

TODA CORPORATION

FINANCIAL STATEMENTS 2025

Year ended March 31, 2025



Independent Auditor's Report

The Board of Directors

Toda Corporation

Opinion

We have audited the accompanying consolidated financial statements of Toda Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

Basis for Opinion

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

Key Audit Matters

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

Estimates of total construction costs	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
<p>In the building construction and civil engineering, etc., which are the Group's principal business, the Group has the performance obligations to construct buildings or structures, etc. and deliver the outcomes to customers based on construction contracts as described in Note 2.8). The Group has applied the method based on the percentage of costs incurred by the end of each reporting period to the total expected costs as a method of estimating the progress of construction works to the satisfaction of performance obligations. The portion of work completed by the method based on the percentage of costs were 479,279 million yen. In addition, the Group records a provision for loss on construction contracts that have not yet been delivered, for which losses are expected to be incurred as of the end of the current fiscal year and for which the amount can be reasonably estimated as described in Note 2.6).</p> <p>The method based on the percentage of costs is used to record portion of work completed and provision for losses on construction contracts, which is affected by estimates of total construction costs. Estimating total construction costs is highly individualized for each contract, and facts that become known after the start of the construction contract may exist or conditions at</p>	<p>To evaluate the reasonableness of estimates of total construction costs, we mainly performed the following audit procedures.</p> <ul style="list-style-type: none">• We understood the revenue and expenditure management system and the construction progress management system for each unit of construction revenue recognition developed by the Group, and evaluated the status of related internal control development and operation, including the approval of the execution budget at the time of formulation and update, which is the basis for estimating total construction costs.• As for the construction costs in the unit of construction revenue recognition selected based on certain criteria, we examined whether the total construction costs reflect the actual situation by examining whether there is any abnormality in the status of cost accrual and examining the appropriateness of deviation from the execution budget.• We examined the total construction costs to see if any unusual adjustment items were included in the total construction costs.

<p>the site may change, making timely and appropriate review of total construction costs complex. As a result, estimates of total construction costs are highly uncertain and management's judgment has a significant impact.</p> <p>Based on the above, we have determined estimates of total construction costs to be a key audit matter.</p>	<ul style="list-style-type: none"> • By inspecting the process control materials and asking questions, we identified important estimation factors related to specifications, construction period, etc. , and evaluated the manager's judgment regarding the effects of uncertainty in the estimation factors. • As for particularly important projects, we performed on-site observations and additional questioning to examine whether the progress of construction was consistent with the estimate of total construction costs and the progress toward completion of construction.
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Impairment of fixed assets and provisions related to the floating offshore wind power generation project	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
<p>As for the floating offshore wind power generation project, in which the Group has made and plans to make large investment as Environment and Energy segment, the business market itself is new and uncertain, and there is a risk that impairment of fixed assets will not be appropriately assessed or losses expected to occur in the future will not be appropriately accounted for, depending on achievement of the business plan or Company policy regarding this project.</p> <p>The company is constructing a floating offshore wind farm off the coast of Goto City, Nagasaki Prefecture, as one of its businesses. Due to the discovery of defects in facilities under construction, and the recoverable amount calculated based on the future value in use, including response costs, was lower than the book value, an impairment loss was recorded in the previous consolidated fiscal year.</p> <p>In the current consolidated fiscal year, the construction schedule has finally been finalized, and as a result of estimating the recoverable amount, an impairment loss of 52 million yen was recorded as an extraordinary loss in Company, as described in Note 9.8).</p> <p>Additionally, with the finalization of the construction schedule, the costs anticipated for additional payments to major component vendors and the estimated disposal costs associated with the review of the future use of fixed assets for construction were calculated. As a result, an extraordinary loss was recorded, including provision for loss on business of environment and energy of 1,474 million yen and an impairment loss of 494 million yen in the consolidated subsidiaries, as described in Note 9.8).</p> <p>The estimates of future value in use, future occurrence costs and disposal costs are subject to uncertainty and require management's judgment, therefore, we have determined this matter to be a key</p>	<p>In our audit of the impairment of fixed assets and provisions related to the floating offshore wind power generation project, we principally performed the following audit procedures.</p> <p>(Impairment loss)</p> <ul style="list-style-type: none"> • We reviewed related internal documents and questioned relevant personnel to confirm the final construction schedule for the floating offshore wind power plant and reviewed the future utilization of fixed assets for construction, ensuring that it was appropriately reported to the board of directors. • We examined whether the key assumptions used in recording impairment loss reflect the final schedule and the review of the future use of fixed assets for construction. • We reviewed contracts or quotations and conducted questions to the person in charge in order to verify consistency with the income plan. • Regarding construction costs with approved execution budgets, we evaluated the maintenance and operation of internal controls in the formulation of execution budgets as the basis for estimates, and then verified the consistency between the approved execution budgets and the expenditure plans. • Regarding operating expenses, we reviewed the quotations from prospective order recipients and verified consistency with the expenditure plan. • We verified that the discount rate is consistent with the rate of return on the business plan. <p>(Provision for loss on business of environment and energy)</p> <ul style="list-style-type: none"> • We reviewed related internal documents and questioned relevant personnel to confirm the review

