TODA CORPORATION

FINANCIAL STATEMENTS 2026

Year ended March 31, 2026

TODA CORPORATION

Independent Auditor's Report

The Board of Directors

Toda Corporation

Opinion

We have audited the accompanying consolidated financial statements of Toda Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement 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 of 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 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 entities of significant public interest, 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 Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Estimates of total construction costs	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
In the building construction and civil engineering, etc., which are the Group's principal business, the Group has the performance obligations to construct buildings or structures, etc. and deliver the outcomes to customers based on construction contracts as described in Note 2.8). The Group has applied the method based on the percentage of costs incurred by the end of each reporting period to the total expected costs as a method of estimating the progress of construction works to the satisfaction of performance obligations. The portion of work completed by the method based on the percentage of costs was 552,561 million yen. In addition, the Group records a provision for losses on construction contracts that have not yet been delivered, for which losses are expected to be incurred as of the end of the current fiscal year and for which the amount can be reasonably estimated as described in Note 2.6). The method based on the percentage of costs is used to record portion of work completed and provision for losses on construction contracts, which is affected by estimates of total construction costs. Estimating total construction costs is highly individualized for each contract, and facts that become known after the start of the construction contract may exist or conditions at the	To evaluate the reasonableness of estimates of total construction costs, we mainly performed the following audit procedures. ・We understood the revenue and expenditure management system and the construction progress management system for each unit of construction revenue recognition developed by the Group, and evaluated the status of related internal control development and operation, including the approval of the execution budget at the time of formulation and update, which is the basis for estimating total construction costs. ・As for the construction costs in the unit of construction revenue recognition selected based on certain criteria, We examined whether the total construction costs reflect the actual situation by examining whether there is any abnormality in the status of cost accrual and examining the appropriateness of deviation from the execution budget. ・We examined the total construction costs to see if any unusual adjustment items were included in the

site may change, making timely and appropriate reviews of total construction costs complex. As a result, estimates of total construction costs are highly uncertain and management's judgment has a significant impact. Based on the above, we have determined estimates of total construction costs to be a key audit matter.	total construction costs. ・By inspecting the process control materials and asking questions, we identified important estimation factors related to specifications, construction period, etc. , and evaluated the manager's judgment regarding the effects of uncertainty in the estimation factors. ・As for particularly important projects, we performed on-site observations and additional questioning to examine whether the progress of construction was consistent with the estimate of total construction costs and the progress toward completion of construction.

Indicator of impairment of fixed assets related to the floating offshore wind power plants	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
With respect to the floating offshore wind power generation project, in which the Company has made and plans to make substantial investments as part of its Environment and Energy segment, the market itself is new and highly uncertain. As one of its projects, the Company has been developing a floating offshore wind plant off the coast of Goto City, Nagasaki Prefecture. Although impairment losses were recognized in prior consolidated fiscal years due to issues arising during construction, schedule delays and other factors, construction was completed during the current consolidated fiscal year in accordance with the revised schedule, and commercial operations have commenced. The relevant assets include those owned by the Company and leased to its consolidated subsidiary, Goto FWF, as well as those owned by Goto FWF. The year-end balance of fixed assets, after deducting impairment losses recognized thorough the previous consolidated fiscal year, was ¥20,537 million (before consolidation adjustments). In applying impairment accounting to the relevant fixed assets, determining whether indicators of impairment exist requires consideration of such factors as whether losses from operating activities are expected to continue, whether there have been changes in the Company's policy toward its Environment and Energy segment or other changes in the manner or extent of use that would significantly reduce the recoverable amount, and whether there has been a significant deterioration in the business environment. However, as described above, the market itself is new and highly uncertain. Accordingly, if indicators of impairment that should be recognized are not appropriately identified, impairment losses may not be appropriately recognized. Accordingly, we determined the assessment of whether indicators of impairment exist for fixed assets related	In our audit of indicators of impairment of fixed assets related to the floating offshore wind power generation project, we principally performed the following audit procedures. (Whether losses from operating activities are expected to continue) ・We obtained the business plan for the following fiscal year and hereafter and confirmed that it projected operating profits to remain positive. ・For the revenue plan included in the business plan, we agreed the plan to the relevant contracts and assessed its consistency. ・For the expenditure plan in the business plan, we interviewed the person in charge to understand the underlying assumptions and verified their validity. ・We compared the Company's estimates based on acquisition costs with taxes and public dues to assess their consistency. ・We evaluated the design and operating effectiveness of internal controls over the preparation of the execution budget underlying the estimates and tested the consistency of operating and maintenance costs with the approved execution budget. （Whether there have been changes in the manner or extent of use that would significantly reduce the recoverable amount, and whether there has been a significant deterioration in the business environment） ・We conducted an on-site inspection to confirm whether the offshore wind power generation facilities had been completed and commenced operations in accordance with the revised plan established when impairment losses were recognized in the previous fiscal year.

to the floating offshore wind power plant to be a key audit matter.	・We inspected the minutes of meetings of the Board of Directors and made inquiries of management to confirm that there had been no changes in the underlying business scheme and that there had been no significant changes in the market environment, government policies, laws and regulations, or other factors underlying the promotion of the project.

Other Information

The other information comprises the information included in the disclosure document that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

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 these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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.
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. 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 judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

· 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 conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the command, supervision and inspection 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, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of the most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

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 1.

FIJIMI AUDIT CORPORATION
Chuo-ku, Tokyo, Japan
June 22, 2026

Toshio Saito
Designated Partner
Engagement Partner
Certified Public Accountant

Takeshi Morinaga
Designated Partner
Engagement Partner
Certified Public Accountant

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and FUJIMI AUDIT CORPORATION.

Independent Auditor's Report

The Board of Directors
Toda Corporation

Opinion

We have audited the accompanying non-consolidated financial statements of Toda Corporation ("the Company"), which comprise the non-consolidated balance sheet as of March 31, 2026, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as of March 31, 2026, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for 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 entities of significant public interest, 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 Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

《Estimates of total construction costs》

The description is omitted because the contents are the same as key audit matters (estimates of total construction costs) stated in the Independent Auditor's report of the consolidated financial statements.

《Indicator of impairment of fixed assets related to the floating offshore wind power plants》

The description is omitted because the contents are the same as key audit matters (Indicator of impairment of fixed assets related to the floating offshore wind power plants) stated in the Independent Auditor's report of the consolidated financial statements.

Other Information

The other information comprises the information included in the disclosure document that contains audited non-consolidated financial statements but does not include the non-consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Non-Consolidated Financial Statements

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

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 Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-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. 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 non-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 non-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 judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

· 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 Company'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 Company'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 non-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 Company to cease to continue as a going concern.

· Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of the most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

We have reviewed the translation of these non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying non-consolidated financial statements have been properly translated on the basis described in Note 1.

FUJIMI AUDIT CORPORATION
Chuo-ku, Tokyo, Japan
June 22, 2026

Toshio Saito Designated Partner Engagement Partner Certified Public Accountant	Takeshi Morinaga Designated Partner Engagement Partner Certified Public Accountant

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and FUJIMI AUDIT CORPORATION.

Consolidated Balance Sheets

Toda Corporation and consolidated Subsidiaries - As of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
ASSETS			
Current assets:			
Cash and deposits (Notes 11)	¥ 82,964	**¥ 66,687**	$ 417,109
Notes and accounts receivable - trade (Note 7.1), 5), 13 and 21)	271,023	**268,045**	1,676,541
Short-term investment securities (Notes 13 and 14)	6,201	**19,866**	124,259
Real estate for sale (Notes 7.10))	59,389	**46,792**	292,672
Costs on uncompleted construction contracts (Note 7.5) and 9))	14,113	**24,422**	152,752
Other inventories (Notes 7.10))	5,095	**14,298**	89,435
Other	22,309	**42,045**	262,984
Allowance for doubtful accounts (Notes 13)	(2,716)	**(2,807)**	(17,560)
Total current assets	458,380	**479,351**	2,998,195
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures, net (Notes 7.3), 5) and 10))	120,182	**116,216**	726,896
Machinery, vehicles, tools, furniture and fixtures, net (Notes 7.3), 5) and 10))	13,279	**48,651**	304,298
Land (Notes 7.3), 5), 8) and 10))	74,799	**88,150**	551,356
Lease assets, net	698	**835**	5,223
Construction in progress (Notes 7.10))	36,835	**8,303**	51,938
Total property, plant and equipment (Notes 7.2), 19 and 20)	245,795	**262,157**	1,639,713
Intangible assets:			
Goodwill	2,122	**1,032**	6,456
Other (Notes 7.10))	11,591	**10,898**	68,164
Total intangible assets (Notes 7.3))	13,714	**11,930**	74,620
Investments and other assets:			
Investment securities (Notes 7.4), 5), 13 and 14)	185,721	**220,780**	1,380,912
Long-term loans receivable (Notes 7.5) and 13)	7,143	**8,861**	55,427
Net defined benefit assets (Note 16)	6,003	**9,671**	60,490
Deferred tax assets (Note 17)	945	**856**	5,358
Other (Note 7.5))	6,241	**5,155**	32,247
Allowance for doubtful accounts	(372)	**(365)**	(2,287)
Total investments and other assets	205,682	**244,960**	1,532,149
Total noncurrent assets	465,191	**519,047**	3,246,483
Total assets	¥ 923,572	**¥ 998,399**	$ 6,244,678

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
LIABILITIES			
Current liabilities:			
Notes and accounts payable - trade (Note 13)	¥ 93,177	**¥ 104,298**	$ 652,356
Short-term loans payable (Notes 7.5) and 13)	65,572	**52,839**	330,494
Commercial papers-liabilities (Note 13)	5,000	—	—
Current portion of bonds payable (Notes 7.5) and 13)	10,165	**10,050**	62,859
Income taxes payable (Note 13)	9,920	**6,149**	38,463
Advances received on uncompleted construction contracts (Note 7.1) and 21)	58,715	**70,188**	439,005
Provision for bonuses	7,652	**10,234**	64,011
Provision for warranties for completed construction	3,446	**6,517**	40,767
Provision for loss on construction contracts (Note 7.9))	4,128	**2,981**	18,647
Deposits received	48,791	**64,672**	404,504
Other	23,749	**23,772**	148,690
Total current liabilities	330,319	**351,704**	2,199,800
Noncurrent liabilities:			
Bonds payable (Notes 7.5) and 13)	63,050	**53,000**	331,498
Long-term loans payable (Notes 7.5), 13 and 15)	111,681	**113,702**	711,176
Deferred tax liabilities (Note 17)	23,795	**36,766**	229,965
Deferred tax liabilities for land revaluation (Note 17)	5,202	**4,857**	30,384
Provision for directors' retirement benefits	127	**123**	774
Provision for stock payments for directors	831	**1,281**	8,015
Provision for loss on liquidation of subsidiaries and affiliates	17	**13**	83
Provision for loss on business of environment and energy	1,474	—	—
Net defined benefit liability (Note 16)	23,489	**21,170**	132,413
Asset retirement obligations (Note 19)	2,738	**4,237**	26,501
Other	7,647	**8,379**	52,410
Total noncurrent liabilities	240,055	**243,533**	1,523,224
Total liabilities	570,374	**595,237**	3,723,025
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	**23,001**	143,867
Capital surplus	27,240	**26,773**	167,460
Retained earnings	223,857	**243,469**	1,522,825
Treasury stock	(17,249)	**(19,814)**	(123,932)
Total shareholders' equity	256,849	**273,430**	1,710,221
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	73,323	**97,375**	609,054
Deferred gains on hedges	479	**776**	4,859
Revaluation reserve for land (Note 7.8))	4,100	**7,760**	48,538
Foreign currency translation adjustments	5,031	**5,279**	33,024
Remeasurements of defined benefit plans	2,443	**6,195**	38,750
Total accumulated other comprehensive income (Note 9)	85,377	**117,388**	734,227
Non-controlling interests	10,970	**12,343**	77,205
Total net assets	353,197	**403,161**	2,521,653
Total liabilities and net assets	¥ 923,572	**¥ 998,399**	$ 6,244,678

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Net sales:			
Net sales of construction contracts	¥ 526,025	**¥ 587,231**	$ 3,672,950
Net sales of investment development business and other	60,635	**58,505**	365,936
Total net sales (Note 8.1))	586,661	**645,737**	4,038,887
Cost of sales:			
Cost of sales of construction contracts (Notes 8.2))	462,115	**507,351**	3,173,328
Cost of sales of investment development business and other (Notes 8.3))	48,676	**46,164**	288,744
Total cost of sales (Notes 8.4))	510,791	**553,516**	3,462,073
Gross profit:			
Gross profit on construction contracts	63,910	**79,879**	499,622
Gross profit on investment development business and other	11,959	**12,341**	77,191
Total gross profit	75,869	**92,221**	576,813
Selling, general and administrative expenses (Notes 8.4) and 5))	49,230	**54,005**	337,786
Operating income	26,638	**38,215**	239,027
Non-operating income:			
Interest income	1,424	**1,184**	7,407
Dividend income	4,477	**4,510**	28,213
Dividend income of insurance	282	**286**	1,793
Exchange gain	—	**1,592**	9,962
Other	851	**1,367**	8,553
Total non-operating income	7,036	**8,942**	55,930
Non-operating expenses:			
Interest expenses	2,088	**2,594**	16,229
Exchange loss	1,636	—	—
Commission fee	451	**222**	1,392
Other	410	**356**	2,227
Total non-operating expenses	4,587	**3,173**	19,849
Ordinary income	29,088	**43,984**	275,108
Extraordinary income:			
Gain on sales of investment securities (Note 14)	11,556	**9,468**	59,220
Other	101	**738**	4,616
Total extraordinary income	11,657	**10,206**	63,837
Extraordinary loss:			
Loss on abandonment of noncurrent assets (Note 8.7))	436	**396**	2,478
Impairment loss (Note 8.8))	1,023	**2,744**	17,164
Loss on valuation of investment securities (Note 14)	413	**600**	3,757
Provision for loss on business of environment and energy	1,474	—	—
Other	48	**174**	1,092
Total extraordinary losses	3,396	**3,915**	24,492
Profit before income taxes and non-controlling interests	37,349	**50,274**	314,452
Income taxes-current	13,356	**12,992**	81,263
Income taxes-deferred	△2,215	**(245)**	(1,534)
Total income taxes (Note 17)	11,141	**12,747**	79,729
Profit for the year	26,208	**37,527**	234,723
Loss attributable to non-controlling interests	1,022	**545**	3,413
Profit for the year attributable to owners of the parent (Note 24)	¥ 25,185	**¥ 36,981**	$ 231,309

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Profit for the year	¥ 26,208	**¥ 37,527**	$ 234,723
Other comprehensive income			
Valuation difference on available-for-sale securities	(19,482)	**24,052**	150,439
Deferred gains or losses on hedges	23	**297**	1,862
Revaluation reserve for land	△138	—	—
Foreign currency translation adjustment	1,531	**185**	1,157
Remeasurements of defined benefit plans	(979)	**3,726**	23,305
Share of other comprehensive income of entities accounted for using equity method	30	**0**	—
Total other comprehensive income (Note 9)	(19,014)	**28,261**	176,765
Comprehensive income	7,193	**65,788**	411,488
Comprehensive income attributable to			
Owners of the parent	6,583	**65,332**	408,637
Non-controlling interests	¥ 609	**¥ 455**	$ 2,850

