Financial Report 2025

Consolidated Balance Sheet

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Assets			
Current assets:			
Cash and time deposits (Notes 2 and 19)	¥ 56,533	**¥ 43,418**	**$ 290,385**
Notes and accounts receivable, trade:			
Notes (Notes 15, 19 and 22)	3,476	**1,598**	**10,688**
Accounts (Notes 19 and 22)	201,239	**211,993**	**1,417,822**
Allowance for doubtful accounts (Note 2)	(90)	**(22)**	**(150)**
Inventories (Note 2)	23,554	**19,652**	**131,432**
Advance paid	19,397	**13,418**	**89,743**
Other current assets	7,877	**9,091**	**60,800**
Total current assets	311,986	**299,148**	**2,000,720**
Property and equipment (Notes 2, 15 and 20)**:**			
Land	100,136	**102,083**	**682,737**
Buildings	97,096	**110,795**	**741,007**
Machinery and equipment	10,595	**11,514**	**77,008**
Accumulated depreciation	(39,006)	**(41,550)**	**(277,892)**
Total property and equipment	168,821	**182,842**	**1,222,860**
Investments and other assets:			
Investment securities (Notes 2, 10, 15 and 19)	74,832	**82,575**	**552,270**
Investments in subsidiaries and affiliates (Note 15)	923	**3,483**	**23,294**
Long-term loans receivable	7,212	**7,800**	**52,164**
Retirement benefit asset (Notes 2 and 12)	3,760	**3,341**	**22,345**
Deferred tax assets (Notes 2 and 13)	173	**161**	**1,080**
Others	12,290	**13,060**	**87,350**
Allowance for doubtful accounts (Note 2)	(373)	**(364)**	**(2,436)**
Total investments and other assets	98,817	**110,056**	**736,067**
Total assets	¥579,624	**¥592,046**	**$3,959,647**

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Liabilities and Net assets			
Current liabilities:			
Short- term debt	¥ 49,929	**¥ 42,849**	**$ 286,574**
Commercial papers	—	**20,000**	**133,761**
Current portion of bonds payable (Notes 11 and 19)	20,000	**15,000**	**100,321**
Notes and accounts payable, trade:			
Notes (Note 19)	29,308	**13,998**	**93,620**
Accounts (Note 19)	51,634	**49,832**	**333,282**
Advances received on uncompleted contracts (Note 15)	27,806	**32,630**	**218,231**
Provision for warranties for completed construction (Notes 2 and 3)	2,190	**1,829**	**12,235**
Provision for bonuses (Note 2)	4,502	**4,795**	**32,070**
Provision for loss on construction contracts (Note 2)	4,380	**1,214**	**8,120**
Provision for loss on real estate business and other	—	**2**	**13**
Accurued income taxes	3,472	**3,582**	**23,957**
Deposits received	69,666	**68,321**	**456,931**
Lease obligations (Note 19)	24	**21**	**139**
Other current liabilities	8,403	**6,787**	**45,395**
Total current liabilities	271,314	**260,860**	**1,744,649**
Long-term liabilities:			
Bonds payable (Notes 11 and 19)	91,000	**96,000**	**642,055**
Long-term debt (Notes 15 and 19)	25,221	**40,364**	**269,957**
Deferred tax liabilities (Notes 2 and 13)	1,357	**253**	**1,693**
Provision for share awards for directors (and other officers) (Note 2)	177	**252**	**1,684**
Retirement benefit liability (Notes 2 and 12)	6,361	**6,318**	**42,254**
Asset retirement obligations (Note 21)	881	**905**	**6,053**
Lease obligations (Note 19)	987	**49**	**329**
Other long-term liabilities	5,469	**5,855**	**39,159**
Total long- term liabilities	131,453	**149,996**	**1,003,184**
Total liabilities	402,767	**410,856**	**2,747,833**
Net assets:			
Common stock:			
Authorized-160,000,000 shares			
Issued and outstanding-41,791,502 shares	23,514	**23,514**	**157,261**
Capital surplus	20,793	**20,796**	**139,083**
Retained earnings	163,358	**122,249**	**817,611**
Treasury stock, at cost (Note 7)	(57,344)	**(8,221)**	**(54,981)**
Valuation difference on available-for-sale securities	16,906	**10,827**	**72,411**
Deferred gains or losses on hedges	20	**5**	**35**
Equity adjustment from foreign currency translation	2,053	**3,781**	**25,286**
Remeasurements of defined benefit plans	(480)	**(808)**	**(5,402)**
Non-controlling interests	8,037	**9,047**	**60,510**
Total net assets	176,857	**181,190**	**1,211,814**
Total liabilities and net assets	¥579,624	**¥592,046**	**$3,959,647**

The accompanying notes are an integral part of this statement.

Consolidated Statement of Income

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales (Notes 2, 3, 16, 19 and 22)**:**			
Completed construction contract	¥369,981	**¥336,286**	**$2,249,106**
Real estate business and other	31,652	**30,525**	**204,151**
	401,633	**366,811**	**2,453,257**
Cost of sales (Notes 2, 16 and 20)**:**			
Cost of completed construction contract	341,121	**302,856**	**2,025,520**
Cost of real estate business and other	19,725	**19,847**	**132,740**
	360,846	**322,703**	**2,158,260**
Gross profit	40,787	**44,108**	**294,997**
Selling, general and administrative expenses (Note 16)	21,960	**23,009**	**153,886**
Income from operations	18,827	**21,099**	**141,111**
Other income (expenses):			
Interest and dividend income	873	**1,135**	**7,591**
Foreign exchange gains (Note 2)	872	**—**	**—**
Foreign exchange losses (Note 2)	—	**(522)**	**(3,488)**
Interest expenses	(795)	**(1,576)**	**(10,539)**
Financing expenses	(227)	**(118)**	**(789)**
Gain on sales of investment securities	0	**7,005**	**46,852**
Gain on sales of non-current assets (Note 16)	25	**6**	**38**
Compensation income	—	**346**	**2,313**
Loss on valuation of investment securities	(6)	**(171)**	**(1,141)**
Impairment losses (Note 16)	(958)	**(2,072)**	**(13,858)**
Loss on retirement of non-current assets (Note 16)	(15)	**(339)**	**(2,269)**
Loss on sales of non-current assets (Note 16)	(246)	**(457)**	**(3,055)**
Share of loss of entities accounted for using equity method	(8)	**(15)**	**(103)**
Other - net (Note 6)	579	**220**	**1,469**
	94	**3,442**	**23,021**
Profit before income taxes	18,921	**24,541**	**164,132**
Income taxes (Notes 2 and 13)**:**			
Current	3,997	**5,400**	**36,116**
Deferred	2,351	**1,561**	**10,441**
	6,348	**6,961**	**46,557**
Profit	12,573	**17,580**	**117,575**
Loss attributable to non-controlling interests	184	**37**	**243**
Profit attributable to owners of parent	¥ 12,389	**¥ 17,543**	**$ 117,332**
	Yen		U.S. dollars
Per share of common stock			
Net income (loss)	¥ 313.86	**¥ 444.46**	**$ 2.973**
Cash dividends applicable to the year (Note 18)	220.00	**220.00**	**1.471**

The accompanying notes are an integral part of this statement.

Consolidated Statement of Comprehensive Income

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Profit	¥12,573	**¥17,580**	**$117,575**
Other comprehensive income (Note 17)**:**			
Valuation difference on available-for-sale securities	12,438	**(6,079)**	**(40,655)**
Deferred gains and losses on hedges	21	**(29)**	**(192)**
Equity adjustment from foreign currency translation	958	**2,882**	**19,272**
Remeasurements of defined benefit plans	1,087	**(328)**	**(2,193)**
Share of other comprehensive income of entities accounted for using equity method	—	**(197)**	**(1,315)**
	14,504	**(3,751)**	**(25,083)**
Comprehensive income	¥27,077	**¥13,829**	**$ 92,492**
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥26,340	**¥12,850**	**$ 85,941**
Comprehensive income attributable to non-controlling interests	737	**979**	**6,551**

The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes in Net Assets

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Equity adjustment from foreign currency translation	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥23,514	¥20,793	¥157,327	¥(57,338)	¥ 4,467	¥ 9	¥1,637	¥(1,567)	¥7,307	¥156,149
Dividends declared (Note 18)			(6,392)							(6,392)
Profit attributable to owners of parent			12,389							12,389
Change of scope of consolidation			34							34
Purchase of treasury shares				(6)						(6)
Disposal of treasury shares		0		0						0
due to transactions with non-controlling interests										–
Net changes of items other than shareholder's equity					12,439	11	416	1,087	730	14,683
Balance at April 1, 2024	¥23,514	¥20,793	¥163,358	¥(57,344)	¥16,906	¥20	¥2,053	¥ (480)	¥8,037	¥176,857
Dividends declared (Note 18)			**(9,527)**							**(9,527)**
Profit attributable to owners of parent			**17,543**							**17,543**
Change of scope of consolidation										**—**
Purchase of treasury shares				**(6)**						**(6)**
Disposal of treasury shares				**4**						**4**
Cancellation of treasury shares		**(0)**	**(49,125)**	**49,125**						**—**
Change in ownership interest of parent due to transactions with non-contoroling interests		**3**								**3**
Net changes of items other than shareholder's equity					**(6,079)**	**(15)**	**1,728**	**(328)**	**1,010**	**(3,684)**
Balance at March 31, 2025	**¥23,514**	**¥20,796**	**¥122,249**	**¥ (8,221)**	**¥10,827**	**¥ 5**	**¥3,781**	**¥ (808)**	**¥9,047**	**¥181,190**

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Equity adjustment from foreign currency translation	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2024	$157,261	$139,064	$1,092,550	$(383,522)	$113,066	$133	$13,731	$(3,209)	$53,757	$1,182,831
Dividends declared (Note 18)			**(63,717)**							**(63,717)**
Profit attributable to owners of parent			**117,332**							**117,332**
Change of scope of consolidation										**—**
Purchase of treasury shares				**(42)**						**(42)**
Disposal of treasury shares				**29**						**29**
Cancellation of treasury shares		**(0)**	**(328,554)**	**328,554**						**—**
Change in ownership interest of parent due to transactions with non-contoroling interests		**19**								**19**
Net changes of items other than shareholder's equity					**(40,655)**	**(98)**	**11,555**	**(2,193)**	**6,753**	**(24,638)**
Balance at March 31, 2025	**$157,261**	**$139,083**	**$ 817,611**	**$ (54,981)**	**$ 72,411**	**$ 35**	**$25,286**	**$(5,402)**	**$60,510**	**$1,211,814**

The accompanying notes are an integral part of this statement.

Consolidated Statement of Cash Flows

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 18,921	**¥ 24,541**	**$ 164,132**
Adjustment for:			
Depreciation and amortization	3,994	**4,452**	**29,777**
Amortization of goodwill	8	**8**	**54**
Impairment losses	958	**2,072**	**13,858**
Increase (decrease) in allowance for doubtful accounts	372	**(76)**	**(511)**
Increase (decrease) in provision for loss on construction contracts	(3,540)	**(3,166)**	**(21,174)**
Increase (decrease) in provision for real estate business and other	(34)	**2**	**13**
Increase (decrease) in provision for warranties for completed construction	532	**(360)**	**(2,410)**
Increase (decrease) in retirement benefit liability	(13)	**(129)**	**(861)**
Loss (gain) on sales of investment securities	0	**(7,005)**	**(46,852)**
Loss (gain) on valuation of investment securities	6	**171**	**1,141**
Interest and dividend income	(873)	**(1,135)**	**(7,591)**
Interest expenses	795	**1,576**	**10,539**
Foreign exchange losses (gains)	(617)	**178**	**1,190**
Share of loss (gain) of entities accounted for using equity method	8	**15**	**103**
Loss (gain) on sales of non-current assets	222	**451**	**3,017**
Loss on retirements of non-current assets	9	**339**	**2,269**
Compensation income	—	**(346)**	**(2,313)**
Decrease (increase) in trade receivables	(14,084)	**(8,584)**	**(57,412)**
Decrease (increase) in costs on construction contracts in progress	(7,923)	**112**	**749**
Decrease (increase) in other inventories	9,319	**7,642**	**51,111**
Increase (decrease) in trade payables	6,891	**(17,510)**	**(117,110)**
Increase (decrease) in advances received on uncompleted contracts	10,422	**4,643**	**31,056**
Increase (decrease) in deposits received	5,243	**(1,349)**	**(9,021)**
Others (Note 6)	3,507	**4,497**	**30,072**
Sub-total	34,123	**11,039**	**73,826**
Interest and dividend received	1,159	**1,395**	**9,332**
Interest paid	(735)	**(1,535)**	**(10,268)**
Income taxes paid	(2,510)	**(5,355)**	**(35,813)**
Proceeds from compensation	—	**346**	**2,313**
Net cash provided by (used in) operating activities	32,037	**5,890**	**39,390**
Cash flows from investing activities:			
Payments for purchases of marketable and investment securities	(22,664)	**(23,730)**	**(158,710)**
Proceeds from sales of marketable and investment securities	724	**12,396**	**82,908**
Acquisition of property and equipment	(14,738)	**(24,048)**	**(160,836)**
Payments for sales of property and equipment	1,129	**(8)**	**(53)**
Payments of loans receivable	(6,220)	**(786)**	**(5,257)**
Proceeds from collection of loans	5	**23**	**152**
Net decrease (increase) in time deposits	—	**(14)**	**(97)**
Others	(55)	**(84)**	**(556)**
Net cash provided by (used in) investing activities	(41,819)	**(36,251)**	**(242,449)**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(9,310)	**(7,600)**	**(50,829)**
Net increase (decrease) in commercial papers	—	**20,000**	**133,761**
Proceeds from long-term borrowings	21,826	**14,210**	**95,040**
Proceeds from issuance of bonds	20,000	**20,000**	**133,761**
Redemption of bonds	(15,000)	**(20,000)**	**(133,761)**
Net decrease (increase) in treasury stock, at cost	(6)	**(2)**	**(12)**
Cash dividends paid	(6,388)	**(9,520)**	**(63,673)**
Proceeds from share issuance to non-controlling shareholders	—	**39**	**261**
Dividends paid to non-controlling interests	(6)	**(6)**	**(40)**
Others	(32)	**(987)**	**(6,601)**
Net cash provided by (used in) financing activities	11,084	**16,134**	**107,907**
Effect of exchange rate changes on cash and cash equivalents	1,523	**1,098**	**7,346**
Net increase (decrease) of cash and cash equivalents	2,825	**(13,129)**	**(87,806)**
Cash and cash equivalents at beginning of year	53,727	**56,533**	**378,094**
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(19)	**—**	**—**
Cash and cash equivalents at end of year (Note 2)	¥ 56,533	**¥ 43,404**	**$ 290,288**

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

(a) Nishimatsu Construction Co., Ltd. (the "Company") maintains its accounting records and prepares its financial statements in accordance with the provisions set forth in the Japanese Corporation Law and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are a translation of the audited consolidated financial statements filed with the Financial Services Agency as required by the Financial Instruments and Exchange Law.

In preparing the consolidated financial statements for the purpose of inclusion in this Corporate Report, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

(b) Scope of consolidation

The Company, its twenty-one subsidiaries (of which fifteen are included in the scope of consolidation), constitute the Nishimatsu Construction Group (the "Group").

Major consolidated subsidiaries are Nishimatsu Jisho Co., Ltd. and Thai Nishimatsu Construction Co., Ltd.

Major non-consolidated subsidiaries are Shimashizu Corporation Co., Ltd., and Shin Urayasu Ekimae PFI. The non-consolidated subsidiaries have been excluded from the scope of consolidations as they are small in scale and the total amounts of the non-consolidated subsidiaries' assets, net sales, equity in net income/loss, and equity in retained earnings do not have material impact on the consolidated financial statements.

(c) Application of the equity method

The non-consolidated affiliate to which the equity method has been applied two companies, and that are N Energy Co., Ltd. and IN Infra Australia Pty Ltd. which has been included in the equity method due to the acquisition of shares. Major non-consolidated subsidiaries are Shimashizu Corporation, Shin Urayasu Ekimae PFI, and non-consolidated affiliates, Hamamatsu Chuo Nishi Building K.K. and Masunagagumi Co., Ltd.

These non-consolidated subsidiaries and affiliates are excluded from the application of the equity method, as each company has minimal impact on net income/loss, retained earnings and other accounts and these companies on the whole do not have materiality.

For the non-consolidated subsidiaries and affiliates whose fiscal year-end differs from the consolidated fiscal year-end, we use their respective fiscal years.