audit matter.	<p>of the future use of fixed assets for construction, ensuring that it was appropriately reported to the board of directors.</p> <ul style="list-style-type: none"> • Regarding the additional costs expected to be paid to the major components vendors, we reviewed the estimates from the vendors and questioned relevant personnel concerning the status of negotiations with the vendors. • Regarding the estimates for the disposal of fixed assets for construction, we reviewed the internal estimates and questioned relevant personnel concerning the contents of the estimates.
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Other Information

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Convenience Translation

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

FIJIMI AUDIT CORPORATION
Chuo-ku, Tokyo, Japan
June 25, 2025

Toshio Saito
Designated Partner
Engagement Partner
Certified Public Accountant

Takeshi Morinaga
Designated Partner
Engagement Partner
Certified Public Accountant

Notes to the Reader of Independent Auditor's Report:

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

Independent Auditor's Report

The Board of Directors
Toda Corporation

Opinion

We have audited the accompanying non-consolidated financial statements of Toda Corporation ("the Company"), which comprise the non-consolidated balance sheet as of March 31, 2025, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

Basis for Opinion

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

Key Audit Matters

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

《Estimates of total construction costs》

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

《Impairment of fixed assets and provisions related to the floating offshore wind power generation project》

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

Other Information

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

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

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

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

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

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

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Convenience Translation

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

FUJIMI AUDIT CORPORATION
Chuo-ku, Tokyo, Japan
June 25, 2025

Toshio Saito
Designated Partner
Engagement Partner
Certified Public Accountant

Takeshi Morinaga
Designated Partner
Engagement Partner
Certified Public Accountant

Notes to the Reader of Independent Auditor's Report:

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

Consolidated Balance Sheets

Toda Corporation and consolidated Subsidiaries - As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
ASSETS			
Current assets:			
Cash and deposits (Notes 12)	¥ 113,810	¥ 82,964	\$ 554,872
Notes and accounts receivable - trade (Note 8.1), 5), 14 and 22)	222,602	271,023	1,812,623
Short-term investment securities (Notes 14 and 15)	600	6,201	41,478
Real estate for sale (Notes 8.10))	35,890	59,389	397,198
Costs on uncompleted construction contracts (Note 8.5) and 9))	13,273	14,113	94,393
Other inventories (Notes 8.10))	12,054	5,095	34,076
Other	25,837	22,309	149,204
Allowance for doubtful accounts (Notes 14)	(2,143)	(2,716)	(18,165)
Total current assets	421,924	458,380	3,065,682
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures, net (Notes 8.3), 5) and 10))	47,088	120,182	803,790
Machinery, vehicles, tools, furniture and fixtures, net (Notes 8.3), 5) and 10))	10,961	13,279	88,814
Land (Notes 8.3), 5), 8) and 10))	81,416	74,799	500,262
Lease assets, net	354	698	4,672
Construction in progress (Notes 8.10))	70,492	36,835	246,356
Total property, plant and equipment (Notes 8.2), 20 and 21)	210,313	245,795	1,643,896
Intangible assets:			
Goodwill	941	2,122	14,198
Other (Notes 8.10))	11,912	11,591	77,522
Total intangible assets (Notes 8.3))	12,854	13,714	91,721
Investments and other assets:			
Investment securities (Notes 8.4), 5), 14 and 15)	208,268	185,721	1,242,115
Long-term loans receivable (Notes 8.5) and 14)	6,549	7,143	47,773
Net defined benefit assets (Note 17)	5,548	6,003	40,149
Deferred tax assets (Note 18)	864	945	6,322
Other (Note 8.5))	5,855	6,241	41,743
Allowance for doubtful accounts	(118)	(372)	(2,488)
Total investments and other assets	226,967	205,682	1,375,616
Total noncurrent assets	450,135	465,191	3,111,233
Total assets	¥ 872,060	¥ 923,572	\$ 6,176,916