Consolidated Statements of Changes in Net Assets

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2025 and 2026

	Millions of yen												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2024	¥23,001	¥26,786	¥208,849	¥(12,599)	¥246,037	¥92,805	¥424	¥2,741	¥3,152	¥3,357)	¥102,481	¥7,004	¥355,524
Changes during period													
Dividends from surplus	—	—	(8,680)	—	(8,680)	—	—	—	—	—	—	—	(8,680)
Profit for the year attributable to owners of the parent	—	—	25,185	—	25,185	—	—	—	—	—	—	—	25,185
Purchase of treasury stock	—	—	—	(5,003)	(5,003)	—	—	—	—	—	—	—	(5,003)
Disposal of treasury stock	—	58	—	353	412	—	—	—	—	—	—	—	412
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with noncontrolling interests	—	395	—	—	395	—	—	—	—	—	—	—	395
Change in ownership interest due to capital increase by consolidated subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	(1,498)	—	(1,498)	—	—	—	—	—	—	—	(1,498)
Net changes of items other than shareholders' equity	—	—	—	—	—	(19,482)	54	1,359	1,878	(913)	(17,103)	3,965	(13,138)
Total changes of items during the period	—	454	15,007	(4,649)	10,811	(19,482)	54	1,359	1,878	(913)	(17,103)	3,965	(2,326)
Balance at March 31, 2025	**¥23,001**	**¥27,240**	**¥223,857**	**¥(17,249)**	**¥256,849**	**¥73,323**	**¥479**	**¥4,100**	**¥5,031**	**¥2,443**	**¥85,377**	**¥10,970**	**¥353,197**
Changes during period													
Dividends from surplus	—	—	**(10,766)**	—	**(10,766)**	—	—	—	—	—	—	—	**(10,766)**
Profit for the year attributable to owners of the parent	—	—	**36,981**	—	**36,981**	—	—	—	—	—	—	—	**36,981**
Purchase of treasury stock	—	—	—	**(8,343)**	**(8,343)**	—	—	—	—	—	—	—	**(8,343)**
Disposal of treasury stock	—	**734**	—	**1,467**	**2,201**	—	—	—	—	—	—	—	**2,201**
Cancellation of treasury stock	—	**△1,367**	**△2,943**	**4,311**	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest due to capital increase by consolidated subsidiary	—	**165**	—	—	**165**	—	—	—	—	—	—	—	**165**
Reversal of revaluation reserve for land	—	—	**(3,659)**	—	**(3,659)**	—	—	—	—	—	—	—	**(3,659)**
Net changes of items other than shareholders' equity	—	—	—	—	—	**24,052**	**297**	**3,659**	**248**	**3,752**	**32,010**	**1,373**	**33,383**
Total changes of items during the period	—	**(467)**	**19,612**	**(2,564)**	**16,580**	**24,052**	**297**	**3,659**	**248**	**3,752**	**32,010**	**1,373**	**49,964**
Balance at March 31,2026	**¥23,001**	**¥26,773**	**¥243,469**	**¥(19,814)**	**¥273,430**	**¥97,375**	**¥776**	**¥7,760**	**¥5,279**	**¥6,195**	**¥117,388**	**¥12,343**	**¥403,161**

	Thousands of U.S. dollars												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2025	$143,867	$170,382	$1,400,158	$ (107,892)	$1,606,515	$458,615	$2,996	$25,650	$31,467	$15,281	$534,010	$68,615	$2,209,142
Changes during period													
Dividends from surplus	—	—	(67,341)	—	(67,341)	—	—	—	—	—	—	—	(67,341)
Profit for the year attributable to owners of the parent	—	—	231,309	—	231,309	—	—	—	—	—	—	—	231,309
Purchase of treasury stock	—	—	—	(52,183)	(52,183)	—	—	—	—	—	—	—	(52,183)
Disposal of treasury stock	—	4,593	—	9,178	13,771	—	—	—	—	—	—	—	13,771
Cancellation of treasury stock	—	(8,552)	(18,412)	26,964	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest due to capital increase by consolidated subsidiary	—	1,036	—	—	1,036	—	—	—	—	—	—	—	1,036
Reversal of revaluation reserve for land	—	—	(22,888)	—	(22,888)	—	—	—	—	—	—	—	(22,888)
Net changes of items other than shareholders' equity	—	—	—	—	—	150,439	1,863	22,888	1,556	23,468	200,216	8,589	208,806
Total changes of items during the period	—	(2,922)	122,667	(16,039)	103,705	150,439	1,863	22,888	1,556	23,468	200,216	8,589	312,511
Balance at March 31, 2026	$143,867	$167,460	$1,522,825	$ (123,932)	$1,710,221	$609,054	$4,859	$48,538	$33,024	$38,750	$734,227	$77,205	$2,521,653

Consolidated Statements of Cash Flows

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	¥ 37,349	**¥ 50,274**	$ 314,452
Depreciation and amortization	7,978	**10,411**	65,119
Impairment loss	1,023	**2,744**	17,164
Amortization of goodwill	950	**740**	4,634
Increase (decrease) in allowance for doubtful accounts	453	**(10)**	(67)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	3	**(4)**	(27)
Increase (decrease) in net defined benefit liability	377	**548**	3,431
Decrease (increase) in net defined benefit asset	(800)	**(1,094)**	(6,844)
Increase (decrease) in other provision	1,376	**3,533**	22,099
Loss (gain) on valuation of investment securities	413	**600**	3,757
Loss (gain) on sales of investment securities	(11,551)	**(9,468)**	(59,219)
Loss (gain) on sales of property, plant and equipment	(47)	**(244)**	(1,526)
Loss on abandonment of noncurrent assets	436	**396**	2,478
Share of loss (profit) of entities accounted for using equity method	152	**209**	1,313
Interest and dividend income	(5,902)	**(5,695)**	(35,620)
Interest expenses	2,088	**2,594**	16,229
Decrease (increase) in notes and accounts receivable-trade	(46,361)	**2,507**	15,685
Decrease (increase) in costs on uncompleted construction contracts	(374)	**(10,522)**	(65,814)
Decrease (increase) in real estate for sale	86	**13,339**	83,436
Decrease (increase) in costs on real estate business	7,539	**(9,300)**	(58,168)
Decrease (increase) in other current assets	4,003	**(16,955)**	(106,051)
Increase (decrease) in notes and accounts payable-trade	(6,122)	**11,977**	74,915
Increase (decrease) in advances received on uncompleted construction contracts	20,069	**11,855**	74,151
Increase (decrease) in other current liabilities	15,105	**16,711**	104,526
Other, net	4,040	**117**	731
Subtotal	32,290	**75,269**	470,787
Interest and dividend income received	5,812	**5,572**	34,852
Interest expenses paid	(2,082)	**(2,513)**	(15,724)
Income taxes paid	(9,607)	**(15,867)**	(99,243)
Net cash provided by (used in) operating activities	26,413	**62,460**	390,672
Net cash provided by (used in) investing activities:			
Payments into time deposits	(67)	**(1,657)**	(10,369)
Proceeds from withdrawal of time deposits	5,549	**3,389**	21,198
Proceeds from sales and redemption of securities	500	**1,704**	10,657
Purchase of property, plant and equipment	(62,444)	**(27,229)**	(170,314)
Proceeds from sales of property, plant and equipment	122	**677**	4,236
Payments from retirement of property, plant and equipment	(347)	**(954)**	(5,969)
Purchase of intangible assets	(1,184)	**(1,066)**	(6,667)
Purchase of investment securities	(10,688)	**(6,874)**	(42,995)
Proceeds from sales and redemption of investment securities	16,576	**13,863**	86,711
Payments of loans receivable	(529)	**(2,959)**	(18,508)
Collection of loans receivable	27	**132**	828
Payments for lease and guarantee deposits	(370)	**(161)**	(1,008)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 11)	(7,148)	—	—
Payments for acquisition of businesses (Note 11)	△1,330	—	—
Other, net	144	**631**	3,951
Net cash provided by (used in) investing activities	(61,191)	**(20,504)**	(128,250)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(6,702)	**(16,698)**	(104,445)
Increase (decrease) in commercial papers-liabilities	5,000	**(5,000)**	(31,273)
Proceeds from long-term loans payable	47,270	**17,978**	112,446
Repayments of long-term loans payable	(33,976)	**(12,574)**	(78,649)
Proceeds from issuance of bonds	10,000	—	—
Redemption of bonds	(30)	**(10,165)**	(63,578)
Cash dividends paid	(8,680)	**(10,766)**	(67,341)
Proceeds from capital contributions by non-controlling intrests	—	**810**	5,066
Cash dividends paid to non-controlling interests	(97)	**(185)**	(1,162)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△330	—	—
Purchase of treasury stock	(5,003)	**(7,001)**	(43,789)
Other, net	(84)	**(202)**	(1,267)
Net cash provided by (used in) financing activities	7,364	**(43,806)**	(273,994)
Effect of exchange rate change on cash and cash equivalents	430	**348**	2,180
Net increase (decrease) in cash and cash equivalents	(26,982)	**(1,501)**	(9,392)
Cash and cash equivalents at the beginning of current period	113,113	**86,131**	538,722
Cash and cash equivalents at the end of current period (Note 11)	86,131	**84,629**	529,329

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements presented herein of Toda Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.
These consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.
These modifications have no effect on total assets, net sales, retained earnings or profit for the year.
(U.S. Dollar Amounts)
The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.
The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥159.88 = US$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2026, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 48 subsidiaries, namely Toda Corporation Real Estate Asset Management Co., Ltd., APEC Engineering Co., Ltd., Sato Kogyo Co., Ltd., Showa Construction Co., Ltd., Toda Bldg. Partners Co., Ltd., Toda Finance Co., Ltd., TODA Farm LLC, Toda Road Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Thai Toda Corporation Ltd., Tobic Co., Ltd., Toda America, Inc., Toda Asia Pacific Pte. Ltd., Toda Vietnam Co., Ltd., PT Tatamulia Nusantara Indah, PT Toda Group Indonesia, Goto Floating Wind Farm LLC, Goto Floating Wind Power LLC, Offshore Wind Farm Construction Co., Ltd., TODA Investimentos do Brasil Ltda., Toda Solar Energy Fukaya LLC, Floating Wind Aggregation Corporation and other 26 companies.
Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, profit for the year or retained earnings of the consolidated financial statements.

2) Application of the equity method

The affiliate to which the equity method is applied is as follows: Japan Wind Farm Construction Co., Ltd. and other 2 companies.

3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Goto Floating Wind Farm LLC, Thai Toda Corporation Ltd., Tobic Co., Ltd., Toda America, Inc., Toda Asia Pacific Pte. Ltd., TODA Investimentos do Brasil Ltda., Toda Vietnam Co., Ltd., PT Tatamulia Nusantara Indah, PT Toda Group Indonesia and other 19 companies close their fiscal year on December 31 each year.
In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries. However, adjustments necessary for the purpose of consolidation have been made for fiscal year-end (March 31).
The fiscal year-end of all other consolidated subsidiaries is the same as the consolidated fiscal year-end (March 31).

4) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities
Held-to-maturity debt securities
Amortized cost method (straight-line method)
Available-for-sale securities
・Other than equity securities without market prices:
Stated at fair value (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method)
・Equity securities without market prices:
Stated at cost, determined by the moving-average method
In addition, the valuations for investments in investment business limited partnerships and similar partnerships (those deemed to be securities under Article 2 of the Financial Instruments and Exchange Law of Japan) are based on recent financial statements available according to the settlement closing dates stipulated in the partnership contracts, and are recorded in the net amounts equivalent to their equity.
The accounting methods are as follows:
In the case of investment for the main business purpose, the equity-equivalent profit and loss to be attributable is recorded in "operating profit and loss" and added to or subtracted from "investment securities".
In the case of investment for purposes other than the main business purpose, the equity-equivalent profit and loss to be attributable is recorded as "non-operating profit and loss" and added to or subtracted from "short-term investment securities" or "investment securities".
(b) Inventories
Costs on uncompleted construction contracts
Stated at cost, determined by the specific identification cost method
Real estate for sale
Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)
(c) Other inventories
Raw materials and supplies
Stated at cost, determined by the weighted average method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)
Costs on real estate business
Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

5) Methods of depreciation and amortization depreciable assets

(a) Property, plant and equipment (excluding lease assets)
The declining-balance method is primarily used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.
In addition, the straight-line method is used for Machinery, vehicles, tools, furniture and fixtures in some of the consolidated subsidiaries.
Standards Identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
(b) Intangible fixed assets (excluding lease assets)
The straight-line method is used.
Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
However, the amortization of software used by the Companies is computed using the straight-line method based on the estimated useful life.
(c) Lease assets
Leased assets under finance leases other than those that are deemed to transfer ownership to lessees

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

6) Allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.

(b) Provision for bonuses

This is provided for the payment of bonuses for employees, based on expected payment amount.

(c) Provision for warranties to completed construction

This is provided based on the estimated amount of compensation in the future for the work completed during the current consolidated fiscal year to cover expenses and others required to cure the non-conformity of performance on the grounds of non-conformity with the terms of the contract.

(d) Provision for loss on construction contracts

The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the current consolidated fiscal year-end which will be probably incurred and which can be reasonably estimated.

(e) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the current consolidated fiscal year-end.

(f) Provision for loss on liquidation of subsidiaries and affiliates

The provision for loss on liquidation of subsidiaries and affiliates is provided at the estimated amount for a possible future loss arising from liquidation.

(g) Provision for stock payments to directors

The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company's shares to its directors and executive officers.

(h) Provision for loss on business of environment and energy

The provision for loss on business of environment and energy is provided at the estimated amount for the future losses on project in process at the current consolidated fiscal year-end which will be probably incurred and which can be reasonably estimated.

7) Accounting Policies of retirement benefits

The provision for retirement benefits to employees is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end. Regarding lump-sum severance indemnity plan for some of the consolidated subsidiaries, the amount is calculated based on simplified method (method to assume required payment amount based on voluntary termination of employment on the closing date as retirement benefit obligations).

The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.

Actuarial differences are amortized commencing the following year after the difference is recognized respectively by the straight-line method over a period of five years. Prior service costs are amortized commencing the year in which the difference is recognized primarily by the straight-line method over a period of five years.

8) Recognition of net sales from construction contracts and related costs

In the building construction and civil engineering, etc., which are the Companies' principal business, the Companies have the performance obligations to construct buildings or structures, etc. and deliver the outcomes to customers based on construction contracts.

The construction contracts are a transaction in which performance obligations are satisfied over time, and the Companies recognize revenue according to the progress in the satisfaction of performance obligations.

The Companies have applied the method based on the percentage of costs incurred by the end of each reporting period to the total expected costs as a method of estimating the progress of construction works to the satisfaction of performance obligations.

In addition, revenue is recognized by the cost recovery method when the progress in the satisfaction of performance obligations cannot be reasonably estimated, but the costs incurred are recoverable.

For construction contracts with a very short term between the commencement date of the transaction in the construction contract and the date when the performance obligations are expected to be fully satisfied, the Companies apply alternative treatment and do not recognize revenue over time.

In this case, the Companies recognize revenue when the performance obligations are fully satisfied. When certain refund obligations to customers are expected to arise, such as compensation for damages incurred in association with performance of contracts, the Companies reduce revenue to the extent of the estimated refund liability.

The Companies estimate a financing component of each individual construction contract and determine whether it is significant because the timing of receipt of the consideration for the transaction of the construction contracts varies depending on the terms of each individual construction contract.

As a result, the Companies determined that there are no construction contracts with a significant financing component.

9) Translation of foreign currency assets and liabilities

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the consolidated fiscal year-end. The resulting gains and losses are included in net income or loss for the consolidated fiscal year.

