 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. d. Property, Plant and Equipment (excluding lease assets) 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. Foreign consolidated subsidiaries use primarily the straight-line method.

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 Group 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 consolidated 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.

Past service cost is amortized commencing in the year in which it arises by the straight-line method over a period (11 years) which is shorter than the average remaining years of service of 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
	2025	2026	2026
Net sales of completed construction contracts	¥ 105,207	¥ 132,537	\$ 828,977

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. 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) Impact of 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
	2025	2026	2026
Notes receivable - trade	¥ 8	¥ —	\$ —
Electronically recorded monetary claims - operating	473	962	6,017
Accounts receivable from completed construction contracts and other	8,417	17,249	107,887
Contract Assets	18,022	17,544	109,732

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Buildings	¥ 501	¥ 516	\$ 3,227
Land	5,487	5,487	34,319
Investment securities	951	1,250	7,818
Total	¥ 6,940	¥ 7,255	\$ 45,377
Short-term loans payable	¥ 354	¥ —	\$ —
Long-term loans payable	—	—	—
Total	¥ 354	¥ —	\$ —

Investment securities of ¥951 million as of March 31, 2025 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 ¥1,250 million (\$7,818 thousand) as of March 31, 2026 include ¥4 million (\$25 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
	2025	2026	2026
Guarantees to financial institutions, etc. to ensure the completion of construction contracts of Nakano Singapore (Pte.) Ltd. and its subsidiaries	¥ 7,758	¥ 5,049	\$ 31,579

4. “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.

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Investment securities (Equity securities)	¥ 196	¥ 209	\$ 1,307

6. 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
	2025	2026	2026
Advances received on uncompleted construction contracts	¥ 9,796	¥ 11,400	\$ 71,303

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:

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31	2025	2026	2026
Provision for loss on construction contracts	¥ 9	¥ 26	\$ 162

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

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31	2025	2026	2026
Employees' salaries and allowances	¥ 3,398	¥ 4,418	\$ 27,633
Provision for bonuses	350	395	2,470
Retirement benefit expenses	31	59	369
Provision of allowance for doubtful accounts	(6)	(9)	(56)
Depreciation	273	283	1,770

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

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31	2025	2026	2026
Research and development costs	¥ 131	¥ 156	\$ 975

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

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31	2025	2026	2026
Machinery	¥ 3	¥ 1	\$ 6
Vehicles	5	2	12
Land	0	—	—
Other	0	0	0
Total	¥ 9	¥ 3	\$ 18

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
				2025	2026	2026
PT. Indonakano	Indonesia	Operating assets	Buildings	¥ —	¥ 27	\$ 168
			Vehicles	—	6	37
			Tools, furniture and fixtures		41	256
			Others		6	37
			Total	¥ —	¥ 82	\$ 512
Thai Nakano Co.,Ltd.	Thailand	Operating assets	Machinery	¥ —	¥ 1	\$ 6
			Vehicles	—	13	81
			Tools, furniture and fixtures		10	62
			Others		0	0
			Total	¥ —	¥ 25	\$ 156
Total				¥ —	¥ 108	\$ 675

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, 2026, The book value of business assets held by consolidated subsidiaries, which are grouped into business assets for the construction business, was reduced to the recoverable amount as the said consolidated subsidiaries continuously incurred negative earnings from operating activities, and that amount of reduction was recognized as Impairment loss under extraordinary losses.

The recoverable amount of such assets was measured based on the value in use, and the consolidated subsidiaries whose operating activities continuously generated negative earnings were evaluated to have recoverable amount of zero as its future cash flow are not expected.

