FINANCIAL STATEMENTS
Fiscal year 2025

(For the year ended March 31, 2026)

Penta-Ocean Construction Co., Ltd.

Consolidated Financial Statements

Consolidated Balance Sheets

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Current assets:			
Cash and deposits (Note 21)	¥ 57,270	**¥ 71,770**	**$ 448,758**
Trade receivables: (Notes 11 and 21)			
Notes	3,107	**3,193**	**19,965**
Accounts	394,147	**407,538**	**2,548,230**
Inventories: (Note 3(5))			
Costs on uncompleted construction contracts	16,197	**12,740**	**79,658**
Real estate for sale and development projects in progress	440	**439**	**2,745**
Other	5,166	**6,557**	**41,002**
Other	8,149	**26,276**	**164,296**
Allowance for doubtful accounts (Note 3(9))	(444)	**(575)**	**(3,595)**
Total current assets	484,032	**527,938**	**3,301,059**
Non-current assets:			
Property, plant and equipment: (Notes 3(6) and 3(8))			
Land	33,454	**33,481**	**209,351**
Buildings and structures	41,547	**42,315**	**264,582**
Machinery, equipment and vehicles	28,020	**32,877**	**205,569**
Dredgers and vessels	113,278	**148,359**	**927,651**
Construction in progress	46,124	**93,231**	**582,946**
Total property, plant and equipment	262,423	**350,263**	**2,190,099**
Less: accumulated depreciation	(125,111)	**(134,787)**	**(842,784)**
Property, plant and equipment - net	137,312	**215,476**	**1,347,315**
Intangible assets (Notes 3(7) and 3(17))	2,089	**1,930**	**12,062**
Investments and other assets:			
Investment securities (Notes 3(3), 7, 8 and 21)	22,476	**28,517**	**178,312**
Deferred tax assets (Note 19)	3,460	**1,284**	**8,027**
Net defined benefit asset (Note 20)	7,668	**11,758**	**73,517**
Other (Note 8)	7,334	**8,208**	**51,325**
Allowance for doubtful accounts (Note 3(9))	(4,243)	**(4,697)**	**(29,369)**
Total investments and other assets	36,695	**45,070**	**281,812**
Total non-current assets	176,096	**262,476**	**1,641,189**
Total assets	¥660,128	**¥790,414**	**$4,942,248**

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Current liabilities:			
Short-term loans payable (Note 9)	¥ 47,239	**¥ 42,429**	**$ 265,296**
Commercial papers (Note 9)	9,961	**9,930**	**62,088**
Current portion of long-term loans payable and bonds payable (Note 9)	19,772	**20,770**	**129,869**
Trade payable:			
Accounts	173,513	**163,949**	**1,025,131**
Advance received on uncompleted construction contracts (Note 11)	30,389	**40,587**	**253,781**
Deposits received	81,519	**110,811**	**692,869**
Income taxes payable	2,783	**17,395**	**108,767**
Provision for loss on construction contracts (Note 3(12))	6,192	**6,171**	**38,583**
Provision for warranties for completed construction (Note 3(10))	1,253	**1,097**	**6,856**
Provision for bonuses (Note 3(11))	3,325	**3,587**	**22,426**
Other	2,901	**2,925**	**18,302**
Total current liabilities	378,847	**419,651**	**2,623,968**
Non-current liabilities:			
Bonds payable (Notes 9 and 21)	31,000	**41,000**	**256,362**
Long-term loans payable (Notes 9 and 21)	58,503	**82,005**	**512,756**
Long-term deposits received	13,723	**43,212**	**270,195**
Provision for board benefit trust (Note 3(13))	492	**565**	**3,536**
Net defined benefit liability (Notes 3(14) and 20)	1,246	**849**	**5,306**
Deferred tax liabilities for land revaluation (Note 10(2))	3,788	**3,788**	**23,683**
Other	407	**310**	**1,936**
Total non–current liabilities	109,159	**171,729**	**1,073,774**
Total liabilities	488,006	**591,380**	**3,697,742**
Commitments and contingent liabilities (Note 18)			
Net assets:			
Shareholders' equity:			
Capital stock	30,450	**30,450**	**190,395**
Authorized - 599,135,000 shares			
Issued shares - 286,013,910 shares 2025 and 2026			
Capital surplus (Note 10(1))	18,387	**18,387**	**114,967**
Retained earnings (Note 10(1))	111,157	**137,745**	**861,283**
Less: Treasury shares (Note 6(1))	(2,761)	**(12,721)**	**(79,540)**
Total shareholders' equity	157,233	**173,861**	**1,087,105**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities (Notes 3(3) and 10(3))	5,007	**9,446**	**59,064**
Deferred gains or losses on hedges (Note 3(16))	14	**2**	**11**
Revaluation reserve for land (Note 10(2))	3,870	**3,870**	**24,196**
Foreign currency translation adjustment (Note 3(2))	3,512	**5,578**	**34,882**
Remeasurements of defined benefit plans (Notes 3(14) and 20)	2,426	**5,509**	**34,444**
Total accumulated other comprehensive income	14,829	**24,405**	**152,597**
Non–controlling interests	60	**768**	**4,804**
Total net assets	172,122	**199,034**	**1,244,506**
Total liabilities and net assets	¥660,128	**¥790,414**	**$4,942,248**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Construction business: (Notes 3(15), 4 and 11)			
Net sales	¥703,077	**¥770,973**	**$4,820,685**
Cost of sales	658,920	**692,529**	**4,330,198**
Gross profit	44,157	**78,444**	**490,487**
Other:			
Net sales	24,415	**23,333**	**145,903**
Cost of sales	20,990	**18,443**	**115,326**
Gross profit	3,425	**4,890**	**30,577**
Total:			
Total net sales	727,492	**794,306**	**4,966,588**
Total cost of sales	679,910	**710,972**	**4,445,524**
Total gross profit	47,582	**83,334**	**521,064**
Selling, general and administrative expenses	25,884	**28,030**	**175,260**
Operating profit	21,698	**55,304**	**345,804**
Non-operating income:			
Interest and dividends income	761	**607**	**3,797**
Foreign exchange gains	—	**1,593**	**9,958**
Other	226	**440**	**2,755**
	987	**2,640**	**16,510**
Non-operating expenses:			
Interest expenses	2,357	**3,549**	**22,192**
Equity in losses of affiliates	554	**—**	**—**
Foreign exchange losses	530	**—**	**—**
Other	405	**1,199**	**7,502**
	3,846	**4,748**	**29,694**
Ordinary income	18,839	**53,196**	**332,620**
Extraordinary income (Note 12)	1,314	**170**	**1,063**
Extraordinary losses (Note 13)	886	**875**	**5,474**
Income before income taxes	19,267	**52,491**	**328,209**
Income taxes : (Notes 3(19) and 19)			
Current	6,189	**19,084**	**119,327**
Deferred	611	**(1,240)**	**(7,759)**
	6,800	**17,844**	**111,568**
Net income attributable to:	12,467	**34,647**	**216,641**
Non-controlling interests	7	**(46)**	**(283)**
Owners of parent	¥ 12,460	**¥ 34,693**	**$ 216,924**

	Yen		U.S. dollars
Net income attributable to owners of parent per share of common stock (Note 23)			
Basic	¥44.12	**¥125.58**	**$0.79**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Net income	¥12,467	**¥34,647**	**$216,641**
Valuation difference on available-for-sale securities	(1,261)	**4,436**	**27,737**
Deferred gains or losses on hedges	(9)	**(12)**	**(74)**
Revaluation reserve for land	(108)	**—**	**—**
Foreign currency translation adjustments	71	**1,860**	**11,632**
Remeasurements of defined benefit plans	(187)	**3,082**	**19,272**
Share of other comprehensive income of affiliates accounted for using the equity method	323	**229**	**1,426**
Total other comprehensive income (Note 15)	(1,171)	**9,595**	**59,993**
Comprehensive income	¥11,296	**¥44,242**	**$276,634**
(Breakdown)			
Comprehensive income attributable to owners of parent	¥11,291	**¥44,269**	**$276,804**
Comprehensive income attributable to non-controlling interests	5	**(27)**	**(170)**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries

For the year ended March 31, 2025

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥30,450	¥18,387	¥108,949	¥ (774)	¥157,012
Changes of items during period					
Dividends of surplus			(10,252)		(10,252)
Net income attributable to owners of parent			12,460		12,460
Reversal of revaluation reserve for land			(0)		(0)
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares				13	13
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,208	(1,987)	221
Balance at the end of current period	¥30,450	¥18,387	¥111,157	¥(2,761)	¥157,233

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥6,268	¥23	¥3,977	¥3,115	¥2,613	¥15,996	¥56	¥173,064
Changes of items during period								
Dividends of surplus								(10,252)
Net income attributable to owners of parent								12,460
Reversal of revaluation reserve for land								(0)
Purchase of treasury shares								(2,000)
Disposal of treasury shares								13
Net changes of items other than shareholders' equity	(1,261)	(9)	(107)	397	(187)	(1,167)	4	(1,163)
Total changes of items during period	(1,261)	(9)	(107)	397	(187)	(1,167)	4	(942)
Balance at the end of current period	¥5,007	¥14	¥3,870	¥3,512	¥2,426	¥14,829	¥60	¥172,122

For the year ended March 31, 2026

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥30,450	¥18,387	¥111,157	¥ (2,761)	¥157,233
Changes of items during period					
Dividends of surplus			(8,105)		(8,105)
Net income attributable to owners of parent			34,693		34,693
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(10,000)	(10,000)
Disposal of treasury shares				40	40
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	26,588	(9,960)	16,628
Balance at the end of current period	¥30,450	¥18,387	¥137,745	¥(12,721)	¥173,861

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥5,007	¥14	¥3,870	¥3,512	¥2,426	¥14,829	¥ 60	¥172,122
Changes of items during period								
Dividends of surplus								(8,105)
Net income attributable to owners of parent								34,693
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(10,000)
Disposal of treasury shares								40
Net changes of items other than shareholders' equity	4,439	(12)	—	2,066	3,083	9,576	708	10,284
Total changes of items during period	4,439	(12)	—	2,066	3,083	9,576	708	26,912
Balance at the end of current period	¥9,446	¥ 2	¥3,870	¥5,578	¥5,509	¥24,405	¥768	¥199,034

For the year ended March 31, 2026

	Thousands of U.S.dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	$190,395	$114,967	$695,030	$(17,255)	$ 983,137
Changes of items during period					
Dividends of surplus			(50,671)		(50,671)
Net income attributable to owners of parent			216,924		216,924
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(62,530)	(62,530)
Disposal of treasury shares				245	245
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	166,253	(62,285)	103,968
Balance at the end of current period	$190,395	$114,967	$861,283	$(79,540)	$1,087,105

	Thousands of U.S. dollars							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	$31,310	$85	$24,196	$21,953	$15,172	$ 92,716	$ 378	$1,076,231
Changes of items during period								
Dividends of surplus								(50,671)
Net income attributable to owners of parent								216,924
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(62,530)
Disposal of treasury shares								245
Net changes of items other than shareholders' equity	27,754	(74)	—	12,929	19,272	59,881	4,426	64,307
Total changes of items during period	27,754	(74)	—	12,929	19,272	59,881	4,426	168,275
Balance at the end of current period	$59,064	$11	$24,196	$34,882	$34,444	$152,597	$4,804	$1,244,506