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
LIABILITIES			
Current liabilities:			
Notes and accounts payable - trade (Note 14)	¥ 97,140	¥ 93,177	\$ 623,174
Short-term loans payable (Notes 8.5) and 14)	74,103	65,572	438,553
Commercial papers-liabilities (Note 14)	—	5,000	33,440
Current portion of bonds payable (Notes 8.5) and 14)	30	10,165	67,984
Income taxes payable (Note 14)	7,695	9,920	66,346
Advances received on uncompleted construction contracts (Note 8.1) and 22)	38,142	58,715	392,695
Provision for bonuses	6,238	7,652	51,183
Provision for warranties for completed construction	3,672	3,446	23,050
Provision for loss on construction contracts (Note 8.9))	4,061	4,128	27,612
Deposits received	38,732	48,791	326,323
Other	25,659	23,749	158,835
Total current liabilities	295,476	330,319	2,209,199
Noncurrent liabilities:			
Bonds payable (Notes 8.5) and 14)	63,165	63,050	421,682
Long-term loans payable (Notes 8.5), 14 and 16)	89,272	111,681	746,933
Deferred tax liabilities (Note 18)	31,546	23,795	159,146
Deferred tax liabilities for land revaluation (Note 18)	5,831	5,202	34,793
Provision for directors' retirement benefits	109	127	853
Provision for stock payments for directors	676	831	5,562
Provision for loss on liquidation of subsidiaries and affiliates	13	17	117
Provision for loss on business of environment and energy	821	1,474	9,858
Net defined benefit liability (Note 17)	22,000	23,489	157,097
Asset retirement obligations (Note 20)	2,114	2,738	18,312
Other	5,508	7,647	51,148
Total noncurrent liabilities	221,059	240,055	1,605,507
Total liabilities	516,536	570,374	3,814,706
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	153,836
Capital surplus	26,786	27,240	182,188
Retained earnings	208,849	223,857	1,497,172
Treasury stock	(12,599)	(17,249)	(115,368)
Total shareholders' equity	246,037	256,849	1,717,828
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	92,805	73,323	490,391
Deferred gains on hedges	424	479	3,203
Revaluation reserve for land (Note 8.8))	2,741	4,100	27,427
Foreign currency translation adjustments	3,152	5,031	33,647
Remeasurements of defined benefit plans	3,357	2,443	16,340
Total accumulated other comprehensive income (Note 10)	102,481	85,377	571,011
Non-controlling interests	7,004	10,970	73,369
Total net assets	355,524	353,197	2,362,210
Total liabilities and net assets	¥ 872,060	¥ 923,572	\$ 6,176,916

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales:			
Net sales of construction contracts	¥ 487,656	¥ 526,025	\$ 3,518,094
Net sales of investment development business and other	34,778	60,635	405,535
Total net sales (Note 9.1))	522,434	586,661	3,923,630
Cost of sales:			
Cost of sales of construction contracts (Notes 9.2))	432,843	461,186	3,084,447
Cost of sales of investment development business and other (Notes 9.3))	26,493	48,676	325,548
Total cost of sales (Notes 9.4))	459,336	509,862	3,409,996
Gross profit:			
Gross profit on construction contracts	54,813	64,838	433,646
Gross profit on investment development business and other	8,284	11,959	79,987
Total gross profit	63,098	76,798	513,634
Selling, general and administrative expenses (Notes 9.4) and 5))	45,189	50,159	335,471
Operating income	17,908	26,638	178,162
Non-operating income:			
Interest income	2,211	1,424	9,530
Dividend income	4,182	4,477	29,946
Dividend income of insurance	238	282	1,889
Exchange gain	1,996	—	—
Other	929	851	5,696
Total non-operating income	9,558	7,036	47,062
Non-operating expenses:			
Interest expenses	1,349	2,088	13,968
Exchange loss	—	1,636	10,945
Commission fee	258	451	3,021
Other	374	410	2,743
Total non-operating expenses	1,983	4,587	30,679
Ordinary income	25,483	29,088	194,545
Extraordinary income:			
Gain on sales of investment securities (Note 15)	10,258	11,556	77,292
Other	788	101	677
Total extraordinary income	11,047	11,657	77,969
Extraordinary loss:			
Loss on abandonment of noncurrent assets (Note 9.7))	578	436	2,919
Impairment loss (Note 9.8))	5,185	1,023	6,842
Loss on valuation of investment securities (Note 15)	97	413	2,768
Loss on sale of shares of subsidiaries and affiliates	1,419	—	—
Provision for loss on business of environment and energy	821	1,474	9,858
Other	158	48	327
Total extraordinary losses	8,261	3,396	22,716
Profit before income taxes and non-controlling interests	28,269	37,349	249,798
Income taxes-current	10,054	13,356	89,332
Income taxes-deferred	1,400	(2,215)	(14,815)
Total income taxes (Note 18)	11,454	11,141	74,516
Profit for the year	16,815	26,208	175,281
Loss attributable to non-controlling interests	713	1,022	6,838
Profit for the year attributable to owners of the parent (Note 25)	¥ 16,101	¥ 25,185	\$ 168,443