Assets and liabilities accounts of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end. Income and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the average annual exchange rate. The resulting translation adjustments are included in foreign currency translation adjustment and minority interests in the net assets of the consolidated balance sheets.

10) Hedge Accounting

The Companies apply hedge accounting as follows:

(a) Method of hedge accounting adopted

Deferral hedge accounting

If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").

(b) Measure and objects

1 Measures: Forward foreign exchange contracts and foreign currency deposits

Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials

2 Measures: Interest rate swap

Objects: Loans

(c) Hedging principles:

Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.

(d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started until the current consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.

However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

11) Goodwill

Goodwill is amortized by the straight-line method over a period of up to 10 years in which it is effective. However, goodwill that is immaterial is charged to expense in the period.

12) Cash and cash equivalents

For the consolidated statements of cash flows, cash and cash equivalents are defined as cash on hand, deposits that can be withdrawn at any time and highly liquid short-term investments with a maturity date within three months after acquisition.

13) Other significant matters for preparing consolidated financial statements

(a) Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear

The accounting method for joint venture (JV) in the construction industry is mainly based on the method of recognizing assets, liabilities, income and expenses according to the investment ratio of the members.

(b) Matters regarding acquisition of treasury stock

At the Board of Directors meeting held on February 13, 2026, the Company resolved on matters related to the acquisition of treasury stock, and the acquisition was completed on March 26, 2026. Note that the Accelerated Share Repurchase (ASR) method (hereinafter, the "Method") was used for the acquisition of treasury stock. As the Method corresponds to a case where the provisions of related accounting standards, etc. are not clear, accounting treatment is applied as follows:

(Overview of the Method)

First, on March 26, 2026, the Company acquired 4,651,100 shares of its treasury stock equivalent to 7.0 billion yen at 1,505 yen per share via ToSTNeT-3. For this acquisition of treasury stock, Morgan Stanley MUFG Securities Co., Ltd. placed sell orders after borrowing shares. Note that sell orders from general shareholders take precedence over sell orders based on the proprietary account of Morgan Stanley MUFG Securities Co., Ltd., a financial instruments business operator, on ToSTNeT-3; therefore, the executed amount of sell orders by Morgan Stanley MUFG Securities Co., Ltd. decreases by the amount of sell orders from general shareholders.

After the execution of sell orders for the acquisition of treasury stock by Morgan Stanley MUFG Securities Co., Ltd., Morgan Stanley is expected to acquire the Company's shares on stock exchanges in Japan and abroad at its own discretion and account for the purpose of returning the borrowed shares (hereinafter, "Short Cover Transactions"). Next, for the shares acquired from Morgan Stanley MUFG Securities Co., Ltd. in this acquisition of treasury stock, adjustment transactions using the Company's shares will be conducted separately between the Company and Morgan Stanley MUFG Securities Co., Ltd. (hereinafter sometimes referred to as the "Allottee"), the allottee of share acquisition rights issued by the Company in this ASR transaction (hereinafter, "the Share Acquisition Rights"), so that the Company's actual acquisition unit price becomes equal to the average share price, which is the price obtained by multiplying the simple average of the volume-weighted average price (VWAP) of the Company's common stock on each trading day during a certain period after the acquisition of treasury stock by 101.4%, plus a certain adjustment price.

Specifically, it is agreed that (1) if the average share price is higher than 1,505 yen, the Company will deliver to the Allottee, through the exercise of the Share Acquisition Rights, the number of shares of the Company's common stock calculated by deducting "the number of shares obtained by dividing the sale amount of the Company's common stock sold by the Allottee in this acquisition of treasury stock (hereinafter, the 'Base Amount') by the average share price" from "the number of shares of the Company's common stock sold by the Allottee in this acquisition of treasury stock (hereinafter, the 'Base Number of Shares')"; and conversely, (2) if the average share price is lower than 1,505 yen, the Company will acquire without consideration from the Allottee the number of shares of the Company's common stock calculated by deducting the Base Number of Shares from "the number of shares obtained by dividing the Base Amount by the average share price."

Such adjustment of the number of acquired shares will be conducted from May 27, 2026 to September 25, 2026 (provided, however, that if a market disruption event [the date on which transaction restrictions on the Company's shares are imposed or other certain events specified in the agreement regarding the allotment, etc. of the Share Acquisition Rights concluded between Morgan Stanley MUFG Securities Co., Ltd. and the Company (hereinafter, the 'Allotment Agreement') occur and Morgan Stanley MUFG Securities Co., Ltd. reasonably determines that such events have occurred] occurs and notification to that effect is made, the period will be extended only by the trading days corresponding to the number of days elapsed, up to October 15, 2026 at the maximum), regardless of whether Short Cover Transactions deemed necessary by Morgan Stanley have been completed or not. When the final number of acquired shares is determined, a separate disclosure will be made.

(Overview of Accounting Treatment)

Regarding the treasury stock acquired through ToSTNeT-3, 6,999 million yen is recorded under "Treasury stock" in the net assets section of the balance sheet based on the acquisition cost. In addition, the treasury stock acquired through the Method is included in treasury stock to be deducted in calculating the average number of shares during the period for the calculation of basic earnings per share.

3. Significant Accounting Estimates

1) Estimates for the method of recognizing revenue over time (the so-called old percentage of completion method)

(a) Amount recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2026**
Net sales of construction contracts	¥ 479,279	**¥ 552,561**	$ 3,456,103

(b) Information about the content of significant accounting estimates for the identified item

In applying the method of recognizing revenue over time (the so-called old percentage of completion method), in principle, the Companies make the best estimate for all construction works based on the information obtained, regarding the total construction revenue, the total construction cost and the progress of construction on the fiscal closing date.

In the calculation of the total construction revenue, if there is an uncontracted increase or decrease construction, the construction price estimated based on the negotiation status with the ordering party is recorded.

In the calculation of the total construction cost, the Companies are continuously reviewing the estimate according to the progress of the construction, based on the negotiation situation with the partner company and the assumption of various conditions.

Accordingly, if the total construction revenue and total construction cost are different from the estimates, it may affect the consolidated financial statements for the next consolidated fiscal year and thereafter.

2) Estimates for impairment loss on fixed assets

(a) Amount recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2026**
Impairment loss	¥ 1,023	**¥ 2,744**	$ 17,164

(b) Information about the content of significant accounting estimates for the identified item

Asset grouping method is based on management accounting classification, and business assets used by the Companies are grouped by business establishment, and rental assets and idle assets are grouped by individual property.

As a result of examining the necessity of recognition of impairment loss, if it is determined that it should be recognized, the carrying amount is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss.

The recoverable value is calculated based on net selling price, future value in use or the future cash flows and discount rate.

However, since the estimate of the recoverable value is uncertain, if the preconditions for the estimate change due to economic conditions or deterioration of market conditions, it may affect the consolidated financial statements for the next consolidated fiscal year and thereafter.

4. Accounting Standards Issued but Not Yet Adopted

(Accounting standards and guidance not yet applied)

・Accounting Standard for Leases (ASBJ Statement No. 34 issued on September 13, 2024)

・Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 issued on September 13, 2024)

In addition, other revisions to relevant accounting standard statements, implementation guidance, practical solutions, and transferred guidance

1) Overview

Consistent with international accounting standards, the standards and guidance require lessees to recognize assets and liabilities for all leases.

2) Planned date of adoption

The standards and guidance will be effective from the beginning of the consolidated fiscal year ending March 31, 2028.

3) Effects of adoption of revised accounting standard and related implementation guidance

The effects of application of Accounting Standard for Leases, etc. on the consolidated financial statements are under evaluation at the time of preparing these consolidated financial statements.

5. Change in Presentation Methods

(Notes to consolidated statements of income)

In the current consolidated fiscal year, a portion of selling, general and administrative expenses has been included in cost of sales of construction contracts due to a review of the recognition categories of selling, general and administrative expenses conducted by the submitting company. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified for "Cost of sales of construction contracts" and "Selling, general and administrative expenses."

As a result, in the consolidated statement of income for the previous fiscal year, "Cost of sales of construction contracts" ¥461,186 million and "Total cost of sales" ¥509,862 million presented under "Cost of sales" have been reclassified to ¥462,115 million and ¥510,791 million, respectively; "Gross profit on construction contracts" ¥64,838 million and "Total gross profit" ¥76,798 million presented under "Gross profit" have been reclassified to ¥63,910 million and ¥75,869 million, respectively; and "Selling, general and administrative expenses" ¥50,159 million has been reclassified to ¥49,230 million.

6. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)

1) Outline of the Plan

Based on the resolution of the Board of Directors held on May 13, 2016 and the Company’s 93th annual general meeting of Shareholders held on June 29, 2016, the Company introduced the performance-linked stock compensation plan for its directors and executive officers (the "Directors"). The plan is with the goal of increasing management consciousness to further enhancing the corporate value, performance over the medium-to-long-term and shareholders emphasis. The plan is incentive for the Directors. The Company's shares are acquired through the Board Incentive Plan Trust ("BIP Trust") and the Employee Stock Ownership Plan Trust ("ESOP Trust") and awarded to the Directors in accordance with achievement degree of performance targets.

Additionally, at the 102nd annual general meeting of shareholders held on June 26, 2025, resolutions were passed regarding the plan to revise matters such as the maximum number of the Company's shares to be acquired by directors and executive officers, as well as performance target conditions.

In response to the above resolution, based on the resolution of the Board of Directors held on August 8, 2025, the Company made an additional contribution of trust money and acquired the Company's shares.

<Outline of additional contribution to the trust and acquisition of the Company’s shares>

Additional cash contributions and additional acquisition of shares were made within the limits of the maximum trust (¥1,600 million in total for three fiscal years, including ¥15 million for outside directors) and the maximum number of shares to be acquired (900,000 shares, including 8,600 shares for outside directors, per year; 2,700,000 shares, including 25,800 shares for outside directors, for a three-year period) as approved at the General Meeting of Shareholders.

(a) Date of the agreement to amend the trust:	August 28, 2025
(b) Period of trust:	August 28, 2025 - September 30, 2028
(c) Total amount of additional trust:	¥1,341,900,000 (including trust fees and expenses) (Breakdown: ¥1,229,235,000 for BIP Trust, ¥112,665,000 for ESOP Trust)
(d) Date of share acquisition:	August 28, 2025
(e) Number of additional shares to be acquired:	1,278,000 shares (Breakdown: 1,170,700 shares for BIP Trust, 107,300 shares for ESOP Trust)
(f) Method of share acquisition:	Acquisition through third-party allotment of treasury stock

2) The Company’s own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stocks in the Trust as of March 31, 2025 were ¥1,473 million and 2,301,936 shares (BIP Trust), ¥98 million and 183,460 shares (ESOP Trust). The book value and the number of these treasury stocks in the Trust as of March 31, 2026 were ¥2,618 million and 3,353,565 shares (BIP Trust), ¥204 million and 281,192 shares (ESOP Trust).

7. Notes to Consolidated Balance Sheets

1) The amount of receivables arising from contracts with customers and contract assets, among notes and accounts receivable - trade, and the amount of contract liabilities among advances received on uncompleted construction contracts are described in the consolidated financial statements "Notes (21. Revenue Recognition, (a) Balances, etc. of contract assets and contract liabilities)".

	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
2) Accumulated depreciation of property, plant and equipment	¥ 35,967	**¥ 43,447**	$ 271,747
3) Advanced depreciation:			
Buildings and structures	¥ 131	**¥ 131**	$ 820
Machinery, vehicles, tools, furniture and fixtures	7,664	**4,231**	26,467
Land	242	**24,722**	154,630
Intangible assets	8	**8**	53
Total	¥ 8,047	**¥ 29,093**	$ 181,972
4) Investments in Non-consolidated subsidiaries and affiliates included in investment securities	¥ 1,661	**¥ 1,217**	$ 7,614
5) Pledged assets and Secured debt			
① Pledged assets and Secured debt are as follows:			
Notes and accounts receivable - trade	¥ 17,623	**¥ 16,304**	$ 101,977
Costs on uncompleted construction contracts	686	**651**	4,071
Long-term leasehold and guarantee deposits	4	**34**	217
Buildings and structures	3,145	**3,412**	21,342
Machinery, vehicles, tools, furniture and fixtures	269	**209**	1,308
Land	2,196	**2,435**	15,230
Investment securities		**—**	—
Total	¥ 23,933	**¥ 23,046**	$ 144,148
Short-term loans payable	¥ 433	**¥ 1,104**	$ 6,910
Long-term loans payable	2,425	**1,358**	8,497
Total	¥ 2,858	**¥ 2,463**	$ 15,408
② Assets pledged as collateral for long-term loans payable of unconsolidated subsidiaries and affiliated companies:			
Investment securities	¥ 364	**¥ 342**	$ 2,140
Long-term loans receivable	171	**158**	991
Total	¥ 535	**¥ 500**	$ 3,132
Long-term borrowings of non-consolidated subsidiaries and affiliated companies	¥ 43,981	**¥ 41,872**	$ 261,896
6) Contingent liabilities (guarantee liabilities)	¥ 121	**¥ 105**	$ 657
7) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	**¥ 30,000**	$ 187,640
Loan balance outstanding	—	**—**	—
Difference (unused portion)	¥ 30,000	**¥ 30,000**	$ 187,640

8) Land revaluation

Based on the Land Revaluation Law, the Company has revaluated land held for business use and has recorded any discrepancies in the consolidated balance sheets as revaluation reserve for land.

9) Provision for loss on construction contracts included in costs on uncompleted construction contracts

	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
Costs on uncompleted construction contracts	¥ 280	**¥ 469**	$ 2,933

10) Change in holding purpose of assets

The following noncurrent assets were reclassified as real estate for sale and other inventories due to change in holding purpose.

	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
Buildings and structures	¥ 10,566	**¥ 106**	$ 668
Land	12,203	**981**	6,138
Other	211	**—**	—

8. Notes to Consolidated Statements of Income

1) Revenue from contracts with customers

Net sales are not stated separately for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is described in the consolidated financial statements "Notes (21. Revenue Recognition, 1) Disaggregation of revenue from contracts with customers)".

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2026**
2) Provision (reversal) for loss on construction contracts included in costs of sales	¥ 67	**¥ (1,145)**	$ (7,166)
3) Valuation loss on inventories included in costs of sales	¥ —	**¥ 156**	$ 978
4) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances (Note)	¥ 16,003	**¥ 17,995**	$ 112,557
Provision for bonuses (Note)	4,788	**5,977**	37,387
Retirement benefit expenses (Note)	535	**713**	4,463
Provision for stock payments for directors	202	**540**	3,380
Provision (reversal) of allowance for doubtful accounts	497	**31**	198
5) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 3,033	**¥ 5,133**	$ 32,107
6) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 53	**¥ 81**	$ 511
Other	35	**40**	251
Dismantlement cost	347	**274**	1,716
Total	¥ 436	**¥ 396**	$ 2,478

Note: A revision of accounting “Selling, general and administrative expenses” to include a component of “Selling, general and administrative expenses” into “Cost of sales of construction contracts” and “Cost of sales of investment development business and other” is implemented in the current consolidated fiscal year. As a result, “Employees’ salaries and allowances” ¥16,566 million, “Provision for bonuses” ¥4,945 million and “Retirement benefit expenses” ¥565 million have been reclassified.

7) Impairment loss on fixed assets

The group puts its assets for business purposes, primarily into main office and branch office. And assets for lease and idle assets are put each properties.