(d) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of our consolidated subsidiaries, Thai Nishimatsu Construction Co., Ltd., Lao Nishimatsu Construction Co., Ltd., Nishimatsu Vietnam Co., Ltd., Nishimatsu Real Estate & Development (Asia) Pte. Ltd., Hanoi PH Investment Pte. Ltd., Sangenjaya Ichigou Co., Ltd., Bangkok Sathorn Hotel Management Co., Ltd., Nishimatsu Hotel Management Co., Ltd., Nishimatsu Real Estate & Development (USA) Inc., Nishimatsu Real Estate & Development (Thailand) Co., Ltd. and Nishimatsu Taiwan Investment Corporation is December 31.

Financial statements of these subsidiaries as of December 31 are included in the consolidated financial statements. However, significant transactions that occurred in the period between January 1 and March 31, the balance sheet date of the Group, have been reflected in the preparation of the consolidated financial statements.

2. Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits placed with banks on demand, and highly liquid investments with insignificant risk of changes in value, with maturities of three months or less when purchased.

Cash and cash equivalent balance of ¥43,418 million ($290,385 thousand) is in the balance sheet as of March 31, 2025.

(b) Standard and methods of assessment of significant assets

Investments in securities:

Held-to-maturity securities are either amortized or accumulated to face value.

Other securities with quoted market prices are carried at market value.

The difference between the acquisition costs and the carrying value of other securities, including unrealized gains and losses, is recognized as a component of net assets and is reflected as "Unrealized gain on available-for-sale securities held for sale."

The cost of other securities sold is computed by the moving average method.

Other securities without quoted market prices are stated at cost based on the moving average method.

Derivatives:

Mark-to-market method

Inventories:

Inventories other than materials and supplies are stated at the accumulated construction cost for each project, which does not include selling, general and administrative expenses.

Materials and supplies are stated at cost determined by the moving average method.

Regarding real estate held for sale, cost of uncompleted real estate development projects and materials and supplies, when deterioration in profitability is recognized, their book values on balance sheets are devaluated.

(c) Depreciation and amortization

Property, plant and equipment (excluding lease assets):

Property and equipment, including significant renewals and additions, are carried at cost.

The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed generally by the declining balance method at rates based on the useful lives, which is determined under standards that conform to the methods provided for in the corporation tax act.

The straight-line method is applied to buildings acquired after April 1, 1998 and buildings and accompanying facilities and structures acquired after April 1, 2016.

Intangible assets (excluding lease assets):

Intangible assets are carried at cost.

Useful lives of assets are determined based on standards that conform to the methods provided for in the corporation tax act. Software for internal use is amortized using the straight-line method based on an internal estimate of its useful life (five years).

Lease assets:

Lease assets associated with finance leases that do not transfer ownership are accounted for based on the straight-line method with the term of lease as the useful life and the residual value as zero.

(d) Accrued retirement benefits

Accrued retirement benefits are calculated based on an estimate of the projected retirement benefit obligation and the pension fund assets.

Assets in the Company's defined benefit corporate pension plan are recorded as Others under Investments and other assets as in case of the plan assets exceeded the retirement benefit obligations.

Actuarial gains and losses are amortized on the straight-line method over 10 years beginning immediately with the following year.

(e) Recognition of sales and related costs

In the construction business, which is the main business of the Group, we provide customers with the design and construction of buildings, etc. based on construction contracts. The main payment terms for our transactions are the payment terms agreed with the customer by contract, and the contract does not include any significant financial components.

1) The method of recognizing revenue over time

Regarding construction contracts in the construction business, we judge that performance obligations will be satisfied over time, mainly for long-term construction contracts, and we recognize revenue based on the progress of fulfillment of performance obligations. The method of estimating the progress related to the fulfillment of performance obligations is calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method)

2) Revenue recognition by other methods

Cost recovery method: Works for which the progress rate related to the fulfillment of performance obligations cannot be reasonably estimated, we recognize the same amount of revenue as the costs incurred.

Completed contract method: Works that are reasonably expected to have a very small contract amount and a very short period, we recognize revenue when the performance obligations are fully satisfied.

(f) Income taxes

Deferred income taxes are recognized applying the asset and liability method.

Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax basis of the assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(g) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign exchange derivatives.

(h) Hedge accounting

Interest rate swaps are utilized to avoid interest volatility risk on debt.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the net amount to be paid or received under the interest rate swap contracts are recognized and included in interest expense and income as incurred.

Forward foreign exchange contracts utilized as a hedging instrument against risk arising from exchange rate fluctuations which meet the required criteria are accounted for by the allocation method. In the allocation method, assets and liabilities subject to foreign forward contract are translated by the contracted rate of exchange.

(i) Allowance for doubtful accounts

The Group provides for possible losses due to collectability of notes, accounts, loans receivable and others based on the Group's past credit loss experience and management's estimate.

(j) Provision for warranties for completed construction

Provision for losses which are expected to occur in the future related to defects of completed work is provided based on the estimated amount calculated using an actual percentage of related losses during a certain past period and the estimate future warranty expense amount for the specific properties.

(k) Provision for share awards for directors (and other officers)

Preparing for issuing of the Company's shares under the performance-based compensation for directors and executive officers, the estimated number of shares to be paid according to the points allocated to the officers, can be reasonably estimated.

(l) Provision for bonuses for directors (and other officers)

The estimated amount of cash payment by the performance-based compensation for directors and executive officers can be reasonably estimated.

(m) Provision for bonuses

Provision for bonuses is based on the estimated value of the bonus to be paid to employees.

(n) Provision for loss on construction contracts

Provision for loss on construction contracts is provided with respect to construction projects for which the losses can be reasonably estimated.

(o) Provision for loss on real estate business

Provision for losses which are expected to occur in the future related to real estate businesses is provided when the loss can be reasonably estimated.

(p) Other accounting policies on preparing consolidated financial statements

Accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined.

In the construction business, joint venture accounting process is mainly recognized assets, liabilities, profit and expenses by member's investment ratio.

(q) Goodwill amortization method and period

It is equally amortized by over the period of its effect within 10 years.

3. Important accounting estimates

(a) Estimation for the method of recognizing revenue over time

FY2023

Sales from the method of recognizing revenue over time are ¥364,002 million ($2,404,084 thousand).

Provision for loss on construction contracts is ¥4,380 million ($28,928 thousand).

FY2024

Sales from the method of recognizing revenue over time are ¥329,866 million ($2,206,164 thousand).

Provision for loss on construction contracts is ¥1,214 million ($8,120 thousand).

In applying the method of recognizing revenue over time, the amount of completed construction work is recorded based on the progress rate calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method). We make the best estimate for the total construction revenue, total construction cost, and construction progress on the settlement date for each individual construction contract based on all the information available on the settlement date.

In calculating the total construction revenue, in case there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted from the contracted amount. In addition, in calculating the total construction cost, the construction cost that will occur after the settlement date is estimated on the assumptions of outsourcing costs, material costs, etc., considering the negotiation with the partner companies as well as the conditions of each individual construction contract.

As a result of these estimates, for works that are expected to incur losses after the settlement date, the estimated amount is recorded as a provision for loss on construction contracts.

Therefore, changes in estimation assumptions including these various conditions may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

(b) Provision for warranties for completed construction

FY2023

Provision for warranties for completed construction is ¥2,190 million ($14,463 thousand).

FY2024

Provision for warranties for completed construction is ¥1,829 million ($12,235 thousand).

For covering the cost of repairing defects related to completed construction, the Group has recorded the amount calculated based on the actual compensation rate over a certain period in the past and the estimated cost of future repairs, etc. for specific properties. In the calculation based on the actual volume rate, it is assumed that the cost of defect repair will be incurred in the future, which is the same as the ratio of the amount of completed construction work for the past 3 years to the amount of cost of defect repair, etc. In the calculation by estimation, the estimated cost of repairs, etc. is recorded for each property when it is expected that defects will occur in the future for a specific property and the amount can be reasonably estimated.

We make the best estimates for these provisions based on all the information available at this moment, but due to changes in the assumptions of the estimates such as price fluctuations of outsourcing costs and material costs may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

4. Changes in accounting policy

(Application of accounting standard for corporate tax, inhabitant tax and enterprise tax, etc.)

The Group applied the "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes, etc."

(ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") from the beginning of the current consolidated accounting period. The revision of accounting classification of current income taxes (taxation on other comprehensive income) is in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised 2022.

Accounting Standard and Paragraph 65-2, Item 2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). There were no significant effects on the consolidated financial statements due to the changes of the accounting policies. As for the revision to review the treatment of gains or losses on sales arising from the sale of subsidiaries' stocks and others between consolidated companies in the consolidated financial statements, in cases where the gains or losses on sales are deferred for tax purposes, the Group applied the Revised Implementation Guidance 2022 from the beginning of the current consolidated accounting period. The changes in the accounting policies were applied retrospectively, and the consolidated financial statements of the previous accounting period were prepared retrospectively. There were no significant effects on the consolidated financial statements and consolidated financial statements of the previous accounting period due to the changes in the accounting policies.

5. New accounting standards not yet applied

"Accounting standard for leases" (ASBJ Statement No. 34, September 13, 2024)

"Implementation guidance on accounting standard for leases." (ASBJ Guidance No. 33, September 13, 2024), etc.

1. Summary

Similar to international accounting standards, this establishes the treatment of recognizing assets and liabilities for all leases by the lessee.

2. Effective date

It is scheduled to take effect from the beginning of the fiscal year ending March 31, 2028.

3. Impact of the application of the relevant accounting standards

The impact amount is currently being assessed at the time of preparing the consolidated financial statements.

6. Changes in presentations

(a) Notes to consolidated Balance Sheet

"Asset retirement obligations" which was separated in "Current liabilities" in the previous fiscal year is included in "Other current liabilities" listed from the fiscal year ended March 31, 2025, because of less quantitative materiality. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation. As a result, ¥37 million of "Asset retirement obligations" under "Current liabilities" in the consolidated balance sheet of the previous fiscal year has been reclassified as ¥8,403 million of "Other current liabilities."

(b) Notes to consolidated statement of Income

"Gains from paid-in capital reduction by a consolidated subsidiary" which was separated in "Other income (expenses)" in the previous fiscal year is included in "Other - net" listed from the fiscal year ended March 31, 2025, because of less quantitative materiality.

"Gain on sales of investment securities" which was listed in "Other - net" under "Other income (expenses)" in the previous fiscal year is separately listed from the fiscal year ended March 31, 2025, because of more quantitative materiality.

The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥771 million of "Gains from paid-in capital reduction by a consolidated subsidiary" and ¥0 million of "Gain on sales of investment securities" under "Other income (expenses)" in the consolidated statements of income of the previous fiscal year have been reclassified as ¥579 million of "Other - net" and ¥0 million of "Gain on sales of investment securities."

(c) Notes to consolidated statement of Cash Flows

"Loss (gain) on reimbursement of paid capital reduction in shares of subsidiaries and associates" which was separated in "Cash flows from operating activities" in the previous fiscal year is included in "Others" because of less quantitative materiality. "Loss on retirements of non-current assets" and "Gain on sales of investment securities" which were listed in "Others" under "Cash flows from operating activities" in the previous fiscal year are separately listed from the fiscal year ended March 31, 2025, because of more quantitative materiality.

The consolidated financial statement of the previous fiscal year has been reclassified to reflect this change in presentation.

As a result, ¥(771) million of "Loss (gain) on reimbursement of paid capital reduction in shares of subsidiaries and associates," ¥9 million of "Loss on retirements of non-current assets" and ¥0 million of "Gain on sales of investment securities" under "Cash flows from operating activities" in the consolidated statement of cash flows of the previous fiscal year has been reclassified as ¥3,507 million of "others," ¥9 million of "Loss on retirements of non-current assets" and ¥0 million of "Gain on sales of investment securities" under "Cash flows from operating activities."

¥222 million of "Loss (gain) on sales of property and equipment" under "Cash flows from operating activities" in the previous fiscal year has changed its name to "Loss (gain) on sales of non-current assets" from the fiscal year ended March 31, 2025, to improve the clarity of statement of Cash Flows.

7. Additional information.

Transactions involving issue of Company stock to Directors and others via trust

(a) Transaction overview

Pursuant to the resolution of the 84 Regular General Meeting of Shareholders held on June 29, 2021, the Company adopt a "Board Benefit Trust (BBT)," which provides the Company's ordinary shares and money equivalent to the market value of the Company's ordinary shares as part of remuneration, as a means of share-based remuneration linked to business performance for the directors (excluding members of the Audit Committee and other outside directors) and executive officers of the Company (hereinafter, the eligible persons are collectively referred to as the "Directors, etc. of the Company").

Due to the addition of this BBT, the Company purchased the corresponding shares by depositing cash with Custody Bank of Japan, Ltd. (Trust E account), a sub-trustee of Mizuho Trust & Banking Co., Ltd., the trustee.

(b) Company shares remaining in trust

In accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (ASBJ PITF No. 30, March 26, 2015), the total amount method is applied to the processing of the BBT account. As a result, the Company's own shares held by the trust are recorded as treasury shares in shareholders' equity at their carrying amount. Disposals of treasury shares are recognized when the shares are issued to the Directors and other beneficiaries through the trust.

At the end of the previous fiscal year under review, the book value and number of treasury shares remaining in the trust were ¥760 million and 225,000 shares, respectively. At the end of the fiscal year under review, the book value and number of the Company's shares remaining in the trust were ¥755 million and 224,000 shares, respectively.

8. Significant subsequent events

(Sale of investment securities)

The consolidated subsidiary Nishimatsu Taiwan Investment Corporation (fiscal year-end: December 31) sold its investment securities based on its business plan. (The sale was resolved at the board of directors meeting held on March 19, 2025.)

1. Name of company to which the transfer is made

Mega International Commercial Bank and Taiwan Stock Exchange

2. Type of transferred assets

One unlisted stock

3. Date of transfer

March 27, 2025

4. Transfer price

NT$2,860,936 thousand (equivalent to ¥12,902 million)

*The conversion is based on the exchange rate as of March 2025 1 NT$ (New Taiwan Dollar) = 4.51 yen

5. Impact on consolidated financial statements

The impact of the transaction on the consolidated income statement for the following consolidated accounting year is minor.

(Issue of unsecured bonds)

The Company has issued unsecured bonds with a payment date of September 19, 2025, under the following conditions. This issuance is based on a comprehensive resolution of the board meeting held on August 29, 2025, which determined the total amount to be offered, etc.

1. The total amount of issued corporate bonds	20 billion yen
2. Issued price	100 yen for every 100 yen offered
3. Interest rate	1.778% per year
4. Payment date	September 19, 2025
5. Redemption deadline	September 19, 2030
6. Use of funds	Debt repayment, working capital and capital investment funds.
7. Financial covenants	“Collateral provision restriction clause” is attached.

9. United States dollar amounts

The United States dollar amounts presented in the accompanying consolidated financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥149.52 = US$1, which was the exchange rate prevailing as of March 31, 2025

These conversions should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into, United States dollars at that rate.

10. Investment in securities

As of March 31, 2024 and 2025, securities with quoted market prices were summarized as follows:

Held-to-maturity securities with quoted market prices

	Millions of yen						Thousands of U.S. dollars		
	2024			2025			2025		
	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)
Held-to-maturity securities whose market values exceed in the balance sheet:									
Debt securities	¥—	¥—	¥—	**¥1**	**¥1**	**¥0**	**$9**	**$9**	**$0**
Sub-total	—	—	—	**1**	**1**	**0**	**9**	**9**	**0**
Held-to-maturity securities whose market values do not exceed in the balance sheet:									
Debt securities	1	1	(0)	**—**	**—**	**—**	**—**	**—**	**—**
Sub-total	1	1	(0)	**—**	**—**	**—**	**—**	**—**	**—**
Total	¥ 1	¥ 1	¥ (0)	**¥1**	**¥1**	**¥0**	**$9**	**$9**	**$0**

Other securities with quoted market prices

	Millions of yen						Thousands of U.S. dollars		
	2024			2025			2025		
	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)
Other securities whose market values recorded in the balance sheet exceed their acquisition costs:									
Equity securities	¥16,826	¥41,097	¥24,271	**¥11,566**	**¥27,191**	**¥15,625**	**$77,356**	**$181,857**	**$104,502**
Others	300	429	129	**2,226**	**2,422**	**196**	**14,886**	**16,199**	**1,313**
Sub-total	17,126	41,526	24,400	**13,792**	**29,613**	**15,821**	**92,242**	**198,056**	**105,815**
Other securities whose market values recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities	1,018	972	(46)	**1,054**	**1,038**	**(16)**	**7,051**	**6,942**	**(109)**
Sub-total	1,018	972	(46)	**1,054**	**1,038**	**(16)**	**7,051**	**6,942**	**(109)**
Total	¥18,144	¥42,498	¥24,354	**¥14,846**	**¥30,651**	**¥15,805**	**$99,293**	**$204,998**	**$105,706**

Available-for-sale securities sold during the fiscal years ended March 31, 2024 and 2025

	Millions of yen						Thousands of U.S. dollars		
	2024			2025			2025		
	Proceeds	Total gain on sales	Total loss on sales	Proceeds	Total gain on sales	Total loss on sales	Proceeds	Total gain on sales	Total loss on sales
Equity securities	¥0	¥0	¥—	**¥12,277**	**¥7,005**	**¥—**	**$82,111**	**$46,852**	**$—**

Loss on valuation of investment securities

FY2023 (April 1, 2023 to March 31, 2024)

As of March 31, 2024, an impairment loss is recognized of ¥6 million of securities (other securities of unlisted stocks)

FY2024 (April 1, 2024 to March 31, 2025)

As of March 31, 2025, an impairment loss is recognized of ¥171 million of securities (¥63 million of available-for-sale securities stocks and ¥108 million of other securities of unlisted stocks)

The Group recognizes an important loss on securities with market prices in cases where the market price at the end of the fiscal year falls 50% or more compared to the book value and is considered to be irrecoverable. An impairment loss is also recognized for any item considered to be irrecoverable when the market price at the end of the fiscal year falls 30% or more and less than 50% compared to the book price and any of the following applies.