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Profit for the year	¥ 16,815	¥ 26,208	\$ 175,281
Other comprehensive income			
Valuation difference on available-for-sale securities	20,015	(19,482)	(130,300)
Deferred gains or losses on hedges	272	23	157
Revaluation reserve for land	—	(138)	(928)
Foreign currency translation adjustment	5,138	1,531	10,243
Remeasurements of defined benefit plans	3,651	(979)	(6,551)
Share of other comprehensive income of entities accounted for using equity method	40	30	206
Total other comprehensive income (Note 10)	29,118	(19,014)	(127,172)
Comprehensive income	45,934	7,193	48,109
Comprehensive income attributable to			
Owners of the parent	44,834	6,583	44,033
Non-controlling interests	¥ 1,099	¥ 609	\$ 4,076

Consolidated Statements of Changes in Net Assets

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2024 and 2025

	Millions of yen												
						Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure- ments of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	shareholders' equity								
Balance at March 31, 2023	¥23,001	¥26,786	¥200,996	¥(7,625)	¥243,159	¥72,790	¥111	¥3,087	¥(1,567)	¥(327))	¥74,094	¥6,007	¥323,261
Changes during period													
Dividends from surplus	—	—	(8,595)	—	(8,595)	—	—	—	—	—	—	—	(8,595)
Profit for the year attributable to owners of the parent	—	—	16,101	—	16,101	—	—	—	—	—	—	—	16,101
Disposal of treasury stock	—	—	—	39	39	—	—	—	—	—	—	—	39
Purchase of treasury stock	—	—	—	(5,014)	(5,014)	—	—	—	—	—	—	—	(5,014)
Change in ownership interest of parent due to transactions with noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	345	—	345	—	—	—	—	—	—	—	345
Net changes of items other than shareholders' equity	—	—	—	—	—	20,015	312	(345)	4,719	3,684	28,386	997	29,384
Total changes of items during the period	—	—	7,852	(4,974)	2,878	20,015	312	(345)	4,719	3,684	28,386	997	32,262
Balance at March 31, 2024	¥23,001	¥26,786	¥208,849	¥(12,599)	¥246,037	¥92,805	¥424	¥2,741	¥3,152	¥3,357	¥102,481	¥7,004	¥355,524
Changes during period													
Dividends from surplus	—	—	(8,680)	—	(8,680)	—	—	—	—	—	—	—	(8,680)
Profit for the year attributable to owners of the parent	—	—	25,185	—	25,185	—	—	—	—	—	—	—	25,185
Disposal of treasury stock	—	58	—	353	412	—	—	—	—	—	—	—	412
Purchase of treasury stock	—	—	—	(5,003)	(5,003)	—	—	—	—	—	—	—	(5,003)
Change in ownership interest of parent due to transactions with noncontrolling interests	—	395	—	—	395	—	—	—	—	—	—	—	395
Reversal of revaluation reserve for land	—	—	(1,498)	—	(1,498)	—	—	—	—	—	—	—	(1,498)
Net changes of items other than shareholders' equity	—	—	—	—	—	(19,482)	54	1,359	1,878	(913)	(17,103)	3,965	(13,138)
Total changes of items during the period	—	454	15,007	(4,649)	10,811	(19,482)	54	1,359	1,878	(913)	(17,103)	3,965	(2,326)
Balance at March 31, 2025	¥23,001	¥27,240	¥223,857	¥(17,249)	¥256,849	¥73,323	¥479	¥4,100	¥5,031	¥2,443	¥85,377	¥10,970	¥353,197