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Penta-Ocean Construction Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Cash flows from operating activities:			
Income before income taxes	¥19,267	**¥52,491**	**$328,209**
Adjustment to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	8,681	**9,928**	**62,074**
Impairment loss	542	**—**	**—**
Amortization of goodwill	214	**116**	**728**
Increase (decrease) in allowance for doubtful accounts	61	**585**	**3,661**
Increase (decrease) in net defined benefit liability	171	**435**	**2,718**
Decrease (increase) in net defined benefit asset	(662)	**(421)**	**(2,635)**
Interest and dividends income	(761)	**(607)**	**(3,797)**
Interest expenses	2,357	**3,549**	**22,192**
Foreign exchange losses (gains)	17	**(914)**	**(5,717)**
Equity in (earnings) losses of affiliates	554	**(208)**	**(1,302)**
Loss (gain) on sales of property, plant and equipment	(52)	**(96)**	**(602)**
Loss (gain) on sales of investment securities	(1,248)	**(4)**	**(24)**
Loss on valuation of shares of subsidiaries and affiliates	—	**600**	**3,752**
Change in assets and liabilities:			
Decrease (increase) in notes and accounts receivable-trade	(59,909)	**(7,056)**	**(44,118)**
Decrease (increase) in costs on uncompleted construction contracts	(865)	**3,468**	**21,685**
Decrease (increase) in real estate for sale and development projects in progress —and other inventories	1,685	**(1,025)**	**(6,411)**
Increase (decrease) in notes and accounts payable-trade	17,884	**(1,441)**	**(9,012)**
Increase (decrease) in advances received on uncompleted construction contracts	(12,873)	**10,190**	**63,718**
Decrease (increase) in accounts receivable-other	(1,557)	**(6,051)**	**(37,833)**
Increase (decrease) in deposits received	16,218	**29,290**	**183,146**
Increase (decrease) in other provision	(2,464)	**136**	**850**
Other, net	2,536	**(17,224)**	**(107,696)**
Subtotal	(10,204)	**75,741**	**473,586**
Interest and dividends income received	788	**846**	**5,290**
Interest expenses paid	(2,307)	**(3,470)**	**(21,698)**
Income taxes paid	(11,609)	**(4,724)**	**(29,537)**
Net cash provided by (used in) operating activities	(23,332)	**68,393**	**427,641**
Cash flows from investing activities:			
Payments into time deposits	(529)	**(382)**	**(2,389)**
Proceeds from withdrawal of time deposits	629	**532**	**3,326**
Purchase of short-term and long-term investment securities	(564)	**(15)**	**(96)**
Proceeds from sales and redemption of short-term and long-term investment securities	2,277	**251**	**1,567**
Purchase of property, plant and equipment	(38,151)	**(95,942)**	**(599,900)**
Proceeds from sales of property, plant and equipment	60	**289**	**1,806**
Payments of loans receivable	—	**(1)**	**(6)**
Collection of loans receivable	7	**7**	**43**
Proceeds from long-term deposits received	13,723	**29,489**	**184,386**
Other, net	(668)	**(541)**	**(3,377)**
Net cash provided by (used in) investing activities	(23,216)	**(66,313)**	**(414,640)**

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	14,295	**(7,435)**	**(46,491)**
Net increase (decrease) in commercial papers	9,961	**(32)**	**(197)**
Proceeds from long-term loans payable	43,645	**34,861**	**217,974**
Repayment of long-term loans payable	(11,497)	**(9,772)**	**(61,102)**
Proceeds from issuance of bonds payable	—	**19,890**	**124,369**
Redemption of bonds	—	**(10,000)**	**(62,527)**
Purchase of treasury shares	(2,003)	**(10,013)**	**(62,609)**
Cash dividends paid	(10,232)	**(8,093)**	**(50,605)**
Other, net	(286)	**189**	**1,182**
Net cash provided by (used in) financing activities	43,883	**9,595**	**59,994**
Effect of exchange rate change on cash and cash equivalents	(114)	**2,975**	**18,605**
Net increase (decrease) in cash and cash equivalents	(2,779)	**14,650**	**91,600**
Cash and cash equivalents at the beginning of the period (Note 3(18))	59,564	**56,785**	**355,070**
Cash and cash equivalents at the end of the period (Note 3(18))	¥56,785	**¥71,435**	**$446,670**
(Notes) Cash and cash equivalents are comprised as follows:			
Cash and deposits	¥57,270	**¥71,770**	**$448,758**
Less-Time deposits with maturity over three months	(485)	**(335)**	**(2,088)**
Cash and cash equivalents (Note 3(18))	¥56,785	**¥71,435**	**$446,670**

See accompanying Notes to Consolidated Financial Statements.

1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements of Penta-Ocean Construction Co., Ltd. (the "Company") and consolidated subsidiaries (the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The accounting principles and practices adopted by the overseas consolidated subsidiaries conform to those adopted by the Company.

The figures in these financial statements are shown in U.S. dollars at the conversion rate of U.S.$1=¥159.93, the exchange rate prevailing on March 31, 2026. This is solely for the convenience of readers outside Japan and does not mean that assets and liabilities originating in yen can be converted into or settled in dollars at the above rate.

2. Consolidation

(1) Scope of consolidation and application of equity method

The Company has 32 subsidiaries and 8 affiliated companies as at March 31, 2026.

The Company consolidated 31 subsidiaries and applied the equity method to 1 affiliated company.

1 subsidiary has not been included in the scope of consolidation because it has a small impact on the consolidated financial statements.

The 1 unconsolidated subsidiary and the 7 affiliated companies have not been included in the scope of equity method, because they have a small impact on the consolidated financial statements and insignificant as a whole.

(2) Consolidated closing date

Consolidated closing date is March 31.

The closing date for the Company, 12 domestic subsidiaries and 17 overseas subsidiaries is March 31.

The closing date for 2 overseas subsidiaries is December 31. The Company compiled the consolidated financial statements using the financial statements of each company's closing date, and adjustments are made for any material difference incurred between their closing dates and the consolidated closing date.

3. Summary of significant accounting policies

(1) Conversion method of foreign currency transactions of the Company and its domestic subsidiaries and affiliated companies

Transactions in foreign currencies are converted into yen at the exchange rate prevailing at the time of the transactions. Monetary receivables and payables denominated in foreign currencies including foreign cash are converted into yen at the exchange rate prevailing on the closing date. Non-monetary items denominated in foreign currencies are converted into yen at the historical rate. Held-to-maturity bonds denominated in foreign currencies are translated into yen at the exchange rate prevailing on the closing date, securities for purpose of sale and investment securities other than the above are converted into yen from the fair value based on foreign currencies at the exchange rate prevailing on the closing date and stock of subsidiaries and affiliated companies at the exchange rate prevailing at the time of acquisition by the Company, and those are written down, when declined remarkably. The valuation amount of derivative financial instruments resulting from derivative transaction denominated in foreign currencies are translated at the exchange rate prevailing on the closing date based on the fair value or the actual value estimated in foreign currencies excluding those applying hedge accounting. Exchange gains or losses, realized or unrealized, are included in current income.

(2) Conversion method of financial statements of overseas subsidiaries stated in foreign currency

Financial statements stated in foreign currency are translated into yen at the exchange rate prevailing on the closing date except for the components of net assets which are translated at the exchange rate prevailing at the time of acquisition by the Company and the components of shareholders' equity which are translated at the historical rate to their change thereafter.

Exchange differences arising from conversion of balance sheet accounts are stated as foreign currency translation adjustments in net assets.

(3) Securities and investment securities

Held-to-maturity bonds are determined by the amortized cost method.

Other securities other than stocks with no market price are stated at fair value. Valuation differences are included in net assets as valuation difference on available-for-sale securities and cost of sales are determined by the moving average method.

Other securities of stocks with no market price are determined by the moving average method.

(4) Derivative financial transactions

Derivative financial instruments are stated at fair value.

Hedge accounting is adopted for derivative financial instruments which conform to requirements of hedge accounting.

(5) Inventories

Inventories are stated at identified cost, except for raw materials and supplies which are stated at costs determined by the first-in first-out method.

In the case that the net realizable value falls below the historical cost at the end of this fiscal year, inventories except for cost on uncompleted construction contracts are carried at the net realizable value on the closing date.

(6) Property, plant, equipment and Depreciation (excluding leased assets)

Property, plant and equipment are stated at cost and for the Company and its domestic subsidiaries. Depreciation is calculated using the declining-balance method, except for buildings (other than building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016, which are calculated by the straight-line method. The straight-line method is applied to property, plant and equipment of overseas subsidiaries.

The Company and its domestic subsidiaries primarily use the useful lives and the residual value in accordance with the Corporation Tax Law.

(7) Research and development costs and computer software

Research and development costs are charged to income as incurred.

Computer software purchased for internal use is amortized by the straight-line method over 5 years, the estimated useful life.

(8) Leased assets

For leased assets under finance lease transactions that transfer ownership, the depreciation expense is calculated using the same method as applied for owned property, plant and equipment.

For leased assets under finance lease transactions that do not transfer ownership, the depreciation expense is calculated under the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

(9) Allowance for doubtful accounts

Allowance for doubtful accounts is accounted for using the estimated doubtful account ratio determined based on the past actual bad debt losses for general receivable and on the individual estimated uncollectible amount for any specific doubtful receivables.

(10) Provision for warranties for completed construction

The Group provides provision for the costs of repairs for damages related to completed construction works based on actual damages in the past and estimated amount of compensation for damages in the future.

(11) Provision for bonuses

To provide provision for the payment of bonuses for employees, the expected payment amount at the end of this fiscal year is calculated.

(12) Provision for loss on construction contracts

The Group provides provision for future losses from construction contracts outstanding at the end of this fiscal year.

(13) Provision for board benefit trust

The provision for board benefit trust is recorded for providing stock for directors and executive officers in the future at the estimated amount calculated based on predetermined stock benefit regulation for directors at the end of this fiscal year.

(14) Net defined benefit liability

Net defined benefit liability is provided based on the projected benefit obligation and plan assets at the end of this fiscal year.

Regarding determination of retirement benefit obligation, the benefit formula basis is adopted as the method of attributing expected benefit to the periods until the end of this fiscal year.

Prior service costs are recognized as an expense when incurred.

Actuarial gain and loss are equally amortized by the straight-line method over the average remaining employees' service years, which should be over 10 years and the amortization starts in the next fiscal year of the respective accrual years.

Regarding lump-sum severance indemnity plan for some of the consolidated subsidiaries, the amount is calculated based on simplified method which assumes that the retirement benefit obligation would be the amount to be paid to employees who voluntarily retired at the end of this fiscal year.

(15) Recognition of major income and expense

In regard to Construction business which is the main business, the Group has obligations on completion of projects and delivery to the customers based on the contracts with customers.

These performance obligations are satisfied over time mainly because the control is transferred to the customers with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations.

The method of measuring progress on the performance obligations satisfied is based on proportion of costs incurred by the end of reporting period to the total estimated costs.