· Market price has continued to drop at a rate of 30% or more over the past year.
· The issuing company of the respective stock is in an excess debt status as of the latest fiscal year.
· The issuing company of the respective stock has posted a loss attributable to owners of parent for the last two consecutive years and expects to post a loss attributable to owners of parent also in the following fiscal year.

For securities without market prices, the Group recognizes an impairment loss for the value needed in consideration of its recoverability in cases where the substantial value falls 50% or more compared to the book value.

11. Short-term and long-term debt

(a) The weighted average interest rate on short-term debt outstanding as of March 31, 2025 is approximately 0.909 per cent.

(b) Bonds payable comprised the following:

				Millions of yen		Thousands of U.S. dollars
	Issuer	Type	Date of issue	2024	2025	2025
0.180 per cent Unsecured Japanese Yen bond due Sep 20, 2024	Nishimatsu Construction Co., Ltd.	The 8th unsecured Japanese Yen bonds	Sep 20, 2019	¥ 20,000	**¥ —**	**$ —**
0.330 per cent Unsecured Japanese Yen bond due Jul 18, 2025	Nishimatsu Construction Co., Ltd.	The 10th unsecured Japanese Yen bonds	Jul 20, 2020	15,000	**15,000**	**100,321**
0.420 per cent Unsecured Japanese Yen bond due Mar 1, 2027	Nishimatsu Construction Co., Ltd.	The 11th unsecured Japanese Yen bonds	Mar 1, 2022	19,000	**19,000**	**127,073**
0.600 per cent Unsecured Japanese Yen bond due Mar 1, 2029	Nishimatsu Construction Co., Ltd.	The 12th unsecured Japanese Yen bonds	Mar 1, 2022	18,000	**18,000**	**120,385**
0.580 per cent Unsecured Japanese Yen bond due Jul 14, 2027	Nishimatsu Construction Co., Ltd.	The 13th unsecured Japanese Yen bonds	Jul 14, 2022	19,000	**19,000**	**127,073**
0.600 per cent Unsecured Japanese Yen bond due Jul 27, 2028	Nishimatsu Construction Co., Ltd.	The 14th unsecured Japanese Yen bonds	Jul 27, 2023	20,000	**20,000**	**133,762**
1.140 per cent Unsecured Japanese Yen bond due Sep 20, 2029	Nishimatsu Construction Co., Ltd.	The 15th unsecured Japanese Yen bonds	Sep 20, 2024	—	**20,000**	**133,762**
				111,000	**111,000**	**742,376**
Less: Portion due within 1 year				20,000	**15,000**	**100,321**
				¥111,000	**¥111,000**	**$742,376**

The aggregate annual maturities of lease on March 31, 2025 were as follows:

	Millions of yen	Thousands of U.S. dollars
2025	¥17	$114
2026	¥15	$ 98
2027	¥11	$ 74
2028 and thereafter	¥ 6	$ 43

12. Retirement benefits and pension plan

Information on the projected benefit obligation under the retirement benefit and pension plan was as follows:

FY2023 (April 1, 2023 to March 31, 2024)

(a) Retirement benefit obligation

Recognition of retirement benefit obligation:

	Millions of yen
	2024
Retirement benefit obligation as of April 1, 2023	¥27,230
Service cost	1,349
Interest cost	187
Actuarial gain or loss	(665)
Retirement benefits paid	(1,803)
Others	11
Retirement benefit obligation as of March 31, 2024	¥26,309

Method of attributing the retirement benefit obligation to periods of service:
Simplified method

(b) Reconciliation of plan assets

	Millions of yen
	2024
Plan assets as of April 1, 2023	¥23,061
Expected return on plan assets	558
Actuarial gain or loss	701
Contribution by the Company	615
Retirement benefits paid	(1,227)
Plan assets as of March 31, 2024	¥23,708

(c) Reconciliation of retirement benefit obligation and plan assets and net liability for retirement benefit in the Consolidated Balance Sheet

	Millions of yen
	2024
Funded retirement benefit obligation	¥ 26,076
Plan assets	(23,708)
	2,368
Unfunded retirement benefit obligation	233
Net liability for retirement benefit in the Consolidated Balance Sheet	2,601
Net defined benefit liability	6,361
Retirement benefit asset	(3,760)
Net liability for retirement benefit in the Consolidated Balance Sheet	¥ 2,601

(d) Components of net periodic pension cost for the year ended March 31, 2024

	Millions of yen
	2024
Service cost	¥1,349
Interest cost	187
Expected return on plan assets	(558)
Amortization of actuarial gain or loss	200
Total	¥1,178

Service cost includes the retirement benefit obligation applying the simplified method included in "service cost."

(e) Remeasurements of defined benefit plans

Details of items (before income tax excluded) of remeasurements of defined benefit plans were as follows:

	Millions of yen
	2024
Actuarial gain or loss	¥1,566
Total	¥1,566

(f) Cumulative remeasurements of defined benefit plans

Details of items (before income tax excluded) of cumulative remeasurements of defined benefit plans were as follows:

	Millions of yen
	2024
Unrecognized actuarial gain or loss	¥691
Total	¥691

(g) Pension assets

Details of plan assets

Ratio of each major category for plan assets was as follows:

	2024
Bonds	46%
Securities	13%
General accounts	23%
Others	18%
Total	100%

Retirement benefits trust established for corporate pension plans accounts for 15% of total plan assets.

Method for long-term expected return on plan assets

Long-term expected return on plan assets is determined by current and future distribution of plan assets and long-term expected return consists of pension assets.

(h) Assumptions for actuarial calculations

	2024
Discount rate	0.7%
Expected return on plan assets	
Except pension trust	2.5%
Expected return on pension trust	2.0%

(i) Defined contribution

Amount payable for defined contribution of the Company and consolidated subsidiary was ¥221 million.

FY2024 (April 1, 2024 to March 31, 2025)

(a) Retirement benefit obligation

Recognition of retirement benefit obligation:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Retirement benefit obligation as of April 1, 2024	¥26,309	$175,953
Service cost	1,297	8,674
Interest cost	180	1,206
Actuarial gain or loss	140	933
Retirement benefits paid	(1,792)	(11,983)
Others	17	114
Retirement benefit obligation as of March 31, 2025	¥26,151	$174,897

Method of attributing the retirement benefit obligation to periods of service: Simplified method

(b) Reconciliation of plan assets

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Plan assets as of April 1, 2024	¥23,708	$158,559
Expected return on plan assets	575	3,847
Actuarial gain or loss	(501)	(3,348)
Contribution by the Company	596	3,985
Retirement benefits paid	(1,204)	(8,055)
Plan assets as of March 31, 2025	¥23,174	$154,988

(c) Reconciliation of retirement benefit obligation and plan assets and net liability for retirement benefit in the Consolidated Balance Sheet

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Funded retirement benefit obligation	¥ 25,903	$ 173,240
Plan assets	(23,174)	(154,988)
	2,729	18,252
Unfunded retirement benefit obligation	248	1,657
Net liability for retirement benefit in the Consolidated Balance Sheet	2,977	19,909
Net defined benefit liability	6,318	42,254
Retirement benefit asset	(3,341)	(22,345)
Net liability for retirement benefit in the Consolidated Balance Sheet	¥ 2,977	$ 19,909

(d) Components of net periodic pension cost for the year ended March 31, 2025

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Service cost	¥1,297	$ 8,675
Interest cost	180	1,206
Expected return on plan assets	(575)	(3,847)
Amortization of actuarial gain or loss	153	1,019
Total	¥1,055	$ 7,053

Service cost includes the retirement benefit obligation applying the simplified method included in "service cost."

(e) Remeasurements of defined benefit plans

Details of items (before income tax excluded) of remeasurements of defined benefit plans were as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Actuarial gain or loss	¥(488)	$(3,263)
Total	¥(488)	$(3,263)

(f) Cumulative remeasurements of defined benefit plans

Details of items (before income tax excluded) of cumulative remeasurements of defined benefit plans were as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Unrecognized actuarial gain or loss	¥1,179	$7,887
Total	¥1,179	$7,887

(g) Pension assets

Details of plan assets

Ratio of each major category for plan assets was as follows:

	2025
Bonds	44%
Securities	8%
General accounts	23%
Others	25%
Total	100%

Retirement benefits trust established for corporate pension plans accounts for 14% of total plan assets.

Method for long-term expected return on plan assets

Long-term expected return on plan assets is determined by current and future distribution of plan assets and long-term expected return consists of pension assets.

(h) Assumptions for actuarial calculations

	2025
Discount rate	0.7%
Expected return on plan assets	
Except pension trust	2.5%
Expected return on pension trust	2.0%

(i) Defined contribution

Amount payable for defined contribution of the Company and consolidated subsidiary was ¥234 million.

13. Income taxes

Composition of deferred tax assets and liabilities

(a) Deferred tax assets and liabilities at March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Impairment loss of long-lived assets	¥ 2,368	¥ 2,252	$ 15,060
Retirement benefit liability	1,900	1,964	13,134
Provision for bonuses	1,349	1,434	9,589
Carryforwards	748	596	3,984
Provision for warranties for completed construction	670	563	3,765
Provision for allowance for loss on construction projects	1,340	372	2,488
Loss on valuation of real estate	253	260	1,743
Allowance for doubtful accounts	142	121	813
Valuation loss on investment securities	154	34	225
Others	3,169	3,114	20,830
Subtotal deferred tax assets	12,093	10,710	71,631
Valuation allowance for net operating loss carryforwards (*1)	(738)	(593)	(3,965)
Valuation allowance for the sum of deductible temporary differences	(3,887)	(3,993)	(26,709)
Valuation allowance	(4,625)	(4,586)	(30,674)
Gross deferred tax assets	¥ 7,468	¥ 6,124	$ 40,957
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(7,454)	(4,979)	(33,299)
Reserve for reduction entry of replaced property	(477)	(486)	(3,252)
Others	(721)	(750)	(5,019)
Gross deferred tax liabilities	¥ (8,652)	¥ (6,215)	$(41,570)
Net deferred tax assets (liabilities)	¥ (1,184)	¥ (91)	$ (613)

(*1) The amounts of net operating loss carryforwards and corresponding deferred tax assets by due period.

Previous fiscal year (As of March 31, 2024)

	Millions of yen						
	2024						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥ 263	¥ 67	¥ 67	¥ 82	¥ 22	¥ 247	¥ 748
Valuation allowance	(259)	(67)	(67)	(82)	(22)	(241)	(738)
Deferred tax assets	4	—	—	—	—	6	10

(a) The net operating loss carryforwards represent the amounts after being multiplied by the statutory tax rate.

Current fiscal year (As of March 31, 2025)

	Millions of yen						
	2025						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥ 63	¥ 77	¥ 87	¥ 23	¥ 38	¥ 308	¥ 596
Valuation allowance	(60)	(77)	(87)	(23)	(38)	(308)	(593)
Deferred tax assets	3	—	—	—	—	0	3

(a) The net operating loss carryforwards represent the amounts after being multiplied by the statutory tax rate.

	Thousands of U.S. dollars						
	2025						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	$ 423	$ 512	$ 579	$ 157	$ 254	$ 2,059	$ 3,984
Valuation allowance	(405)	(512)	(579)	(157)	(254)	(2,059)	(3,966)
Deferred tax assets	18	—	—	—	—	0	18

(a) The net operating loss carryforwards represent the amounts after being multiplied by the statutory tax rate.

(b) Reconciliation between the statutory tax rate and the effective tax rate was as follows:

	2024	2025
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Permanent non-deductible items	2.5%	1.3%
Permanent non-taxable items	(0.3)%	(0.5)%
Inhabitant taxes on per capita levy	0.8%	0.6%
Valuation allowance	0.1%	(0.1)%
Tax credit	(1.1)%	(3.7)%
Others	0.9%	0.2%
Effective tax rate	33.5%	28.4%

(c) Revision of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

In accordance with revisions to tax laws, deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in consolidated fiscal years beginning on or after April 1, 2026, are calculated using a statutory effective tax rate of 31.5%, an increase from 30.6%.

As a result of this change, deferred tax liabilities (the amount after deducting deferred tax assets) for the current consolidated fiscal year have increased by ¥118 million, the cumulative amount of adjustments related to employee benefits has increased by ¥10 million, the corporate tax adjustment amount has decreased by ¥12 million, and the valuation difference on other securities has decreased by ¥142 million.

14. Lease transactions

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Leased assets consist of the following types of assets

Tangible assets

Mainly vehicles for the Company.

(2) Depreciation method for lease assets

i) Method	Straight-line method
ii) Term	Lease term
iii) Residual value	Zero

2. Operating lease transactions

Lease payments related to non-cancellable operating lease transactions

Lessee

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2024	2025
Within 1 year	¥ 515	¥ 526	$ 3,400	$ 3,519
Over 1 year	2,804	4,459	18,522	29,827
Total	¥3,319	¥4,985	$21,922	$33,346

Lessor

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2024	2025
Within 1 year	¥ 3,401	¥ 2,879	$ 22,460	$ 19,255
Over 1 year	13,232	17,639	87,394	117,972
Total	¥16,633	¥20,518	$109,854	$137,227

15. Notes to Consolidated Balance Sheet

(a) Contract assets in notes and accounts receivable as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes	¥ 3,476	¥ 1,598	$ 10,687
Accounts receivable from completed construction contracts	56,198	48,429	323,895
Contract assets	144,318	162,888	1,089,410
Total	¥203,992	¥212,915	$1,423,992

(b) Contract liabilities in advances received on uncompleted contracts as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Contract liabilities	¥27,530	¥32,285	$215,925

(c) Investments in non-consolidated subsidiaries and affiliates as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investment securities	¥923	¥3,483	$23,294

(d) Collateral assets and secured liabilities:

Pledged assets for construction contracts, loans on subsidiaries, affiliates and other obligations as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Pledged assets:			
Land	¥10,943	¥12,265	$82,030
Total	¥10,943	¥12,265	$82,030

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Secured liabilities:			
Long-term debt	¥7,721	¥17,864	$119,476
Total	¥7,721	¥17,864	$119,476

	Millions of yen		Thousands of U.S. dollars
Pledged assets for loans on subsidiaries and affiliates:	2024	2025	2025
Building and structures	¥236	¥226	$1,510
Land	37	37	246
Investment securities	273	290	1,943
Total	¥546	¥553	$3,699

(e) Loan guarantee:

The Company provides guarantee for employees' housing loans from banks.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
	¥0	¥ —	$ —

Debt guarantees are provided for debt obligations from financial institutions etc. of affiliated companies.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
MHC Nishimatsu Property (Thailand) Co., Ltd	¥69	¥53	$356
Total	¥69	¥53	$356

(f) Work in progress corresponding to provision for loss on construction contracts:

Work in progress and provision for loss on construction contracts expected to incur losses are presented both without offsetting.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Work in progress	¥254	¥167	$1,117

(g) Matured notes are settled on the bank clearance date:

Since March 31, 2024 was a holiday for financial institutions, the following matured notes due on that date are included in the Consolidated Balance Sheet as of March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes receivable - trade	¥31	¥—	$—

(h) Due to have ready working capital efficiently, the Company and its subsidiaries conclude rental commitment contracts:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Total amount of loan commitment	¥20,000	¥15,000	$100,321
Loans outstanding	—	—	—
Balance	¥20,000	¥15,000	$100,321

(i) The Company transfers property and equipment to assets for sale of estate included in Inventories due to purpose of possession:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Building and structures	¥ 181	¥1,636	$10,940
Land	2,518	2,111	14,120
Total	¥2,699	¥3,747	$25,060

(j) The amounts of reduction entry that was conducted in the current fiscal year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Building and structures	¥ 2	¥ —	$ —
Machinery	12	—	—
Land	—	232	1,555
Total	¥14	¥232	$1,555

16. Notes to Consolidated Statement of Income

(a) Revenue from contracts with customers

Revenues from contracts with customers and other revenues are not listed separately.