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		2025	2026	2026
Valuation difference on available-for-sale securities				
Amount arising during the year	¥	69	¥ 1,570	\$ 9,819
Reclassification adjustments		(72)	—	—
Total before income tax and tax effect		(2)	1,570	9,819
Income Tax and tax effect		(16)	(498)	(3,114)
Valuation difference on available-for-sale securities		(19)	1,071	6,698
Foreign currency translation adjustments				
Amount arising during the year		170	1,705	10,664
Reclassification adjustments		—	—	—
Total before income tax and tax effect		170	1,705	10,664
Income Tax and tax effect		—	—	—
Foreign currency translation adjustments		170	1,705	10,664
Remeasurements of defined benefit plans				
Amount arising during the year		(142)	1,106	6,917
Reclassification adjustments		(190)	(138)	(863)
Total before income tax and tax effect		(333)	967	6,048
Income Tax and tax effect		93	(305)	(1,907)
Remeasurements of defined benefit plans		(239)	662	4,140
Total other comprehensive income	¥	(87)	¥ 3,440	\$ 21,516

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		2025	2026	2026
Cash and deposits per consolidated balance sheets	¥	20,961	¥ 30,957	\$ 193,626
Less: Time deposits maturing over 3 months		(914)	(154)	(963)
Cash and cash equivalents per consolidated statements of cash flows	¥	20,046	¥ 30,803	\$ 192,663

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, 2025 and 2026 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	
	2025	2026	2025	2026
(As lessee)				
Due in 1 year	¥ 21	¥ 14	\$ 87	
Due after 1 year	14	—	—	
Total	¥ 36	¥ 14	\$ 87	
(As lessor)				
Due in 1 year	¥ 54	¥ 111	\$ 694	
Due after 1 year	238	205	1,282	
Total	¥ 293	¥ 317	\$ 1,982	

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, 2025 and 2026 were as follows:

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)

1. Cash and deposits, Accounts receivable-other, Notes payable, accounts payable for construction contracts and other, Short-term loans payable and Income taxes 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, 2025	Millions of yen
Unlisted equity securities	¥ 1,407

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

As of March 31, 2026	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥ 35,757		
Allowance for doubtful accounts (Note 2)	(192)		
	¥ 35,565	¥ 35,565	¥ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	4,451	4,451	—
Corporate bonds	100	100	—
Others	13	13	—
Assets total	¥ 40,130	¥ 40,130	¥ —
Long-term loans payable (Note 4)	¥ 50	¥ 50	¥ —
Liabilities total	¥ 50	¥ 50	¥ —

As of March 31, 2026	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	\$ 223,648		
Allowance for doubtful accounts (Note 2)	(1,200)		
	\$ 222,448	\$ 222,448	\$ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	27,839	27,839	—
Corporate bonds	625	625	—
Others	81	81	—
Assets total	\$ 250,993	\$ 250,993	\$ —
Long-term loans payable (Note 4)	\$ 312	\$ 312	\$ —
Liabilities total	\$ 312	\$ 312	\$ —

1. Cash and deposits, Accounts receivable-other, Notes payable, accounts payable for construction contracts and other, Short-term loans payable and Income taxes 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, 2026	Millions of yen	Thousands of U.S. dollars
Unlisted equity securities	¥ 1,420	\$ 8,881

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, 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, 2026	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	¥ 30,957	¥ —	¥ —	¥ —	—
Notes receivable, accounts receivable from completed construction contracts and other	35,757	—	—	—	—
Investment securities					
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	—	100
Available-for-sale securities with contractual maturities (Others)	8	—	5	—	—
Total	¥ 66,723	¥ —	¥ 5	¥ —	100

As of March 31, 2026	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	\$ 193,626	\$ —	\$ —	\$ —	—
Notes receivable, accounts receivable from completed construction contracts and other	223,648	—	—	—	—
Investment securities:					
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	—	625
Available-for-sale securities with contractual maturities (Others)	50	—	31	—	31
Total	\$ 417,331	\$ —	\$ 31	\$ —	656

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

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	¥ —	¥ —	¥ —	¥ —

As of March 31, 2026	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	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	50	—	—	—	—	—
Total	¥ 50	¥ —	¥ —	¥ —	¥ —	¥ —

As of March 31, 2026	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
Short-term loans payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans payable	312	—	—	—	—	—
Total	\$ 312	\$ —	\$ —	\$ —	\$ —	\$ —