When the progress on the performance obligations satisfied is not reasonably estimable but the cost incurred is recoverable, the cost recovery method is applied. An alternative treatment is applied for the construction contracts for which the period from the commencement date to the date when the performance obligations are expected to be fully satisfied is very short. In this case, revenue is recognized at the time of completion, not over time.

(16) Hedge accounting

1) Hedge accounting method

Derivative transactions are accounted for primarily using deferral hedge accounting. The special method is applied to interest rate swap agreements that meet the requirements for special treatments.

2) Hedging instruments and hedged items

Hedging instruments are interest rate swap agreements and forward exchange contracts.

Hedged items are long-term loans and monetary receivables and payables denominated in foreign currencies.

3) Hedging policy

The Company enters into interest rate swap agreements and forward exchange contracts to hedge risk from fluctuations in interest rate and forward exchange rates, respectively.

4) Evaluation of the effectiveness of hedge accounting

Control procedures for hedge transactions are executed according to the Company's bylaw. The Examination Committee of Derivative Instruments and the Financial Division in the Company periodically evaluates the effectiveness of hedging.

(17) Amortization of goodwill

Goodwill is principally amortized using the straight-line method over a period benefited therefrom but not exceeding 20 years.

(18) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows, consist of cash, deposits which can be drawn out freely and easily converted into cash and short-term investments which have an original maturity of 3 months or less and are not exposed to significant valuation risks.

(19) Income taxes

The Company and its domestic consolidated subsidiaries declare corporation and other taxes on the basis of taxable income calculated under the provisions of the Corporation Tax Law and other tax regulations. Taxable income thus calculated is different from earnings in the account book.

Foreign subsidiaries declare income taxes at the rate applicable in each country. Foreign tax credit related to the amount of income taxes paid to foreign tax offices by the Company directly or indirectly, is subject to certain limitations in accordance with Japanese tax regulations.

(20) Deferred assets

Bond issuance cost is recognized as an expense when incurred.

(21) Accounting principles and procedures adopted when relevant accounting standards are not clear

Accounting for construction contracts by joint ventures

Assets, liabilities, income and expenses generated in joint ventures are shown in the consolidated financial statements mainly according to the ratio of the Company's investment ratio.

(22) Reclassifications

Certain amounts in prior year's consolidated financial statements and related footnotes have been reclassified to conform to the presentation in the current year.

4. Notes on accounting estimates

Recognition of major income and expense

In regard to Construction business which is the main business, the Group has obligations on completion of projects and delivery to the customers based on the contracts with customers.

These performance obligations are satisfied over time mainly because the control is transferred to the customer with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations.

Net sales of completed construction contracts using the method of recognizing revenue by satisfying performance obligations over time is measured by multiplying total construction revenue by progress toward completion of construction. Total construction revenue is determined by adding amounts agreed upon in contracts to estimated amounts substantially agreed upon with customers with whom contracts have not yet been entered. The method of estimating progress on the performance obligations satisfied over time is based on cost proportion method to estimate the progress of such construction project.

If it is likely that total construction cost will exceed total construction revenue and if the amount can be reasonably estimated, then the amount resulting from deducting the profit or loss already recorded from the expected amount of the excess of costs over revenue is accounted for as provision for loss on construction contracts.

Net sales of completed construction contracts of ¥ 687,247 million and provision for loss on construction contracts of ¥ 6,192 million have been recorded by using the method of recognizing revenue by satisfying performance obligations over time in the consolidated fiscal year ended March 31, 2025. Net sales of completed construction contracts of ¥ 740,459 million (U.S. $ 4,629,892 thousand) and provision for loss on construction contracts of ¥ 6,171 million (U.S. $ 38,583 thousand) have been recorded by using the method of recognizing revenue by satisfying performance obligations over time in the consolidated fiscal year ended March 31, 2026.

(1) Total construction revenues

Although construction contracts may potentially be modified due to new agreements with customers in the middle of construction, there are cases where the amounts of such modifications are not determined at the time of the modifications of construction contracts. Accordingly, with regards to changes in consideration, if modifications to construction contracts that have not yet been entered into are to be included in total construction revenue, then it is necessary to reliably estimate the amount of consideration based on substantial agreements among parties and the details of agreements.

Determinations of whether agreements are substantial and estimates of amounts of consideration involve subjectivity since they are based on discussions with customers and thus involve uncertainty.

(2) Total construction costs

Considering that construction contracts are highly individual and carried out in accordance with fundamental specifications and work details instructed by customers, it is difficult to apply a uniform rule for making estimates of total construction costs. Accordingly, estimates of total construction costs involve certain assumptions and judgments that are based on specialized knowledge and experience in construction, and thus involve uncertainty.

Further, given that constructions are generally long-term in nature, there may potential modifications in construction contracts, changes in weather and sea conditions and fluctuations in construction material prices and labor prices in the middle of construction, thus making timely and appropriate revisions of total construction costs complex.

Based on the above, the recording of net sales of completed construction contracts and cost of sales of completed construction contracts for which the method of recognizing revenue by satisfying performance obligations over time is based on various assumptions. If it becomes necessary to revise the estimates and the assumptions due to uncertain future fluctuations in economic conditions, etc., it may have a significant impact on the net sales of completed construction contracts and cost of sales of completed construction contracts, etc. in the consolidated financial statements for the next consolidated fiscal year.

5. Accounting standards issued but not yet effective

- "Accounting Standard for Leases" (Accounting Standard Board of Japan ("ASBJ") Statement No.34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No.33, September 13, 2024)
- The revision of the related ASBJ statements, ASBJ Guidances, ASBJ Practical Solutions and ASBJ Transferred Guidances

1) Outline

The same as international accounting standards, it enacts the treatment of all leases of a lessee, including the recognition of assets and liabilities for all leases of a lessee.

2) Scheduled date of adoption

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

3) Impact of the adoption of accounting standards

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on the consolidated financial statements.

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

1) Outline

The "Accounting Standard for Subsequent Events", etc. prioritizes the establishment of a comprehensive accounting standard that addresses the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, it follows in principle the accounting-related matters set forth in Statements on Auditing Standards No. 560, Practical Guidelines Item 1, "Audit Considerations Relating to Subsequent Events", issued by the Auditing and Assurance Standards Committee of Japanese Institute of Certified Public Accountants, and transfers them to the ASBJ. Accordingly, the standard revises wording, organizes the evaluation period for subsequent events, newly requires notes regarding the approval of the issuance of financial statements, and prescribes the accounting treatment and disclosure of subsequent events.

2) Scheduled date of adoption

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

- "Practical Solution on the Tentative Treatment of Accounting for and Disclosures of Special Corporate Tax for Defense" (ASBJ Practical Solution No. 48, February 27, 2026)

1) Outline

In connection with the establishment of Special Corporate Tax for Defense, the practical solution prescribes its temporary accounting treatment and disclosure.

2) Scheduled date of adoption

The Company expects to adopt the practical solution from the beginning of the fiscal year ending March 31, 2027.

3) Impact of the adoption of accounting standards

The Company is currently evaluating the effect of the adoption of this practical solution on the consolidated financial statements.

6. Additional information

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

(1) Transaction summary

The Company has introduced the Board Benefit Trust (the "BBT"), a performance-linked stock compensation plan for its directors and executive officers (the "Directors") since the fiscal year 2017. The BBT plan clarifies how the company's performance and its stock value influence the Directors' compensation, which enables the Directors to share not only the benefits of the stock price rise, but also the risks of the stock price decline with its shareholders. Thereby, the BBT plan leads the Directors to aim for more contributions to the improvement of the Company's performance and corporate value over the medium to long-term period.

The Shares are acquired through the trust funded by the Company and established based on the BBT (the "Trust"). The BBT plan enables the Directors to be granted the Company's shares and the amount of cash equivalent to the market price of the Company's shares (the "Shares") through the Trust in accordance with the Directors' Stock Compensation Rules stipulated by the Company.

In principle, the Directors are to receive the shares compensation upon their retirement from the position.

(2) The Company's own stock in the Trust

The Company's outstanding shares of the Trust are included in the treasury shares of the net assets based on the book value of the Trust (excluding ancillary expenses). The book values of the treasury shares were ¥ 667 million and ¥ 628 million (U.S. $ 3,927 thousand) and the numbers of the stocks were 926,200 shares and 871,700 shares as of March 31, 2025 and 2026, respectively.

7. Securities and investment securities

(1) Other securities

As of March 31, 2025	Millions of yen		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	¥14,867	¥7,659	¥7,208
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	¥ 232	¥ 244	¥ (12)
Total	¥15,099	¥7,903	¥7,196

As of March 31, 2026	Millions of yen		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	¥21,306	¥7,673	¥13,633
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	¥ —	¥ —	¥ —
Total	¥21,306	¥7,673	¥13,633

	Thousands of U.S. dollars		
	Book value on consolidated B/S	Acquisition cost	Difference
Securities whose book value on consolidated B/S exceeds their acquisition cost:			
Stock	$133,222	$47,978	$85,244
Securities whose book value on consolidated B/S doesn't exceed their acquisition cost:			
Stock	$ —	$ —	$ —
Total	$133,222	$47,978	$85,244

(2) Other securities sold during the fiscal year

As of March 31, 2025	Millions of yen		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	¥2,236	¥1,256	¥(8)
Total	¥2,236	¥1,256	¥(8)

As of March 31, 2026	Millions of yen		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	¥249	¥13	¥(9)
Total	¥249	¥13	¥(9)

	Thousands of U.S. dollars		
	Sales value	Total of gain on sale	Total of loss on sale
Stock	$1,557	$79	$(55)
Total	$1,557	$79	$(55)

(3) Impairment of investment securities

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Shares of subsidiaries and affiliates (not applied the equity method)	¥—	**¥600**	**$3,752**

8. Pledged assets

The following assets are pledged for guarantee against defect in house constructions and other at March 31, 2025 and 2026.

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Investment securities	¥114	**¥114**	**$ 713**
Other (Investment and other assets)	392	**392**	**2,452**
Total	¥506	**¥506**	**$3,165**

9. Short-term and long-term loans, commercial papers and bonds payable

Short-term and long-term loans, commercial papers and bonds payable as of March 31, 2025 and 2026 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Short-term loans from banks and insurance companies	¥ 47,239	**¥ 42,429**	**$ 265,296**
(The weighted average interest rate is 2.56%.)			
Commercial papers	9,961	**9,930**	**62,088**
Long-term loans from banks and insurance companies due through 2036	68,275	**92,775**	**580,098**
(The weighted average interest rate is 1.67%.)			
0.25% unsecured bonds payable due 2025 (Green bonds)	10,000	**—**	**—**
0.14% unsecured bonds payable due 2026	10,000	**10,000**	**62,527**
0.81% unsecured bonds payable due 2028	11,000	**11,000**	**68,781**
0.80% unsecured bonds payable due 2029	10,000	**10,000**	**62,527**
1.71% unsecured bonds payable due 2030	—	**10,000**	**62,527**
2.19% unsecured bonds payable due 2031	—	**10,000**	**62,527**
Total	¥166,475	**¥196,134**	**$1,226,371**

The aggregate annual maturity of short-term and long-term loans, commercial papers and bonds payable after March 31, 2026 is as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2027	**¥ 73,129**	**$ 457,253**
2028	**9,176**	**57,375**
2029	**32,229**	**201,519**
2030	**9,351**	**58,468**
2031 and after	**72,249**	**451,756**
Total	**¥196,134**	**$1,226,371**

10. Net assets

(1) Legal retained earnings and legal capital surplus

The Japanese Corporate Law requires to provide a legal retained earnings equal to 10 percent of cash out flow, that is, payment of dividends approved by the Shareholders' meeting every fiscal years, until the total amounts of legal retained earnings plus legal capital surplus or either of them reach 25 percent of capital stock.