With customers the amount of revenue from the contract is listed in the consolidated financial statements Note 21. Revenue recognition, information about disaggregation of revenue from the contract with the customer.

(b) Provision for loss on construction contracts included in the cost of completed construction contracts was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
	¥1,390	¥116	$778

(c) Major items and amounts under selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Employees' salary and allowances	¥10,379	¥10,944	$73,196
Retirement benefit expenses	532	509	3,401
Provision for bonuses	496	683	4,569

(d) Research and development expenses for the years ended March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
	¥2,229	¥2,363	$15,801

(e) Gains on sales of fixed assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Land	¥16	¥ —	$ —
Machinery	1	5	33
Fixtures	—	0	3
Other	8	0	2
Total	¥25	¥ 5	$38

(f) Loss on sales of fixed assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥ —	¥456	$3,048
Land	246	—	—
Machinery	0	0	0
Fixtures	—	1	7
Total	¥246	¥457	$3,055

(g) Loss on retirement of non-current assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥ —	¥329	$2,201
Machinery	2	0	1
Fixtures	4	0	0
Other	9	10	67
Total	¥ 15	¥339	$2,269

(h) Impairment losses

FY2023 (April 1, 2023 to March 31, 2024)

The Group recognized impairment loss on the following asset groups for the year ended March 31, 2024.

The asset grouping is made by a country unit or business location for assets used by the Group and by property for individual assets for rent or idle assets.

The book value of the following assets was reduced to the recoverable amount due to there is no prospect of future use.

The difference between the book value and the recoverable amount was posted as loss on impairment (¥958 million).

			Millions of yen	Thousands of U.S. dollars
Location	Purpose	Type of asset	2024	2024
Kumagaya, Saitamaken	Idle assets	Land	¥927	$6,121
Kumagaya, Saitamaken	Idle assets	Building, Structures	¥ 31	$ 203

In addition, the recoverable value of the rental property was estimated based on the net realizable value.

The net realizable value is calculated by subtracting the estimated disposal costs from the expected selling price.

FY2024 (April 1, 2024 to March 31, 2025)

The Group recognized impairment loss on the following asset groups for the year ended March 31, 2025.

The asset grouping is made by a country unit or business location for assets used by the Group and by property for individual assets for rent or idle assets.

The book value of the following assets was reduced to the recoverable amount due to declining profitability.

The difference between the book value and the recoverable amount was posted as loss on impairment (¥2,072 million).

			Millions of yen	Thousands of U.S. dollars
Location	Purpose	Type of asset	2025	2025
Sanyoonoda, Yamaguchiken	Business assets	Building, Structures	¥2,050	$13,713
Aso, Kumamotoken	Business assets	Structures	¥ 22	$ 146

In addition, the recoverable value of the rental property was estimated based on calculated by dividing future cash flows at 3.5%.

17. Notes to Consolidated Comprehensive Income

Other comprehensive income for the years ended March 31, 2024 and 2025 was as follows:

1. Reclassification adjustments related to other comprehensive income, and income taxes and tax effects were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrealized gain on available-for-sale securities			
Amount arising during the year	¥17,922	¥(1,495)	$(10,001)
Reclassification adjustments	—	(7,059)	(47,208)
Amount before income tax effect	17,922	(8,554)	(57,209)
Income tax effect	(5,484)	2,475	16,554
Amount after adjustment of income tax effect	¥12,438	¥(6,079)	$(40,655)
Deferred gains or losses on hedges			
Amount arising during the year	¥ 26	¥ (36)	$ (240)
Amount before income tax effect	26	(36)	(240)
Income tax effect	(5)	7	48
Amount after adjustment of income tax effect	¥ 21	¥ (29)	$ (192)
Equity adjustment from foreign currency translation			
Amount arising during the year	¥ 1,729	¥ 2,882	$ 19,272
Reclassification adjustments	(771)	—	—
Amount after adjustment of income tax effect	¥ 958	¥ 2,882	$ 19,272
Remeasurements of defined benefit plans			
Amount arising during the year	¥ 1,365	¥ (640)	$ (4,281)
Reclassification adjustments	201	152	1,019
Amount before income tax effect	1,566	(488)	(3,262)
Income tax effect	(479)	160	1,069
Amount after adjustment of income tax effect	¥ 1,087	¥ (328)	$ (2,193)
Share of other comprehensive income of entities accounted for using equity method			
Amount arising during the year	¥ —	¥ (197)	$ (1,315)
Other comprehensive income			
Amount after adjustment of income tax effect	¥14,504	¥(3,751)	$(25,083)

18. Notes to Consolidated Statement of Changes in Net Assets

(a) Class and total number of shares issued were as follows:

	Thousand shares	
Common stock	2024	2025
Number of shares at the beginning of year	55,592	55,592
Number of shares increased	—	—
Number of shares decreased	—	(13,800)
Number of shares at the end of year	55,592	41,792

(b) Class and number of shares of treasury stock were as follows:

	Thousand shares	
Common stock	2024	2025
Number of shares at the beginning of year	16,119	16,121
Number of shares increased	2	1
Number of shares decreased	0	(13,801)
Number of shares at the end of year	16,121	2,321

b) FY2023 (April 1, 2023 to March 31, 2024)

1. The number of treasury shares of common stock at the end of the consolidated FY 2023 includes 225 thousand shares held by "Board Benefit Trust (BBT)."
2. Increase in the number of treasury shares of common stock of 2 thousand shares was due to purchase of shares less than one unit.
3. Decrease in the number of treasury shares of common stock of 0 thousand shares was due to transfer of shares from sales of shares less than one unit based on their demand to purchase of shares.

b) FY2024 (April 1, 2024 to March 31, 2025)

1. The number of treasury shares of common stock at the end of the consolidated FY 2024 includes 224 thousand shares held by "Board Benefit Trust (BBT)."
2. Increase in the number of treasury shares of common stock of 1 thousand shares was due to purchase of shares less than one unit.
3. Decrease in the number of treasury shares of common stock of 13,801 thousand shares was due to 13,800 thousand of cancellation of treasury shares and 1 thousand of transfer of shares from "Board Benefit Trust (BBT)" to retired directors.

(c) Dividends

FY2023 (April 1, 2023 to March 31, 2024)

1. Dividends paid

		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Resolution	Class of shares	Total dividend		Dividend per share			
Ordinary general meeting of shareholders on June 28, 2023	Common stock	¥3,216	$21,237	¥81	$0.535	March 31, 2023	June 29, 2023
Board of meeting on October 30, 2023	Common stock	¥3,176	$20,975	¥80	$0.528	September 30, 2023	December 4, 2023

Total amount of dividends determined by the Ordinary general meeting of shareholders on June 28, 2023 includes dividends of ¥18 million on shares held by "Board Benefit Trust (BBT)."

Total amount of dividends determined by Board of meeting on October 30, 2023 includes dividends of ¥18 million on shares held by "Board Benefit Trust (BBT)."

2. Dividend whose record date falls during the fiscal year and whose effective date falls in the following fiscal year

			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Resolution	Class of shares	Source of dividend	Total dividend		Dividend per share			
Ordinary general meeting of shareholders on June 26, 2024	Common stock	Retained earnings	¥5,557	$36,705	¥140	$0.925	March 31, 2024	June 27, 2024

Total amount of dividends determined by the Ordinary general meeting of shareholders held on June 26, 2024 includes dividends of ¥32 million on shares held by "Board Benefit Trust (BBT)."

FY2024 (April 1, 2024 to March 31, 2025)

1. Dividends paid

		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Resolution	Class of shares	Total dividend		Dividend per share			
Ordinary general meeting of shareholders on June 26, 2024	Common stock	¥5,557	$37,169	¥140	$0.936	March 31, 2024	June 27, 2024
Board of meeting on October 31, 2024	Common stock	¥3,970	$26,549	¥100	$0.669	September 30, 2024	December 3, 2024

Total amount of dividends determined by the Ordinary general meeting of shareholders on June 26, 2024 includes dividends of ¥31 million on shares held by "Board Benefit Trust (BBT)."

Total amount of dividends determined by Board of meeting on October 31, 2024 includes dividends of ¥22 million on shares held by "Board Benefit Trust (BBT)."

2. Dividend whose record date falls during the fiscal year and whose effective date falls in the following fiscal year

			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Resolution	Class of shares	Source of dividend	Total dividend		Dividend per share			
Ordinary general meeting of shareholders on June 26, 2025	Common stock	Retained earnings	¥4,763	$31,858	¥120	$0.803	March 31, 2025	June 27, 2025

Total amount of dividends determined (planned) by the Ordinary general meeting of shareholders held on June 26, 2025 includes dividends of ¥26 million on shares held by "Board Benefit Trust (BBT)."

19. Financial instruments

(a) Disclosure on financial instruments

(1) Policy on financial instruments

Funds are limited to short-term deposits, and methods of rising funds are debt from banks, commercial papers and bond issuance.

The Group utilizes derivatives to hedge risks against the fluctuation of foreign exchange rate and interest rate related to debt and does not engage in speculative financial transactions.

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

Notes receivable, accounts receivable from completed construction contracts, and other are subject to customer credit risk.

The Group evaluates each customer's credit before receiving an order and monitors due dates and outstanding balances after receiving an order to find out and reduce the risk of collectability.

Investment securities, mainly held-to-maturity securities or equity of the Company related in business, are subject to the risk derived from future changes in market prices.

The Group monitors fair value and financial position periodically and reviewed the status of its holdings in instruments on an ongoing basis.

Loans, mainly provided to business partners, are subject to customer credit risk.

The Group evaluates each customer's credit in advance.

The Group monitors due dates and outstanding balances and confirms the credibility of the client periodically.

Due dates of notes payable, accounts payable for construction contracts and other come mostly within one year.

Short-term debt and commercial papers are mainly for business operations, and long-term debt, for investment in facilities. Floating interest debt is subject to interest-rate risk, therefore, the Group utilizes derivatives for some long-term floating interest debt in each transaction (interest rate swap) as a hedging instrument to fix the payment interest.

Evaluating hedge effectiveness is omitted because requirements for an exceptional accounting treatment in interest rate swaps are satisfied.

The Group reviews derivative transactions in advance, and regularly confirms the conditions and details in conformity with the policy on risk management.

The Group enters into derivative contracts only with financial institutions of high credit to reduce credit risks.

Operating liabilities, debt, commercial papers and bonds are subject to liquidity risks.

The Group manages these risks with monthly cash reports and so on.

The internal control committee makes each department responsible for a specific risk and establishes control systems of preventive risk management and heuristic risk management.

(3) Supplemental explanation for fair value of financial instruments

The fair value of financial instruments includes either the value determined based on market prices or the value based on a reasonable calculation if no market price is available.

However, as certain variables are used for these calculations, the result of such calculations may vary if different assumptions are used.

The contract amounts of derivatives do not measure the market risk in derivative transactions.

(b). Fair value of financial installments

1. Redemption schedule for receivables and securities to maturity at March 31, 2024 and 2025

	Millions of yen			
	2024			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥ 56,533	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	179,563	25,152	—	—
Investment in securities				
Debt security held to maturity (government bonds)	—	2	—	—
Long-term loan	—	1,397	2,753	3,061
Total	¥236,096	¥26,551	¥2,753	¥3,061

	Millions of yen			
	2025			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥ 43,418	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	181,935	31,656	—	—
Investment in securities				
Debt security held to maturity (government bonds)	—	1	—	—
Long-term loan	—	2,078	2,950	2,772
Total	¥225,353	¥33,735	¥2,950	¥2,772

	Thousands of U.S. dollars			
	2025			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	$ 290,385	$ —	$ —	$ —
Notes receivable, accounts receivable from completed construction contracts and other	1,216,792	211,717	—	—
Investment in securities				
Debt security held to maturity (government bonds)	—	9	—	—
Long-term loan	—	13,894	19,729	18,542
Total	$1,507,177	$225,620	$19,729	$18,542

2. Redemption schedule for bond, long-term debt, and lease liability as of March 31, 2024 and 2025.

	Millions of yen					
	2024					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	¥20,000	¥15,000	¥19,000	¥19,000	¥38,000	¥ —
Long-term debt	—	—	17,955	7,266	—	—
Lease liability	24	19	959	6	2	1
Total	¥20,024	¥15,019	¥37,914	¥26,272	¥38,002	¥ 1

	Millions of yen					
	2025					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	¥15,000	¥19,000	¥19,000	¥38,000	¥20,000	¥ —
Long-term debt	—	23,010	17,353	—	—	—
Lease liability	21	17	15	11	4	2
Total	¥15,021	¥42,027	¥36,368	¥38,011	¥20,004	¥ 2

	Thousands of U.S. dollars					
	2025					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	$100,321	$127,073	$127,073	$254,147	$133,761	$ —
Long-term debt	—	153,895	116,062	—	—	—
Lease liability	139	114	98	74	27	16
Total	$100,460	$281,082	$243,233	$254,221	$133,788	$ 16

The book value, fair value, and difference of the financial instruments on the consolidated balance sheet as of March 31, 2024 and 2025 were as follows.

This table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		
	2024		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥204,716	¥204,471	¥(245)
Investment in securities (*3)	42,499	42,499	(0)
Long-term loans	7,212		
Allowance for doubtful accounts (*4)	(61)		
	7,151	7,594	443
Assets	¥254,366	¥254,564	¥ 198
Bond	¥ 91,000	¥ 90,445	¥(555)
Long-term debt	25,221	25,368	147
Liabilities	¥116,221	¥115,813	¥(408)

*1 The description of “Cash and deposit” is omitted because it is cash and the market value is close to the book value because the deposit is settled in a short period of time.

*2 “Notes payable, accounts payable for construction contracts and other” “Short-term debt,” “Commercial paper,” “Current portion of bonds payable” is omitted because these are settled in a short period of time.

*3 The following financial products are not included in “Securities and investment securities” because there is no market price.

Classification	Millions of yen
	2024
	Book value
Unlisted securities	¥17,169
Silent partnerships	15,163
Stock for non-consolidated subsidiaries and affiliates	923

*4 Allowance for doubtful accounts individually accrued to long-term loan are omitted.

	Millions of yen		
	2025		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥213,591	¥213,052	¥ (539)
Investment in securities (*3)	30,653	30,653	0
Long-term loans	7,799		
Allowance for doubtful accounts (*4)	(55)		
	7,744	7,974	230
Assets	¥251,988	¥251,679	¥ (309)
Bond	¥ 96,000	¥ 93,764	¥(2,236)
Long-term debt	40,364	40,326	(38)
Liabilities	¥136,364	¥134,090	¥(2,274)

	Thousands of U.S. dollars		
	2025		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	$1,428,510	$1,424,906	$ (3,604)
Investment in securities (*3)	205,007	205,007	0
Long-term loans	52,165		
Allowance for doubtful accounts (*4)	(369)		
	51,796	53,331	1,535
Assets	$1,685,313	$1,683,244	$ (2,069)
Bond	$ 642,055	$ 627,100	$(14,955)
Long-term debt	269,957	269,705	(252)
Liabilities	$ 912,012	$ 896,805	$(15,207)

*1 The description of “Cash and deposit” is omitted because it is cash and the market value is close to the book value because the deposit is settled in a short period of time.

*2 “Notes payable, accounts payable for construction contracts and other,” “Short-term debt” “Commercial paper,” “Current portion of bonds payable” is omitted because these are settled in a short period of time.

*3 The following financial products are not included in “Securities and investment securities” because there is no market price.

Classification	Millions of yen	Thousands of U.S. dollars
	2025	2025
	Book value	Book value
Unlisted securities	¥17,762	$118,791
Silent partnerships	33,173	221,866
Stock for non-consolidated subsidiaries and affiliates	3,483	23,294

*4 Allowance for doubtful accounts individually accrued to long-term loan are omitted.

(c) Explanation of the valuation methods and inputs used in calculating fair value

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Explanation of the evaluation techniques used in the calculation of the fair value and the inputs to the calculation of the fair value.

Level 1 fair value: Fair value calculated using inputs that are directly or indirectly observable, the (unadjusted) market price in an active market for an identical asset or liability.

Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than the Level 1 inputs.