Impairment loss on fixed assets is as follows:

For the fiscal year ended March 31, 2025

Location	Purpose	Type	Impairment loss (Millions of yen)
Oshima District, Yamaguchi Pref, Japan	①Assets for businesses (Domestic Group Companies Business)	Buildings and structures	¥ 260 (Note)
		Machinery, vehicles, tools, furniture and fixtures	¥ 22 (Note)
		Intangible assets	¥ 3 (Note)
Goto City, Nagasaki Pref, Japan	②Assets for businesses (Environment and Energy Business)	Machinery, vehicles, tools, furniture and fixtures	¥ 494 (Note)
Areia Branca, Rio Grande do Norte, Brazil	③Assets for businesses (Environment and Energy Business)	Construction in progress	¥ 105 (Note)
Goto City, Nagasaki Pref, Japan	④Assets for businesses (Environment and Energy Business)	Construction in progress	¥ 52
Chuo Ward, Tokyo, Japan	⑤Assets for businesses (Domestic Investment Development Business)	Construction in progress	¥ 16
		Intangible assets	¥ 22
Nagoya City, Aichi Pref, Japan	⑥Assets for businesses (Whole Company)	Buildings and structures	¥ 44

Note: The impairment loss recorded by the Company's consolidated subsidiary.

Calculation method of recoverable amount:

Regarding assets to be abolished due to decisions made for effective utilization of held assets and relocation of business sites, etc. (②③⑤⑥), the Group measures their recoverable amounts at zero or net sale value. Net sale value is calculated by deducting estimated disposal costs from estimated sale prices, etc.

For assets whose profitability is expected to decline based on future earnings prospects (①④), recoverable amounts are calculated by discounting the future cash flows expected to be generated from continued use and subsequent disposal to present value. The discount rates used, taking into account investment profitability of the asset group, were 2.250% for the Company (④) and 3.8% for the consolidated subsidiaries (①).

For the fiscal year ended March 31, 2026

Location	Purpose	Type	Impairment loss (Millions of yen)	(Thousands of U.S. dollars)
Joso City, Ibaraki Pref, Japan	①**Assets for businesses (Domestic Investment Development Business)**	**Buildings and structures**	**¥ 1,858**	$ 11,622
		Land	**¥ 326**	$ 2,044
Joso City, Ibaraki Pref, Japan	②**Assets for businesses (Domestic Group Companies Business)**	**Buildings and structures**	**¥ 59** (Note)	$ 371
		Machinery, vehicles, tools, furniture and fixtures	**¥ 38** (Note)	$ 239
		Intangible assets	**¥ 0** (Note)	$ 2
Tsu City, Mie Pref, Japan	③**Assets for businesses (Domestic Investment Development Business)**	**Construction in progress**	**¥ 31** (Note)	$ 195
Irvine City, California State, USA	④**Assets for businesses (Overseas Group Companies Business)**	**Goodwill**	**¥ 330**	$ 2,069
		Intangible assets	**¥ 98**	$ 618

Note: The impairment loss recorded by the Company's consolidated subsidiary.

Calculation method of recoverable amount:
The Group sets the recoverable value at zero or net realizable value for assets associated with decisions to discontinue or scale down businesses (②③④). The net realizable value is calculated by deducting estimated disposal costs from the expected sale price, etc. For assets whose profitability has declined due to changes in the business environment or whose profitability is expected to decline based on future income and expenditure projections (①), future cash flows expected to result from their continued use and disposal after use are discounted to present value at 4.00% (①) for the Company, taking into account investment profitability in asset groups, etc.

9. Notes to Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
Reclassification and tax effect of comprehensive income for the years ended March 31	2025	**2026**	**2026**
Valuation difference on available-for-sale securities:			
Accrual	¥ (15,159)	**¥ 44,594**	$ 278,922
Reclassification	(11,546)	**(9,468)**	(59,220)
Before income taxes and tax effect	(26,706)	**35,125**	219,701
Income taxes and tax effect	7,224	**(11,073)**	(69,262)
Valuation difference on available-for-sale securities	¥ (19,482)	**¥ 24,052**	$ 150,439
Deferred gains (losses) on hedges:			
Accrual	¥ 133	**¥ 1,166**	$ 7,298
Reclassification	(98)	**(726)**	(4,541)
Before income taxes and tax effect	35	**440**	2,756
Income taxes and tax effect	(11)	**(143)**	(894)
Deferred gains (losses) on hedges	¥ 23	**¥ 297**	$ 1,862
Revaluation reserve for land:			
Income taxes and tax effect	¥ △1,535	**¥ —**	$ —
Revaluation reserve for land	¥ —	**¥ —**	$ —
Foreign currency translation adjustments:			
Accrual	¥ 1,531	**¥ 185**	$ 1,157
Foreign currency translation adjustments	¥ 1,531	**¥ 185**	$ 1,157
Remeasurements of defined benefit plans:			
Accrual	¥ (417)	**¥ 6,487**	$ 40,577
Reclassification	(886)	**(1,011)**	(6,327)
Before income taxes and tax effect	(1,304)	**5,475**	34,250
Income taxes and tax effect	324	**(1,749)**	(10,944)
Remeasurements of defined benefit plans	¥ (979)	**¥ 3,726**	$ 23,305
Share of other comprehensive income of entities accounted for using equity method:			
Accrual	¥ 30	**¥ 0**	$ —
Share of other comprehensive income of entities accounted for using equity method	¥ 30	**¥ 0**	$ —
Total of other comprehensive income	¥ △19,014	**¥ 28,261**	$ 176,764

10. Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2025	Class of shares	Number of shares April 1, 2024	Increase	Decrease	March 31, 2025
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	18,176,306	4,870,538	466,902	22,579,942

For the fiscal year ended March 31, 2026	Class of shares	Number of shares April 1, 2025	Increase	Decrease	March 31, 2026
Issued stock	**Common stock**	**322,656,796**	—	**4,651,100**	**318,005,696**
Treasury stock	**Common stock**	**22,579,942**	**5,930,203**	**6,544,489**	**21,965,656**

For the fiscal year ended March 31, 2025	Class of shares	Total Dividends	Dividends per share	Record date	Effective date
June 26, 2024 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,298 million	¥14.00	March 31, 2024	June 27, 2024
November 13, 2024 Resolution by Board of Directors	Common stock	¥4,381 million	¥14.50	September 30, 2024	December 9, 2024
June 26, 2025 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,689 million	¥15.50	March 31, 2025	June 27, 2025

For the fiscal year ended March 31, 2026	Class of shares	Total Dividends	Dividends per share	Record date	Effective date
June 26, 2025 Resolution by Annual General Meeting of Shareholders	**Common stock**	**¥4,689 million** ($29,332 thousand)	**¥15.50**	**March 31, 2025**	**June 27, 2025**
November 13, 2025 Resolution by Board of Directors	**Common stock**	**¥6,076 million** ($38,008 thousand)	**¥20.00**	**September 30, 2025**	**December 9, 2025**
June 26, 2026 Resolution by Annual General Meeting of Shareholders	**Common stock**	**¥11,387 million** ($71,226 thousand)	**¥38.00**	**March 31, 2026**	**June 29, 2026**

11. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:	Millions of yen 2025	**2026**	Thousands of U.S. dollars **2026**
Cash and deposits of the consolidated balance sheets	¥ 82,964	**¥ 66,687**	$ 417,109
(Less) time deposits with maturities of more than three months	(1,833)	**(58)**	(364)
Short-Term investment securities	5,000	**18,000**	112,584
Cash and cash equivalents of the consolidated statements of cash flows	¥ 86,131	**¥ 84,629**	$ 529,329

The information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation regarding the Companies which newly became consolidated subsidiaries through acquisitions is as follows:

For the year ended March 31, 2025 (Coherent Hotel Ltd.)	Millions of yen 2025	Thousands of U.S. dollars 2025
Current assets	¥ 10,038	$ 62,790
Noncurrent assets	7,507	46,958
Goodwill	1,464	9,162
Current liabilities	(215)	(1,348)
Noncurrent liabilities	(8,652)	(54,118)
Foreign currency translation adjustments	(144)	(905)
Non-controlling interests	(4,252)	(26,598)
Acquisition cost of shares	¥ 5,746	$ 35,941
Cash and cash equivalents	(2,880)	(18,014)
Loans receivable	3,831	23,966
Payment for purchase	¥ 6,697	$ 41,893

For the year ended March 31, 2025 (Kaken Co., Ltd.)	Millions of yen 2025	Thousands of U.S. dollars 2025
Current assets	¥ 1,738	$ 10,876
Noncurrent assets	5,040	31,528
Goodwill	257	1,611
Current liabilities	(1,899)	(11,881)
Noncurrent liabilities	(3,810)	(23,835)
Acquisition cost of shares	¥ 1,326	$ 8,299
Cash and cash equivalents	(876)	(5,484)
Payment for purchase	¥ 450	$ 2,815

For the year ended March 31, 2026
None

The information about assets acquired, liabilities assumed, acquisition cost and payment for acquisition as of the date of acquisition of businesses regarding the Companies which consideration is paid in cash and cash equivalents through acquisition of businesses is as follows:

For the year ended March 31, 2025 (Platinum Landscape, Inc.)	Millions of yen 2025	Thousands of U.S. dollars 2025
Current assets	¥ 545	$ 3,413
Noncurrent assets	267	1,673
Goodwill	434	2,718
Trade Name	129	812
Acquisition cost of business	¥ 1,377	$ 8,617
Cash and cash equivalents	(47)	(297)
Payment for acquisition of business	¥ 1,330	$ 8,319

For the year ended March 31, 2026
None

12. Lease Transactions

As of March 31	Millions of yen 2025	Millions of yen 2026	Thousands of U.S. dollars 2026
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 1,080	**¥ 902**	$ 5,642
Due after one year	14,170	**13,766**	86,103
Total	¥ 15,250	**¥ 14,668**	$ 91,745
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥ 6,203	**¥ 5,848**	$ 36,578
Due after one year	31,855	**37,220**	232,802
Total	¥ 38,059	**¥ 43,068**	$ 269,380

13. Financial Instrument

Fair value of financial instrument

As of March 31, 2025	Millions of yen Book value	Fair value	Difference
1) Notes and accounts receivable - trade	¥ 271,023		
Allowance for doubtful accounts (Note 2)	(1,278)		
Subtotal	¥ 269,745	¥ 268,545	¥ (1,199)
2) Short-term investment securities, investment securities (Note 3)	173,368	173,218	(150)
3) Long-term loans receivable	7,143	6,960	(182)
Assets total	¥ 450,257	¥ 448,724	¥ (1,532)
1) Notes and accounts payable - trade	¥ 93,177	¥ 93,177	¥ —
2) Short-term loans payable and Commercial papers-liabilities	70,572	70,572	—
3) Current portion of bonds payable	10,165	10,152	(12)
4) Income taxes payable	9,920	9,920	—
5) Bonds payable	63,050	60,659	(2,390)
6) Long-term loans payable	111,681	107,597	(4,083)
Liabilities total	¥ 358,566	¥ 352,078	¥ (6,487)
Derivative transactions (Note 4)	¥ 505	¥ 505	¥ —

Note:1 "Cash and deposits" are not shown because these financial instruments are in cash or have a short maturity and these values approximate these book values.

2 Allowance for doubtful accounts individually accrued to accounts receivable from completed construction contracts are omitted.

3 Equity securities without market prices and investments in partnerships for which equity interests are recorded on a net basis are not included in "2) Short-term investment securities and investment securities".

These financial instruments recorded in the consolidated balance sheets are as follows:

As of March 31, 2025	Millions of yen
Equity securities without market prices	
Stocks of subsidiaries	¥ 55
Stocks of affiliated companies	1,061
Unlisted stocks	7,207
Investments in Limited Liability Company	344
Others	210
Investments in partnerships for which equity interests are recorded on a net basis	
Investments in silent partnerships	¥ 3,080
Others	6,593

4 Net receivables/payables arising from derivatives are shown.

As of March 31, 2026	Millions of yen Book value	Millions of yen Fair value	Millions of yen Difference	Thousands of U.S. dollars Book value	Thousands of U.S. dollars Fair value	Thousands of U.S. dollars Difference
1) Notes and accounts receivable - trade	**¥ 268,045**			$ 1,676,541	1,653,494	
Allowance for doubtful receivables (Note 2)	**(1,213)**			(7,589)		
Subtotal	**¥ 266,832**	**¥ 264,360**	**¥ (2,471)**	$ 1,668,951	$ 1,653,494	$ (15,457)
2) Short-term investment securities, investment securities (Note 3)	**219,513**	**219,350**	**(162)**	1,372,986	1,371,971	(1,015)
3) Long-term loans receivable	**8,861**	**7,744**	**(1,117)**	55,427	48,436	(6,990)
Assets total	**¥ 495,206**	**¥ 491,455**	**¥ (3,751)**	$ 3,097,365	$ 3,073,902	$ (23,463)
1) Notes and accounts payable - trade	**¥ 104,298**	**¥ 104,298**	**¥ —**	$ 652,356	$ 652,356	$ —
2) Short-term loans payable and Commercial papers-liabilities	**52,839**	**52,839**	—	330,494	330,494	—
3) Current portion of bonds payable	**10,050**	**10,029**	**(20)**	62,859	62,733	(125)
4) Income taxes payable	**6,149**	**6,149**	—	38,463	38,463	—
5) Bonds payable	**53,000**	**49,946**	**(3,053)**	331,498	312,399	(19,098)
6) Long-term loans payable	**113,702**	**108,689**	**(5,013)**	711,176	679,818	(31,357)
Liabilities total	**¥ 340,040**	**¥ 331,953**	**¥ (8,087)**	$ 2,126,848	$ 2,076,266	$ (50,582)
Derivative transactions (Note 4)	**¥ 787**	**¥ 787**	**¥ —**	$ 4,924	$ 4,924	$ —

Note: 1 "Cash and deposits" are not shown because these financial instruments are in cash or have a short maturity and these values approximate these book values
2 Allowance for doubtful accounts individually accrued to notes and accounts receivable from completed construction contracts are omitted.
3 Equity securities without market prices and investments in partnerships for which equity interests are recorded on a net basis are not included in "2) Short-term investment securities and investment securities".
These financial instruments recorded in the consolidated balance sheets are as follows:

As of March 31, 2026	Millions of yen	Thousands of U.S. dollars
Equity securities without market prices		
Stocks of subsidiaries	¥ **55**	$ 349
Stocks of affiliated companies	**799**	4,997
Unlisted stocks	**6,481**	40,537
Investments in Limited Liability Company	**362**	2,267
Others	**1,666**	10,422
Investments in partnerships for which equity interests are recorded on a net basis		
Investments in silent partnerships	¥ **5,000**	$ 31,273
Others	**6,768**	42,336

4 Net receivables/payables arising from derivatives are shown.

Note 1: Scheduled maturities of monetary receivables and securities with maturity dates after the consolidated balance sheet date.