In the consolidated financial statements, those are included in retained earnings and capital surplus, respectively.

(2) Revaluation reserve for land

Lands used for business purposes has been revaluated on March 31, 2000 based on the "Law Concerning Land Revaluation (Law No.34, promulgated on March 31, 1998)" and the "Partial Revision of the Law Concerning Land Revaluation (Law No.24, promulgated on March 31, 1999)". Relating to revaluation excess, the deferred tax on the revaluation is accounted for as a long-term deferred tax liabilities and the remaining revaluation difference is accounted for as revaluation reserve for land in net assets.

Fair values were determined on the basis of Article 2 No.4 and 5 of an Enforcement ordinance No.119 of the Law concerning Land Revaluation promulgated on March 31, 1998.

(3) Valuation difference on available-for-sale securities

Valuation difference on available-for-sale securities is based on the difference between fair market value and book value at March 31. This amounted to ¥ 9,446 million (U.S. $ 59,064 thousand) gain as of March 31, 2026.

11. Revenue Recognition

(1) Information of disaggregation on the revenue from contracts with customers

Information of disaggregation on the revenue from contracts with customers is disclosed in Note 22.

(2) Basic information for understanding the revenue from contracts with customers

In regard to Construction Business which is the main business, the information of contracts and performance obligation and the information at the timing of the performance obligation is satisfied are described in Note 3(15).

Transaction prices are calculated based on contract amount adjusted by contract modification and variable consideration. In accordance with the estimation for contract modification and variable consideration, the Group applies the single most likely amount method. In addition, contract modification and variable consideration are included in the transaction prices only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In the case fluctuation provisions is stated in the contract with customer, transaction prices are adjusted by the estimated consideration.

The Group receive transaction considerations mainly more than once during construction period or with the progress of construction project over time and there are no significant financing components.

Transaction prices are allocated to performance obligation by the ratio of stand-alone selling price estimated based on cost which is required to satisfy each performance obligation.

(3) Information for understanding the amount of revenue for both current consolidated fiscal year and next consolidated fiscal year onwards

・Balances of contract asset and contract liability

Conditions of payment terms are different among each contract and the relation with the performance obligation is insignificant. The payment is mainly more than once during construction period or with the progress of construction project over time.

Contract asset is the amount of consideration that performance obligation is satisfied at the end of the fiscal year but due date of claim is not arrived. It increases with revenue recognition and is transferred to a receivable from contracts with customers at the timing of the claim is issued to customer. And it increases or decreases with revising the estimation of total construction revenue and total construction costs.

Contract liability is the amount of consideration that is mainly related to the advance received on uncompleted construction works. It increases with claiming the advance received on uncompleted construction works to customer and is transferred to net sales with revenue recognition.

The amounts included at the balances of beginning on contract liabilities and recognized as revenues are ¥ 40,637 million and ¥ 27,604 million (U.S.$ 172,598 thousand) in the consolidated fiscal year ended March 31, 2025 and 2026, respectively.

Contract asset and receivable from contracts with customers are included in "Notes" and "Accounts" of "Trade receivables" and contract liability is included in "Advance received on uncompleted construction contracts" in the consolidated balance sheet.

・Transaction prices allocated to residual performance obligation

The balances of total transaction prices allocated to residual performance obligation related to construction are ¥ 1,356,619 million and ¥ 1,407,394 million (U.S.$ 8,800,063 thousand) as of March 31, 2025 and 2026, respectively.

Almost of it is expected to recognize as revenue within 1 to 3 years with satisfying performance obligation.

The balance of total transaction prices allocated to residual performance obligation includes the estimated amount of both contract modification and variable consideration.

Balance of contract asset and contract liability for the fiscal year ended March 31, 2025 is as follows:

	Millions of yen	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	¥ 1,841	¥ 3,107
Accounts receivable from completed construction contracts and other	85,095	119,720
Total	86,936	122,827
Contract assets	213,476	237,981

Balance of contract asset and contract liability for the fiscal year ended March 31, 2026 is as follows:

	Millions of yen	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	¥ 3,107	¥ 3,193
Accounts receivable from completed construction contracts and other	119,720	119,451
Total	122,827	122,644
Contract assets	237,981	244,488

	Thousands of U.S. dollars	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable	$ 19,429	$ 19,965
Accounts receivable from completed construction contracts and other	748,576	746,893
Total	768,005	766,858
Contract assets	1,488,032	1,528,721

12. Extraordinary income

The composition of Extraordinary income for the fiscal years ended March 31, 2025 and 2026 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Gain on sales of non-current assets	¥ 56	**¥157**	**$ 984**
Gain on sales of investment securities	1,256	**13**	**79**
Other	2	**—**	**—**
Total	¥1,314	**¥170**	**$1,063**

13. Extraordinary losses

The composition of Extraordinary losses for the fiscal years ended March 31, 2025 and 2026 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Impairment loss (*1)	¥542	**¥ —**	**$ —**
Loss on retirement of non-current assets	316	**176**	**1,102**
Loss on valuation of shares of subsidiaries and affiliates	—	**600**	**3,752**
Other	28	**99**	**620**
Total	¥886	**¥875**	**$5,474**

(*1) The Group recognized impairment loss for the following asset in the fiscal year ended March 31, 2025.

For the year ended March 31, 2025

Location	Classification	Type of Assets	Impairment loss
Singapore	Overseas	Goodwill	¥542 million

In principle, the Group has classified the fixed assets by business control unit (company, branch office, and business line), for which revenue and expenditure are continuously recorded. And the Group has classified the idle assets individually.

Book values of the goodwill of UG M&E Pte. Ltd. that is the Company's consolidated subsidiary were written down to a recoverable amount as the profitability predicted at the time of acquisition of its stocks can't be expected. The impairment loss was accounted for as an extraordinary losses. The recoverable amount was measured by value in use. Calculation of the value in use was based on future cash flow discounted by 10.80%.

14. Research and development costs

Research and development costs charged to income are ¥ 3,261 million for the fiscal year ended March 31, 2025 and ¥ 3,329 million (U.S. $ 20,816 thousand) for the fiscal year ended March 31, 2026, respectively.

15. Other comprehensive income

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

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Valuation difference on available-for-sale securities			
Amount arising during the year	¥(2,968)	**¥6,433**	**$40,223**
Reclassification adjustment for gains and losses realized in net income	1,248	**4**	**24**
Amount before tax effect	(1,720)	**6,437**	**40,247**
Tax effect	459	**(2,001)**	**(12,510)**
Valuation difference on available-for-sale securities	(1,261)	**4,436**	**27,737**
Deferred gains or losses on hedges			
Amount arising during the year	(988)	**(470)**	**(2,940)**
Reclassification adjustment for gains and losses realized in net income	975	**455**	**2,848**
Amount before tax effect	(13)	**(15)**	**(92)**
Tax effect	4	**3**	**18**
Deferred gains or losses on hedges	(9)	**(12)**	**(74)**
Revaluation reserve for land			
Tax effect	(108)	**—**	**—**
Foreign currency translation adjustments			
Amount arising during the year	71	**1,860**	**11,632**
Reclassification adjustment for gains and losses realized in net income	—	**—**	**—**
Amount before tax effect	71	**1,860**	**11,632**
Tax effect	—	**—**	**—**
Foreign currency translation adjustments	71	**1,860**	**11,632**
Remeasurements of defined benefit plans			
Amount arising during the year	289	**4,643**	**29,029**
Reclassification adjustment for gains and losses realized in net income	(511)	**(142)**	**(886)**
Amount before tax effect	(223)	**4,501**	**28,143**
Tax effect	36	**(1,419)**	**(8,871)**
Remeasurements of defined benefit plans	(187)	**3,082**	**19,272**
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	323	**226**	**1,410**
Reclassification adjustment for gains and losses realized in net income	—	**3**	**16**
Share of other comprehensive income of associates accounted for using equity method	323	**229**	**1,426**
Total of other comprehensive income	¥(1,171)	**¥9,595**	**$59,993**

16. Dividends

(1) Dividends paid

For the year ended March 31, 2025

Resolution	Type	Total amount of dividends	Dividends per share	Record date	Effective date
Annual general shareholders' meeting held on June 25, 2024	Ordinary shares	¥6,859 million	¥24	31 March, 2024	26 June, 2024

Note: Dividends of ¥ 23 million paid to the BBT are included in the total amount of dividends.

Resolution	Type	Total amount of dividends	Dividends per share	Record date	Effective date
Board of directors' meeting held on November 7, 2024	Ordinary shares	¥3,393 million	¥12	30 September, 2024	9 December, 2024

Note: Dividends of ¥ 11 million paid to the BBT are included in the total amount of dividends.

For the year ended March 31, 2026

Resolution	Type	Total amount of dividends	Dividends per share	Record date	Effective date
Annual general shareholders' meeting held on June 24, 2025	Ordinary shares	¥3,393 million ($21,214 thousand)	¥12 ($0.08)	31 March, 2025	25 June, 2025

Note: Dividends of ¥ 11 million ($ 69 thousand) paid to the BBT are included in the total amount of dividends.

Resolution	Type	Total amount of dividends	Dividends per share	Record date	Effective date
Board of directors' meeting held on November 7, 2025	Ordinary shares	¥4,711 million ($29,456 thousand)	¥17 ($0.11)	30 September, 2025	8 December, 2025

Note: Dividends of ¥ 15 million ($ 93 thousand) paid to the BBT are included in the total amount of dividends.

(2) Dividends for which the record date falls within the current consolidated fiscal year but the effective date falls within the following consolidated fiscal year

For the year ended March 31, 2025

Resolution	Type	Financial source for dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Annual general shareholders' meeting held on June 24, 2025	Ordinary shares	Retained earnings	¥3,393 million	¥12	31 March, 2025	25 June, 2025

Note: Dividends of ¥ 11 million paid to the BBT are included in the total amount of dividends.

For the year ended March 31, 2026

Resolution	Type	Financial source for dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Annual general shareholders' meeting held on June 24, 2026	Ordinary shares	Retained earnings	¥8,493 million ($53,102 thousand)	¥31 ($0.19)	31 March, 2026	25 June, 2026

Note: Dividends of ¥ 27 million ($ 169 thousand) paid to the BBT are included in the total amount of dividends.

17. Derivative financial transactions

(1) Matters concerning derivative financial transactions

The Group has entered into interest rate swap agreements and forward exchange contracts only for hedging risks from fluctuation in interest rates and foreign exchange rates, not for speculative purposes.

The derivative financial transactions are mainly performed by the Company, and have been made in accordance with the bylaw, which clearly describes purposes, execution and control for transaction.