	Thousands of U.S. dollars												
						Valuation difference on	Deferred			Foreign	Remeasure-	Total	
	Capital	Capital	Retained	Treasury	shareholders'	available-	gains or	Revaluation	currency	ments of	accumulated	Non-	Total net
	stock	surplus	earnings	stock	equity	for-sale	losses on	reserve for	translation	defined	other	controlling	assets
						securities	hedges	land	adjustments	benefit plans	income	interests	
Balance at March 31, 2024	\$153,836	\$179,151	\$1,396,801	\$ (84,269)	\$1,645,518	\$620,691	\$2,839	\$18,336	\$21,081	\$22,452	\$685,402	\$46,849	\$2,377,770
Changes during period													
Dividends from surplus	—	—	(58,052)	—	(58,052)	—	—	—	—	—	—	—	(58,052)
Profit for the year attributable to owners of the parent	—	—	168,443	—	168,443	—	—	—	—	—	—	—	168,443
Disposal of treasury stock	—	392	—	2,366	2,759	—	—	—	—	—	—	—	2,759
Purchase of treasury stock	—	—	—	(33,465)	(33,465)	—	—	—	—	—	—	—	(33,465)
Change in ownership interest of parent due to transactions with noncontrolling interests	—	2,644	—	—	2,644	—	—	—	—	—	—	—	2,644
Reversal of revaluation reserve for land	—	—	(10,019)	—	(10,019)	—	—	—	—	—	—	—	(10,019)
Net changes of items other than shareholders' equity	—	—	—	—	—	(130,300)	364	9,091	12,566	(6,112)	(114,390)	26,520	(87,869)
Total changes of items during the period	—	3,036	100,371	(31,099)	72,309	(130,300)	364	9,091	12,566	(6,112)	(114,390)	26,520	(15,560)
Balance at March 31, 2025	\$153,836	\$182,188	\$1,497,172	\$ (115,368)	\$1,717,828	\$490,391	\$3,203	\$27,427	\$33,647	\$16,340	\$571,011	\$73,369	\$2,362,210

Consolidated Statements of Cash Flows

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	¥ 28,269	¥ 37,349	\$ 249,798
Depreciation and amortization	6,881	7,978	53,363
Impairment loss	5,185	1,023	6,842
Amortization of goodwill	587	950	6,355
Increase (decrease) in allowance for doubtful accounts	(981)	453	3,035
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(1,128)	3	25
Increase (decrease) in net defined benefit liability	1,021	377	2,523
Decrease (increase) in net defined benefit asset	(221)	(800)	(5,353)
Increase (decrease) in other provision	(2,817)	1,376	9,206
Loss (gain) on valuation of investment securities	97	413	2,768
Loss (gain) on sales of investment securities	(10,237)	(11,551)	(77,255)
Loss (gain) on sale of shares of subsidiaries and affiliates	1,419	—	—
Loss (gain) on sales of property, plant and equipment	(71)	(47)	(316)
Loss on abandonment of noncurrent assets	578	436	2,919
Share of loss (profit) of entities accounted for using equity method	68	152	1,021
Interest and dividend income	(6,393)	(5,902)	(39,477)
Interest expenses	1,349	2,088	13,968
Decrease (increase) in notes and accounts receivable-trade	61,936	(46,361)	(310,066)
Decrease (increase) in costs on uncompleted construction contracts	(895)	(374)	(2,503)
Decrease (increase) in real estate for sale	658	86	579
Decrease (increase) in costs on real estate business	(8,704)	7,539	50,426
Decrease (increase) in other current assets	(1,396)	4,003	26,775
Increase (decrease) in notes and accounts payable-trade	(15,063)	(6,122)	(40,949)
Increase (decrease) in advances received on uncompleted construction contracts	4,325	20,069	134,224
Increase (decrease) in other current liabilities	2,399	15,105	101,028
Other, net	(1,023)	4,040	27,020
Subtotal	65,843	32,290	215,963
Interest and dividend income received	6,365	5,812	38,875
Interest expenses paid	(1,300)	(2,082)	(13,925)
Income taxes paid	(8,759)	(9,607)	(64,257)
Net cash provided by (used in) operating activities	62,149	26,413	176,655
Net cash provided by (used in) investing activities:			
Payments into time deposits	(669)	(67)	(449)
Proceeds from withdrawal of time deposits	1,010	5,549	37,114
Proceeds from sales and redemption of securities	600	500	3,344
Purchase of property, plant and equipment	(55,076)	(62,444)	(417,631)
Proceeds from sales of property, plant and equipment	161	122	819
Payments from retirement of property, plant and equipment	(123)	(347)	(2,323)
Purchase of intangible assets	(1,311)	(1,184)	(7,920)
Purchase of investment securities	(2,484)	(10,688)	(71,487)
Proceeds from sales and redemption of investment securities	17,859	16,576	110,862
Payments of loans receivable	(6,178)	(529)	(3,543)
Collection of loans receivable	454	27	181
Payments for lease and guarantee deposits	(305)	(370)	(2,479)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 12)	(1,438)	(7,148)	(47,806)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation (Note 12)	(1,067)	—	—
Payments for acquisition of businesses (Note 12)	—	(1,330)	(8,896)
Other, net	(283)	144	964
Net cash provided by (used in) investing activities	(48,854)	(61,191)	(409,251)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(17,158)	(6,702)	(44,824)
Increase (decrease) in commercial papers-liabilities	—	5,000	33,440
Proceeds from long-term loans payable	29,341	47,270	316,147
Repayments of long-term loans payable	(5,293)	(33,976)	(227,240)
Proceeds from issuance of bonds	13,000	10,000	66,880
Redemption of bonds	(5,050)	(30)	(200)
Cash dividends paid	(8,595)	(8,680)	(58,052)
Cash dividends paid to non-controlling interests	(108)	(97)	(652)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(330)	(2,209)
Purchase of treasury stock	(5,014)	(5,003)	(33,465)
Other, net	(86)	(84)	(564)
Net cash provided by (used in) financing activities	1,035	7,364	49,257
Effect of exchange rate change on cash and cash equivalents	2,917	430	2,878
Net increase (decrease) in cash and cash equivalents	17,247	(26,982)	(180,460)
Cash and cash equivalents at the beginning of current period	95,866	113,113	756,510
Cash and cash equivalents at the end of current period (Note 12)	113,113	86,131	576,050