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

As of March 31, 2025	Millions of yen			
	Fair Value			Total
	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

As of March 31, 2026	Millions of yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	¥ 4,451	¥ —	¥ —	¥ 4,451
Corporate bonds	—	100	—	100
Others	—	13	—	13
Assets Total	¥ 4,451	¥ 113	¥ —	¥ 4,565

As of March 31, 2026	Thousands of U.S. dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	\$ 27,839	\$ —	\$ —	\$ 27,839
Corporate bonds	—	625	—	625
Others	—	81	—	81
Assets Total	\$ 27,839	\$ 706	\$ —	\$ 28,552

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

	Fair Value				Millions of yen	
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

	Fair Value				Millions of yen	
As of March 31, 2026	Level 1	Level 2	Level 3	Total		
Notes receivable, accounts receivable from completed construction contracts and other	¥	—	¥ 35,565	¥	—	¥ 35,565
Assets Total	¥	—	¥ 35,565	¥	—	¥ 35,565
Long-term loans payable	¥	—	¥ 50	¥	—	¥ 50
Liabilities Total	¥	—	¥ 50	¥	—	¥ 50

	Thousands of U.S. dollars			
	Fair Value			
As of March 31, 2026	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	\$ —	\$ 222,448	\$ —	\$ 222,448
Assets Total	\$ —	\$ 222,448	\$ —	\$ 222,448
Long-term loans payable	\$ —	\$ 312	\$ —	\$ 312
Liabilities Total	\$ —	\$ 312	\$ —	\$ 312

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

Securities and 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, 2025 and 2026 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Available-for-sale securities with market value	¥ 2,995	¥ 4,565	\$ 28,552

2. The carrying amount and fair value of held-to-maturity debt securities as of March 31, 2025 and 2026 were as follows:

Not applicable

3. The carrying amount (fair value) and acquisition cost of available-for-sale securities as of March 31, 2025 and 2026 were as follows:

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, 2026	Millions of yen		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 4,449	¥ 761	¥ 3,688
Other	113	105	7
Subtotal	¥ 4,563	¥ 867	¥ 3,696
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	¥ 1	¥ 2	¥ (0)
Bonds	—	—	—
Subtotal	¥ 1	¥ 2	¥ (0)
Total	¥ 4,565	¥ 869	¥ 3,696

As of March 31, 2026	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	\$ 27,827	\$ 4,759	\$ 23,068
Other	706	656	50
Subtotal	\$ 28,540	\$ 5,422	\$ 23,118
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	\$ 6	\$ 12	\$ (6)
Bonds	—	—	—
Subtotal	\$ 6	\$ 12	\$ (6)
Total	\$ 28,552	\$ 5,435	\$ 23,118

(Note) "Unlisted equity securities etc." in an amount of ¥1,407 million as of March 31, 2025 and ¥1,420 million (\$8,881 thousand) as of March 31, 2026 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, 2025 and 2026 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Sales proceeds	¥ 158	¥ —	\$ —
Gain on sales	85	—	—
Loss on sales	—	—	—

5. Securities on which impairment loss was recognized during the years ended March 31, 2025 and 2026 were as follows:

For the year ended March 31, 2025:

There were no securities on which impairment loss was recognized.

For the year ended March 31, 2026:

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, 2025 and 2026 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
	2025	2026	2026
Beginning balance of projected benefit obligations	¥ 3,717	¥ 3,714	\$ 23,229
Service cost	225	212	1,325
Interest cost	39	66	412
Actuarial differences	(33)	(294)	(1,838)
Retirement benefits paid	(247)	(398)	(2,489)
Past service cost	—	(264)	(1,651)
Other	12	6	37
Ending balance of projected benefit obligations	¥ 3,714	¥ 3,041	\$ 19,020