(2) Matters concerning fair value

The current value for derivative transactions is calculated based on the prices provided by relevant financial institutions. And hedge accounting has been adopted for derivative financial instruments which conform to requirements for hedge accounting. However the transactions that apply to special treatment of interest rate swap are accounted for as if they were integral part of the hedged long-term loans payable, its fair value is included in the fair value of long-term loans payable.

18. Commitments and contingent liabilities

The Company has agreements on commitment line with 8 banks totaling ￥20,000 million (U.S. $ 125,055 thousand) for the purpose of flexible financing. Unused commitment line as of March 31, 2025 and 2026 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Commitment line			
Total of commitment line	¥20,000	**¥20,000**	**$125,055**
Use of commitment	—	—	—
Total of unused commitment line	¥20,000	**¥20,000**	**$125,055**

19. Tax effect accounting

1. The significant components of deferred tax assets and liabilities as of March 31, 2025 and 2026 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Deferred tax assets			
Employees' retirement benefits trust	¥ 2,448	**¥ 2,707**	**$ 16,927**
Allowance for doubtful accounts	1,602	**2,105**	**13,164**
Provision for loss on construction contracts	1,847	**1,945**	**12,161**
Provision for bonuses	1,023	**1,137**	**7,106**
Net operating loss carryforwards	594	**1,134**	**7,090**
Impairment loss	810	**805**	**5,036**
Other	2,314	**2,748**	**17,184**
Total: deferred tax assets	10,638	**12,581**	**78,668**
Less : valuation allowance	(2,247)	**(3,313)**	**(20,717)**
Deferred tax assets	¥ 8,391	**¥ 9,268**	**$ 57,951**
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥(2,186)	**¥(4,187)**	**$(26,180)**
Prepaid pension cost	(2,417)	**(3,488)**	**(21,811)**
Other	(328)	**(309)**	**(1,933)**
Total: deferred tax liabilities	(4,931)	**(7,984)**	**(49,924)**
Net: deferred tax assets	¥ 3,460	**¥ 1,284**	**$ 8,027**

2. The principal details of the material differences between the statutory effective tax rate and the actual burden tax rates after application of tax-effect accounting for the years ended March 31, 2025 and 2026:

	2025	2026
The statutory effective tax rate	**30.62%**	**30.62%**
(Adjustments)		
Permanent differences (expense)	**2.41**	**1.26**
Permanent differences (income)	**(0.05)**	**(0.07)**
Per capita levy on inhabitant tax	**0.88**	**0.33**
Consolidated adjustments	**1.86**	**(0.56)**
Increase(Decrease) in valuation allowance	**1.80**	**3.01**
Differences due to the change in corporate tax rates	**(0.32)**	**(0.32)**
Other	**(1.91)**	**(0.28)**
Actual burden tax rate after the application of tax effect accounting	**35.29%**	**33.99%**

3. Accounting treatment of national and local corporate taxes related tax effect accounting

The Company and some domestic consolidated subsidiaries have adopted the group tax-sharing system. The Company's accounting treatment of national and local corporate taxes, related tax effect accounting, and related disclosures are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).

20. Retirement benefits

The Group has funded or unfunded type defined benefit plan and defined contribution plan.

The Company has introduced cash balance plan as defined benefit corporate pension plan (funded only and that solely adopted by the Company), which establishes nominal individual accounts equivalent to funds of funded and annuity amounts. In the nominal individual accounts interest credit based on market interest and contribution credit based on classification and evaluation are accumulated. Retirement benefit trust has established for the defined benefit corporate pension plan.

Based on lump-sum payment plans (unfunded but become funded as a result of establishment of retirement benefit trust), lump-sum payment based on classification and evaluation as retirement benefit.

In lump-sum payment plans held by other consolidated subsidiaries, the simplified calculation methods are applied for retirement benefit liability and service costs.

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

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Retirement benefit obligation at the beginning of year	¥24,415	**¥23,549**	**$147,246**
Service cost	1,391	**1,338**	**8,369**
Interest cost	212	**361**	**2,257**
Actuarial gain and loss	(641)	**(864)**	**(5,400)**
Retirement benefits paid	(1,828)	**(1,608)**	**(10,062)**
Retirement benefit obligation at the end of year	¥23,549	**¥22,776**	**$142,410**

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

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Plan assets at the beginning of year	¥30,570	**¥29,971**	**$187,399**
Expected return on plan assets	590	**558**	**3,487**
Actuarial gain	(353)	**3,779**	**23,629**
Contributions by the Company	897	**907**	**5,669**
Retirement benefits paid	(1,733)	**(1,530)**	**(9,562)**
Plan assets at the end of year	¥29,971	**¥33,685**	**$210,622**

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

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Funded retirement benefit obligation	¥22,712	**¥ 21,927**	**$137,105**
Plan assets at fair value	(29,971)	**(33,685)**	**(210,622)**
	¥ (7,259)	**¥(11,758)**	**$ (73,517)**
Unfunded retirement benefit obligation	837	**849**	**5,306**
Net liability for retirement benefits in the balance sheet	¥ (6,422)	**¥(10,909)**	**$ (68,211)**
Net defined benefit liability	¥ 1,246	**¥849**	**$5,306**
Net defined benefit asset	(7,668)	**(11,758)**	**(73,517)**
Net liability for retirement benefits in the balance sheet	¥ (6,422)	**¥(10,909)**	**$ (68,211)**

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

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Service cost	¥1,391	**¥1,338**	**$ 8,369**
Interest cost	212	**361**	**2,257**
Expected return on plan assets	(590)	**(558)**	**(3,487)**
Amortization of actuarial gain and loss	(511)	**(141)**	**(887)**
Retirement benefit expense	¥ 502	**¥1,000**	**$ 6,252**

Note: Retirement benefit expense of consolidated subsidiaries which adopt the simplified method are included in "Service cost."

(5) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2025 and 2026 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Actuarial gain and loss	¥(223)	**¥4,501**	**$28,143**
Total	¥(223)	**¥4,501**	**$28,143**

(6) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2026 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Unrecognized actuarial gain and loss	¥(3,543)	**¥(8,044)**	**$(50,298)**
Total	¥(3,543)	**¥(8,044)**	**$(50,298)**

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

	2025	**2026**
Bonds	42%	**40%**
Stocks	41	**38**
General accounts	4	**4**
Cash and deposits	7	**10**
Others	6	**8**
Total	100%	**100%**

Note: Total plan assets include retirement benefit trusts of 14% and 17% that are set up for a corporate pension plan as of March 31, 2025 and 2026, respectively.

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

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

	2025	**2026**
Discount rates	1.6%	**2.7%**
Expected rates of long-term return on plan assets	1.8 - 2.0%	**1.6 - 2.0%**
Expected rates of increase in salary	3.3 - 4.2%	**3.3 - 4.2%**

21. Financial instruments

(1) Policy for financial instruments

The Group has limited the instruments of fund investment to short term deposits etc, and relied on bonds payable and bank loans, etc for fund procurement.

Regarding credit risk to customers related to notes receivable, accounts receivable from completed construction contracts and other the Group's bylaw has been applied to reduce the risk. Additionally notes receivable, accounts receivable from completed construction contracts and other in foreign currencies are exposed to foreign currency risk, and the Company enters into forward exchange contracts to hedge the risk.

Securities and investment securities include mainly stocks and held-to-maturity bonds are exposed to fluctuation of market value. Those fair values, financial status of the issuers and so on are checked regularly. Accounts receivable-other is mainly credit other than accounts receivable associated with operating transactions and most of the accounts are collected in short term and detail of the balance is reviewed on monthly basis.

Bonds payable, loans payable and commercial papers are mainly for procurement for operating funds and the Company mainly enters into interest rate swap agreements and manages to fix its interest cost to hedge the risk from interest volatility related to long-term loans payable.

Execution and control of derivative transaction is held in accordance with the Company's bylaw where its purpose, action and control of such transaction are clearly stated and derivative transactions shall not be used for speculative purpose.

(2) Estimated fair value of financial instruments

Book value on consolidated balance sheet, fair value and the difference as of March 31, 2025 are as follows:

	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥360,808	¥358,378	¥(2,430)
(2) Securities and investment securities			
Other securities	15,099	15,099	—
Total Assets	¥375,907	¥373,477	¥(2,430)
Liabilities			
(1) Bonds payable (*3)	¥ 41,000	¥ 40,331	¥ (669)
(2) Long-term loans payable (*3)	68,275	67,868	(407)
Total Liabilities	¥109,275	¥108,199	¥(1,076)
Derivative transaction (*4)	¥28	¥28	¥—

(*1) "Cash and deposits", "Accounts receivable-other", "Accounts payable for construction contracts and other", "Short-term loans payable", and "Commercial papers" are not described because they are in cash or their fair values approximate their book values due to their short maturities.
(*2) Stocks with no market price (balance on consolidated balance sheet ¥2,764 million) are not included in "Securities and investment securities".
(*3) Bonds payable and long-term loans payable includes the current portion of bonds payable and long-term loans payable.
(*4) The debit and credit balances recorded by derivative transaction are offset each other.

(Note 1) Redemption schedule for receivables and marketable securities with maturities at March 31, 2025

	Millions of yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and deposits				
Deposits	¥ 57,240	¥ —	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	269,741	91,067	—	—
Accounts receivable-other	36,446	—	—	—
Total	¥363,427	¥91,067	¥—	¥—

(Note 2) The redemption schedule for short-term and long-term loans, and bonds payable is disclosed in Note 9.

Book value on consolidated balance sheet, fair value and the difference as of March 31, 2026 are as follows:

	Millions of yen		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥368,179	¥365,058	¥(3,121)
(2) Securities and investment securities			
Other securities	21,306	21,306	—
Total Assets	¥389,485	¥386,364	¥(3,121)
Liabilities			
(1) Bonds payable (*3)	¥ 51,000	¥ 50,000	¥(1,000)
(2) Long-term loans payable (*3)	92,775	91,412	(1,363)
Total Liabilities	¥143,775	¥141,412	¥(2,363)
Derivative transaction (*4)	¥ 6	¥ 6	¥ —

	Thousands of U.S. dollars		
	Book value on consolidated B/S	Fair value	Difference
Assets			
(1) Notes receivable, accounts receivable from completed construction contracts and other	$2,302,124	$2,282,609	$(19,515)
(2) Securities and investment securities			
Other securities	133,222	133,222	—
Total Assets	$2,435,346	$2,415,831	$(19,515)
Liabilities			
(1) Bonds payable (*3)	$ 318,890	$ 312,637	$ (6,253)
(2) Long-term loans payable (*3)	580,098	571,573	(8,525)
Total Liabilities	$ 898,988	$ 884,210	$(14,778)
Derivative transaction (*4)	$ 36	$ 36	$ —

(*1) "Cash and deposits", "Accounts receivable-other", "Accounts payable for construction contracts and other", "Short-term loans payable", and "Commercial papers" are not described because they are in cash or their fair values approximate their book values due to their short maturities.
(*2) Stocks with no market price (balance on consolidated balance sheet ¥2,762 million (U.S. $ 17,271 thousand)) are not included in "Securities and investment securities".
(*3) Bonds payable and long-term loans payable includes the current portion of bonds payable and long-term loans payable.
(*4) The debit and credit balances recorded by derivative transaction are offset each other.