Level 3 fair value: Fair value calculated using important inputs that cannot be observed. If multiple inputs that have a significant impact on the calculation of the fair value are used, among the levels to which each of these inputs belongs, the fair value is classified into the lowest priority level in the calculation of the fair value.

1. Financial assets and financial liabilities with the carrying amount recorded using the fair value

	Millions of yen			
	2024			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥42,069	¥ —	¥ —	¥42,069
Others	—	429	—	429
Assets	¥42,069	¥429	¥ —	¥42,498

	Millions of yen			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥28,229	¥ —	¥ —	¥28,229
Others	—	2,422	—	2,422
Assets	¥28,229	¥2,422	¥ —	¥30,651

	Thousands of U.S. dollars			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	$188,799	$ —	$ —	$188,799
Others	—	16,199	—	16,199
Assets	$188,799	$16,199	$ —	$204,998

2. Financial assets and financial liabilities with the carrying amount not recorded using the fair value

	Millions of yen			
	2024			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥204,471	¥ —	¥204,471
Investment securities				
Held-to-maturity securities				
Debt securities	1	—	—	1
Long-term loans	—	7,594	—	7,594
Assets	¥ 1	¥212,065	¥ —	¥212,066
Bonds payable	90,445	—	—	90,445
Long-term debt	—	25,367	—	25,368
Liabilities	¥90,445	¥ 25,367	¥ —	¥115,813

	Millions of yen			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥213,052	¥ —	¥213,052
Investment securities				
Held-to-maturity securities				
Debt securities	1	—	—	1
Long-term loans	—	7,974	—	7,974
Assets	¥ 1	¥221,026	¥ —	¥221,027
Bonds payable	93,764	—	—	93,764
Long-term debt	—	40,326	—	40,326
Liabilities	¥93,764	¥ 40,326	¥ —	¥134,090

	Thousands of U.S. dollars			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	$ —	$1,424,906	$ —	$1,424,906
Investment securities				
Held-to-maturity securities				
Debt securities	9	—	—	9
Long-term loans	—	53,331	—	53,331
Assets	$ 9	$1,478,237	$ —	$1,478,246
Bonds payable	627,100	—	—	627,100
Long-term debt	—	269,705	—	269,705
Liabilities	$627,100	$ 269,705	$ —	$ 896,805

Investment securities

Listed shares and government bonds are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value. The fair value of real estate investment trusts is the net assets value because no market price is available. This is categorized as a level 2 fair value.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of notes receivable, accounts receivable from completed construction contracts and other is calculated using the discounted cash flow method based on interest rates considering the claim amount, the period until maturity, and the credit risk for each claim divided into set periods, and this is categorized as a level 2 fair value.

Long-term loans

The fair value of long-term loans is calculated using the discounted cash flow method based on interest rates considering the future cash flow, the period until the payment due date, and the credit risk for each obligation divided into set periods, and this is categorized as a level 2 fair value.

Bond

The fair value of bond is calculated based on the market price if there is a market price, and the market fair value is classified as level 1 fair value. Those without a market price are calculated by the discounted cash flow method based on the total amount of principal and interest, the remaining maturity of the bond, and the interest rate that takes into account credit risk, and this is categorized as a level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated using the discounted cash flow method based on interest rates considering the total amount of the sum of principal and interest, the remaining period of the concerned obligation, and the credit risk for each obligation, and this is categorized as a level 2 fair value.

20. Investment and rental properties

The Company and some subsidiaries have office buildings (including land) for rent in the Tokyo district and other area.

Profit for investment and rental properties in 2024 was ¥3,402 million, in 2025 was ¥3,113 million ($20,817 thousand).

Balance sheet amount, change in this and preceding fiscal years, and fair value for properties were as follows:

Millions of yen			
Carrying amount			Fair value
April 1, 2023	Increased (decreased)	March 31, 2024	March 31, 2024
¥122,607	¥1,206	¥123,813	¥160,756

Millions of yen			
Carrying amount			Fair value
April 1, 2024	Increased (decreased)	March 31, 2025	March 31, 2025
¥123,813	¥5,842	¥129,655	¥168,102

Thousands of U.S. dollars			
Carrying amount			Fair value
April 1, 2024	Increased (decreased)	March 31, 2025	March 31, 2025
$828,071	$39,071	$867,142	$1,124,278

1. Carrying amount is net of accumulated depreciation and accumulated impairment losses from acquisition cost.
2. The main reason of increase in 2024 was the purchase, ¥7,628 million ($50,379 thousand), those of decrease were transfer to sales of real estate ¥3,370 million ($22,260 thousand), depreciation ¥2,282 million ($15,069 thousand), selling ¥1,351 million ($8,925 thousand).
   The main reason of increase in 2025 was the purchase, ¥12,765 million ($85,375 thousand), those of decrease were transfer to sales of real estate ¥3,719 million ($24,871 thousand), depreciation ¥2,462 million ($16,463 thousand).
3. Fair value at the end of fiscal year is assessed by the Company mainly based on "real-estate appraisal criterion."

21. Asset retirement obligations

Omitted due to lack of materiality.

22. Revenue recognition

1. Information about disaggregation of revenue from the contract with the customer

For the year ended March 31, 2024

Net sales:	Millions of yen					
	2024					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time	¥104,852	¥228,453	¥30,758	¥ —	¥ —	¥364,063
Goods or services to be transferred at one time	2,111	6,742	127	18,106	70	27,156
Revenue from contracts with customers	106,963	235,195	30,885	18,106	70	391,219
Other revenue	—	—	—	10,275	139	10,414
Sales to customers	¥106,963	¥235,195	¥30,885	¥28,381	¥209	¥401,633

For the year ended March 31, 2025

Net sales:	Millions of yen					
	2025					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time	¥106,642	¥185,108	¥38,271	¥ —	¥ —	¥330,021
Goods or services to be transferred at one time	1,353	8,047	46	15,879	535	25,860
Revenue from contracts with customers	107,995	193,155	38,317	15,879	535	355,881
Other revenue	—	—	—	10,930	—	10,930
Sales to customers	¥107,995	¥193,155	¥38,317	¥26,809	¥535	¥366,811

	Thousands of U.S. dollars					
	2025					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time	$713,229	$1,238,016	$255,959	$ —	$ —	$2,207,204
Goods or services to be transferred at one time	9,047	53,817	312	106,197	3,578	172,951
Revenue from contracts with customers	722,276	1,291,833	256,271	106,197	3,578	2,380,155
Other revenue	—	—	—	73,102	—	73,102
Sales to customers	$722,276	$1,291,833	$256,271	$179,299	$3,578	$2,453,257

2. Information to understand the amount of revenue for the current period and the following period

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

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Receivables arising from contracts with customers as of April 1, 2024	¥ 59,674	$ 399,106
Receivables arising from contracts with customers as of March 31, 2025	50,027	334,582
Contract assets as of April 1, 2024	144,317	965,205
Contract assets as of March 31, 2025	162,889	1,089,410
Contract liabilities as of April 1, 2024	27,530	184,122
Contract liabilities as of March 31, 2025	32,285	215,925

Contract assets are mainly related to consideration for works that meet performance obligations at the end of the fiscal year but have not yet been claimed.

Contract assets are transferred to receivables when the right to payment becomes unconditional.

Contract liabilities are primarily related to advances received on construction contracts in progress.

In the construction industry, the normal payment time differs depending on the contract, and there is no clear relationship with the time when the performance obligation is satisfied.

Regarding the revenue recognized for the year ended March 31, 2024, the amount included in the contract liability balance as of the beginning of the period was ¥14,430 million.

Revenue recognized from performance obligations that have been met or partially met in the past period are not significant.

Regarding the revenue recognized for the year ended March 31, 2025, the amount included in the contract liability balance as of the beginning of the period was ¥19,023 million.

Revenue recognized from performance obligations that have been met or partially met in the past period are not significant.

(b) Transaction price allocated to residual performance obligations

The total transaction price allocated to the remaining performance obligations of the Company is as follows.

In addition, all costs arising from contracts with customers, and undecided cost which is estimated amount of additional and design change construction, is included.

	Millions of yen			
	2024			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation	¥324,657	¥343,587	¥79,733	¥747,977

It is expected that the performance obligation of the civil engineering business will be satisfied within 7 years, the performance obligation of the construction business will be satisfied within 3 years, and the performance obligation of the international business will be satisfied within 5 years. There is no significant amount of consideration that results from the contract with the customer that is not included in the transaction price.

	Millions of yen			
	2025			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation..	¥383,751	¥314,265	¥73,650	¥771,666

	Thousands of U.S. dollars			
	2025			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation..	$2,566,554	$2,101,824	$492,580	$5,160,958

It is expected that the performance obligation of the civil engineering business will be satisfied within 6 years, the performance obligation of the construction business will be satisfied within 2 years, and the performance obligation of the international business will be satisfied within 5 years. There is no significant amount of consideration that results from the contract with the customer that is not included in the transaction price.

23. Segment information

(a) Decision of reportable segments

The Group's reportable business segments are components of the units for which separate financial information is available and such information is used regularly by the board of directors in deciding how to allocate resources and in assessing results of performance.

The Group consists of five reportable business segments as follows:

Civil Engineering.............................. Contract for civil engineering projects in Japan
Building Construction...................... Contract for architecture construction projects in Japan
International Business .... Contract for construction projects abroad
Asset Value-Added Business .... Lease and sale of real estate and asset management
Regional Environmental Solutions ... Renewable energy, urban development, and other businesses

(b) Methods used to calculate net sales, profit (loss), assets, liabilities, and other items for each reportable business segment

The accounting policies of the reportable business segments are mostly the same as those disclosed in "Summary of significant accounting policies." And the internal profit between segments and amount transfer to other segment are based on market price.

(c) Net sales, profit or loss, assets and liabilities by reportable business segments for the years ended March 31, 2024 and 2025.

	Millions of yen						
	2024						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers	¥106,963	¥235,195	¥30,885	¥28,381	¥ 209	¥ —	¥401,633
Intersegment or transfer	—	2,025	2,236	261	—	(4,522)	—
Total	¥106,963	¥237,220	¥33,121	¥28,642	¥ 209	¥(4,522)	¥401,633
Operating income (loss)..............................	11,100	348	(553)	8,899	(822)	(145)	18,827
Depreciation and amortization....................	501	618	90	2,755	31	—	3,995

1. "Adjustments" of negative ¥145 million in "Operating income (loss)" is due to the deletion with which segments transact.
2. Adjustments are made between "Segment profit" and "Operating income (loss)" reported in the consolidated statement of income.
3. Assets of each segment are not mentioned because of not distribution to the business segment.

	Millions of yen						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers	¥107,995	¥193,155	¥38,317	¥26,809	¥ 535	¥ —	¥366,811
Intersegment or transfer	—	227	8,181	287	—	(8,695)	—
Total	¥107,995	¥193,382	¥46,498	¥27,096	¥ 535	¥(8,695)	¥366,811
Operating income (loss)..............................	8,840	6,422	(803)	7,479	(734)	(105)	21,099
Depreciation and amortization....................	619	583	126	2,990	134	—	4,452

1. "Adjustments" of negative ¥105 million in "Operating income (loss)" is due to the deletion with which segments transact.
2. Adjustments are made between "Segment profit" and "Operating income (loss)" reported in the consolidated statement of income.
3. Assets of each segment are not mentioned because of not distribution to the business segment.

	Thousands of U.S. dollars						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers	$722,276	$1,291,833	$256,271	$179,299	$ 3,578	$ —	$2,453,257
Intersegment or transfer	—	1,519	54,717	1,921	—	(58,157)	—
Total	$722,276	$1,293,352	$310,988	$181,220	$ 3,578	$(58,157)	$2,453,257
Operating income (loss)..............................	59,120	42,950	(5,368)	50,022	(4,909)	(704)	141,111
Depreciation and amortization....................	4,140	3,903	840	20,000	894	—	29,777

Related information

(1) Products and services

Information about products and services is included in "(c) Net sales, profit or loss, assets and liabilities by reportable business segments for the years ended March 31, 2024 and 2025."

(2) Geographical areas

Information by geographical segment for the years ended March 31, 2024 and 2025 were summarized as follows:

	Millions of yen			
	2024			
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.............................	¥370,700	¥30,900	¥33	¥401,633

	Millions of yen			
	2025			
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.............................	¥327,860	¥37,618	¥1,333	¥366,811

	Thousands of U.S. dollars			
	2025			
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.............................	$2,192,751	$251,589	$8,917	$2,453,257

Information about tangible assets

Information by geographical segment for the years ended March 31, 2025 was summarized as follows:

	Millions of yen			
	2025			
	Domestic	Southeast Asia	Other area	Consolidated
Tangible assets:				
Customers.............................	¥157,480	¥25,358	¥4	¥182,842

	Thousands of U.S. dollars			
	2025			
	Domestic	Southeast Asia	Other area	Consolidated
Tangible assets:				
Customers.............................	$1,053,239	$169,596	$25	$1,222,860

(3) Major customers

This item is omitted because there was no customer represented 10% or more of total net of the consolidated statement of income for the years ended March 31, 2024 and 2025.

(4) Impairment losses

Information by impairment losses for the years ended March 31, 2024 and 2025 were summarized as follows:

	Millions of yen						
	2024						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Impairment losses	¥—	¥—	¥—	¥—	¥—	¥958	¥958

	Millions of yen						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Impairment losses	**¥—**	**¥—**	**¥—**	**¥—**	**¥2,072**	**¥—**	**¥2,072**

	Thousands of U.S. dollars						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Impairment losses	**$—**	**$—**	**$—**	**$—**	**$13,858**	**$—**	**$13,858**

(5) Information on Amortization of Goodwill and Unamortized Balance by Reported Segment

Information by amortization of goodwill and unamortized balance by reportable business segment for the years ended March 31, 2024 and 2025 was summarized as follows:

	Millions of yen						
	2024						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year	¥—	¥—	¥—	¥ 8	¥—	¥—	¥ 8
Balance at March 31, 2024	—	—	—	60	—	—	60

	Millions of yen						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year	**¥—**	**¥—**	**¥—**	**¥ 8**	**¥—**	**¥—**	**¥ 8**
Balance at March 31, 2025	**—**	**—**	**—**	**52**	**—**	**—**	**52**

	Thousands of U.S. dollars						
	2025						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year	**$—**	**$—**	**$—**	**$ 54**	**$—**	**$—**	**$ 54**
Balance at March 31, 2025	**—**	**—**	**—**	**348**	**—**	**—**	**348**

(6) Information on Gains on Negative Goodwill by Reported Segment

Not applicable.

(7) Information on Related Party Transaction

The detail for the years ended March 31, 2024 and 2025 were as follows:

1. Non-consolidated subsidiaries and associates of the Company

	Millions of yen				
	2024				
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
Jack-up Wind Farm Construction	¥100	Operation and leasing of ships	29%	Funding	¥6,174

Loans of funds are determined reasonably, taking into consideration the market interest rates.

2. Major shareholders (limited to companies) of the Company

	Millions of yen				
	2024				
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
ITOCHU TAIWAN INVESTMENT CORPORATION	¥23,695	Investment in shareholding companies	—	Stock transfer	¥12,944

Transaction price for the transfer of shares is determined by mutual consultation between the two parties, taking into consideration the market prices and other factors.

1. Non-consolidated subsidiaries and associates of the Company

	Millions of yen				
	2025				
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
Jack-up Wind Farm Construction	**¥100**	**Operation and leasing of ships**	**29%**	**Funding**	**¥6,699**

	Thousands of U.S. dollars				
	2025				
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
Jack-up Wind Farm Construction	**$669**	**Operation and leasing of ships**	**29%**	**Funding**	**$44,803**

Jack-up Wind Farm Construction changed its name to Japan Wind Farm Construction on April 1, 2024.

Loans of funds are determined reasonably, taking into consideration the market interest rates.

24. Per share information

Basic net income per share shown below is computed based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share is not disclosed as the Group had no dilutive potential of common shares as of March 31, 2024 and 2025.

a) Per share information

	Yen		U.S. dollars
	2024	2025	2025
Net income:			
Net assets:	¥4,277.06	**¥4,361.27**	**$29.168**
Basic	¥ 313.86	**¥ 444.46**	**$ 2.973**

1. Diluted net income per share for the years ended March 31, 2024 and 2025 were not presented because the Company had no shares with dilutive effects.

b) The basis of calculating net income per share was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Profit attributable to owners of parent	¥12,389	**¥17,543**	**$117,332**
Amount that does not belong to general shareholders	—	**—**	**—**
Profit attributable to owners of parent	12,389	**17,543**	**117,332**
Average number of shares of common stock during the year (Unit:1,000)	39,472	**39,471**	**264**

c) The basis of calculating net assets per share was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Total amount under net assets	¥176,857	**¥181,190**	**$1,211,814**
Amount deducted from the total amount under net assets	8,038	**9,047**	**60,510**
(Of which non-controlling interests)	(8,038)	**(9,047)**	**(60,510)**
Net assets at the end of the year related to common stock	168,819	**172,143**	**1,151,304**
Number of shares of common stock at the end of the year used in the calculation of net assets per share (Unit:1,000)	39,471	**39,471**	**264**

1. The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders'equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.
2. In calculating the amount of net assets per share, the number of stock deducted was 225 thousand shares at the end of the previous consolidated fiscal year and 224 thousand shares at the end of the current consolidated fiscal year.