2) The changes in plan assets for the years ended March 31, 2025 and 2026 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
	2025	2026	2026
Beginning balance of plan assets	¥ 5,147	¥ 5,011	\$ 31,342
Expected return of plan assets	102	100	625
Actuarial differences	(175)	546	3,415
Contribution from the employer	179	179	1,119
Retirement benefits paid	(242)	(393)	(2,458)
Ending balance of plan assets	¥ 5,011	¥ 5,443	\$ 34,044

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, 2025 and 2026 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Beginning balance of net defined benefit liability	¥ 154	¥ 158	\$ 988
Retirement benefit expenses	36	48	300
Retirement benefits paid	(32)	(41)	(256)
Ending balance of net defined benefit liability	¥ 158	¥ 165	\$ 1,032

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, 2025 and 2026 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Funded projected benefit obligations	¥ 3,537	¥ 2,824	\$ 17,663
Plan assets	(5,011)	(5,443)	(34,044)
Net	¥ (1,473)	¥ (2,619)	\$ (16,381)
Unfunded projected benefit obligations	336	383	2,395
Net liability recorded in the consolidated balance sheet	¥ (1,137)	¥ (2,236)	\$ (13,985)
Net defined benefit liability	¥ 336	¥ 383	\$ 2,395
Net defined benefit asset	(1,473)	(2,619)	(16,381)
Net liability recorded in the consolidated balance sheet	¥ (1,137)	¥ (2,236)	\$ (13,985)

(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, 2025 and 2026 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Service cost	¥ 225	¥ 212	\$ 1,325
Interest cost	39	66	412
Expected return of plan assets	(102)	(100)	(625)
Amortization of actuarial differences	(190)	(132)	(825)
Amortization of past service cost	—	(6)	(37)
Retirement benefit expenses computed by short-cut method	36	48	300
Other	12	6	37
Retirement benefit expenses on defined benefit plans	¥ 20	¥ 94	\$ 587

6) The component of “Remeasurements of defined benefit plans” under “Other comprehensive income” (before adjusting for tax effects) for the years ended March 31, 2025 and 2026 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Past service cost	¥ —	¥ 258	\$ 1,613
Actuarial differences	¥ (333)	¥ 708	\$ 4,428

7) The component of “Remeasurements of defined benefit plans” under “Accumulated other comprehensive income” (before adjusting for tax effects) as of March 31, 2025 and 2026 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Unrecognized past service cost	¥ —	¥ 258	\$ 1,613
Unrecognized actuarial differences	¥ 945	¥ 1,653	\$ 10,339

8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2025 and 2026 consisted of the following:

As of March 31	2025	2026
Bonds	41%	45%
Equity securities	49	46
Insurance assets (general account)	7	6
Other	3	3
Total	100	1,912

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, 2025 and 2026 were set forth as follows:

For the year ended March 31	2025	2026
Discount rate	1.5%	2.5%
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, 2025 and 2026 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars	
	2025	2026	2025	2026
Required contribution to the defined contribution plans	¥ 66	¥ 64	\$ 400	

12. Deferred Tax Accounting

1. The significant components of Deferred tax assets and liabilities as of March 31, 2025 and 2026 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	
	2025	2026	2025	2026
Deferred tax assets:				
Tax loss carryforwards	¥ 960	¥ 754	\$ 4,716	
Provision for bonuses	263	378	2,364	
Net defined benefit liability	37	36	225	
Allowance for doubtful accounts	35	41	256	
Loss on valuation of real estate for sale	287	295	1,845	
Provision for loss on construction contracts	2	1	6	
Accounts payable for construction contracts	97	274	1,713	
Impairment loss	1,390	1,390	8,694	
Other	448	751	4,697	
Subtotal	3,523	3,924	24,543	
Less: Valuation allowance (Note)	(2,939)	(2,975)	(18,607)	
Deferred tax assets	¥ 583	¥ 949	\$ 5,935	
Deferred tax liabilities:				
Valuation difference on available-for-sale securities	¥ (679)	¥ (1,177)	\$ (7,361)	
Undistributed earnings of foreign consolidated subsidiaries	(395)	(412)	(2,576)	
Net defined benefit asset	(166)	(222)	(1,388)	
Remeasurements of defined benefit plans	(297)	(602)	(3,765)	
Other	(77)	(25)	(156)	
Deferred tax liabilities	¥ (1,616)	¥ (2,440)	\$ (15,261)	
Net deferred tax liabilities	¥ (1,033)	¥ (1,491)	\$ (9,325)	