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

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

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

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

(U.S. Dollar Amounts)

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

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

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 47 subsidiaries, namely Toda Corporation Real Estate Asset Management Co., Ltd., APEC Engineering Co., Ltd., Sato Kogyo Co., Ltd., Showa Construction Co., Ltd., Toda Bldg. Partners Co., Ltd., Toda Finance Co., Ltd., TODA Farm LLC, Toda Road Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Thai Toda Corporation Ltd., Tobic Co., Ltd., Toda America, Inc., Toda Asia Pacific Pte. Ltd., Toda Vietnam Co., Ltd., PT Tatamulia Nusantara Indah, PT Toda Group Indonesia, Goto Floating Wind Farm LLC, Goto Floating Wind Power LLC, Offshore Wind Farm Construction Co., Ltd., TODA Investimentos do Brasil Ltda., Toda Solar Energy Fukaya LLC, Floating Wind Aggregation Corporation and other 25 companies.

Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, profit for the year or retained earnings of the consolidated financial statements.

2) Application of the equity method

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

3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Goto Floating Wind Farm LLC, Thai Toda Corporation Ltd., Tobic Co., Ltd., Toda America, Inc., Toda Asia Pacific Pte. Ltd., TODA Investimentos do Brasil Ltda., Toda Vietnam Co., Ltd., PT Tatamulia Nusantara Indah, PT Toda Group Indonesia and other 19 companies close their fiscal year on December 31 each year.

In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries. However, adjustments necessary for the purpose of consolidation have been made for fiscal year-end (March 31).

The fiscal year-end of all other consolidated subsidiaries is the same as the consolidated fiscal year-end (March 31).

4) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

• Other than equity securities without market prices:

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

• Equity securities without market prices:

Stated at cost, determined by the moving-average method

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

The accounting methods are as follows:

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

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

(b) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

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

(c) Other inventories

Raw materials and supplies

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

Costs on real estate business

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

5) Methods of depreciation and amortization depreciable assets

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

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

In addition, the straight-line method is used for Machinery, vehicles, tools, furniture and fixtures in some of the consolidated subsidiaries.

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

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.

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

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

- (c) Lease assets
Leased assets under finance leases other than those that are deemed to transfer ownership to lessees
Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

6) Allowances and provisions

- (a) Allowance for doubtful accounts
The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.
- (b) Provision for bonuses
This is provided for the payment of bonuses for employees, based on expected payment amount.
- (c) Provision for warranties to completed construction
This is provided based on the estimated amount of compensation in the future for the work completed during the current consolidated fiscal year to cover expenses and others required to cure the non-conformity of performance on the grounds of non-conformity with the terms of the contract.
- (d) Provision for loss on construction contracts
The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the current consolidated fiscal year-end which will be probably incurred and which can be reasonably estimated.
- (e) Provision for directors' retirement benefits
To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the current consolidated fiscal year-end.
- (f) Provision for loss on liquidation of subsidiaries and affiliates
The provision for loss on liquidation of subsidiaries and affiliates is provided at the estimated amount for a possible future loss arising from liquidation.
- (g) Provision for stock payments to directors
The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company's shares to its directors and executive officers.
- (h) Provision for loss on business of environment and energy
The provision for loss on business of environment and energy is provided at the estimated amount for the future losses on project in process at the current consolidated fiscal year-end which will be probably incurred and which can be reasonably estimated.