(Note 1) Redemption schedule for receivables and marketable securities with maturities at March 31, 2026

	Millions of yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and deposits				
Deposits	¥ 71,741	¥ —	¥—	¥—
Notes receivable, accounts receivable from completed construction contracts and other	305,085	63,094	—	—
Accounts receivable-other	42,553	—	—	—
Total	¥419,379	¥63,094	¥—	¥—

	Thousands of U.S. dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and deposits				
Deposits	$ 448,576	$ —	$—	$—
Notes receivable, accounts receivable from completed construction contracts and other	1,907,613	394,510	—	—
Accounts receivable-other	266,071	—	—	—
Total	$2,622,260	$394,510	$—	$—

(Note 2) The redemption schedule for short-term and long-term loans, and bonds payable is disclosed in Note 9.

(3) Matters concerning the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels, depending on the observability and materiality of the inputs used to calculate fair value.
Level 1 : Quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2 : Valuations measured by direct or indirect observable inputs other than Level 1
Level 3 : Valuations measured by significant unobservable inputs
When several inputs which make an important impact on for fair value measurement are used for fair value measurement, the level is determined based on the input that is the least important level in the fair value measurement as a whole.

・Financial instruments recorded on the consolidated balance sheet at fair value
As of March 31, 2025

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities Listed stocks	¥15,099	¥ —	¥—	¥15,099
Derivative transaction				
Currency related	—	33	—	33
Assets total	¥15,099	¥33	¥—	¥15,132
Derivative transaction				
Currency related	¥ —	¥ (5)	¥—	¥ (5)
Liabilities total	¥ —	¥ (5)	¥—	¥ (5)

As of March 31, 2026

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities Listed stocks	¥21,306	¥ —	¥—	¥21,306
Derivative transaction				
Currency related	—	34	—	34
Assets total	¥21,306	¥ 34	¥—	¥21,340
Derivative transaction				
Currency related	¥ —	¥(28)	¥—	¥ (28)
Liabilities total	¥ —	¥(28)	¥—	¥ (28)

	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities Listed stocks	$133,222	$ —	$—	$133,222
Derivative transaction				
Currency related	—	212	—	212
Assets total	$133,222	$ 212	$—	$133,434
Derivative transaction				
Currency related	$ —	$(176)	$—	$ (176)
Liabilities total	$ —	$(176)	$—	$ (176)

・Financial instruments other than those recorded on the consolidated balance sheet at fair value
As of March 31, 2025

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥—	¥358,378	¥—	¥358,378
Assets total	¥—	¥358,378	¥—	¥358,378
Bonds payable	¥—	¥ 40,331	¥—	¥ 40,331
Long-term loans payable	—	67,868	—	67,868
Liabilities total	¥—	¥108,199	¥—	¥108,199

As of March 31, 2026

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥—	¥365,058	¥—	¥365,058
Assets total	¥—	¥365,058	¥—	¥365,058
Bonds payable	¥—	¥ 50,000	¥—	¥ 50,000
Long-term loans payable	—	91,412	—	91,412
Liabilities total	¥—	¥141,412	¥—	¥141,412

	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	$—	$2,282,609	$—	$2,282,609
Assets total	$—	$2,282,609	$—	$2,282,609
Bonds payable	$—	$ 312,637	$—	$ 312,637
Long-term loans payable	—	571,573	—	571,573
Liabilities total	$—	$ 884,210	$—	$ 884,210

(Note) Description of valuation techniques and inputs used in the calculation of fair value

Securities and investment securities
Listed stocks and government bonds are valued based on quoted market prices. Since listed stocks and government bonds are traded in active markets, their fair value is classified as Level 1 fair value.
Derivative transaction
The fair value of derivative transactions is calculated based on the prices posted by the counterparty financial institutions and classified as Level 2 fair value.
The fair value of interest rate swaps that qualify for special treatment is included in the fair value of the relevant borrowings because they are accounted for as an integral part of Long-term loans payable that are hedged (see "Long-term loans payable" below).
Notes receivable, accounts receivable from completed construction contracts and other
The fair value of these receivables is calculated based on the present value of each receivable classified by a certain period of time, discounted by the interest rate that takes into account the period until maturity and credit risk, and is classified as Level 2 fair value.
Bonds payable
The fair value of the bonds payable issued by the Company is based on quoted market prices. The fair value of the bonds payable is classified as Level 2 fair value because the bonds payable have quoted market prices but are not traded in an active market.
Long-term loans payable
The fair value of these loans is calculated by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar new issue or borrowing, and is classified as Level 2 fair value. Long-term loans payable with floating interest rates mainly qualify for special treatment as interest rate swaps (see "Derivative transaction" above), and are calculated by discounting the total amount of principal and interest accounted for together with the interest rate swaps by the reasonably estimated interest rate that would be applicable if similar borrowings were made.

22. Segment information

(Segment information)
1. General information about reportable segments
The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.
The Company is organized into business units based on their products and services and has 3 reported segments as follows:
(1) Domestic civil engineering segment ················· Construction of domestic civil engineering and other
(2) Domestic building construction segment ············ Construction of domestic building construction and other
(3) Overseas segment ···································· Construction of overseas and other

2. Information about basis of measurement of reported segment sales, income or loss, assets, and other items
The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies in Note 3. Segment performance is evaluated based on operating income or loss.
Intersegment sales and transfers are based on prevailing market price.
The Company do not allocate assets to business segments.

3. Information about amount of reportable segment sales, income or loss, assets and other items and disaggregation on the revenue

	Millions of yen							
	Reportable segment							
Year ended March 31, 2025	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total	Other (Note1)	Total	Adjustments (Note2)	Recorded amount on consolidated statement of income (Note3)
Net sales:								
Japan	¥307,275	¥254,548	¥ —	¥561,823	¥12,196	¥574,019	¥ —	¥574,019
Southeast Asia	—	—	145,049	145,049	1,434	146,483	—	146,483
Other	—	—	6,748	6,748	—	6,748	—	6,748
Revenue from contracts with customers	307,275	254,548	151,797	713,620	13,630	727,250	—	727,250
Revenue from other	8	1	—	9	233	242	—	242
Sales to third parties	307,283	254,549	151,797	713,629	13,863	727,492	—	727,492
Intersegment sales and transfers	224	33	—	257	2,788	3,045	(3,045)	—
Total	307,507	254,582	151,797	713,886	16,651	730,537	(3,045)	727,492
Segment income(loss)	27,772	9,005	(15,603)	21,174	519	21,693	5	21,698
Other item:								
Depreciation	4,901	521	2,768	8,190	494	8,684	(3)	8,681

Notes
(1) Division of "Other" includes domestic real estate development, shipbuilding, leasing business, insurance business and environment business.
(2) The adjustment of segment income (loss) is intersegment elimination.
(3) Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

Millions of yen

Year ended March 31, 2026	Reportable segment: Domestic civil engineering segment	Reportable segment: Domestic building construction segment	Reportable segment: Overseas segment	Reportable segment: Total	Other (Note1)	Total	Adjustments (Note2)	Recorded amount on consolidated statement of income (Note3)
Net sales:								
Japan	¥324,854	¥273,430	¥ —	¥598,284	¥13,036	¥611,320	¥ —	¥611,320
Southeast Asia	—	—	172,970	172,970	—	172,970	—	172,970
Other	—	—	8,844	8,844	—	8,844	—	8,844
Revenue from contracts with customers	324,854	273,430	181,814	780,098	13,036	793,134	—	793,134
Revenue from other	1,033	1	—	1,034	138	1,172	—	1,172
Sales to third parties	325,887	273,431	181,814	781,132	13,174	794,306	—	794,306
Intersegment sales and transfers	309	6	—	315	2,766	3,081	(3,081)	—
Total	326,196	273,437	181,814	781,447	15,940	797,387	(3,081)	794,306
Segment income(loss)	40,201	16,813	(3,236)	53,778	1,523	55,301	3	55,304
Other item:								
Depreciation	5,189	628	3,581	9,398	532	9,930	(2)	9,928

Thousands of U.S. dollars

Year ended March 31, 2026	Reportable segment: Domestic civil engineering segment	Reportable segment: Domestic building construction segment	Reportable segment: Overseas segment	Reportable segment: Total	Other (Note1)	Total	Adjustments (Note2)	Recorded amount on consolidated statement of income (Note3)
Net sales:								
Japan	$2,031,225	$1,709,688	$ —	$3,740,913	$81,512	$3,822,425	$ —	$3,822,425
Southeast Asia	—	—	1,081,538	1,081,538	—	1,081,538	—	1,081,538
Other	—	—	55,299	55,299	—	55,299	—	55,299
Revenue from contracts with customers	2,031,225	1,709,688	1,136,837	4,877,750	81,512	4,959,262	—	4,959,262
Revenue from other	6,463	4	—	6,467	859	7,326	—	7,326
Sales to third parties	2,037,688	1,709,692	1,136,837	4,884,217	82,371	4,966,588	—	4,966,588
Intersegment sales and transfers	1,930	36	—	1,966	17,298	19,264	(19,264)	—
Total	2,039,618	1,709,728	1,136,837	4,886,183	99,669	4,985,852	(19,264)	4,966,588
Segment income(loss)	251,366	105,127	(20,233)	336,260	9,525	345,785	19	345,804
Other item:								
Depreciation	32,445	3,926	22,392	58,763	3,329	62,092	(18)	62,074

Notes
(1) Division of "Other" includes domestic real estate development, shipbuilding, leasing business, insurance business and environment business.
(2) The adjustment of segment income (loss) is intersegment elimination.
(3) Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

(Related information)
For the year ended March 31, 2025
1. Information of each products and service
Please refer to above

2. Geographical information
(1) Net sales

Japan	Southeast Asia	Other	Total
¥574,163 million	¥146,580 million	¥6,749 million	¥727,492 million

Note 1. Net sales are based on customer location, and are divided by country or region.
2. Net sales in Souheast Asia include ¥96,553 million in Singapore.

(2) Property, plant and equipment

Japan	Southeast Asia	Other	Total
¥110,485 million	¥14,536 million	¥12,291 million	¥137,312 million

Note: Property, plant and equipment in Southeast Asia includes ¥13,812 million in Singapore.

3. Each main customer

Name of Customer	Net sales	Related segment
Ministry of Land, Infrastructure, Transport and Tourism in Japan	¥105,158 million	Domestic civil engineering segment Domestic building construction segment

For the year ended March 31, 2026
1. Information of each products and service
Please refer to above.

2. Geographical information
(1) Net sales

Japan	Southeast Asia	Other	Total
¥611,464 million $3,823,325 thousand	¥173,998 million $1,087,965 thousand	¥8,844 million $55,299 thousand	¥794,306 million $4,966,588 thousand

Note 1. Net sales are based on customer location, and are divided by country or region.
2. Net sales in Souheast Asia include ¥134,966 million (U.S. $ 843,906 thousand) in Singapore.

(2) Property, plant and equipment

Japan	Southeast Asia	Other	Total
¥167,384 million $1,046,606 thousand	¥16,174 million $101,130 thousand	¥31,918 million $199,579 thousand	¥215,476 million $1,347,315 thousand

Note: Property, plant and equipment in Other includes ¥31,643 million (U.S. $ 197,853 thousand) in Denmark.