(Note) Valuation allowance increased by ¥35 million (\$218 thousand). The major reasons for this increase were, despite the decrease in Valuation allowance of ¥215 million (\$1,344 thousand) associated with Tax loss carryforwards, the increase in valuation allowance of ¥97 million (\$606 thousand) and ¥192million (\$1,200 thousand) respectively associated with Provision for bonuses 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, 2025 and 2026 was as follows:

As of March 31	2025	2026
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible income tax purposes	0.7	0.4
Tax rate difference in foreign consolidated subsidiaries	1.2	(2.2)
Undistributed earnings of foreign consolidated subsidiaries	(1.2)	0.3
Inhabitant per capita taxes	0.9	0.6
Refund of income taxes for prior periods	(2.1)	(0.1)
Tax credit for income taxes etc.	(3.7)	(2.9)
Amortization of goodwill	0.8	0.5
Valuation allowance	(8.1)	(1.5)
Effects of changes in tax rate	0.2	(0.3)
Other	1.5	0.3
Actual effective tax rate	20.8	25.7

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, 2025 and 2026 were ¥759 million and ¥773 million (\$4,834 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, 2025 and 2026.

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
		2025	2026	2026
Carrying amounts				
(Note 1):	Beginning balance	¥13,205	¥ 13,086	\$ 81,848
	Increase (decrease) (Note 2)	(118)	(123)	(769)
	Ending balance	¥13,086	¥12,962	\$ 81,073
Fair value (Note 3)		¥22,790	¥23,953	\$149,818

(Notes): 1. The carrying amount is presented after deducting Accumulated depreciation from the acquisition cost.
2. Increase during the year ended March 31, 2025 primarily represents the acquisition of real estate of ¥72 million and decrease is primarily due to Depreciation of ¥203 million.
Increase during the year ended March 31, 2026 primarily represents the acquisition of real estate of ¥65 million (\$406 thousand) and decrease is primarily due to Depreciation of ¥203 million (\$1,269 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

	Reportable segments						Millions of yen	
	Construction			Real estate			Other (Note)	Total
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total		
For the year ended March 31, 2025								
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

(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, 2026	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total			
Goods or services transferred at a point in time	¥ 4,017	¥ —	¥ 4,017	¥ 23	¥ —	¥ 23	¥ 146	¥ 4,187	
Goods or services transferred over time	71,483	61,054	132,537	10	—	10	0	132,548	
Revenue from Contracts with Customers	75,500	61,054	136,555	33	—	33	147	136,736	
Other Revenue	¥ —	¥ —	¥ —	¥ 1,331	¥ 4	¥ 1,335	¥ —	¥ 1,335	
Sales to External Customers	¥ 75,500	¥ 61,054	¥ 136,555	¥ 1,364	¥ 4	¥ 1,368	¥ 147	¥ 138,071	

	Thousands of U.S. dollars								
	Reportable segments								
	Construction			Real estate					
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total	Other (Note)	Total	
For the year ended March 31, 2026									
Goods or services transferred at a point in time	\$ 25,125	\$ —	\$ 25,125	\$ 143	\$ —	\$ 143	\$ 913	\$ 26,188	
Goods or services transferred over time	447,104	381,873	828,977	62	—	62	0	829,046	
Revenue from Contracts with Customers	472,229	381,873	854,109	206	—	206	919	855,241	
Other Revenue	\$ —	\$ —	\$ —	\$ 8,324	\$ 25	\$ 8,350	\$ —	\$ 8,350	
Sales to External Customers	\$472,229	\$381,873	\$854,109	\$ 8,531	\$ 25	\$ 8,556	\$ 919	\$863,591	