As of March 31, 2025	Within one year (millions of yen)	Over one year Within five years (millions of yen)	Over five years Within ten years (millions of yen)	Over ten years (millions of yen)
Cash and deposits	¥ **82,964**	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	**221,772**	49,251	—	—
Marketable securities with maturity dates				
Held-to-maturity debt securities (bonds payable)	¥ **200**	¥ 1,809	¥ 800	¥ 1,612
Other securities with maturity dates				
Others	¥ **5,000**	¥ —	¥ —	¥ —
Long-term loans receivable	**26**	**1,360**	**2,821**	2,934
Total	**309,963**	52,420	3,621	4,547

As of March 31, 2026	Within one year (millions of yen)	Over one year Within five years (millions of yen)	Over five years Within ten years (millions of yen)	Over ten years (millions of yen)
Cash and deposits	¥ **66,687**	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	**226,325**	41,720	—	—
Marketable securities with maturity dates				
Held-to-maturity debt securities (bonds payable)	¥ **902**	¥ 808	¥ 800	¥ 1,703
Other securities with maturity dates				
Others	¥ **17,197**	¥ —	¥ —	¥ —
Long-term loans receivable	**71**	**2,218**	**3,541**	3,030
Total	**311,184**	44,747	4,341	4,733

As of March 31, 2026	Within one year (Thousands of U.S. dollars)	Over one year Within five years (Thousands of U.S. dollars)	Over five years Within ten years (Thousands of U.S. dollars)	Over ten years (Thousands of U.S. dollars)
Cash and deposits	$ **417,109**	$ —	$ —	$ —
Notes and accounts receivable - trade	**1,415,595**	260,946	—	—
Marketable securities with maturity dates				
Held-to-maturity debt securities (bonds payable)	$ **5,642**	$ 5,058	$ 5,006	$ 10,652
Other securities with maturity dates				
Others	$ **107,567**	$ —	$ —	$ —
Long-term loans receivable	**446**	**13,875**	**22,150**	18,954
Total	**1,946,361**	279,880	27,157	29,607

2: Repayment schedule for bonds payable, long-term loans payable, etc. after the consolidated balance sheet date

As of March 31, 2025	Within one year (millions of yen)	Over one year Within two years (millions of yen)	Over two years Within three years (millions of yen)	Over three years Within four years (millions of yen)
Short-term loans payable	¥ **52,883**	¥ —	¥ —	¥ —
Other interest-bearing liabilities	**5,000**	—	—	—
Bonds payable	**10,165**	10,050	—	13,000
Long-term loans payable	¥ **12,689**	¥ 16,285	¥ 11,769	¥ 8,956
Total	**80,737**	26,335	11,769	21,956

	Over four years Within five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	¥ —	¥ —
Other interest-bearing liabilities	—	—
Bonds payable	20,000	20,000
Long-term loans payable	¥ 25,817	¥ 48,852
Total	45,817	68,852

As of March 31, 2026	Within one year (millions of yen)	Over one year Within two years (millions of yen)	Over two years Within three years (millions of yen)	Over three years Within four years (millions of yen)
Short-term loans payable	¥ **36,547**	¥ —	¥ —	¥ —
Other interest-bearing liabilities				
Bonds payable	**10,050**	—	13,000	20,000
Long-term loans payable	¥ **16,292**	¥ 11,902	¥ 10,039	¥ 26,009
Total	**63,107**	11,902	23,039	46,009

	Over four years Within five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	¥ —	¥ —
Other interest-bearing liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	¥ 31,112	¥ 34,639
Total	41,112	44,639

As of March 31, 2026	Within one year (Thousands of U.S. dollars)	Over one year Within two years (Thousands of U.S. dollars)	Over two years Within three years (Thousands of U.S. dollars)	Over three years Within four years (Thousands of U.S. dollars)
Short-term loans payable	$ **228,592**	$ —	$ —	$ —
Other interest-bearing liabilities				
Bonds payable	**62,859**	—	81,310	125,093
Long-term loans payable	$ **101,902**	$ 74,444	$ 62,794	$ 162,680
Total	**394,716**	74,444	144,105	287,774

	Over four years Within five years (Thousands of U.S. dollars)	Over five years (Thousands of U.S. dollars)
Short-term loans payable	$ —	$ —
Other interest-bearing liabilities		
Bonds payable	62,546	62,546
Long-term loans payable	$ 194,596	$ 216,661
Total	257,142	279,208

Fair value information of financial instruments by level of inputs

The fair values of financial instruments are categorized into the following three levels based on the observability and materiality of the inputs used to measure fair values.

Level 1 fair value: The fair values which are measured by using observable inputs that reflect the quoted market prices for identical assets or liabilities in active markets

Level 2 fair value: The fair values which are measured by using observable inputs that are not included in level 1

Level 3 fair value: The fair values which are measured by using unobservable inputs

If multiple inputs that have significant impact on measurement of fair values are used, the fair values are categorized in the lowest priority level in measurement of fair values among the levels to which these inputs belong.

1) Financial assets and liabilities of which fair value is recognized in the consolidated balance sheets

	Millions of yen			
	Fair value			
As of March 31, 2025	Level 1	Level 2	Level 3	Total
Short-term investment securities, investment securities				
Other investment securities				
Stocks	¥ 149,460	¥ —	¥ —	¥ 149,460
Bonds	—	993	—	993
Others	—	13,492	—	13,492
Derivative Transactions				
Currency-related transactions	—	505	—	505
Assets total	¥ 149,460	¥ 14,990	¥ —	¥ 164,451

	Millions of yen				Thousands of U.S. dollars			
	Fair value				Fair value			
As of March 31, 2026	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term investment securities, investment securities								
Other investment securities								
Stocks	**¥ 181,491**	**¥ —**	**¥ —**	**¥ 181,491**	$ 1,135,173	$ —	$ —	$ 1,135,173
Bonds	**—**	**688**	**—**	**688**	—	4,305	—	4,305
Others	**—**	**14,420**	**—**	**14,420**	—	90,194	—	90,194
Derivative Transactions								
Currency-related transactions	**—**	**787**	**—**	**787**	—	4,924	—	4,924
Assets total	**¥ 181,491**	**¥ 15,895**	**¥ —**	**¥ 197,387**	$ 1,135,173	$ 99,423	$ —	$ 1,234,597

2) Financial assets and liabilities of which fair value is not recognized in the consolidated balance sheets

As of March 31, 2025	Millions of yen Fair value Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade	¥ —	¥ 268,545	¥ —	¥ 268,545
Short-term investment securities, investment securities				
Held-to-maturity debt securities				
Bonds	—	4,272	—	4,272
Others	—	5,000	—	5,000
Long-term loans receivable	—	6,960	—	6,960
Assets total	¥ —	¥ 284,778	¥ —	¥ 284,778
Notes and accounts payable - trade	¥ —	¥ 93,177	¥ —	¥ 93,177
Short-term loans payable and Commercial papers-liabilities	—	70,572	—	70,572
Current portion of bonds payable	—	10,152	—	10,152
Income taxes payable	—	9,920	—	9,920
Bonds payable	—	60,659	—	60,659
Long-term loans payable	—	107,597	—	107,597
Liabilities total	¥ —	¥ 352,078	¥ —	¥ 352,078

	Millions of yen				Thousands of U.S. dollars			
	Fair value				Fair value			
As of March 31, 2026	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Notes and accounts receivable – trade	**¥ —**	**¥ 264,360**	**¥ —**	**¥ 264,360**	$ —	$ 1,653,494	$ —	$1,653,494
Short-term investment securities, investment securities								
Held-to-maturity debt securities								
Bonds	—	**4,650**	—	**4,650**	—	29,085	—	29,085
Others	—	**18,100**	—	**18,100**		113,212		113,212
Long-term loans receivable	—	**7,744**	—	**7,744**	—	48,436	—	48,436
Assets total	**¥ —**	**¥ 294,855**	**¥ —**	**¥ 294,855**	$ —	$ 1,844,229	$ —	$ 1,844,229
Notes and accounts payable - trade	**¥ —**	**¥ 104,298**	**¥ —**	**¥ 104,298**	$ —	$ 652,356	$ —	$ 652,356
Short-term loans payable and Commercial papers-liabilities	—	**52,839**	—	**52,839**	—	330,494	—	330,494
Current portion of bonds payable	—	**10,029**	—	**10,029**	—	62,733	—	62,733
Income taxes payable	—	**6,149**	—	**6,149**	—	38,463	—	38,463
Bonds payable	—	**49,946**	—	**49,946**	—	312,399	—	312,399
Long-term loans payable	—	**108,689**	—	**108,689**	—	679,818	—	679,818
Liabilities total	**¥ —**	**¥ 331,953**	**¥ —**	**¥ 331,953**	$ —	$ 2,076,266	$ —	$ 2,076,266

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

Assets

Notes and accounts receivable - trade

The fair values are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated collection terms, period to maturity and credit risks, with respect to each receivable categorized by collection terms. These financial instruments are classified as Level 2.

Short-term investment securities, investment securities

Listed stocks and Bonds are based on the prices of exchange and the prices presented by the dealing financial institutions. Listed stocks are classified as Level 1 because these financial instruments are traded in active markets.

Bonds held by some consolidated subsidiaries are classified as Level 2 because these financial instruments are not traded in the market frequently and are not recognized as quoted market prices in active markets.

Investment trusts are classified as Level 2 because these fair values are based on net asset value per unit or net asset method.

Long-term loans receivable

These financial instruments are categorized by collection terms and made into credit risk categories for credit management. The fair values of these are based on the present value of discounted cash flows at the Companies' assumed corporate discount rate by adding the credit spread to the appropriate indexes, such as the yield of government bonds. These financial instruments are classified as Level 2.

Liabilities

Notes and accounts payable - trade, Short-term loans payable and Commercial papers-liabilities, Income taxes payable

These financial instruments are classified as Level 2 because these have a short maturity and these value approximates these book value.

Current portion of bonds payable and Bonds payable

The fair values of the Company’s bonds payable are based on the market prices and classified as Level 2.

However, the fair values of some consolidated subsidiaries' bonds payable are classified as Level 2 because there is no market price. The fair values are based on the present value of discounted cash flows using the interest rate assumed for a similar new loan, with respect to the total amount of principal and interest.

Long-term loans payable

The fair values of these financial instruments with fixed interest rate are based on the present value of discounted cash flows using the interest rate assumed for a similar new loan, with respect to the total amount of principal and interest, and are classified as Level 2. The fair values of these financial instruments with floating interest rate and reflecting market interest rates within a short period of time are classified as Level 2 because these reflect market interest rates within a short period of time. The fair values of these financial instruments with floating interest rate and the other than above financial instruments are based on the present value using the same method as for fixed interest rates, and are classified as Level 2.

However, some long-term loans payable are subject to exceptional treatment of interest rate swaps. The fair values of these financial instruments are based on the present value of discounted cash flows using the interest rate assumed for a similar new loan, with respect to the total amount of principal and interest recorded in combination with interest rate swaps.

Derivative Transactions

The fair values of interest rate swaps to which the exceptional treatment is applied are included in the fair values of long-term loans payable because these financial instruments are accounted for as an integral part of long-term loans payable that are hedged (referred to "Liabilities" above).

The fair values of forward foreign exchange contracts are based on the prices presented by the dealing financial institutions, and classified as Level 2.

14. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

	Millions of yen		
As of March 31, 2025	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 1,714	¥ 1,734	¥ 19
Securities with a fair value that does not exceed the book value	2,708	2,538	(169)
Total	¥ 4,422	¥ 4,272	¥ (150)

Available-for-sale securities with a fair value:

	Millions of yen		
As of March 31, 2025	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 147,915	¥ 42,829	¥ 105,086
Bonds	201	200	1
Others	12,977	10,854	2,122
Subtotal	161,094	53,884	107,210
Securities with a book value that does not exceed the acquisition cost:			
Stocks	1,545	1,708	(163)
Bonds	791	800	(8)
Others	5,514	5,531	(17)
Subtotal	7,851	8,040	(188)
Total	¥ 168,946	¥ 61,924	¥ 107,021

	Millions of yen		
For the fiscal year ended March 31, 2025	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 16,467	¥ 11,556	¥ 5

Note: The Companies recognized losses on write-down of ¥413 million for securities (¥413 million for equity securities without market prices).

Held-to-maturity debt securities:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2026	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	**¥ 1,002**	**¥ 1,004**	**¥ 2**	$ 6,267	$ 6,284	$ 16
Securities with a fair value that does not exceed the book value	**3,810**	**3,645**	**(165)**	23,835	22,801	(1,034)
Total	**¥ 4,812**	**¥ 4,650**	**¥ (162)**	$ 30,103	$ 29,085	$ (1,017)

Available-for-sale securities with a fair value:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2026	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:						
Stocks	**¥ 180,712**	**¥ 40,886**	**¥ 139,825**	$ 1,130,302	$ 255,735	$ 874,567
Bonds	**200**	**200**	**0**	1,253	1,250	2
Others	**14,223**	**11,814**	**2,408**	88,960	73,897	15,063
Subtotal	**195,136**	**52,901**	**142,234**	1,220,517	330,883	889,633
Securities with a book value that does not exceed the acquisition cost:						
Stocks	**778**	**882**	**(103)**	4,871	5,517	(646)
Bonds	**487**	**499**	**(11)**	3,051	3,126	(74)
Others	**18,297**	**18,311**	**(14)**	114,443	114,532	(88)
Subtotal	**19,563**	**19,693**	**(129)**	122,366	123,175	(808)
Total	**¥ 214,700**	**¥ 72,594**	**¥ 142,105**	$ 1,342,883	$ 454,059	$ 888,824

	Millions of yen			Thousands of U.S. dollars		
For the fiscal year ended March 31, 2026	Sales amount	Total gain on sales	Total loss on sales	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	**¥ 13,355**	**¥ 9,468**	**¥ —**	$ 83,532	$ 59,220	—

Note: The Companies recognized losses on write-down of ¥600 million (US$3,757 thousand) for securities (¥600 million (US$3,757 thousand) for equity securities without market prices).

Write-down losses are recognized in each of following cases.

Case of other than equity securities without market prices

・Fair value of fiscal year end and quarter settlement day in a row decline more than 30% compared to book value in succession.

・Fair value declined more than 50% compared to book value.

Case of equity securities without market prices

・Net worth of equivalent of Equity declines more than 50% compared to acquisition cost.

15. Derivative Transactions

For the year ended March 31, 2025
Derivative transactions to which the hedge accounting method is not applied:

1) Currency-related transactions
None

2) Interest-related transactions
None

Derivative transactions to which the hedge accounting method is applied:

1) Currency-related transactions

Method of processing	Measures	Objects	Contract amount	Millions of yen more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Forecasted purchasing transaction	¥ 686	¥ 686	¥ 94
	Buy USD	Forecasted purchasing transaction	¥ 2,739	¥ —	¥ 370
	Buy CNY	Forecasted purchasing transaction	¥ 1,271	¥ 360	¥ 39
Total			¥ 4,697	¥ 1,046	¥ 505

2) Interest-related transactions

Method of processing	Measures	Objects	Contract amount	Millions of yen more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	¥ 4,000	¥ 1,360	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

For the year ended March 31, 2026
Derivative transactions to which the hedge accounting method is not applied:

1) Currency-related transactions
None

2) Interest-related transactions
None

Derivative transactions to which the hedge accounting method is applied:

1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	**¥ 1,428**	**¥ 1,428**	**¥ 111**	$ 8,934	$ 8,934	$ 697
	Buy USD	Forecasted purchasing transaction	**¥ 4,053**	**¥ 3,175**	**¥ 414**	$ 25,354	$ 19,860	$ 2,595
	Buy CNY	Forecasted purchasing transaction	**¥ 1,965**	**¥ 1,965**	**¥ 260**	$ 12,296	$ 12,296	$ 1,631
Total			**¥ 7,448**	**¥ 6,569**	**¥ 787**	$ 46,585	$ 41,091	$ 4,924

2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	**¥ 2,800**	**¥—**	*	$17,513	—	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

16. Retirement Benefits

The Company has a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan and has also a corporate defined contribution pension plan since April 2020.
Some of the consolidated subsidiaries have a defined benefit pension plan or a defined contribution pension plan. In addition, the other consolidated subsidiaries have lump-sum benefit plans based on the simplified method.