3. Each main customer

Name of Customer	Net sales	Related segment
Ministry of Land, Infrastructure, Transport and Tourism in Japan	¥119,390 million $746,512 thousand	Domestic civil engineering segment Domestic building construction segment
Government of Singapore	¥90,169 million $563,801 thousand	Overseas segment
Ministry of Defence in Japan	¥84,668 million $529,406 thousand	Domestic civil engineering segment Domestic building construction segment

(Information related to Impairment loss on fixed assets by reportable segment)
For the year ended March 31, 2025
There is no impairment loss divided by reportable segment.
The amount and contents of the impairment loss which is not divided by reportable segment are omitted to disclose to Note 13 Extraordinary losses.

For the year ended March 31, 2026
None

(Information related to the amortization of goodwill and unamortized balances)

For the year ended March 31, 2025

	Millions of yen						
	Reportable segment						
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total	Other	Adjustments	Total
Amortization	¥—	¥—	¥214	¥214	¥—	¥—	¥214
Balance at the end of current period	—	—	653	653	—	—	653

Note: impairment loss was recorded for ¥542 million of goodwill.

For the year ended March 31, 2026

	Millions of yen						
	Reportable segment						
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total	Other	Adjustments	Total
Amortization	¥—	¥—	¥116	¥116	¥—	¥—	¥116
Balance at the end of current period	—	—	558	558	—	—	558

	Thousands of U.S. dollars						
	Reportable segment						
	Domestic civil engineering segment	Domestic building construction segment	Overseas segment	Total	Other	Adjustments	Total
Amortization	$—	$—	$728	$728	$—	$—	$728
Balance at the end of current period	—	—	3,489	3,489	—	—	3,489

(Information related to gains on negative goodwill by reportable segments)

For the year ended March 31, 2025

None

For the year ended March 31, 2026

None

23. Amounts per share

1. Per share information is summarized as follows:

	Yen		U.S. dollars
	2025	**2026**	**2026**
Net assets excluding non-controlling interests per share	¥610.56	**¥726.03**	**$4.54**
Net income attributable to owners of parent per share	44.12	**125.58**	**0.79**

Basic net income attributable to owners of parent per share is calculated by the weighted average number of outstanding common stocks during the year. Incidentally, shares held by BBT are included in treasury shares to be deducted from the average number of shares during of the year in calculating it. The average number of treasury shares issued and outstanding at March 31, 2025 and 2026 were 3,610 thousand and 9,763 thousand, including 929 thousand and 880 thousand of shares and held by BBT, respectively.

Basic net assets excluding non-controlling interests per share are calculated by the number of outstanding common stocks at the end of the year. Incidentally, shares held by BBT are included in treasury shares to be deducted from the number of shares at the end of the year in calculating it. The number of treasury shares issued and outstanding at March 31, 2025 and 2026 were 4,204 thousand and 12,930 thousand, including 926 thousand and 872 thousand of shares and held by BBT, respectively.

2. For the year ended March 31, 2025 and 2026, diluted net income attributable to owners of parent per share is not disclosed, because the dilutive potential of shares of common stock is none.

24. Significant subsequent events

1. Acquisition of treasury shares

The Company resolved the item related to the acquisition of treasury shares at the Board of Directors Meeting held on May 8, 2026, in accordance with the Article 156 of the Companies Act, which is applicable as the replacement of Article 165, Paragraph 3 of the said Act, as detailed below.The acquisition was completed on July 1, 2026.

(1) Reason for acquisition of treasury shares

The Company decided to acquire its treasury shares in order to enhance the shareholders' value per share and to improve the capital efficiency.

(2) Matters concerning acquisition of treasury shares

Type of shares to be acquired	Common stock of the Company
Number of shares to be acquired	Up to 3,600 thousand shares (1.3% of the total outstanding shares excluding treasury shares)
Total cost of acquisition	Up to ￥5,000 million
Period of acquisition	From May 11, 2026 to July 31, 2026
Method of acquisition	Market purchases on the Tokyo Stock Exchange

(3) Result of acquisition

Type of shares acquired	Common stock of the Company
Number of shares acquired	2,796,000 shares
Total amount of shares acquired	4,999,855,850 yen
Period of acquisition	From May 11, 2026 to July 1, 2026
Method of acquisition	Market purchases on the Tokyo Stock Exchange

2. Introduction of Japanese Employee Stock Ownership Plan (J-ESOP)

The Company resolved the item related to introduce a trust-based incentive scheme "Japanese Employee Stock Ownership Plan (J-ESOP) "(the "Plan", and the trust to be established based on the trust agreement concluded with Mizuho Trust and Banking Co., Ltd. in connection with the Plan will be referred to as the Trust") at the Board of Directors Meeting held on August 19, 2026, as detailed below.

(1) Reason for the introduction

In the new Medium-Term Management Plan (FY 2026-2028), the Company envisions becoming "a Genuine Global General Contractor who Practices Sustainability Management and Builds New Horizons in Construction," and has established it as the goal to aim for. In light of this target, we have considered various incentive plans that encourage employees to pursue greater challenges and ensure appropriate remuneration for their achievements. To this end, we have decided to introduce the Plan, which provides employees with the Company's shares and links their remuneration more closely to stock price appreciation.

The Plan is expected to elevate the Eligible Employees' awareness of our stock price and business performance, thereby fostering a strengthened commitment to the enhancement of medium- to long-term corporate value.

(2) Outline of the System

The Plan is a trust-type incentive scheme modeled after the Employee Stock Ownership Plan (ESOP) widely adopted by U.S. companies. Under the "Rules of the Stock Ownership Plan" established by the Company, the Eligible Employees who meet specific criteria shall receive the Company's shares or a cash equivalent based on the market price at the time (the "Company's Shares, etc.").

The Company grants points to the Eligible Employees based on business performance and other factors. Upon satisfying certain vesting conditions, the Eligible Employees will receive the Company's Shares, etc., in proportion to their accumulated points. To fulfill its future obligations under the Plan, the Company will acquire the necessary shares through a trust, using funds specifically reserved and separately managed as trust assets.

(3) Outline of the Trust

Name	Japanese Employee Stock Ownership Plan (J-ESOP)
Trustor	Penta-Ocean Construction Co., Ltd.
Trustee	Mizuho Trust and Banking Co., Ltd.
Sub-trustee	Custody Bank of Japan, Ltd.
Beneficiaries	The Eligible Employees of the Company who satisfy the beneficiary requirement stipulated in the Rules of the Stock Ownership Plan
Trust administrator	To be selected from among employees of the company
Type of trust	Monetary trust other than a specified money trust (Third-party beneficiary trust)
Purpose of the Trust	To deliver the Company's shares to beneficiaries in accordance with the Rules of the Stock Ownership Plan
Date of the trust agreement	September 4, 2026
Date of funding	September 4, 2026
Trust period	From September 4, 2026 until the termination of the Trust (no specific expiration date is set, as the Trust shall remain in effect for as long as the Plan continues)

(4) Matter concerning acquisition of the Company's shares by the Trust

Type of shares to be acquired	Common stock of the Company
Amount of money to be trusted for acquiring shares	850,000,000 yen
Maximum number of shares to be acquired	472,200 shares
Period of acquisition	From September 4, 2026 to September 30, 2026 (scheduled)
Method of acquisition	Acquisition via stock market transactions

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Independent Auditor's Report

The Board of Directors
PENTA-OCEAN CONSTRUCTION CO., LTD.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PENTA-OCEAN CONSTRUCTION CO., LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as at March 31, 2026, 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.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, 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.

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Estimation of total construction revenue and total construction costs using the method of recognizing revenue over time	
Description of Key Audit Matter	**Auditor's Response**
PENTA-OCEAN CONSTRUCTION CO., LTD. (the "Company") and its consolidated subsidiaries primarily engage in domestic civil engineering, domestic building construction and overseas construction, and enter into long-term contracts with customers to cater to the specifications of customers over certain periods of time. As described in "(15) Recognition of major income and expense" under Note 3 "Summary of significant accounting policies" to the consolidated financial statements, the performance obligations on completion of projects and delivery to the customers based on construction contracts with the customers under the construction business, which is the main business, are determined to be satisfied over time mainly because the control is transferred to the customers with the progress of projects. The revenues are recognized over time in accordance with the progress based on satisfaction of performance obligations (progress toward completion of construction). The Company's net sales of completed construction contracts using the method of recognizing revenue over time amounts to 711,299 million yen, covering 89.5% of total net sales of 794,306 million yen in the Consolidated Statements of Income, for the fiscal year ended March 31, 2026. Net sales of completed construction contracts using the method of recognizing revenue over time is measured by multiplying total construction revenue by progress toward completion of construction. Total construction revenue is determined by adding the amounts agreed in contracts and estimated amounts substantially agreed with customers with whom contracts have not yet been entered into. Further, the measurement of progress towards completion of construction is determined based on the ratio of construction costs incurred (costs incurred) for construction performed up to the end of the fiscal year compared to the estimated total construction costs.	We mainly performed the following audit procedures to evaluate the adequacy of estimates of total construction revenue and total construction costs used in applying the method of recognizing revenue over time and recognizing provision for loss on construction contracts by the Company. (1) Evaluation of internal control We evaluated the design and operating effectiveness of the following internal controls relating to estimates of total construction revenue and total construction costs. ① Total construction revenue The process in which documents indicating the amounts of consideration based on substantial agreements made between parties and details of such agreements, which form the basis of estimates of the amounts for which contracts have not yet been entered into with customers, are prepared by persons in charge of the construction work who have specialized knowledge and are approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work. ② Total construction costs ・ The process in which operating budgets, which form the basis of estimates of the total construction costs, are prepared by persons in charge of the construction work who have specialized knowledge and are approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work. ・ The process for verifying that each element of the total construction costs is calculated by accumulating in detail objective prices, such as standard unit prices approved internally and quotations obtained from external sources.

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The calculation method for measuring net sales of completed construction contracts using the method of recognizing revenue over time is as shown below. Net sales of completed construction contracts ＝ Total construction revenue ×Progress towards completion of construction $\left(\frac{\text{Costs incurred}}{\text{Total construction costs}}\right)$ As described in Note 4 "Notes on accounting estimates", if it is likely that total construction cost will exceed total construction revenue and if the amount can be reasonably estimated, then the amount resulting from deducting the profit or loss already recorded from the expected amount of the excess of costs over revenue is accounted for as provision for loss on construction contracts. The Company's provision for loss on construction contracts amounts to 6,170 million yen, representing the entire provision for loss on construction contracts in the Consolidated Balance Sheets at the end of the current fiscal year ended March 31, 2026. (1) Total construction revenue Although construction contracts may potentially be modified due to new agreements with customers during construction, there are cases where the amounts of such modifications are not determined each time the modifications of construction contracts are made. Accordingly, with regards to changes in consideration, if modifications to construction contracts that have not yet been entered into are to be included in total construction revenue, it is necessary to reliably estimate the amount of consideration based on substantial agreements made among parties and the details of such agreements. Determinations of whether agreements are substantial and estimates of amounts of consideration involve subjectivity since they are based on discussions with customers and thus involve uncertainty.	・ The process for estimating the total construction costs timely and appropriately in accordance with the status of construction work, the status of construction costs actually incurred versus the budget, and changes in specifications instructed by customers. ・ The process in which the profit or loss for each construction contract is reported at the closing date by persons in charge of the construction work and is approved by authorized persons who are responsible for the reliability of the profit and loss management of the construction work. (2) Evaluation of the adequacy of estimates We identified those construction contracts that involve a relatively high degree of uncertainty over the estimates of the total construction revenue and total construction costs, in light of factors such as the scale of construction, profit and loss on construction, and status of construction work, and performed the following audit procedures as a response to the uncertainties of each construction contract. ① Total construction revenue ・ For estimates of amounts for which contracts have not yet been entered into with customers, we inspected documents such as work order from customers, order to commence work in advance, minutes of negotiations with customers, and quotations, and evaluated the status of agreements with customers and amount of consideration thereof. ・ We evaluated the process for estimating the total construction revenue by comparing prior estimates of amounts for which contracts have not yet been entered into with customers with the subsequent status of the contracts or re-estimated amounts.