(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, 2025 and 2026

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Receivables from a contract with customers (beginning balance)	¥ 10,765	¥ 8,899	\$ 55,660
Receivables from a contract with customers (ending balance)	8,899	18,212	113,910
Contract assets (beginning balance)	11,318	18,022	112,722
Contract assets (ending balance)	18,022	17,544	109,732
Contract liabilities (beginning balance)	6,951	9,796	61,270
Contract liabilities (ending balance)	9,796	11,400	71,303

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 ¥6,703 million 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 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 decrease of ¥477million (\$2,983 thousand) in Contract assets in the fiscal year ended March 31, 2026 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 ¥1,603 million (\$10,026 thousand) in Contract liabilities in the fiscal year ended March 31, 2026 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, 2025 and 2026 were ¥153,640 million and ¥148,354 million (\$927,908 thousand), respectively. The remaining performance obligation relates primarily to construction contracts, and as of March 31, 2026, 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, 2025	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
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 entities accounted for using equity method	166	—	166	—	—	—	—	166	—	166
Increase in property, plant and equipment and intangible assets	214	191	406	74	—	74	2	483	—	483

(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 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, 2026	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	¥	75,500	¥	61,054	¥	136,555	¥	1,364	¥	4	¥	1,368	¥	147	¥	138,071	¥	—	¥	138,071
Inter-segment		—		—		—		4		—		4		—		5		(5)		—
Total		75,500		61,054		136,555		1,369		4		1,373		148		138,076		(5)		138,071
Segment income		2,202		2,447		4,649		675		0		676		50		5,377		(1)		5,375
Segment assets		30,269		35,306		65,575		14,267		97		14,365		384		80,325		20,458		100,783
Other items:																				
Depreciation	¥	230	¥	409	¥	640	¥	204	¥	1	¥	206	¥	37	¥	884	¥	—	¥	884
Amortization of goodwill		92		—		92		—		—		—		—		92		—		92
Impairment loss		—		108		108										108				108
Investments in entities accounted for using equity method		180		—		180		—		—		—		—		180		—		180
Increase in property, plant and equipment and intangible assets		185		580		765		63		—		63		0		829		—		829

Thousands of U.S. dollars										
For the year ended March 31, 2026	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	\$ 472,229	\$ 381,873	\$ 854,109	\$ 8,531	\$ 25	\$ 8,556	\$ 919	\$ 863,591	\$ —	\$ 863,591
Inter-segment	—	—	—	25	—	25	—	31	(31)	—
Total	472,229	381,873	854,109	8,562	25	8,587	925	863,622	(31)	863,591
Segment income	13,772	15,305	29,078	4,221	0	4,228	312	33,631	(6)	33,618
Segment assets	189,323	220,828	410,151	89,235	606	89,848	2,401	502,408	127,958	630,366
Other items:										
Depreciation	\$ 1,438	\$ 2,558	\$ 4,003	\$ 1,275	\$ 6	\$ 1,288	\$ 231	\$ 5,529	\$ —	\$ 5,529
Amortization of goodwill	575	—	575	—	—	—	—	575	—	575
Impairment loss	—	675	675					675		675
Investments in entities accounted for using equity method	1,125	—	1,125	—	—	—	—	1,125	—	1,125
Increase in property, plant and equipment and intangible assets	1,157	3,627	4,784	394	—	394	0	5,185	—	5,185

- (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 ¥20,458 million (\$127,958 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, 2025 and 2026 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, 2025 and 2026 were as follows:

For the year ended March 31	Yen		U.S. dollars
	2025	2026	2026
Net assets per share	¥1,246.51	¥1,447.62	\$ 9.05
Basic net income per share	84.51	127.60	0.80

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Total net assets	¥ 44,458	¥ 51,392	\$321,441
Deductions from total net assets:			
Non-controlling interests	(1,622)	(1,646)	(10,295)
Net assets attributable to common stock	¥ 42,835	¥ 49,746	\$311,145
Number of shares of common stock used in computing net assets per share (in thousand shares)	34,364	34,363	34,363