The schedule of the defined benefit obligation	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Balance at the beginning of the fiscal year	¥ 41,567	**¥ 42,666**	$ 266,865
Service cost	1,935	**1,918**	11,997
Interest cost	566	**568**	3,555
Actuarial gain and loss	186	**(5,674)**	(35,491)
Benefit paid	(1,605)	**(1,809)**	(11,316)
Prior service costs	(198)	**—**	—
Other	213	**(25)**	(157)
Balance at the end of the fiscal year	¥ 42,666	**¥ 37,644**	$ 235,454

The schedule of the pension assets	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Balance at the beginning of the fiscal year	¥ 25,115	¥ **25,180**	$ 157,495
Expected return on pension assets	299	**300**	1,879
Actuarial gain and loss	(190)	**799**	5,003
Contributions by the employer	1,038	**966**	6,043
Benefit paid	(1,037)	**(1,101)**	(6,887)
Other	(45)	**(0)**	(2)
Balance at the end of the fiscal year	¥ 25,180	¥ **26,145**	$ 163,532

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheets	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Retirement benefit obligation of funded plan	¥ 20,454	¥ **17,817**	$ 111,445
Pension assets	(25,180)	**(26,145)**	(163,532)
	(4,725)	**(8,327)**	(52,086)
Retirement benefit obligation of unfunded plan	22,212	**19,826**	124,009
Net amount of liabilities and assets recognized in consolidated balance sheets	17,486	**11,499**	71,922
Net defined benefit liability	23,489	**21,170**	132,413
Net defined benefit asset	(6,003)	**(9,671)**	(60,490)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ 17,486	¥ **11,499**	$ 71,922

The breakdown of items in retirement benefit costs	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Service cost	¥ 1,935	¥ **1,918**	$ 11,997
Interest cost	566	**568**	3,555
Expected return on pension assets	(291)	**(300)**	(1,879)
Amortization of actuarial differences	(1,044)	**(1,121)**	(7,017)
Amortization of prior service costs	143	**181**	1,133
Retirement benefit costs	¥ 1,308	¥ **1,245**	$ 7,789

Remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Prior service costs	¥ 381	¥ **181**	$ 1,133
Actuarial gain and loss	(1,421)	**5,355**	33,497
Total	¥ (1,040)	¥ **5,536**	$ 34,630

Unrecognized remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Unrecognized prior service costs	¥ 509	¥ **327**	$ 2,051
Unrecognized actuarial (gain) loss	(4,397)	**(9,759)**	(61,040)
Total	¥ (3,888)	¥ **(9,431)**	$ (58,989)

The breakdown of pension assets by major category	2025	**2026**
Bonds	21%	**21%**
Equities	14%	**14%**
General account	57%	**55%**
Other	8%	**10%**
Total	100%	**100%**

The items of actuarial assumptions	2025	**2026**
Discount rate	1.3%	**2.7%**
Expected long-term return on pension assets	1.2%	**1.2%**
Expected rate of salary raise	5.5%	**5.5%**

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Required amount of contribution to the corporate defined contribution pension plan	¥ 547	¥ **554**	$ 3,466

17. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2025 and 2026 are as follows:	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
Deferred tax assets:			
Real estate for sale	¥ 132	**¥ 65**	$ 410
Property, plant and equipment	7,682	**5,042**	31,540
Investment securities	428	**528**	3,306
Allowance for doubtful accounts	619	**663**	4,150
Provision for bonuses	2,393	**3,272**	20,470
Provision for loss on construction contracts	1,288	**939**	5,875
Net defined benefit liability	7,156	**6,363**	39,803
Tax loss carryforwards	1,112	**1,671**	10,455
Other	5,628	**7,446**	46,574
Subtotal	26,443	**25,994**	162,587
Less: valuation allowance	(9,092)	**(8,528)**	(53,341)
Deferred tax assets	¥ 17,351	**¥ 17,466**	$ 109,245
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(33,708)	**(44,782)**	(280,101)
Net defined benefit asset	(1,882)	**(3,047)**	(19,059)
Other	(4,610)	**(5,546)**	(34,692)
Deferred tax liabilities	(40,202)	**(53,376)**	(333,853)
Net deferred tax assets (liabilities)	¥ (22,850)	**¥ (35,910)**	$ (224,607)

In addition to the above, the Companies recognized deferred tax liabilities of ¥5,202 million and ¥4,857 million (US$30,384 thousand) related to revaluation reserve for land at March 31, 2025 and 2026, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2025	**2026**
Statutory tax rate	30.6%	**30.6%**
Expenses not deductible for income tax purposes	1.8%	**1.1%**
Non-taxable income	(0.7)%	**(0.8)%**
Inhabitant taxes (per capita levy)	0.5%	**0.4%**
Valuation allowance	1.4%	**(1.3)%**
Tax credit	(3.7)%	**(3.4)%**
Other	(0.1)%	**(1.2)%**
Effective tax rate	29.8%	**25.4%**

18. Business Combinations

Transactions under Common Control, etc.
(Absorption-type Merger of Consolidated Subsidiaries)
Effective November 12, 2025, the Group carried out an absorption-type merger between consolidated subsidiaries, with TODA Investimentos do Brasil Ltda. as the surviving company.

1）Summary of Transaction
  (a) Name of the combined entity and description of its business
    Name: TODA Energia 2 Ltda.
    Business: Onshore wind power generation and electricity sales business
  (b) Date of business combination
    November 12, 2025
  (c) Legal form of business combination
    An absorption-type merger with TODA Investimentos do Brasil Ltda.
    as the surviving company and TODA Energia 2 Ltda. as the absorbed company.
  (d) Name of the entity after business combination
    TODA Investimentos do Brasil Ltda.
  (e) Other matters regarding summary of transaction
    Liquidation of TODA Energia 2 Ltda. following a change in plans for the onshore wind power generation business in the Federative Republic of Brazil.

2）Overview of Accounting Treatment Applied
  The transaction has been accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10).

19. Asset Retirement Obligations

The asset retirement obligations in the consolidated balance sheets
The Companies chose not to describe the detail in the report due to its immateriality.

20. Investment and Rental Properties

	Millions of yen	
As of March 31, 2025	Book Value	Fair Value
Real estate for rent	¥ 139,863	¥ 178,245

	Millions of yen		Thousands of U.S. dollars	
As of March 31, 2026	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	**¥147,394**	**¥ 191,647**	$ 921,908	$ 1,198,695

21. Revenue Recognition

1) Disaggregation of revenue from contracts with customers

	Millions of yen						
	Reporting segments						
For the year ended March 31, 2025	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total
Goods or services transferred over time	¥ 290,128	¥ 114,846	¥ —	¥ 30,775	¥ 43,528	¥ —	¥ 479,279
Goods or services transferred at a point in time	21,467	2,297	40,166	21,777	10,508	907	97,124
Revenue from contracts with customers	311,596	117,144	40,166	52,552	54,036	907	576,403
Other revenue	15	—	6,153	1,007	3,080	—	10,257
Sales on third parties	¥ 311,611	¥ 117,144	¥ 46,320	¥ 53,559	¥ 57,117	¥ 907	¥ 586,661

	Millions of yen						
	Reporting segments						
For the year ended March 31, 2026	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total
Goods or services transferred over time	**¥ 340,966**	**¥ 120,469**	**¥ —**	**¥ 36,305**	**¥ 52,865**	**¥ —**	**¥ 550,607**
Goods or services transferred at a point in time	**19,856**	**1,093**	**24,342**	**23,629**	**12,607**	**3,327**	**84,855**
Revenue from contracts with customers	**360,823**	**121,562**	**24,342**	**59,934**	**65,472**	**3,327**	**635,462**
Other revenue	**14**	**—**	**6,934**	**1,098**	**2,226**	**—**	**10,274**
Sales on third parties	**¥ 360,837**	**¥ 121,562**	**¥ 31,276**	**¥ 61,033**	**¥ 67,699**	**¥ 3,327**	**¥ 645,737**

	Thousands of U.S. dollars						
	Reporting segments						
For the year ended March 31, 2026	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total
Goods or services transferred over time	$ 2,132,640	$ 753,499	$ —	$ 227,078	$ 330,658	$ —	$ 3,443,876
Goods or services transferred at a point in time	124,196	6,837	152,254	147,794	78,854	20,810	530,747
Revenue from contracts with customers	2,256,837	760,336	152,254	374,872	409,512	20,810	3,974,624
Other revenue	90	—	43,372	6,872	13,927	—	64,262
Sales on third parties	$ 2,256,927	$ 760,336	$ 195,626	$ 381,745	$ 423,440	$ 20,810	$ 4,038,887

2) Information as a basis to understand revenue from contracts with customers

Information as a basis to understand revenue from contracts with customers is described in the consolidated financial statements "Notes (2. Summary of Significant Accounting Policies, 8) Recognition of net sales from construction contracts and related costs)".

3) Information related to the relationship between the satisfaction of performance obligations based on contracts with customers and the cash flows resulting from such contracts, and the amounts and timing of revenue expected to be recognized in or after the next consolidated fiscal year from contracts with customers that existed at the current consolidated fiscal year-end

(a) Balances, etc. of contract assets and contract liabilities

	Millions of yen		Millions of yen		Thousands of U.S. dollars
	Balance as of April 1, 2024	Balance as of March 31, 2025	**Balance as of April 1, 2025**	**Balance as of March 31, 2026**	**Balance as of March 31, 2026**
Receivables from contracts with customers	¥ 74,932	¥ 86,545	**¥ 86,545**	**¥ 86,561**	$ 541,413
Contract assets	141,500	184,100	**184,100**	**181,281**	1,133,861
Contract liabilities	37,985	58,624	**58,624**	**70,146**	438,746

Contract assets are rights of the Companies to the unbilled consideration for performance obligations satisfied or partially satisfied as of closing date, with respect to performance obligations related to the construction, etc. of buildings or structures, etc. based on construction contracts. Contract assets are transferred to receivables from contracts with customers when the rights of the Companies to the consideration become unconditional upon invoicing or delivery. In addition, there is no clear link between the timing of satisfaction of performance obligations and the timing of receipt of the consideration for transaction because payment terms for construction contracts vary.

Contract liabilities consist primarily of advances received from customers based on payment terms stipulated for individual construction contracts, with respect to construction contracts for which revenue is recognized over time. In addition, contract liabilities are reversed upon recognition of revenue.

The amounts of contract liabilities recognized as revenue of the balance of contract liabilities at the beginning are ¥33,557 million and ¥47,191 million (US$295,168 thousand) for 2025 and 2026, respectively. Furthermore, the amounts of revenue recognized in the current consolidated fiscal year for performance obligations that were satisfied or partially satisfied in the past consolidated fiscal years is not material, nor is it material in the past consolidated fiscal year.

(b) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to unsatisfied or partially unsatisfied performance obligations is ¥1,115,285 million and ¥1,187,382 million (US$7,426,708 thousand) in the Companies on March 31, 2025 and 2026, respectively.

The remaining performance obligations are related to construction, etc. of buildings or structures, etc. in "Building Construction" and "Civil Engineering", etc., sales of real estate in "Domestic Investment Development" and "Overseas Group Companies", and building management services in "Domestic Group Companies".

In the past consolidated fiscal year, building management services were expected to be recognized as revenue within 1 year, construction, etc. of buildings or structures, etc. was expected to be recognized as revenue within approximately 4 years, and sales of real estate were expected to be recognized as revenue within 3 years. In the current consolidated fiscal year, building management services are expected to be recognized as revenue within 1 year, construction, etc. of buildings or structures, etc. is expected to be recognized as revenue within approximately 5 years, and sales of real estate are expected to be recognized as revenue within 2 years.

22. Segment Information

From the beginning of the current consolidated fiscal year, the Companies have changed the management method of real estate used by the Company, thus measurement of inter-segment sales has been changed.
In addition, the segment information for the previous consolidated fiscal year is presented based on the measurement method of profit or loss after changed.

	Millions of yen								
	Reporting segments								
For the year ended March 31, 2025	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total	Adjustments	Consolidated
Net sales:									
Customers	¥ 311,698	¥ 117,144	¥ 46,320	¥ 53,559	¥ 57,031	¥ 907	¥ 586,661	¥ —	¥ 586,661
Inter-segment	46,549	10,017	1,412	4,657	1	26	62,664	(62,664)	—
Total	358,248	127,161	47,732	58,217	57,032	933	649,325	(62,664)	586,661
Segment profit (loss)	¥ 16,569	¥ 8,096	¥ 5,573	¥ 3,048	¥ 1,024	¥ (1,135)	¥ 33,176	¥ (6,537)	¥ 26,638
Depreciation and amortization	¥ 1,819	¥ 788	¥ 2,686	¥ 579	¥ 1,410	¥ 694	¥ 7,978	¥ —	¥ 7,978
Amortization of goodwill	¥ —	¥ —	¥ 69	¥ 305	¥ 540	¥ 35	¥ 950	¥ —	¥ 950
Impairment loss on fixed assets	¥ —	¥ —	¥ 40	¥ 285	¥ —	¥ 652	¥ 978	¥ 44	¥ 1,023

	Millions of yen								
	Reporting segments								
For the year ended March 31, 2026	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total	Adjustments	Consolidated
Net sales:									
Customers	**¥ 360,837**	**¥ 121,562**	**¥ 31,276**	**¥ 61,033**	**¥ 67,699**	**¥ 3,327**	**¥ 645,737**	**¥ —**	**¥ 645,737**
Inter-segment	**1,720**	**6,284**	**2,152**	**6,827**	**—**	**46**	**17,032**	**(17,032)**	**—**
Total	**362,558**	**127,847**	**33,429**	**67,861**	**67,699**	**3,373**	**662,769**	**(17,032)**	**645,737**
Segment profit (loss)	**¥ 26,972**	**¥ 4,620**	**¥ 2,060**	**¥ 2,779**	**¥ 5,623**	**¥ (1,282)**	**¥ 40,774**	**¥ (2,558)**	**¥ 38,215**
Depreciation and amortization	**¥ 1,994**	**¥ 814**	**¥ 3,970**	**¥ 743**	**¥ 1,490**	**¥ 1,397**	**¥ 10,411**	**¥ —**	**¥ 10,411**
Amortization of goodwill	**¥ —**	**¥ —**	**¥ 173**	**¥ —**	**¥ 533**	**¥ 33**	**¥ 740**	**¥ —**	**¥ 740**
Impairment loss on fixed assets	**¥ —**	**¥ —**	**¥ 2,216**	**¥ 98**	**¥ —**	**¥ —**	**¥ 2,744**	**¥ —**	**¥ 2,744**

	Millions of yen								
	Reporting segments								
For the year ended March 31, 2026	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total	Adjustments	Consolidated
Net sales:									
Customers	$ 2,256,927	$ 760,336	$ 195,626	$ 381,745	$ 423,440	$ 20,810	$ 4,038,887	$ —	$ 4,038,887
Inter-segment	10,763	39,310	13,464	42,705	—	287	106,531	(106,531)	—
Total	2,267,691	799,647	209,090	424,450	423,440	21,098	4,145,418	(106,531)	4,038,887
Segment profit (loss)	$ 168,703	$ 28,902	$ 12,889	$ 17,383	$ 35,171	$ (8,018)	$ 255,030	$ (16,003)	$ 239,027
Depreciation and amortization	$ 12,474	$ 5,094	$ 24,834	$ 4,652	$ 9,323	$ 8,741	$ 65,119	$ —	$ 65,119
Amortization of goodwill	$ —	$ —	$ 1,083	$ —	$ 3,339	$ 211	$ 4,634	$ —	$ 4,634
Impairment loss on fixed assets	$ —	$ —	$ 13,863	$ 613	$ 2,687	$ —	$ 17,164	$ 277	$ 17,442

Note: 1 Adjustments of segment profit (loss) is negative ¥6,537 million and negative ¥2,558 million (US$16,003 thousand) elimination of inter-segment transactions.
2 Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.