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(2) Total construction costs Considering that construction contracts are highly individual and carried out in accordance with fundamental specifications and work details instructed by customers, it is difficult to apply a uniform rule for making estimates of total construction costs. Accordingly, estimates of total construction costs involve certain assumptions and judgments that are based on specialized knowledge and experience in construction, and thus involve uncertainty. Further, given that constructions are generally long-term in nature, there may be potential modifications in construction contracts, changes in weather and sea conditions and fluctuations in construction material prices and labor prices during construction, thus making timely and appropriate revisions of total construction costs complex. Based on the above, we have determined the estimation of total construction revenue and total construction costs, which is a component in calculating progress toward completion of construction, to be a key audit matter due to its particular significance for the fiscal year ended March 31, 2026.	② Total construction costs ・ We inspected the most recent operating budget prepared in a timely manner that serve as the basis for the estimate of the total construction costs, and examined whether the estimated costs were consistent with the content of the construction contracts, calculated by accumulating the construction costs by category of work, and whether unusual amounts of adjustment items were not included in the operating budget. ・ We compared the prior estimate of the total construction costs with the estimate at the closing date, and for the changes in costs above a certain threshold, we examined whether the details of such changes were consistent with the current status of construction work by making inquiries regarding the reasons for the revisions, and reconciling the changes with the work schedules, quotations from subcontractors, and other documents. ・ We made inquiries regarding the status of the construction, the existence of events resulting in changes to the total construction costs, and the determination of whether revisions to the total construction costs were necessary, and examined whether the responses were consistent with the work schedules and the construction costs incurred. ・ We inspected construction sites of certain contracts (including remote inspections) and examined whether the status of construction was consistent with the estimate of the total construction costs and progress towards completion of construction. ・ We evaluated the process for estimating the total construction costs by comparing the prior estimate of total construction costs with the subsequent outcome of total construction costs or re-estimated amounts. In addition, using a progress anomaly detection tool (tool that leverages machine learning to detect or predict abnormal construction progress for projects where the method of satisfying performance obligations

	and recognizing revenue over time based on forecasts of progress towards completion of construction is applied, instances of construction contracts whose total construction costs exceed total construction revenue, and any unusual timing of cost incurrence), construction projects were identified in which the actual progress exceeded a certain threshold ahead of the expected progress, and we made inquiries, inspected the work schedule and payment control sheets, and determined work categories causing any variation in construction progress for contracts. Furthermore, we reconciled the invoices, construction progress assessment reports, and other documents from subcontractors in charge of specific work categories, inspected on-site photos showing the construction status near the fiscal year end, and examined whether they were consistent with the actual progress of the construction work.

Other Information

The other information comprises the information included in the FINANCIAL STATEMENTS that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate 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.
- 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 expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate 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 accordance with accounting principles generally accepted in Japan.

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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements 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 to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate 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 U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of PENTA-OCEAN CONSTRUCTION CO., LTD. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are 126 million yen and 25 million yen, respectively.

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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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 26, 2026

/s/ 中川 政人
Masato Nakagawa
Designated Engagement Partner
Certified Public Accountant

/s/ 大石 晃一郎
Koichiro Oishi
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets (Unaudited)

Penta-Ocean Construction Co., Ltd.
As of March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Current assets:			
Cash and deposits	¥ 51,195	**¥ 64,365**	**$ 402,457**
Trade receivables:			
Electronically recorded monetary claims	3,028	**3,145**	**19,664**
Accounts	373,312	**385,183**	**2,408,448**
Subsidiaries and affiliates	7,521	**17,966**	**112,334**
Inventories:			
Costs on uncompleted construction contracts	15,771	**12,467**	**77,953**
Real estate for sale and development projects in progress	435	**434**	**2,714**
Raw materials and supplies	1,280	**1,399**	**8,747**
Short-term loans receivable from subsidiaries and affiliates	3,840	**6,278**	**39,256**
Other	6,542	**16,771**	**104,868**
Allowance for doubtful accounts	(932)	**(1,954)**	**(12,218)**
Total current assets	461,992	**506,054**	**3,164,223**
Non-current assets:			
Property, plant and equipment:			
Land	31,475	**31,475**	**196,806**
Buildings and structures	37,821	**38,473**	**240,562**
Machinery, equipment and vehicles	21,386	**23,598**	**147,555**
Dredgers and vessels	42,627	**42,613**	**266,445**
Construction in progress	29,096	**93,044**	**581,778**
Other	322	**300**	**1,875**
Total property, plant and equipment	162,727	**229,503**	**1,435,021**
Less: Accumulated depreciation	(78,631)	**(81,788)**	**(511,400)**
Property, plant and equipment — net	84,096	**147,715**	**923,621**
Intangible assets:	1,378	**1,321**	**8,262**
Investments and other assets:			
Shares of subsidiaries and affiliates	17,523	**16,717**	**104,527**
Investment securities	17,836	**24,041**	**150,324**
Long-term loans receivable from employees	—	**1**	**6**
Long-term loans receivable from subsidiaries and affiliates	15,851	**28,682**	**179,340**
Deferred tax assets	4,046	**3,245**	**20,290**
Other	11,455	**12,731**	**79,603**
Allowance for doubtful accounts	(4,245)	**(4,725)**	**(29,544)**
Total investments and other assets	62,466	**80,692**	**504,546**
Total non-current assets	147,940	**229,728**	**1,436,429**
Total assets	¥609,932	**¥735,782**	**$4,600,652**

	Millions of yen		Thousands of U.S. dollars
	2025	2026	2026
Current liabilities:			
Short-term loans payable			
Bank	¥ 44,739	**¥ 40,927**	**$ 255,905**
Commercial papers	9,961	**9,930**	**62,088**
Current portion of long-term loans payable and bonds payable	20,622	**20,622**	**128,944**
Trade payable:			
Accounts	137,174	**141,196**	**882,860**
Subsidiaries and affiliates	13,294	**13,814**	**86,376**
Advance received on uncompleted construction contracts	28,538	**38,308**	**239,531**
Deposits received	98,722	**132,373**	**827,694**
Income taxes payable	1,738	**15,680**	**98,044**
Provision for loss on construction contracts	5,624	**6,171**	**38,583**
Provision for warranties for completed construction	1,240	**1,081**	**6,761**
Provision for bonuses	2,999	**3,235**	**20,228**
Other	2,705	**2,626**	**16,420**
Total current liabilities	367,356	**425,963**	**2,663,434**
Non-current liabilities:			
Bonds payable	31,000	**41,000**	**256,362**
Long-term loans payable	49,032	**58,349**	**364,841**
Long-term deposits received	13,723	**43,212**	**270,195**
Provision for retirement benefits	750	**1,174**	**7,339**
Provision for board benefit trust	492	**565**	**3,536**
Deferred tax liabilities for land revaluation	3,788	**3,788**	**23,683**
Other	230	**168**	**1,050**
Total non–current liabilities	99,015	**148,256**	**927,006**
Total liabilities	466,371	**574,219**	**3,590,440**
Net assets:			
Capital stock	30,450	**30,450**	**190,395**
Authorized - 599,135,000 shares			
Issued shares - 286,013,910 shares in 2025 and 2026			
Capital surplus			
Legal capital surplus	12,380	**12,380**	**77,406**
Other capital surplus	6,007	**6,007**	**37,561**
Total capital surplus	18,387	**18,387**	**114,967**
Retained earnings			
Reserve for advanced depreciation of non-current assets	57	**52**	**328**
General reserve	65,000	**70,000**	**437,691**
Retained earnings brought forward	23,531	**42,060**	**262,988**
Total retained earnings	88,588	**112,112**	**701,007**
Less: Treasury share	(2,760)	**(12,721)**	**(79,540)**
Valuation difference on available-for-sale securities	5,007	**9,442**	**59,041**
Deferred gains or losses on hedges	19	**23**	**146**
Revaluation reserve for land	3,870	**3,870**	**24,196**
Total net assets	143,561	**161,563**	**1,010,212**
Total liabilities and net assets	¥609,932	**¥735,782**	**$4,600,652**

Non-Consolidated Statements of Income (Unaudited)

Penta-Ocean Construction Co., Ltd.
For the years ended March 31, 2025 and 2026

	Millions of yen		Thousands of U.S. dollars
	2025	**2026**	**2026**
Construction business:			
Net sales	¥668,769	**¥740,237**	**$4,628,504**
Cost of sales	626,551	**664,851**	**4,157,138**
Gross profit	42,218	**75,386**	**471,366**
Other:			
Net sales	300	**5,266**	**32,932**
Cost of sales	150	**3,897**	**24,369**
Gross profit	150	**1,369**	**8,563**
Total:			
Total net sales	669,069	**745,503**	**4,661,436**
Total cost of sales	626,701	**668,748**	**4,181,507**
Total gross profit	42,368	**76,755**	**479,929**
Selling, general and administrative expenses	23,572	**25,576**	**159,920**
Operating income	18,796	**51,179**	**320,009**
Non-operating income:			
Interest and dividends income	746	**594**	**3,713**
Interest and dividends income from subsidiaries and affiliates	1,520	**1,522**	**9,518**
Other	204	**426**	**2,667**
	2,470	**3,546**	**22,173**
Non-operating expenses:			
Interest expenses	2,355	**3,274**	**20,470**
Foreign exchange losses	632	**—**	**—**
Provision of allowance for doubtful accounts	484	**1,549**	**9,687**
Other	398	**740**	**4,630**
	3,869	**5,563**	**34,787**
Ordinary income	17,397	**49,162**	**307,395**
Extraordinary income	1,305	**154**	**965**
Extraordinary losses	2,518	**2,086**	**13,046**
Income before income taxes	16,184	**47,230**	**295,314**
Income taxes:			
Current	4,800	**16,804**	**105,074**
Deferred	565	**(1,201)**	**(7,517)**
Total income taxes	5,365	**15,603**	**97,557**
Net income	¥ 10,819	**¥ 31,627**	**$ 197,757**

Net income per share of common stock	Yen		U.S. dollars
Basic	¥ 38.31	**¥ 114.49**	**$ 0.72**