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

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Profit attributable to owners of parent	¥ 2,904	¥ 4,385	\$ 27,426
Amount not attributable to common stock shareholders	—	—	—
Profit attributable to common stock of owners of parent	¥ 2,904	¥ 4,385	\$ 27,426
Average number of shares of common stock during the year (in thousand shares)	34,365	34,364	34,364

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, 2025 and 2026 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars		Average interest rate (%)	Maturity
	2025	2026	2025	2026		
Short-term loans payable	¥ 470	¥ —	\$ —	—	—	—
Current portion of long-term loans payable	154	50	312	—	0.98	—
Current portion of lease obligations	162	348	2,176	—	—	—
Long-term loans payable excluding current portion	50	—	—	—	—	—
Lease obligations excluding current portion	116	55	344	—	Apr. 17, 2027 - Oct. 31, 2030	—
Total	¥ 953	¥ 453	\$ 2,833	—	—	—

(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, 2026:

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	¥ 50	¥ 348	\$ 312	\$ 2,176
2027	—	40	—	250
2028	—	10	—	62
2029	—	3	—	18
2030	—	0	—	0
2031 and thereafter	—	—	—	—
Total	¥ 50	¥ 403	\$ 312	\$ 2,520

19. Dividends

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

The aggregate amount of such cash dividends was ¥756 million.

At the Annual General Meeting of Shareholders held on June 26, 2026, it was resolved to distribute the year-end cash dividends of ¥38 (\$0.24) per share of common stock of the Company.

The aggregate amount of such cash dividends was ¥1,305 million (\$8,162 thousand).

20. Subsequent Events

Not applicable.

SUPPLEMENTAL INFORMATION

NONCONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION

As of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Assets			
Current assets:			
Cash and deposits	¥ 5,670	¥ 14,893	\$ 93,151
Notes receivable - trade	8	—	—
Electronically recorded monetary claims - operating	458	962	6,017
Accounts receivable from completed construction contracts	21,127	16,478	103,064
Costs on uncompleted construction contracts	692	1,086	6,792
Costs on real estate business	43	43	268
Raw materials and supplies	1	6	37
Accounts receivable - other	1,651	1,464	9,156
Other	1,987	1,232	7,705
Allowance for doubtful accounts	(4)	—	—
Total current assets	31,636	36,167	226,213
Non-current assets:			
Property, plant and equipment			
Buildings	10,086	10,191	63,741
Accumulated depreciation	(4,635)	(4,878)	(30,510)
Buildings, net	5,450	5,313	33,231
Structures	183	183	1,144
Accumulated depreciation	(154)	(157)	(981)
Structures, net	29	25	156
Machinery and equipment	776	776	4,853
Accumulated depreciation	(490)	(528)	(3,302)
Machinery and equipment, net	286	247	1,544
Vehicles	11	11	68
Accumulated depreciation	(11)	(1)	(6)
Vehicles, net	0	9	56
Tools, furniture and fixtures	490	520	3,252
Accumulated depreciation	(384)	(422)	(2,639)
Tools, furniture and fixtures, net	106	97	606
Land	11,031	11,031	68,995
Lease assets	221	221	1,382
Accumulated depreciation	(93)	(147)	(919)
Lease assets, net	127	73	456
Total property, plant and equipment	17,032	16,798	105,066
Intangible assets			
Total intangible assets	250	217	1,357
Investments and other assets			
Investment securities	2,798	4,277	26,751
Stocks of subsidiaries and affiliates	4,440	4,440	27,770
Insurance funds	31	31	193
Prepaid pension cost	528	706	4,415
Other	373	133	831
Allowance for doubtful accounts	(11)	(6)	(37)
Total investments and other assets	8,160	9,582	59,932
Total non-current assets	25,442	26,599	166,368
Total assets	¥ 57,079	¥ 62,766	\$ 392,581