25. Quarterly Information for FY2024 (April 1, 2024 to March 31, 2025)

a) Accumulated period

	Millions of yen			
	Three months ended	Six months ended	Nine months ended	Year ended
	Apr 1, 2024 Jun 30, 2024	Jul 1, 2024 Sep 30, 2024	Oct 1, 2024 Dec 31, 2024	Jan 1, 2025 Mar 31, 2025
Net sales	¥84,141	¥173,874	¥264,730	¥366,811
Profit before income taxes	4,880	8,347	15,190	24,541
Profit attributable to owners of parent	3,232	6,009	10,961	17,543
Per share of net income (Yen)	81.89	152.24	277.69	444.46

	Thousands of U.S. dollars			
	Three months ended	Six months ended	Nine months ended	Year ended
	Apr 1, 2024 Jun 30, 2024	Jul 1, 2024 Sep 30, 2024	Oct 1, 2024 Dec 31, 2024	Jan 1, 2025 Mar 31, 2025
Net sales	$562,742	$1,162,878	$1,770,533	$2,453,257
Profit before income taxes	32,635	55,827	101,588	164,132
Profit attributable to owners of parent	21,618	40,189	73,306	117,332
Per share of net income (U.S. dollars)	0.548	1.018	1.857	2.973

b) Each period

	Yen			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	Apr 1, 2024 Jun 30, 2024	Jul 1, 2024 Sep 30, 2024	Oct 1, 2024 Dec 31, 2024	Jan 1, 2025 Mar 31, 2025
Per share of net income	¥81.89	¥70.35	¥125.45	¥166.77

	U.S. dollars			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	Apr 1, 2024 Jun 30, 2024	Jul 1, 2024 Sep 30, 2024	Oct 1, 2024 Dec 31, 2024	Jan 1, 2025 Mar 31, 2025
Per share of net income	$0.548	$0.471	$0.839	$1.115

1. The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders'equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.
2. Review of financial information for 1st quarter and 3rd quarter was implemented.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nishimatsu Construction Co., Ltd.

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Nishimatsu Construction Co., Ltd. and its subsidiaries (the Group) which comprise the consolidated balance sheets as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimation for the method of recognizing revenue over time

Details of key audit matters and reasons for the decision

As stated in the explanatory notes, sales from completed construction work calculated by applying the percentage of completion method of the Group are 336,286 million and account for 91.7% of the total net sales in the consolidated statement of income.

In applying the method of recognizing revenue over time, reasonable estimates need to be made of the total construction revenue and the total construction cost. If there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted on the contracted amount of the total construction revenue agreed with the ordering party. In addition, the total construction cost includes the amount of estimated construction cost that will occur after the settlement date on the assumptions of costs occurred by the settlement date; outsourcing costs, material costs, etc., considering the negotiation with the partner companies; and the conditions of each individual construction contract. These estimated amounts entail uncertainty as they are calculated based on certain assumptions for each construction contract.

In many cases, changes are likely to be made to the construction contract while works are in progress, in accordance with new agreements between concerned parties. If the amount of change cannot be decided each time, the total construction revenue is estimated based on the status of discussions up to that point. Furthermore, substantial differences among each construction contract make it difficult to apply a unified method to all construction works in estimating the total construction cost.

Therefore, estimation of the total construction revenue and the total construction cost entails uncertainty, and certain assumptions in the accounting estimation may involve subjective decisions of the management. For these reasons, we judged that accounting estimation for the method of recognizing revenue over time falls under key audit matters.

Audit procedures

To review the reasonableness of the accounting estimation for method of recognizing revenue over time, we took mainly the following audit procedures.

●We assessed the design, implementation and operation of the internal control concerning the estimation of the total construction revenue and the total construction cost.

●We took mainly the following audit procedures for the construction works that have been judged to have a significant impact on the consolidated financial statements.

- We browsed contracts concerning the total construction revenue and records of meetings with the ordering party. The procedure includes sending a confirmation letter to the ordering party. In addition, we confirmed that the construction progress rate calculated by the cost-to-cost method is consistent with the work schedule, as well as that the total construction cost matches the figure in the estimation documents, etc. approved by the manager of the construction department in branch offices.
- We asked questions to the manager of the construction department in branch offices about the total construction revenue and the total construction cost and, as necessary, browsed documents that constitute grounds for the estimates, such as instructions and estimation documents concerning additional and design change construction.
- If any significant change had been made to the total construction revenue or the total construction cost, we asked questions to the manager of the business division and browsed additional contracts, estimation documents, etc. concerning the construction.
- We asked questions to the site manager about the items included in the estimates of the total construction revenue and the total construction cost. We also visited sites to confirm the consistency between the work schedule and the progress rate at the construction site.

Other Matter

Pursuant to Companies Act of Japan and Financial Instruments and Exchange Act of Japan, the Group has prepared separate sets of consolidated financial statements for the year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan on which we issued separate auditor's reports dated May 12, 2025 and June 25, 2025 respectively.

Other Information

The other information comprises the information included in the documents to be submitted to the parties concerned, but does not include the consolidated financial statements and our auditor's report thereon. We did not perform any work on the other information as we had determined such information did not exist.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Corporate Auditors and Board of Auditors are responsible for overseeing 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The procedures selected and applied depend on the auditor's judgement.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not to express 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 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, in addition, evaluate whether the presentation of consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with Corporate Auditors and Board of Auditors, we determine those matters that were of 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.

Convenience Translation

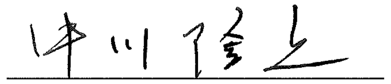
The United States dollar amounts shown in the consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note. 9.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025 which were charged by us and our network firms to Nishimatsu Construction Co., Ltd. and its subsidiaries were 65 million and 1 million, respectively.

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.



Takayuki Nakagawa
Designated Engagement Partner
Certified Public Accountant

Tadashi Kanai
Designated Engagement Partner
Certified Public Accountant

Gyosei & Co.
Tokyo, Japan
September 24, 2025

Non-Consolidated Five-Year Summary

Nishimatsu Construction Co., Ltd.
March 31, 2024 and 2025

	Millions of yen				
	2021	2022	2023	2024	**2025**
Orders received	¥ 312,278	¥ 328,094	¥ 327,401	¥ 351,245	**¥ 409,904**
Orders received from overseas	2,089	42,298	44,835	10,495	**15,048**
Percentage of orders received from overseas	0.7%	12.9%	13.7%	3.0%	**3.7%**
Net sales	328,253	317,707	328,386	390,299	**347,988**
Cost of sales	290,118	274,686	296,488	351,893	**306,637**
Selling, general and administrative expenses	17,867	19,169	19,832	20,084	**20,931**
Profit before income taxes	25,663	22,610	13,061	18,400	**24,354**
Profit	18,087	15,003	9,394	12,226	**17,535**
Percentage of income against net sales	5.5%	4.7%	2.9%	3.1%	**5.0%**
Total assets	464,220	462,400	490,939	540,572	**537,998**
Net assets	203,231	147,941	145,070	163,337	**165,264**
Percentage of net assets against total assets	43.8%	32.0%	29.6%	30.2%	**30.7%**
Common stock	23,514	23,514	23,514	23,514	**23,514**
Per share of common stock (in yen)					
Net income	¥ 330.64	¥ 310.27	¥ 237.98	¥ 309.74	**¥ 444.26**
Cash dividends applicable to the year	105.00	221.00	221.00	220.00	**220.00**
Net assets	3,715.32	3,747.90	3,675.22	4,138.16	**4,187.00**
Number of shareholders	17,170	16,582	33,977	26,722	**24,017**
Number of employees	2,762	2,794	2,804	2,892	**2,622**

Note:
*1 Effective beginning the March 31, 2022 fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Guidance No. 29 of March 31, 2020)."
*2 Effective beginning the March 31, 2025 fiscal year, the Company has adopted the "Accounting Standard for Current Income Taxes, etc. (ASBJ Guidance No. 27 of October 28, 2022)."
The Company conforms to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 "Guidelines for the Application of Accounting Standards Related to Tax Effect Accounting" (Corporate Accounting Standards Application Guidelines No. 28, and the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).
*3 Highest stock price and lowest stock price were those recorded on the First Section of the Tokyo Stock Exchange until April 3, 2022, and those recorded on the Prime Market of the Tokyo Stock Exchange on April 4, 2022 and onwards.
*4 The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders'equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.
*5 Year-end dividend of ¥120 within dividend per share of ¥220 for the current fiscal year, is subject to resolution at the ordinary general meeting of shareholders held on June 26, 2025.

Non-Consolidated Balance Sheet

Nishimatsu Construction Co., Ltd.
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Assets			
Current assets:			
Cash and time deposits	¥ 45,634	¥ 26,755	$ 178,937
Notes and accounts receivable, trade:			
Notes	3,476	1,598	10,688
Accounts	200,389	208,104	1,391,814
Allowance for doubtful accounts (Notes 2 and 17)	(90)	(1,648)	(11,025)
Inventories (Notes 2 and 9)	22,647	19,132	127,960
Short-term loans to subsidiaries and affiliates	555	158	1,056
Advance paid	19,421	13,441	89,896
Prepaid expenses	551	778	5,201
Investments in leases	159	144	962
Other current assets	5,137	5,561	37,192
Total current assets	297,879	274,023	1,832,681
Property and equipment (Notes 2 and 16)**:**			
Land	82,281	84,915	567,916
Buildings	86,616	94,028	628,867
Machinery and equipment	10,234	11,012	73,650
Accumulated depreciation	(37,221)	(39,523)	(264,331)
Total property and equipment	141,910	150,432	1,006,102
Investments and other assets:			
Investment securities (Notes 2 and 15)	55,638	58,601	391,927
Investments in subsidiaries and affiliates (Notes 2 and 10)	17,138	25,434	170,104
Investments in capital of subsidiaries and affiliates	4,607	4,568	30,554
Long-term loans to subsidiaries and affiliates	7,287	7,804	52,192
Long-term loans receivable	321	315	2,108
Long-term prepaid expenses	33	18	123
Investments in capital	26	26	172
Long-term loans receivable from employees	1	1	4
Others	16,105	17,140	114,637
Allowance for doubtful accounts (Notes 2, 11 and 17)	(373)	(364)	(2,436)
Total investments and other assets	100,783	113,543	759,385
Total assets	¥540,572	¥537,998	$3,598,168

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Liabilities and Net assets			
Current liabilities:			
Short-term debt from banks	¥ 39,970	¥ 32,370	$ 216,493
Commercial papers (Note 18)	—	20,000	133,761
Current portion of bonds payable	20,000	15,000	100,321
Notes and accounts payable, trade:			
Notes	29,308	13,998	93,620
Accounts	48,165	42,802	286,260
Advances received on uncompleted contracts	26,622	31,968	213,806
Provision for warranties for completed construction (Notes 2, 3 and 17)	2,190	1,829	12,235
Provision for bonuses (Notes 2 and 17)	4,390	4,679	31,296
Provision for loss on construction contracts (Notes 2 and 17)	4,380	1,214	8,119
Accrued income taxes	3,162	3,464	23,166
Accounts payable - other	7,420	5,711	38,199
Accrued expenses	104	112	748
Deposits received	69,611	68,223	456,277
Unearned revenue	8	5	32
Other current liabilities (Note 5)	352	339	2,266
Total current liabilities	255,682	241,714	1,616,599
Long-term liabilities:			
Bonds payable	91,000	96,000	642,055
Long-term debt	17,500	22,500	150,481
Accrued retirement benefits	6,047	5,990	40,063
Provision for share awards for directors (and other officers) (Notes 2 and 17)	177	252	1,684
Deferred tax liabilities (Note 11)	1,224	267	1,786
Asset retirement obligations	814	838	5,607
Other long-term liabilities (Note 5)	4,791	5,173	34,594
Total long-term liabilities	121,553	131,020	876,270
Total liabilities	377,235	372,734	2,492,869
Net assets:			
Common stock:			
Authorized - 160,000,000 shares			
Issued and outstanding - 47,791,502 shares	23,514	23,514	157,261
Capital surplus	20,780	20,780	138,981
Legal reserve	5,878	5,878	39,314
Retained earnings	153,603	112,486	752,313
Treasury stock, at cost	(57,344)	(8,221)	(54,981)
Valuation difference on available-for-sale securities	16,906	10,827	72,411
Total net assets	163,337	165,264	1,105,299
Total liabilities and net assets	¥540,572	¥537,998	$3,598,168

The accompanying notes are an integral part of this statement.

Non-Consolidated Statement of Income

Nishimatsu Construction Co., Ltd.
March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales (Note 2)**:**			
Completed construction contract	¥361,559	**¥321,293**	**$2,148,830**
Real estate business and other	28,740	**26,695**	**178,540**
	390,299	**347,988**	**2,327,370**
Cost of sales (Notes 2 and 19)**:**			
Cost of completed construction contract	333,532	**288,774**	**1,931,344**
Cost of real estate business and other	18,361	**17,863**	**119,467**
	351,893	**306,637**	**2,050,811**
Gross profit	38,406	**41,351**	**276,559**
Selling, general and administrative expenses	20,084	**20,931**	**139,988**
Income from operations	18,322	**20,420**	**136,571**
Other income (expenses):			
Interest and dividend income	818	**1,195**	**7,993**
Interest expenses	(720)	**(1,306)**	**(8,735)**
Financing expenses	(172)	**(116)**	**(775)**
Gain on sales of investment securities	0	**7,005**	**46,852**
Gain on sales of non-current assets (Note 14)	25	**5**	**33**
Loss on business of subsidiaries and associates	—	**(2,193)**	**(14,667)**
Foreign exchange gains	817	**—**	**—**
Foreign exchange losses	—	**(320)**	**(2,139)**
Impairment losses	(958)	**(22)**	**(146)**
Loss on valuation of investment securities	(6)	**(171)**	**(1,141)**
Loss on retirement of non-current assets (Note 14)	(15)	**(339)**	**(2,269)**
Loss on sales of non-current assets (Note 14)	(258)	**(457)**	**(3,055)**
Compensation income	—	**346**	**2,314**
Other - net (Note 5)	547	**307**	**2,047**
	78	**3,934**	**26,312**
Profit before income taxes	18,400	**24,354**	**162,883**
Income taxes (Note 2)			
Current	3,780	**5,300**	**35,448**
Deferred	2,394	**1,519**	**10,158**
	6,174	**6,819**	**45,606**
Profit	¥ 12,226	**¥ 17,535**	**$ 117,277**
	Yen		U.S. dollars
Per share of common stock			
Net income (loss)	¥ 309.74	**¥ 444.26**	**$ 2.971**
Cash dividends applicable to the year	220.00	**220.00**	**1.471**

The accompanying notes are an integral part of this statement.

Non-Consolidated Statement of Changes in Net Assets

Nishimatsu Construction Co., Ltd.
March 31, 2024 and 2025

	Millions of yen						
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Total net assets
Balance at April 1, 2023	¥23,514	¥20,780	¥5,878	¥147,768	¥(57,338)	¥ 4,467	¥145,069
Dividends declared				(6,391)			(6,391)
Profit				12,226			12,226
Purchase of treasury shares					(6)		(6)
Disposal of treasury shares		0			0		0
Net changes of items other than shareholder's equity						12,439	12,439
Balance at April 1, 2024	¥23,514	¥20,780	¥5,878	¥153,603	¥(57,344)	¥16,906	¥163,337
Dividends declared				**(9,527)**			**(9,527)**
Profit				**17,535**			**17,535**
Purchase of treasury shares					**(6)**		**(6)**
Disposal of treasury shares					**4**		**4**
Cancellation of treasury shares		**(0)**		**(49,125)**	**49,125**		**—**
Net changes of items other than shareholder's equity						**(6,079)**	**(6,079)**
Balance at March 31, 2025	**¥23,514**	**¥20,780**	**¥5,878**	**¥112,486**	**¥ (8,221)**	**¥10,827**	**¥165,264**

	Thousands of U.S. dollars						
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Total net assets
Balance at April 1, 2024	$157,261	$138,981	$39,314	$1,027,307	$(383,522)	$113,066	$1,092,407
Dividends declared				**(63,717)**			**(63,717)**
Profit				**117,277**			**117,277**
Purchase of treasury shares					**(42)**		**(42)**
Disposal of treasury shares					**29**		**29**
Cancellation of treasury shares		**(0)**		**(328,554)**	**328,554**		**—**
Net changes of items other than shareholder's equity						**(40,655)**	**(40,655)**
Balance at March 31, 2025	**$157,261**	**$138,981**	**$39,314**	**$ 752,313**	**$ (54,981)**	**$ 72,411**	**$1,105,299**

The accompanying notes are an integral part of this statement.