Building Construction ……………………	Contracting of building construction work and related business conducted by the Company
Civil Engineering …………………………	Contracting of civil engineering work and related business conducted by the Company
Domestic Investment Development ……	Domestically real estate development, sale and rent by Company
Domestic Group Companies ……………	Business conducted by domestic consolidated subsidiaries (building construction business, civil engineering business, real estate business mainly for building management, hotel business, worker dispatching business mainly for the Companies, and finance and leasing business)
Overseas Group Companies ……………	Business conducted by Overseas consolidated subsidiaries (construction work and related business overseas, and business related to real estate development, sale and rent, hotel business)
Environment and Energy…………………	Business related to power generation and electricity sales conducted by the Companies

23. Related Party Transactions

Non-consolidated subsidiaries and affiliated companies

For the year ended March 31, 2025
None

For the year ended March 31, 2026
None

Directors and principal shareholders (only individual shareholders), etc., of the Company

For the year ended March 31, 2025
None

For the year ended March 31, 2026
None

24. Per Share Information

	Yen		U.S. dollars
As of March 31	2025	**2026**	**2026**
Net assets per share of common stock	¥ 1,140.47	**¥ 1,320.15**	$ 8,257
Profit for the year per share of common stock	83.59	**123.34**	0.771

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2025**
Basis for calculation of net assets per share:			
Total net assets	¥ 353,197	**¥ 403,161**	$ 2,521,653
Amount attributable to items other than common stock	10,970	**12,343**	77,205
Net assets attributable to common stock	¥ 342,227	**¥ 390,818**	$ 2,444,448
Number of shares of common stock outstanding at fiscal year-end	300,076,854 shares	**296,040,040 shares**	
Basis for calculation of profit for the year per share:			
Profit for the year attributable to owners of the parent	¥ 25,185	**¥ 36,981**	$ 231,309
Profit for the year attributable to owners of the parent attributable to common stock	¥ 25,185	**¥ 36,981**	$ 231,309
Average number of shares of common stock outstanding during the fiscal year	301,302,170 shares	**299,830,196 shares**	

Non-consolidated Balance Sheets

Toda 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	¥43,549	**¥32,147**	$ 201,074
Notes receivable - trade	327	**1,244**	7,786
Electronically recorded monetary claims - operating	3,765	**6,553**	40,993
Accounts receivable from completed construction contracts	230,121	**222,355**	1,390,763
Short-term investment securities	5,000	**18,000**	112,584
Real estate for sale (Notes 7.5))	49,045	**37,023**	231,571
Costs on uncompleted construction contracts	19,878	**31,652**	197,978
Costs on real estate business (Notes 7.5))	2,637	**12,153**	76,014
Raw materials and supplies	1,158	**993**	6,216
Accounts receivable – other	1,203	**1,715**	10,730
Advanced paid	12,205	**24,641**	154,126
Other	5,919	**9,526**	61,865
Allowance for doubtful accounts	(1,368)	**(1,390)**	(8,699)
Total current assets	373,445	**396,982**	2,483,005
Noncurrent assets:			
Property, plant and equipment			
Buildings	106,414	**105,671**	660,944
Accumulated depreciation	(9,839)	**(13,320)**	(83,316)
Buildings, net (Notes 7.1) and 5))	96,574	**92,351**	577,628
Structures	3,257	**3,057**	19,126
Accumulated depreciation	(1,108)	**(1,348)**	(8,435)
Structures, net (Notes 7.1) and 5))	2,149	**1,709**	10,690
Machinery and equipment	6,319	**6,267**	39,202
Accumulated depreciation	(5,008)	**(5,286)**	(33,067)
Machinery and equipment, net	1,310	**980**	6,134
Vehicles	71	**64**	400
Accumulated depreciation	(68)	**(63)**	(399)
Vehicles, net	2	**0**	1
Tools, furniture and fixtures	3,800	**3,662**	22,906
Accumulated depreciation	(1,854)	**(2,314)**	(14,479)
Tools, furniture and fixtures, net (Notes 7.1))	1,946	**1,347**	8,427
Land (Notes 7.1) and 5))	60,001	**72,898**	455,957
Lease assets	565	**791**	4,953
Accumulated depreciation	(80)	**(134)**	(843)
Lease assets, net	484	**657**	4,109
Construction in progress (Notes 7.5))	8,839	**1,455**	9,103
Total property, plant and equipment	171,309	**171,399**	1,072,052
Intangible assets			
Leasehold right (Notes 7.5))	4,911	**4,911**	30,723
Software (Notes 7.1))	3,763	**2,955**	18,485
Goodwill	173	—	—
Other	423	**575**	3,598
Total intangible assets	9,273	**8,442**	52,806

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Investments and other assets:			
Investment securities (Notes 7.2))	175,386	**211,166**	1,320,780
Stocks of subsidiaries and affiliates (Notes 7.2) and 9)	47,152	**49,587**	310,153
Investments in other securities of subsidiaries and affiliates (Notes 9)	544	**362**	2,267
Investments in capital	2	**2**	14
Long-term loans receivable	3	**104**	651
Long-term loans receivable from employees	0	**0**	2
Long-term loans receivable from subsidiaries and affiliates (Notes 7.2))	30,626	**32,116**	200,876
Long-term prepaid expenses	786	**533**	3,339
Long-term non-operating accounts receivable	20	**1,105**	6,913
Prepaid pension cost	3,165	**4,261**	26,652
Long-term non-operating lease investment assets	—	**8,533**	53,375
Other	2,700	**2,468**	15,439
Allowance for doubtful accounts	(251)	**(319)**	(1,996)
Total investments and other assets	260,136	**309,922**	1,938,470
Total noncurrent assets	440,719	**489,765**	3,063,329
Total assets	¥814,164	**¥886,748**	$ 5,546,335

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥ 453	**¥ 216**	$ 1,355
Electronically recorded obligations - operating	22,099	**27,290**	170,695
Accounts payable for construction contracts	51,605	**59,403**	371,548
Short-term loans payable	54,920	**45,778**	286,329
Commercial papers-liabilities	5,000	—	—
Current portion of bonds payable	10,000	**10,000**	62,546
Lease obligations	52	**106**	665
Accounts payable - other	6,039	**4,507**	28,192
Income taxes payable	7,536	**4,684**	29,298
Advances received on uncompleted construction contracts	55,973	**70,555**	441,303
Deposits received	48,718	**64,024**	400,453
Provision for bonuses	6,883	**9,416**	58,894
Provision for warranties for completed construction	3,059	**5,966**	37,319
Provision for loss on construction contracts	4,115	**2,977**	18,620
Deposits received from employees	11,200	**11,034**	69,017
Other	1,462	**3,925**	24,552
Total current liabilities	289,120	**319,886**	2,000,794
Noncurrent liabilities:			
Bonds payable	63,000	**53,000**	331,498
Long-term loans payable	103,356	**105,800**	661,749
Lease obligations	480	**861**	5,389
Deferred tax liabilities (Notes 10)	19,567	**31,001**	193,904
Deferred tax liabilities for land revaluation (Notes 10)	5,202	**4,857**	30,384
Provision for retirement benefits	22,233	**22,688**	141,907
Provision for stock payments for directors	831	**1,281**	8,015
Provision for loss on business of subsidiaries and affiliates	477	**686**	4,295
Provision for loss on business of environment and energy	2,723	—	—
Asset retirement obligations	500	**1,643**	10,282
Other	5,859	**6,191**	38,726
Total noncurrent liabilities	224,232	**228,013**	1,426,152
Total liabilities	513,353	**547,900**	3,426,946
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	**23,001**	143,867
Capital surplus			
Legal capital surplus	25,573	**25,573**	159,952
Other capital surplus	632	—	—
Total capital surplus	26,206	**25,573**	159,952
Retained earnings			
Legal retained earnings	5,750	**5,750**	35,966
Other retained earnings			
General reserve	109,774	**109,774**	686,607
Retained earnings brought forward	75,748	**89,274**	558,387
Total retained earnings	191,273	**204,800**	1,280,961
Treasury stock	(17,249)	**(19,814)**	(123,932)
Total shareholders' equity	223,231	**233,560**	1,460,849
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	73,071	**96,821**	605,589
Deferred gains on hedges	407	**705**	4,411
Revaluation reserve for land	4,100	**7,760**	48,538
Total valuation and translation adjustments	77,579	**105,287**	658,539
Total net assets	300,811	**338,847**	2,119,388
Total liabilities and net assets	¥ 814,164	**¥ 886,748**	$ 5,546,335

Non-consolidated Statements of Income

Toda Corporation - For the years of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Net sales:			
Net sales of construction contracts	¥428,802	**¥482,384**	$ 2,867,861
Net sales of investment development business and other	46,565	**31,461**	311,434
Total net sales	475,368	**513,845**	3,179,295
Cost of sales:			
Cost of sales of construction contracts	378,079	**417,544**	2,522,405
Cost of sales of investment development business and other	37,325	**27,880**	249,632
Total cost of sales	415,404	**445,424**	2,772,038
Gross profit:			
Gross profit on construction contracts	50,723	**64,839**	345,455
Gross profit on investment development business and other	9,240	**3,581**	61,801
Total gross profit	59,964	**68,421**	407,257
Selling, general and administrative expenses			
Directors' compensations	282	**336**	1,891
Provision for stock payments for directors	202	**540**	1,353
Employees' salaries and allowances	11,690	**12,847**	81,953
Provision for bonuses	4,562	**5,706**	31,561
Retirement benefit expenses	532	**503**	3,761
Legal welfare expenses	1,828	**1,960**	12,768
Welfare expenses	641	**737**	4,292
Repair and maintenance	176	**107**	1,179
Stationery expenses	2,378	**2,369**	16,060
Correspondence and transportation expenses	1,123	**1,217**	7,725
Power utilities expenses	107	**86**	717
Research study expenses	3,766	**4,612**	25,344
Advertising expenses	1,068	**1,021**	7,148
Provision of allowance for doubtful accounts	219	**8**	1,467
Entertainment expenses	1,015	**1,047**	6,908
Contribution	107	**100**	718
Rents	2,562	**2,190**	17,141
Depreciation	2,329	**2,806**	15,580
Amortization of goodwill	69	**173**	463
Taxes and dues	1,838	**2,007**	12,294
Insurance expenses	68	**75**	458
Miscellaneous expenses	2,142	**1,542**	14,364
Total selling, general and administrative expenses	38,717	**41,999**	265,157
Operating income	21,246	**26,422**	142,099
Non-operating income:			
Interest income (Notes 8.1))	473	**693**	3,170
Dividend income (Notes 8.1))	5,304	**6,010**	35,478
Dividend income of insurance	281	**285**	1,879
Exchange gain	76	—	513
Miscellaneous income (Notes 8.1))	350	**405**	2,344
Total non-operating income	6,487	**7,394**	43,385
Non-operating expenses:			
Interest expenses	1,427	**1,916**	9,548
Interest on bonds	318	**454**	2,131
Exchange loss	—	**58**	366
Commission fee	442	**208**	1,302
Miscellaneous expenses	180	**109**	684
Total non-operating expenses	2,369	**2,747**	17,186
Ordinary income	25,364	**31,068**	194,325
Extraordinary income:			
Gain on sales of noncurrent assets (Notes 8.2))	40	**1**	6
Gain on sales of investment securities	11,553	**9,444**	59,074
Other	41	**1,557**	9,743
Total extraordinary income	11,635	**11,003**	68,824

Extraordinary loss:			
Loss on abandonment of noncurrent assets (Notes 8.3))	422	**248**	1,556
Impairment loss	137	**2,246**	14,050
Loss on valuation of investment securities	412	**350**	2,190
Loss on valuation of stocks of subsidiaries and affiliates	1,107	**129**	813
Provision for loss on business of subsidiaries and affiliates	460	**213**	1,338
Provision for loss on business of environment and energy	2,402	—	—
Other	10	**67**	420
Total extraordinary losses	4,955	**3,256**	20,368
Profit before income taxes and non-controlling interests	32,044	**38,815**	242,781
Income taxes-current	9,276	**7,897**	49,399
Income taxes-deferred	(1,616)	**21**	136
Total income taxes (Notes 10)	7,660	**7,919**	49,536
Profit for the year	¥ 24,383	**¥30,896**	$ 193,245

Non-consolidated Statements of Changes in Net Assets

Toda Corporation - For the years ended March 31, 2025 and 2026

	Millions of yen															
	Shareholders' equity											Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings							
						Reserve for construction	General reserve	Retained earnings brought forward								
Balance at March 31, 2024	¥23,001	¥25,573	¥574	¥26,147	¥5,750	¥50,000	¥109,774	¥11,542	¥177,067	¥(12,599)	¥213,616	¥92,651	¥383	¥2,741	¥95,777	¥309,394
Changes during period																
Reversal of reserve for construction	–	–	–	–	–	(50,000)	–	50,000	–	–	–	–	–	–	–	–
Dividends from surplus	–	–	–	–	–	–	–	(8,680)	(8,680)	–	(8,680)	–	–	–	–	(8,680)
Profit for the year	–	–	–	–	–	–	–	24,383	24,383	–	24,383	–	–	–	–	24,383
Purchase of treasury stock	–	–	–	–	–	–	–	–	–	(5,003)	(5,003)	–	–	–	–	(5,003)
Disposal of treasury stock	–	–	58	58	–	–	–	–	–	353	412	–	–	–	–	412
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	(1,498)	(1,498)	–	(1,498)	–	–	–	–	(1,498)
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	(19,580)	23	1,359	(18,197)	(18,197)
Total changes of items during the period	–	–	58	58	–	(50,000)	–	64,205	14,205	(4,649)	9,614	(19,580)	23	1,359	(18,197)	(8,582)
Balance at March 31, 2024	**¥23,001**	**¥25,573**	**¥632**	**¥26,206**	**¥5,750**	**¥–**	**¥109,774**	**¥75,748**	**¥191,273**	**¥(17,249)**	**¥223,231**	**¥73,071**	**¥407**	**¥4,100**	**¥77,579**	**¥300,811**
Changes during period																
Reversal of reserve for construction	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends from surplus	–	–	–	–	–	–	–	**(10,766)**	**(10,766)**	–	**(10,766)**	–	–	–	–	**(10,766)**
Profit for the year	–	–	–	–	–	–	–	**30,896**	**30,896**	–	**30,896**	–	–	–	–	**30,896**
Purchase of treasury stock	–	–	–	–	–	–	–	–	–	**(8,343)**	**(8,343)**	–	–	–	–	**(8,343)**
Disposal of treasury stock	–	–	**734**	**734**	–	–	–	–	–	**1,467**	**2,201**	–	–	–	–	**2,201**
Cancellation of treasury stock	–	–	**△1,367**	**△1,367**	–	–	–	**△2,943**	**△2,943**	**4,311**	–	–	–	–	–	–
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	**(3,659)**	**(3,659)**	–	**(3,659)**	–	–	–	–	**(3,659)**
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	**23,750**	**297**	**3,659**	**27,707**	**27,707**
Total changes of items during the period	–	–	**(632)**	**(632)**	–	–	–	**13,526**	**13,526**	**(2,564)**	**10,328**	**23,750**	**297**	**3,659**	**27,707**	**38,036**
Balance at March 31, 2026	**¥23,001**	**¥25,573**	**¥–**	**¥25,573**	**¥5,750**	**¥–**	**¥109,774**	**¥89,274**	**¥204,800**	**¥(19,814)**	**¥233,560**	**¥96,821**	**¥705**	**¥7,760**	**¥105,287**	**¥338,847**