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Liabilities			
Current liabilities:			
Notes payable – trade	¥ 148	¥ —	\$ —
Electronically recorded obligations - operating	3,947	4,207	26,313
Accounts payable for construction contracts	8,402	9,394	58,756
Short-term loans payable	624	50	312
Lease obligations	59	59	369
Income taxes payable	547	644	4,028
Advances received on uncompleted construction contracts	9,010	10,433	65,255
Provision for warranties for completed construction	266	225	1,407
Provision for loss on construction contracts	9	4	25
Provision for bonuses	765	789	4,934
Other	1,083	2,451	15,330
Total current liabilities	24,865	28,260	176,757
Non-current liabilities:			
Long-term loans payable	50	—	—
Lease obligations	81	22	137
Deferred tax liabilities	259	424	2,651
Provision for retirement benefits	45	29	181
Long-term deposits received	548	572	3,577
Other	131	135	844
Total non-current liabilities	1,116	1,184	7,405
Total liabilities	25,981	29,444	184,163
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	5,061	5,061	31,654
Capital surplus			
Legal capital surplus	1,400	1,400	8,756
Total capital surplus	1,400	1,400	8,756
Retained earnings			
Other retained earnings			
Retained earnings brought forward	23,378	24,591	153,809
Total retained earnings	23,378	24,591	153,809
Less: Treasury stock, at cost			
133,324 shares in 2025 and 134,152 in 2026	(36)	(37)	(231)
Total shareholders' equity	29,804	31,016	193,995
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	1,293	2,306	14,423
Total valuation and translation adjustments	1,293	2,306	14,423
Total net assets	31,097	33,322	208,418
Total liabilities and net assets	¥ 57,079	¥ 62,766	\$ 392,581

NONCONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION

For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Net sales:			
Net sales of completed construction contracts	¥ 78,452	¥ 72,656	\$ 454,440
Sales on real estate business	1,289	1,320	8,256
Sales on other business	87	91	569
Total net sales	79,828	74,068	463,272
Cost of sales:			
Cost of sales of completed construction contracts	71,075	64,543	403,696
Cost of sales on real estate business	613	645	4,034
Cost of sales on other business	57	54	337
Total cost of sales	71,746	65,242	408,068
Gross profit:			
Gross profit on completed construction contracts	7,376	8,113	50,744
Gross profit - real estate business	676	674	4,215
Gross profit - other business	29	37	231
Total gross profit	8,081	8,825	55,197
Selling, general and administrative expenses	5,266	6,432	40,230
Operating income	2,815	2,393	14,967
Non-operating income:			
Interest income	55	49	306
Dividend income	85	101	631
Foreign exchange gains	—	107	669
Other	8	2	12
Total non-operating income	149	260	1,626
Non-operating expenses:			
Interest expenses	11	8	50
Foreign exchange losses	20	—	—
Other	0	0	0
Total non-operating expenses	31	8	50
Ordinary income	2,932	2,646	16,549
Extraordinary income:			
Gain on sales of non-current assets	0	1	6
Gain on sales of investment securities	85	—	—
Total extraordinary income	86	1	6
Extraordinary losses:			
Loss on litigation	24	6	37
Settlement payment	70	—	—
Other	5	4	25
Total extraordinary losses	100	11	68
Profit before income taxes	2,918	2,635	16,481
Income taxes:			
Income taxes - current	769	967	6,048
Income taxes - deferred	(52)	(300)	(1,876)
Total income taxes	717	666	4,165
Profit	¥ 2,201	¥ 1,968	\$ 12,309

CORPORATE PROFILE

Company Outline (As of March 31, 2026)

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	1,394(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, 2026)

President	Takashi Iizuka	
Executive Vice President	Yoshinobu Oshima	
Directors	Noboru Ogoyama	Isao Takao
	Takashi Maezawa	
Outside Directors	Makoto Fukuda	Mitsuharu Kotaka
	Hiroshi Matsuda	
Standing Corporate Auditors	Shunji Goto	Yorinobu Kato
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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