Notes to Non-Consolidated Financial Statements

1. Basis of presenting non-consolidated financial statements

The accompanying non-consolidated financial statements of Nishimatsu Construction Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Corporation Law and in conformity with generally accepted accounting principles and practices in Japan.

Certain reclassification of the prior year's non-consolidated financial statements has been made to conform to the current year presentation.

In preparing the non-consolidated financial statements for the purpose of inclusion in this Corporate Report, certain reclassifications and rearrangements have been made to the non-consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

2. Summary of significant accounting policies

(a) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the non-consolidated statement of income to the extent that they are not hedged by foreign exchange derivatives.

(b) Investments in securities

Held-to-maturity securities are either amortized or accumulated to face value.

Other securities with quoted market prices are carried at market value.

The difference between the acquisition costs and the carrying value of other securities, including unrealized gains and losses, is recognized as a component of net assets and is reflected as "Valuation difference on available-for-sale securities."

The cost of other securities sold is computed by the moving average method.

Other securities without quoted market prices are stated at cost based on the moving average method.

(c) Inventories

Inventories other than materials and supplies are stated at the accumulated construction cost for each project, which does not include selling, general and administrative expenses.

Materials and supplies are stated at cost determined by the moving average method.

Regarding real estate held for sale, cost of uncompleted real estate development projects and materials and supplies, when deterioration in profitability is recognized, their book values on balance sheets are devalued.

(d) Depreciation and amortization

Property and equipment (excluding lease assets):
Property and equipment, including significant renewals and additions, are carried at cost.

The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed generally by the declining balance method at rates based on the useful lives, which is determined under standards that conform to the methods provided for in the corporation tax act.

The straight-line method is applied to buildings acquired after April 1, 1998, and facilities attached to building and structures acquired after April 1, 2016.

Intangible assets (excluding lease assets):
Intangible assets are carried at cost.

Useful lives of assets are determined based on standards that conform to the methods provided for in the corporation tax act. Software for internal use is amortized using the straight-line method based on an internal estimate of its useful life (five years).

Lease assets:
Lease assets associated with finance leases that do not transfer ownership are accounted for based on the straight-line method with the term of lease as the useful life and the residual value as zero.

Long-term prepaid expenses
The straight-line method is applied.

(e) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost.

(f) Accrued retirement benefits

Accrued retirement benefits are calculated based on an estimate of the projected retirement benefit obligation and the plan assets.

Assets in the Company's defined benefit corporate pension plan are recorded as Others under Investment other assets as in the case of the plan assets exceeded the retirement benefit obligations.

Actuarial gains or losses are amortized on the straight-line method over 10 years beginning immediately the following year.

(g) Recognition of sales and related costs

In the construction business, which is the main business of the Company, we provide customers with the design and construction of buildings, etc. based on construction contracts. The main payment terms for our transactions are the payment terms agreed with the customer by contract, and the contract does not include any significant financial components.
1) The method of recognizing revenue over time.
Regarding construction contracts in the construction business, we judge that performance obligations will be satisfied over time, mainly for long-term construction contracts, and we recognize revenue based on the progress of fulfillment of performance obligations. The method of estimating the progress related to the fulfillment of performance obligations is calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method).
2) Revenue recognition by other methods
Cost recovery method: Works for which the progress rate related to the fulfillment of performance obligations cannot be reasonably estimated, we recognize the same amount of revenue as the costs incurred.

Completed contract method: Works that are reasonably expected to have a very small contract amount and a very short period, we recognize revenue when the performance obligations are fully satisfied.

(h) Income taxes

Deferred income taxes are recognized applying the asset and liability method.

Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of the assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(i) Hedge accounting

Interest rate swaps are utilized to avoid interest volatility risk on debt.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the net amount to be paid or received under the interest rate swap contracts are recognized and included in interest expense and income as incurred.

Forward foreign exchange contracts utilized as a hedging instrument against risk arising from exchange rate fluctuations which meet the required criteria are accounted for by the allocation method. In the allocation method, assets and liabilities subject to foreign forward contract are translated by the contracted rate of exchange.

(j) Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying non-consolidated financial statements when approved by the shareholders.

(k) Allowance for doubtful accounts

The Company provides for possible losses due to uncollectible of notes, accounts, loans receivable and others based on the Company's past credit loss experience and management's estimate.

(l) Provision for warranties for completed construction

Provision for losses which are expected to occur in the future related to defects of completed work is provided based on the estimated amount calculated using an actual percentage of related losses during a certain past period and the estimate future warranty expense amount for the specific properties.

(m) Provision for share awards for directors (and other officers)

Preparing for issuing of Company's shares under the performance-based compensation for directors and executive officers, the estimated number of shares to be paid according to the points allocated to the officers, can be reasonably estimated.

(n) Provision for bonuses for directors (and other officers)

The estimated amount of cash payment by the performance-based compensation for directors and executive officers can be reasonably estimated.

(o) Provision for bonuses

Provision for bonuses is based on the estimated value of the bonus to be paid to employees.

(p) Provision for loss on construction contracts

Provision for loss on construction contracts is provided with respect to construction projects for which the losses can be reasonably estimated.

(q) Provision for loss on real estate business

Provision for losses which are expected to occur in the future related to real estate businesses is provided when the loss can be reasonably estimated.

(r) Other accounting policies on preparing non-consolidated financial statements

(1) Accounting for unrecognized actuarial gain or loss or unrecognized past service cost on non-consolidated balance sheet are different from the accounting on consolidated balance sheet.
(2) Accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined.

In the construction business, joint venture accounting process is mainly recognized assets, liabilities, profit and expenses by member's investment ratio.

3. Important accounting estimates

(a) Estimation the method of recognizing revenue over time (former the percentage of completion method)
FY2023
Sales from the method of recognizing revenue over time (former the percentage of completion method) are ¥355,580 million ($2,348,460 thousand).

Provision for loss on construction contracts is ¥4,380 million ($28,928 thousand).

FY2024
Sales from the method of recognizing revenue over time are ¥314,868 million ($2,105,859 thousand).

Provision for loss on construction contracts is ¥1,214 million ($8,119 thousand).

The identified item is same information as "Notes to consolidated financial statements, (a) Estimation for the method of recognizing revenue over time under Note 3. Important accounting estimates"

(b) Provision for warranties for completed construction
FY2023
Provision for warranties for completed construction are ¥2,190 million ($14,463 thousand).

FY2024
Provision for warranties for completed construction are ¥1,829 million ($12,235 thousand).

The identified item is same information as "Notes to consolidated financial statements, (b) Provision for warranties for completed construction under Note 3. Important accounting estimates."

4. Changes in accounting policy

(Application of accounting standard for corporate tax, inhabitant tax and enterprise tax, etc.)

The Company applied the "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes, etc."

(ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") from the beginning of the current consolidated accounting period. The revision of accounting classification of current income taxes (taxation on other comprehensive income) is in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised 2022.

There were no significant effects on the non-consolidated financial statements due to the changes of the accounting policies.

5. Changes in presentation

(a) Notes to non-consolidated balance sheet

"Lease obligations" and "Asset retirement obligations" which were separated in "Current liabilities" in the previous fiscal year are included in "Other current liabilities" listed from the fiscal year ended March 31, 2025, because of less quantitative materiality.

The non-consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥17 million of "Lease obligations" and ¥37 million of "Asset retirement obligations" under "Current liabilities" in the non-consolidated balance sheet of the previous fiscal year has been reclassified as ¥352 million of "Other current liabilities."

"Lease obligations" which was separated in "Long-term liabilities" in the previous fiscal year is included in "Other long-term liabilities" listed from the fiscal year ended March 31, 2025, because of less quantitative materiality.

The non-consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥29 million of "Lease obligations" under "Long-term liabilities" in the non-consolidated balance sheet of the previous fiscal year has been reclassified as ¥4,791 million of "Other long-term liabilities."

(b) Notes to non-consolidated statement of income

"Reversal of allowance for doubtful accounts" and "Gains from paid-in capital reduction by a consolidated subsidiary" which were separated in "Other income (expenses)" in the previous fiscal year are included in "Other - net" listed from the fiscal year ended March 31, 2025, because of less quantitative materiality.

"Gain on sales of investment securities" which was listed in "Other - net" under "Other income (expenses)" in the previous fiscal year is separately listed from the fiscal year ended March 31, 2025, because of more quantitative materiality.

The non-consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥(310) million of "Reversal of allowance for doubtful accounts," ¥771 million of "Gains from paid-in capital reduction by a consolidated subsidiary" and ¥0 million of "Gain on sales of investment securities" under "Other income (expenses)" in the non-consolidated statements of income of the previous fiscal year has been reclassified as ¥547 million of "Other - net" and ¥0 million of "Gain on sales of investment securities."

6. Additional information

The notes on the transactions involving issue of Company stock to Directors and others via trust are omitted because the same content is described in the "Notes (Additional Information)" section of the consolidated financial statements.

7. United States dollar amounts

The United States dollar amounts presented in the accompanying non-consolidated financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥149.52 = US$1, which was the exchange rate prevailing as of March 31, 2025.

These conversions should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into, United States dollars at that rate.

8. Significant subsequent events

(Issue of unsecured bonds)

The Company has issued unsecured bonds with a payment date of September 19, 2025, under the following conditions. This issuance is based on a comprehensive resolution of the board meeting held on August 29, 2025, which determined the total amount to be offered, etc.

1. The total amount of issued corporate bonds	20 billion yen
2. Issued price	100 yen for every 100 yen offered
3. Interest rate	1.778% per year
4. Payment date	September 19, 2025
5. Redemption deadline	September 19, 2030
6. Use of funds	Debt repayment, working capital and capital investment funds.
7. Financial covenants	"Collateral provision restriction clause" is attached.

9. Inventories

Inventories comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Costs on uncompleted construction contracts	¥14,231	**¥14,603**	**$ 97,662**
Real estate for sale	7,692	**3,676**	**24,586**
Raw materials and supplies	724	**854**	**5,713**
Total	¥22,647	**¥19,133**	**$127,961**

10. Securities

As no quoted market prices are available, therefore the fair value of stocks of subsidiaries and affiliates are not mentioned.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Stocks of subsidiaries	¥16,850	**¥22,260**	**$148,879**
Stocks of affiliates	288	**3,174**	**21,225**
Total	¥17,138	**¥25,434**	**$170,104**

11. Income taxes

Composition of deferred tax assets and liabilities

(a) Deferred tax assets and liabilities as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Impairment loss of long-lived assets	¥ 2,362	**¥ 1,607**	**$ 10,750**
Accrued retirement obligations	1,632	**1,537**	**10,280**
Provision for bonuses	1,314	**1,397**	**9,342**
Allowance for doubtful accounts	142	**634**	**4,238**
Provision for warranties for completed construction	670	**563**	**3,765**
Provision for allowance for loss on construction projects	1,340	**372**	**2,488**
Loss on valuation of real estate	253	**260**	**1,744**
Valuation loss on investment securities	154	**34**	**225**
Other	2,850	**2,789**	**18,653**
Subtotal deferred tax assets	¥10,717	**¥ 9,193**	**$ 61,485**
Valuation allowance	(3,736)	**(3,736)**	**(24,989)**
Gross deferred tax assets	¥ 6,981	**¥ 5,457**	**$ 36,496**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (7,454)	**¥(4,979)**	**$(33,299)**
Reserve for reduction entry of replaced property	(377)	**(387)**	**(2,586)**
Others	(374)	**(358)**	**(2,397)**
Gross deferred tax liabilities	¥ (8,205)	**¥(5,724)**	**$(38,282)**
Net deferred tax assets (liabilities)	¥ (1,224)	**¥ (267)**	**$ (1,786)**

(b) Reconciliation between the statutory tax rate and the effective tax rate was as follows.

	2024	2025
Statutory tax rate (Adjustment)	30.6%	**30.6%**
Permanent non-deductible items	2.6%	**1.3%**
Permanent non-taxable items	(0.4)%	**(0.4)%**
Inhabitant taxes on per capita levy	0.8%	**0.6%**
Valuation allowance	0.1%	**—**
Tax credit	(1.1)%	**(3.8)%**
Other	1.0%	**(0.3)%**
Effective tax rate	33.6%	**28.0%**

(c) Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates.

In accordance with the revision of the Tax Law, the statutory tax rate was changed from 30.6% to 31.5% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in fiscal years beginning on or after April 1, 2026.

As a result of this change, deferred tax liabilities for the current fiscal year increased by ¥116 million, and income taxes-deferred and valuation difference on available-for-sale securities decreased by ¥25 million and ¥142 million, respectively.

12. Revenue recognition

Information that forms the basis for understanding revenue from contracts with customers is same as described in Note 21. Revenue recognition in the consolidated financial statements.

13. Notes to non-consolidated balance sheet

Collateral assets and secured liabilities

(a) Pledged assets for loans on subsidiaries, affiliates and other obligations as of March 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Pledged assets for loans on subsidiaries and affiliates:			
Buildings	¥236	**¥226**	**$1,510**
Land	37	**37**	**246**
Investment securities	273	**290**	**1,943**
Total	¥546	**¥553**	**$3,699**

(b) Loan guarantee

(1) The Company provides guarantee for borrowings, etc. from bank of below affiliated companies:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Nishimatsu Taiwan Investment Corporation	¥10,262	**¥9,764**	**$65,303**

(2) The Company provides guarantee for employees' housing loans from bank:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
	¥0	**¥—**	**$—**

(c) Matured notes are settled on the bank clearance date.

Since March 31, 2024 was a holiday for financial institutions, the following matured notes due on that date are included in the non-consolidated balance sheet as of March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes receivable - trade	¥31	**¥—**	**$—**

(d) Due to having ready working capital efficiently, the Company concludes rental commitment contracts.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Total amount of loan commitment	¥20,000	**¥15,000**	**$100,321**
Loans outstanding	—	**—**	**—**
Balance	¥20,000	**¥15,000**	**$100,321**

(e) The Company reclassified its tangible fixed assets to real estate for sale, which is included in inventories, due to a change in the purpose of possession.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings	¥ 179	**¥1,609**	**$10,762**
Structures	2	**27**	**178**
Land	2,518	**2,111**	**14,120**
Total	¥2,699	**¥3,747**	**$25,060**

(f) The amount of reduction entry of national subsidies, etc. directly deducted from acquisition cost of fixed assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings	¥ 2	**¥—**	**$—**
Machinery	12	**—**	**—**
Total	¥14	**¥—**	**$—**

14. Notes to non-consolidated statement of income

(a) Gain on sales of fixed assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Land	¥16	**¥—**	**$—**
Machinery	1	**5**	**33**
Other	8	**—**	**—**
Total	¥25	**¥ 5**	**$33**

(b) Loss on sales of fixed assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥ —	**¥456**	**$3,048**
Land	258	**—**	**—**
Machinery	0	**0**	**0**
Fixtures	—	**1**	**7**
Total	¥258	**¥457**	**$3,055**

(c) Loss on retirement of non-current assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥—	**¥329**	**$2,201**
Machinery	2	**0**	**1**
Fixtures	4	**0**	**0**
Other	9	**10**	**67**
	¥15	**¥339**	**$2,269**

15. Details of securities

(a) Stock

Investment Securities - Available-for-sale securities

Issuer	Number of shares	Millions of yen Balance as of March 31, 2025 on balance sheets	Thousands of U.S. dollars Balance as of March 31, 2025 on balance sheets
SUMITOMO REALTY & DEVELOPMENT CO., LTD.	3,200,000	¥17,898	$119,700
TEIKOKU SEN-I CO., LTD.	1,000,000	2,568	17,175
HULIC CO., LTD.	1,405,500	2,020	13,508
TSURUYA DEPARTMENT STORE INC.	12,000	1,104	7,384
KYUSHU RAILWAY COMPANY	274,300	1,001	6,696
SHIKOKU ELECTRIC POWER CO., INC.	625,055	723	4,839
JAPAN NUCLEAR FUEL LIMITED	66,664	667	4,459
KYUSHU ELECTRIC POWER COMPANY, INC.	437,788	571	3,822
CENTRAL JAPAN RAILWAY COMPANY	162,500	464	3,102
KANSAI ELECTRIC POWER CO., INC.	233,607	414	2,769
KEIKYU CORPORATION	229,642	347	2,324
EAST JAPAN RAILWAY COMPANY	112,500	332	2,221
KANSAI INTERNATIONAL AIRPORT LAND COMPANY, LTD.	6,300	315	2,107
METROPOLITAN INTERCITY RAILWAY COMPANY	6,000	300	2,006
ELECTRIC POWER DEVELOPMENT CO., LTD.	118,000	299	1,998
WEST JAPAN RAILWAY COMPANY	100,000	292	1,951
TOKYO ELECTRIC POWER COMPANY HOLDINGS, INC.	579,375	249	1,665
OTHER (84 ISSUES)	4,398,875	2,707	18,107
Total	12,968,106	¥32,271	$215,833