7) Accounting Policies of retirement benefits

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

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

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

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

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

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

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

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

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

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

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

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

9) Translation of foreign currency assets and liabilities

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

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

10) Hedge Accounting

The Companies apply hedge accounting as follows:

- (a) Method of hedge accounting adopted
Deferral hedge accounting
If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").
- (b) Measure and objects
1 Measures: Forward foreign exchange contracts and foreign currency deposits
Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials
2 Measures: Interest rate swap
Objects: Loans
- (c) Hedging principles:
Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.
- (d) Evaluation method of effectiveness of hedging:
During the period from the time when the hedging first started until the current consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.
However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

11) Goodwill

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

12) Cash and cash equivalents

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

13) Other significant matters for preparing consolidated financial statements

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

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

3. Significant Accounting Estimates

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

(a) Amount recorded in the consolidated financial statements

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales of construction contracts	¥ 449,898	¥ 479,279	\$ 3,205,455

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

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

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

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

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

2) Estimates for impairment loss on fixed assets

(a) Amount recorded in the consolidated financial statements

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Impairment loss	¥ 5,185	¥ 1,023	\$ 6,842

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

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

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

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

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

4. Change in Accounting Policies

(Application of the Accounting Standards for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 issued on October 28, 2022), etc. from the beginning of the current consolidated fiscal year. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued on October 28, 2022). These changes in accounting policies have no impact on the consolidated financial statements.

For the amendment to changes in accounting treatment of the consolidated financial statements, when gains or losses on sale of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the current consolidated fiscal year. This change in accounting policies has been applied retrospectively, and the previous consolidated financial statements have been prepared reflecting the retrospective application. In addition, it has no impact on the previous consolidated financial statements.

5. Accounting Standards Issued but Not Yet Adopted

(Accounting standards and guidance not yet applied)

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

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

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

1) Overview

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

2) Planned date of adoption

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

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

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

6. Change in Presentation Methods

(Notes to consolidated statements of income)

"Loss on valuation of investment securities" included in "Other" under "Extraordinary loss" in the previous consolidated fiscal year is accounted for as a separate item because it exceeds more than 10% of total "Extraordinary loss" in the current consolidated fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, "Other" under "Extraordinary loss" for the previous consolidated statement of income ¥256 million have been reclassified into "Loss on valuation of investment securities" ¥97 million and "Other" ¥158 million.

Furthermore, a revision of accounting "Selling, general and administrative expenses" to include a component of "Selling, general and administrative expenses" into "Cost of sales of construction contracts" and "Cost of sales of investment development business and other" is implemented by the company and a consolidated subsidiary in the current consolidated fiscal year. To reflect this change in presentation, "Cost of sales of construction contracts", "Cost of sales of investment development business and other" and "Selling, general and administrative expenses" for the previous consolidated fiscal year have been reclassified.

As a result, "Cost of sales of construction contracts" ¥430,847 million, "Cost of sales of investment development business and other" ¥26,003 million and "Total cost of sales" ¥456,851 million under "Cost of Sales" have been reclassified into "Cost of sales of construction contracts" ¥432,843 million, "Cost of sales of investment development business and other" ¥26,493 million and "Total cost of sales" ¥459,336 million, as well as "Gross profit on construction contracts" ¥56,808 million, "Gross profit on investment development business and other" ¥8,774 million and "Total gross profit" ¥65,583 million under "Gross profit" have been reclassified into "Gross profit on construction contracts" ¥54,813 million, "Gross profit on investment development business and other" ¥8,284 million and "Total gross profit" ¥63,098 million, moreover "Selling, general and administrative expenses" ¥47,675 million has been reclassified into "Selling, general and administrative expenses" ¥45,189 million in the previous consolidated fiscal year.

7. Additional Information

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

1) Outline of the Plan

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

Additionally, the resolution was passed at the Company's 99th annual general Meeting of Shareholders held on June 29, 2022 to revise the plan by increasing the ratio of stock compensation. After the revision, outside directors are also eligible for non-performance-linked stock compensation.