	Thousands of U.S. dollars															
	Shareholders' equity											Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings							
						Reserve for construction	General reserve	Retained earnings brought forward								
Balance at March 31, 2025	$143,867	$159,952	$3,959	$163,911	$35,966	—,	$686,607	$473,784	$1,196,358	$ (107,892)	$1,396,244	$457,038	$2,548	$25,650	$485,237	$1,881,482
Changes during period																
Reversal of reserve for Construction	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	—	(67,341)	(67,341)	—	(67,341)	—	—	—	—	(67,341)
Profit for the year	—	—	—	—	—	—	—	193,245	193,245	—	193,245	—	—	—	—	193,245
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	(52,183)	(52,183)	—	—	—	—	(52,183)
Disposal of treasury stock	—	—	4,593	4,593	—	—	—	—	—	9,178	13,771	—	—	—	—	13,771
Cancellation of treasury stock	—	—	(8,552)	(8,552)	—	—	—	(18,412)	(18,412)	26,964	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	(22,888)	(22,888)	—	(22,888)	—	—	—	—	(22,888)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—	—	—	148,551	1,862	22,888	173,301	173,301
Total changes of items during the period	—	—	(3,959)	(3,959)	—	—	—	84,603	84,603	(16,039)	64,604	148,551	1,862	22,888	173,301	237,906
Balance at March 31, 2026	$143,867	$159,952	$—	$159,952	$35,966	$—	$686,607	$558,387	$1,280,961	$ (123,932)	$1,460,849	$605,589	$4,411	$48,538	$658,539	$2,119,388

Notes to Non-consolidated Financial Statements

Toda Corporation

1. Basis of Presenting Non-consolidated Financial Statements

The non-consolidated financial statements presented herein of Toda Corporation (the "Company") are prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.

These non-consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.

These modifications have no effect on total assets, net sales, retained earnings or profit for the year.

(U.S. Dollar Amounts)

The accounts of non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.

The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥149.52 = US$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2025, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of Significant Accounting Policies

1) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities

Stocks of subsidiaries and affiliates

Stated at cost, determined by the moving-average method

Available-for-sale securities

・Other than equity securities without market prices:

Stated at fair value (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method.)

・Equity securities without market prices:

Stated at cost, determined by the moving-average method

In addition, the valuations for investments in investment business limited partnerships and similar partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law of Japan) are based on recent financial statements available according to the settlement closing dates stipulated in the partnership contracts and are recorded in the net amounts equivalent to their equity.

・Derivatives

Stated at fair value.

The accounting methods are as follows:

In the case of investment for the main business purpose, the equity-equivalent profit and loss to be attributable is recorded in "operating profit and loss" and added to or subtracted from "investment securities".

In the case of investment for purposes other than the main business purpose, the equity-equivalent profit and loss to be attributable is recorded as "non-operating profit and loss" and added to or subtracted from "investment securities".

(b) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

Stated at cost, determined by the specific identification cost method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability).

(c) Other inventories

Raw materials and supplies

Stated at cost, determined by the weighted average method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

Costs on real estate business

Stated at cost, determined by the specific identification cost method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

2) Methods of depreciation and amortization depreciable assets

(a) Property, plant and equipment (excluding lease assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.

Standards Identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

However, the amortization of software used by the Company is computed using the straight-line method based on the estimated useful life.

(c) Lease assets

Leased assets under finance leases other than those that are deemed to transfer ownership to lessees

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

3) Allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.

(b) Provision for bonuses

This is provided for the payment of bonuses for employees, based on expected payment amount.

(c) Provision for warranties for completed construction

This is provided based on the estimated amount of compensation in the future for the work completed during the current fiscal year to cover expenses and others required to cure the non-conformity of performance on the grounds of non-conformity with the terms of the contract.

(d) Provision for loss on construction contracts

The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.

(e) Provision for retirement benefits

To prepare for retirement benefits to employees, the provision for retirement benefits is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the fiscal year-end.

1 Period attribution method for estimated retirement benefits

The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.

2 Accounting methods for actuarial differences and prior service costs

Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.

Prior service costs are amortized commencing the year in which the difference is recognized primarily by the straight-line method over a period of five years.

(f) Provision for loss on business of subsidiaries and affiliates

To prepare for the loss of investment in subsidiaries and affiliates, the amount that is expected to be borne beyond the investment and loans to subsidiaries and affiliates is estimated.

(g) Provision for stock payments to directors

The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company's shares to its directors and executive officers.

(h) Provision for loss on business of environment and energy

The provision for loss on business of environment and energy is provided at the estimated amount for the future losses on project in process at the fiscal year-end which will be probably incurred and which can be reasonably estimated.

4) Revenue and Expense Recognition Policies

（a）Recognition of net sales from construction

In the building construction and civil engineering, etc., which are the Company's principal business, the Company has the performance obligations to construct buildings or structures, etc. and deliver the outcomes to customers based on construction contracts. The construction contracts are a transaction in which performance obligations are satisfied over time, and the Company recognizes revenue according to the progress in the satisfaction of performance obligations. The Company has applied the method based on the percentage of costs incurred by the end of each reporting period to the total expected costs as a method of estimating the progress of construction works to the satisfaction of performance obligations.

In addition, revenue is recognized by the cost recovery method when the progress in the satisfaction of performance obligations cannot be reasonably estimated, but the costs incurred are recoverable. For construction contracts with a very short term between the commencement date of the transaction in the construction contract and the date when the performance obligations are expected to be fully satisfied, the Company applies alternative treatment and do not recognize revenue over time.

In this case, the Company recognizes revenue when the performance obligations are fully satisfied.

When certain refund obligations to customers are expected to arise, such as compensation for damages incurred in association with performance of contracts, the Company reduces revenue to the extent of the estimated refund liability.

The Company estimates a financing component of each individual construction contract and determine whether it is significant because the timing of receipt of the consideration for the transaction of the construction contracts varies depending on the terms of each individual construction contract. As a result, the Company determined that there are no construction contracts with a significant financing component.

（b）Revenue recognition policies for Finance Lease Transaction

The Company applies a method of allocating the amount equivalent to interest to each fiscal year without recognizing net sales.

5) Hedge Accounting

The Company applies hedge accounting as follows:

(a) Method of hedge accounting adopted

Deferral hedge accounting

If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").

(b) Measure and objects

1 Measures: Forward foreign exchange contracts and foreign currency deposits

Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials

2 Measures: Interest rate swap

Objects: Loans

(c) Hedging principles:

Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Company utilizes hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.

(d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started until the fiscal year-end, the Company has been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.

However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

6) Other significant matters for preparing non-consolidated financial statements

(a) Accounting for retirement benefits

The method of accounting for unrecognized items to retirement benefits is different from the method of accounting for consolidated financial statements.

(b) Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear.

1 The accounting method for joint venture (JV) in the construction industry is mainly based on the method of recognizing assets, liabilities, income and expenses according to the investment ratio of the members.

2 Matter regarding acquisition of treasury stock.

As a described in “4.Sumamary of Significant Accounting Policies, (13)Other significant matters for preparing, (ⅱ)Matters regarding acquisition of treasury stock.”

3. Significant Accounting Estimates

1) Estimates for the method of recognizing revenue over time (the so-called old percentage of completion method)

(a) Amount recorded in the non-consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2026**
Net sales of construction contracts	¥ 404,975	**¥ 461,436**	$ 2,886,140

(b) Information about the content of significant accounting estimates for the identified item

The information is the same as the content described in the consolidated financial statements "Notes (3. Significant Accounting Estimates, 1) Estimates for the method of recognizing revenue over time (the so-called old percentage of completion method))".

2) Estimates for impairment loss on fixed assets

(a) Amount recorded in the non-consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2025	**2026**	**2026**
Impairment loss	¥ 137	**¥ 2,246**	$ 14,050

(b) Information about the content of significant accounting estimates for the identified item

The information is the same as the content described in the consolidated financial statements "Notes (3. Significant Accounting Estimates, 2) Estimates for impairment loss on fixed assets)".

4. Change in Presentation Methods

(Non-consolidated statements of income)

A revision of accounting “Selling, general and administrative expenses” to include a component of “Selling, general and administrative expenses” into “Cost of sales of construction contracts” is implemented by the company in the current non-consolidated fiscal year. To reflect this change in presentation, “Cost of sales of construction contracts” and “Selling, general and administrative expenses” in the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Cost of sales of construction contracts” ¥377,150 million and “Total cost of sales” ¥414,475 million under “Cost of Sales” have been reclassified into “Cost of sales of construction contracts” ¥378,079 million and “Total cost of sales” ¥415,404 million, as well as “Gross profit on construction contracts” ¥51,652 million and “Total gross profit” ¥60,893 million under “Gross profit” have been reclassified into “Gross profit on construction contracts” ¥50,723 million and “Total gross profit” ¥59,964 million, moreover “Employees’ salaries and allowances” ¥12,253 million, “Provision for bonuses” ¥4,719 million, “Retirement benefit expenses” ¥562 million, “Legal welfare expenses” ¥1,909 million, “Stationery expenses” ¥2,401 million, “Correspondence and transportation expenses” ¥1,155 million, “Research study expenses” ¥3,789 million, “Entertainment expenses” ¥1,033 million, “Miscellaneous expenses” ¥2,147 million and “Total selling, general and administrative expenses” ¥39,646 million under “Total selling, general and administrative expenses” have been reclassified into “Employees’ salaries and allowances” ¥11,690 million, “Provision for bonuses” ¥4,562 million, “Retirement benefit expenses” ¥532 million, “Legal welfare expenses” ¥1,828 million, “Stationery expenses” ¥2,378 million, “Correspondence and transportation expenses” ¥1,123 million, “Research study expenses” ¥3,766 million, “Entertainment expenses” ¥1,015 million, “Miscellaneous expenses” ¥2,142 million and “Total selling, general and administrative expenses” ¥38,717 million in the previous non-consolidated fiscal year."

5. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)

Since the same content is described in the consolidated financial statements "Notes (7. Additional Information)", the notes are omitted.

6. Notes to Non-consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
1) Advanced depreciation:			
Buildings	¥ 93	**¥ 93**	$ 587
Structures	2	**2**	16
Tools, furniture and fixtures	58	**58**	365
Land	242	**24,722**	154,630
Software	8	**8**	53
Total	¥ 405	**¥ 24,885**	$ 155,653
2) Pledged assets:			
Investment securities	¥ 7	**¥ —**	$ -
Stocks of subsidiaries and affiliates	364	**342**	2,140
Long-term loans receivable from subsidiaries and affiliates	171	**158**	991
Total	¥ 542	**¥ 500**	$ 3,132
3) Contingent liabilities (guarantee liabilities)	¥ 13,711	**¥ 8,362**	$ 52,306
4) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	**¥ 30,000**	$ 187,640
Loan balance outstanding	—	—	—
Difference (unused portion)	¥ 30,000	**¥ 30,000**	$ 187,640

5) Change in holding purpose of assets

The following noncurrent assets were reclassified as real estate for sale and costs on real estate business due to change in holding purpose.

	Millions of yen		Thousands of U.S. dollars
As of March 31	2025	**2026**	**2026**
Buildings	¥ 8,685	**¥ —**	$ —
Structures	97	—	—
Land	10,211	**54**	339
Leasehold right	211	—	—

7. Notes to Non-consolidated Statements of Income

For the years ended March 31	Millions of yen 2025	Millions of yen 2026	Thousands of U.S. dollars 2026
1) Non-operating income from subsidiaries and affiliates:			
Interest income	¥ 695	**¥ 528**	$ 3,306
Dividend income	659	**1,611**	10,081
Miscellaneous income	—	**29**	185
Total	¥ 1,355	**¥ 2,170**	$ 13,573
2) Gain on sales of noncurrent assets:			
Land	¥ 8	**¥ —**	$ —
Machinery and equipment	31	**1**	6
Total	¥ 40	**¥ 1**	$ 6
3) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 47	**¥ 33**	$ 211
Other	27	**15**	94
Dismantlement cost	347	**199**	1,249
Total	¥ 422	**¥ 248**	$ 1,556

8. Securities

The book value of the stocks of subsidiaries and affiliates is as follows:

For the year ended March 31, 2025	Millions of yen 2025
Stocks of subsidiaries	¥ 47,085
Stocks of affiliated companies	610
Total	¥ 47,696

For the year ended March 31, 2026	Millions of yen 2026	Thousands of U.S. dollars 2026
Stocks of subsidiaries	**¥ 49,320**	$ 308,486
Stocks of affiliated companies	**629**	3,934
Total	**¥49,949**	$ 312,421

Note: 1 The stocks of subsidiaries and affiliates are not shown because they are equity securities without market prices.
2 The stocks of subsidiaries and affiliates includes in the investments in partnerships for which equity interests are recorded on a net basis. In addition, the fair value of the investments are omitted.

9. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2025 and 2026 are as follows:

As of March 31	Millions of yen 2025	Millions of yen 2026	Thousands of U.S. dollars 2026
Deferred tax assets:			
Real estate for sale	¥ 132	**¥ 65**	$ 410
Property, plant and equipment	6,041	**3,698**	23,134
Investment securities	2,486	**2,629**	16,466
Allowance for doubtful accounts	605	**651**	4,072
Provision for bonuses	2,116	**2,989**	18,696
Provision for loss on construction contracts	1,280	**937**	5,865
Provision for retirement benefits	6,985	**7,131**	44,607
Other	4,013	**5,213**	32,608
Subtotal	23,661	**23,317**	145,842
Less: valuation allowance	(8,130)	**(7,712)**	(48,241)
Deferred tax assets	¥ 15,530	**¥ 15,604**	$ 97,600
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (33,551)	**¥ (44,476)**	$ (278,184)
Prepaid pension cost	(997)	**(1,342)**	(8,395)
Other	(549)	**(787)**	(4,924)
Deferred tax liabilities	(35,098)	**(46,605)**	(291,504)
Net deferred tax assets (liabilities)	¥ (19,567)	**¥ (31,001)**	$ (193,904)

In addition to the above, the Company recognized deferred tax liabilities of ¥5,202 million and ¥4,857 million (US$30,389 thousand) related to revaluation reserve for land at March 31, 2025 and 2026, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2025	2026
Statutory tax rate	30.6%	**30.6%**
Expenses not deductible for income tax purposes	1.6%	**1.3%**
Non-taxable income	(1.6)%	**(1.9)%**
Inhabitant taxes (per capita levy)	0.5%	**0.5%**
Valuation allowance	1.3%	**(1.1)%**
Tax credit	(4.2)%	**(4.4)%**
Other	(4.3)%	**(4.6)%**
Effective tax rate	23.9%	**20.4%**

10. Revenue Recognition

Information as a basis to understand revenue from contracts with customers is described in non-consolidated financial statements "Notes (2. Summary of Significant Accounting Policies, 4) Recognition of net sales from construction contracts and related costs)".