(b) Bonds

Securities - Held to maturity securities

Issuer	Thousands of Philippine pesos Total face value	Millions of yen Figure on balance sheet	Thousands of U.S. dollars Figure on balance sheet
Government bond (1 issue) *1	₱520	¥1	$9
Total	₱520	¥1	$9

*1 Foreign currencies are displayed with the following abbreviations.
₱...Philippine peso

(c) Other

Investment Securities - Available-for-sale securities

Type and issue	Number of investment units, etc.	Millions of yen Figure on balance sheet	Thousands of U.S. dollars Figure on balance sheet
Preferred equity securities (Sakurabashi Specific Purpose Company, A)	—	¥ 4,193	$ 28,041
Preferred equity securities (Sakurabashi Specific Purpose Company, S)	—	2,807	18,776
Investment in anonymous association (Kohoku Capital Godokaisya)	—	2,633	17,609
Investment in anonymous association (Godokaisya Aso)	—	2,008	13,430
Investment in anonymous association (Godokaisya JFfand,1)	—	1,933	12,927
Investment in anonymous association (Toranomon Nigo Godokaisha)	—	1,111	7,434
Investment in anonymous association (Amaryllis 9 Godokaisha)	—	1,100	7,357
Investment in anonymous association (Erika 12 Godokaisha)	—	1,100	7,357
Investment in anonymous association (Irohamomiji 10 Godokaisha)	—	1,000	6,688
Investment in anonymous association (Kuze Godokaisha)	—	1,000	6,688
Investment in anonymous association (Kamiyamacho Property Godokaisha)	—	849	5,676
Investment in anonymous association (Toranomon Ichigo Godokaisha)	—	750	5,016
Investment in anonymous association (Genesis three Godokaisha)	—	362	2,422
Real estate investment corporation investment securities (Nishimatsu Private REIT Inc.)	1,420	1,488	9,955
Real estate investment corporation investment securities (Hulic Private REIT Inc.)	450	495	3,312
Real estate investment corporation investment securities (Mitsui Real Estate Private REIT Inc.)	300	438	2,932
Investment in limited investment association (Japan Income Fund Investment Limited Partnership)	—	2,486	16,627
Investment in limited investment association (NVCC No. 10 Investment Limited Partnership)	3	296	1,978
Investment in limited investment association (Overland Capital Partners Japan 2, L.P.)	—	240	1,603
Investment in limited investment association (1 issue)	100	39	258
Total	—	¥26,328	$176,086

16. Details of fixed assets

Millions of yen

Type of assets	Balance at April 1, 2024	Increase during the year	Decrease during the year	Balance at March 31, 2025	Accumulated depreciation or accumulated amortization at March 31, 2025	Depreciation for the year	Net balance at March 31, 2025
Tangible assets							
Buildings	¥ 81,947	¥10,647	¥3,369	¥ 89,225	¥28,672	¥2,894	¥ 60,553
Structures	3,104	195	71	3,228	1,726	117	1,503
Machinery and equipment	7,524	832	205	8,151	6,806	395	1,344
Vehicles	324	34	40	318	280	16	38
Tools, furniture, and supplies	2,252	195	12	2,435	1,991	215	444
Land	82,281	4,745	2,111	84,915	—	—	84,915
Lease assets	134	42	68	108	48	21	60
Construction in progress	1,565	3,300	3,290	1,575	—	—	1,575
Total tangible assets	¥179,131	¥19,990	¥9,166	¥189,955	¥39,523	¥3,658	¥150,432
Intangible assets							
Leasehold interests in land	300	145	—	445	—	—	445
Software	5,590	1,404	28	6,966	3,885	347	3,080
Others	5,121	50	28	5,143	437	103	4,707
Total intangible assets	11,011	1,599	56	12,554	4,322	450	8,232
Long-term prepaid expenses	83	4	4	83	65	19	18
Deferred assets	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

Thousands of U.S. dollars

Type of assets	Balance at April 1, 2024	Increase during the year	Decrease during the year	Balance at March 31, 2025	Accumulated depreciation or accumulated amortization at March 31, 2025	Depreciation for the year	Net balance at March 31, 2025
Tangible assets							
Buildings	$ 548,069	$ 71,208	$22,534	$ 596,742	$191,761	$19,357	$ 404,981
Structures	20,762	1,306	477	21,591	11,540	783	10,051
Machinery and equipment	50,320	5,562	1,372	54,510	45,517	2,646	8,993
Vehicles	2,169	225	268	2,128	1,874	107	253
Tools, furniture, and supplies	15,061	1,308	80	16,289	13,316	1,435	2,973
Land	550,302	31,734	14,120	567,916	—	—	567,916
Lease assets	898	282	455	724	323	138	401
Construction in progress	10,463	22,069	21,999	10,533	—	—	10,534
Total tangible assets	$1,198,044	$133,694	$61,305	$1,270,433	$264,331	$24,466	$1,006,102
Intangible assets							
Leasehold interests in land	2,006	970	—	2,976	—	—	2,976
Software	37,383	9,389	188	46,584	25,986	2,320	20,598
Others	34,250	334	185	34,399	2,922	693	31,477
Total intangible assets	73,639	10,693	373	83,959	28,908	3,013	55,051
Long-term prepaid expenses	556	25	27	554	431	127	123
Deferred assets	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

(a) Major increase during the year

Type of asset	Location	Purpose	Millions of yen	Thousands of U.S. dollars
Buildings	Kanazawa-shi, Ishikawa	For rent	¥2,146	$14,355
Buildings	Fukuoka-shi, Fukuoka	For rent	1,942	12,987
Land	Minato Ward, Tokyo	For rent	1,735	11,604

(b) Major decrease during the year

Type of asset	Location	Purpose	Millions of yen	Thousands of U.S. dollars
Buildings	Minato Ward, Tokyo	For rent	¥ 702	$4,695
Land	Urayasu-shi, Chiba	For rent	1,028	6,875

17. Details on provision

	Millions of yen				
	Balance at April 1, 2024	Increase during the year	Decrease during the year (used for purpose)	Decrease during the year (other)	Balance at March 31, 2025
Allowance for doubtful accounts	¥ 463	¥1,651	¥ —	¥101	¥2,013
Provision for warranties for completed construction	2,190	1,160	1,361	160	1,829
Provision for bonus	4,294	4,565	4,294	—	4,565
Provision for bonuses for directors (and other officers)	96	117	98	—	115
Provision for loss on construction contracts	4,380	116	2,594	688	1,214
Provision for loss on real estate business and other	—	2	—	—	2
Provision for share awards for directors (and other officers)	177	82	7	—	252

	Thousands of U.S. dollars				
	Balance at April 1, 2024	Increase during the year	Decrease during the year (used for purpose)	Decrease during the year (other)	Balance at March 31, 2025
Allowance for doubtful accounts	$ 3,097	$11,039	$ —	$ 675	$13,461
Provision for warranties for completed construction	14,645	7,758	9,100	1,068	12,235
Provision for bonus	28,719	30,529	28,719	—	30,529
Provision for bonuses for directors (and other officers)	645	777	655	—	767
Provision for loss on construction contracts	29,294	778	17,350	4,603	8,119
Provision for loss on real estate business and other	—	13	—	—	13
Provision for share awards for directors (and other officers)	1,186	548	50	—	1,684

(a) "Decrease during the year (Other)" for allowance for doubtful accounts represents the reversal amount based on the actual ratio of bad debts in the past for general accounts receivables of ¥92 million and collect of loans receivable of ¥8 million.

(b) "Decrease during the year (Other)" for provision for warranties for completed construction and provision for loss on construction contracts represents the reversal amount due to the decrease in the expected loss amount.

18. Major assets and liabilities

Omitted due to preparation of consolidated financial statements.

19. Cost of completed construction

1. Cost of completed construction

	Millions of yen		Millions of yen		Thousands of U.S. dollars
Item	2024	% to Total	2025	% to Total	2025
Raw materials	¥ 74,581	22.4%	¥ 60,888	21.1%	$ 407,223
Labor	14,034	4.2%	11,247	3.9%	75,221
(of which, outsourced labor cost)	(14,034)	(4.2%)	(11,247)	(3.9)%	(75,221)
Outsourcing cost	195,645	58.6%	162,847	56.4%	1,089,133
Expenses	49,272	14.8%	53,793	18.6%	359,767
(of which, personnel expenses)	(17,892)	(5.4%)	(18,511)	(6.4)%	(123,805)
Total	¥333,532	100.0%	¥288,775	100.0%	$1,931,344

Cost is calculated under the job-order cost method.

2. Cost of sales on estate business and other

	Millions of yen		Millions of yen		Thousands of U.S. dollars
Item	2024	% to Total	2025	% to Total	2025
Land	¥ 5,111	27.8%	¥ 6,179	34.6%	$ 41,328
Buildings	3,721	20.3%	1,647	9.2%	11,012
Expenses	6,240	34.0%	6,726	37.7%	44,981
Sub-total	15,072	82.1%	14,552	81.5%	97,321
Other	3,289	17.9%	3,311	18.5%	22,146
Total	¥18,361	100.0%	¥17,863	100.0%	$119,467

Cost is calculated under the job-order cost method.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nishimatsu Construction Co., Ltd.

<Audit of Non-consolidated Financial Statements>

Opinion

We have audited the non-consolidated financial statements of Nishimatsu Construction Co., Ltd. (the Company) which comprise the non-consolidated balance sheets as at March 31, 2025, and the non-consolidated statements of income, comprehensive income and changes in net assets for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at March 31, 2025, 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 Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, 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 the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimation for the method of recognizing revenue over time

Details of key audit matters and reasons for the decision

As stated in the explanatory notes, sales from completed construction work calculated by applying the percentage of completion method of the Company are 321,293 million and account for 92.3% of the total net sales in the non-consolidated statement of income.

In applying the method of recognizing revenue over time, reasonable estimates need to be made of the total construction revenue and the total construction cost. If there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted on the contracted amount of the total construction revenue agreed with the ordering party. In addition, the total construction cost includes the amount of estimated construction cost that will occur after the settlement date on the assumptions of costs occurred by the settlement date; outsourcing costs, material costs, etc., considering the negotiation with the partner companies; and the conditions of each individual construction contract. These estimated amounts entail uncertainty as they are calculated based on certain assumptions for each construction contract.

In many cases, changes are likely to be made to the construction contract while works are in progress, in accordance with new agreements between concerned parties. If the amount of change cannot be decided each time, the total construction revenue is estimated based on the status of discussions up to that point. Furthermore, substantial differences among each construction contract make it difficult to apply a unified method to all construction works in estimating the total construction cost.

Therefore, estimation of the total construction revenue and the total construction cost entails uncertainty, and certain assumptions in the accounting estimation may involve subjective decisions of the management. For these reasons, we judged that accounting estimation for the method of recognizing revenue over time falls under key audit matters.

Audit procedures

To review the reasonableness of the accounting estimation for method of recognizing revenue over time, we took mainly the following audit procedures.

●We assessed the design, implementation and operation of the internal control concerning the estimation of the total construction revenue and the total construction cost.

●We took mainly the following audit procedures for the construction works that have been judged to have a significant impact on the non-consolidated financial statements.

- We browsed contracts concerning the total construction revenue and records of meetings with the ordering party. The procedure includes sending a confirmation letter to the ordering party. In addition, we confirmed that the construction progress rate calculated by the cost-to-cost method is consistent with the work schedule, as well as that the total construction cost matches the figure in the estimation documents, etc. approved by the manager of the construction department in branch offices.
- We asked questions to the manager of the construction department in branch offices about the total construction revenue and the total construction cost and, as necessary, browsed documents that constitute grounds for the estimates, such as instructions and estimation documents concerning additional and design change construction.
- If any significant change had been made to the total construction revenue or the total construction cost, we asked questions to the manager of the business division and browsed additional contracts, estimation documents, etc. concerning the construction.
- We asked questions to the site manager about the items included in the estimates of the total construction revenue and the total construction cost. We also visited sites to confirm the consistency between the work schedule and the progress rate at the construction site.

Other Matter

Pursuant to Companies Act of Japan and Financial Instruments and Exchange Act of Japan, the Company has prepared separate sets of non-consolidated financial statements for the year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan on which we issued separate auditor's reports dated May 12, 2025 and June 25, 2024 respectively.

Other Information

The other information comprises the information included in the documents to be submitted to the parties concerned, but does not include the non-consolidated financial statements and our auditor's report thereon. We did not perform any work on the other information as we had determined such information did not exist.

Responsibilities of Management and Corporate Auditors and Board of Auditors for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of 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, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Corporate Auditors and Board of Auditors are responsible for overseeing 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The procedures selected and applied depend on the auditor's judgement.
• Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not to express 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 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, in addition, evaluate whether the presentation of non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan.
• Plan and perform the Company audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company as a basis for forming an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Company audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with Corporate Auditors and Board of Auditors, we determine those matters that were of 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.

Convenience Translation

The United States dollar amounts shown in the non-consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the non-consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note. 3.

<Fee-Related Information>

Fee-Related Information is presented in the independent auditor's report on the consolidated financial statements.

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.

中川隆之

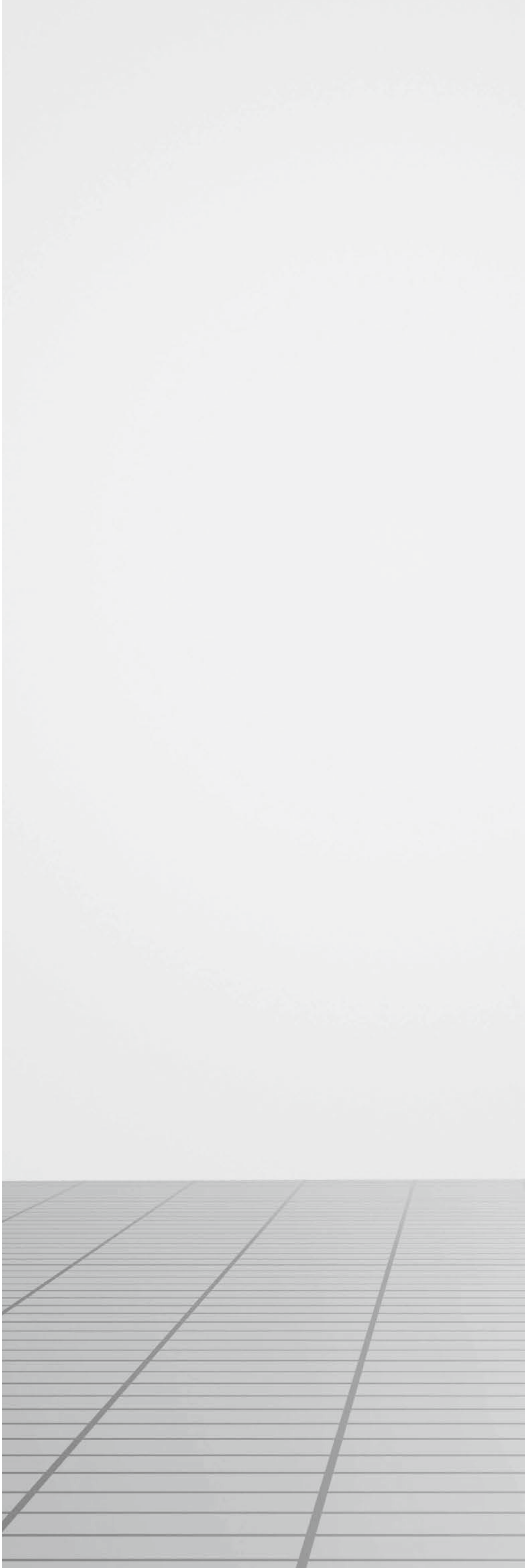
Takayuki Nakagawa
Designated Engagement Partner
Certified Public Accountant

金井匡志

Tadashi Kanai
Designated Engagement Partner
Certified Public Accountant

Gyosei & Co.
Tokyo, Japan
September 24, 2025

NISHIMATSU



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