In response to the above resolution, based on the resolution of the Board of Directors held on August 10, 2022, the Company made an additional contribution to the trust and acquired the Company's shares.

2) The Company's own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stocks in the Trust as of March 31, 2024 were ¥1,520 million and 2,374,231 shares (BIP Trust), ¥98 million and 184,717 shares (ESOP Trust). The book value and the number of these treasury stocks in the Trust as of March 31, 2025 were ¥1,473 million (US\$9,857 thousand) and 2,301,936 shares (BIP Trust), ¥98 million (US\$656 thousand) and 183,460 shares (ESOP Trust).

8. Notes to Consolidated Balance Sheets

1) The amount of receivables arising from contracts with customers and contract assets, among notes and accounts receivable - trade, and the amount of contract liabilities among advances received on uncompleted construction contracts are described in the consolidated financial statements "Notes (22. Revenue Recognition, (a) Balances, etc. of contract assets and contract liabilities)".

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
2) Accumulated depreciation of property, plant and equipment	¥ 34,917	¥ 35,967	\$ 240,553
3) Advanced depreciation:			
Buildings and structures	¥ 135	¥ 131	\$ 877
Machinery, vehicles, tools, furniture and fixtures	7,602	7,664	51,263
Land	242	242	1,621
Intangible assets	8	8	56
Total	¥ 7,988	¥ 8,047	\$ 53,819
4) Investments in Non-consolidated subsidiaries and affiliates included in investment securities	¥ 2,087	¥ 1,661	\$ 11,114
5) Pledged assets and Secured debt			
① Pledged assets and Secured debt are as follows:			
Notes and accounts receivable - trade	¥ 16,759	¥ 17,623	\$ 117,864
Costs on uncompleted construction contracts	644	686	4,588
Long-term leasehold and guarantee deposits	—	4	32
Buildings and structures	645	3,145	21,040
Machinery, vehicles, tools, furniture and fixtures	162	269	1,800
Land	1,709	2,196	14,692
Investment securities	7	7	48
Total	¥ 19,928	¥ 23,933	\$ 160,066
Short-term loans payable	¥ 4	¥ 433	\$ 2,898
Current portion of bonds payable	30	—	—
Bonds payable	165	—	—
Long-term loans payable	—	2,425	16,221
Total	¥ 199	¥ 2,858	\$ 19,120
② Assets pledged as collateral for long-term loans payable of unconsolidated subsidiaries and affiliated companies:			
Investment securities	¥ 384	¥ 364	\$ 2,435
Long-term loans receivable	184	171	1,147
Total	¥ 569	¥ 535	\$ 3,583
6) Contingent liabilities (guarantee liabilities)	¥ 138	¥ 121	\$ 810
7) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$ 200,642
Loan balance outstanding	—	—	—
Difference (unused portion)	¥ 30,000	¥ 30,000	\$ 200,642

8) Land revaluation

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

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2025	2025
Costs on uncompleted construction contracts	¥ 218	¥ 280	\$ 1,877

10) Change in holding purpose of assets

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2025	2025
Buildings and structures	¥ 12,972	¥ 10,566	\$ 70,669
Machinery, vehicles, tools, furniture and fixture	5	—	—
Land	7,420	12,203	81,618
Construction in progress	30	—	—
Other	—	211	1,417

9. Notes to Consolidated Statements of Income

1) Revenue from contracts with customers

Net sales are not stated separately for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is described in the consolidated financial statements "Notes (22. Revenue Recognition, 1) Disaggregation of revenue from contracts with customers)".

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2024	2025	2025
2) Provision (reversal) for loss on construction contracts included in costs of sales	¥ (5,373)	¥ 67	\$ 450
3) Valuation loss on inventories included in costs of sales	¥ 4,387	¥ —	\$ —
4) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances (Note)	¥ 15,118	¥ 16,566	\$ 110,798
Provision for bonuses (Note)	4,128	4,945	33,073
Retirement benefit expenses (Note)	1,140	565	3,779
Provision for stock payments for directors	250	202	1,353
Provision (reversal) of allowance for doubtful accounts	(356)	497	3,330
5) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 3,888	¥ 3,033	\$ 20,286
6) Gain on sales of noncurrent assets:			
Buildings and structures	¥ 43	¥ —	\$ —
Land	—	8	59
Other	27	44	296
Total	¥ 71	¥ 53	\$ 356
7) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 80	¥ 53	\$ 359
Other	460	35	237
Dismantlement cost	38	347	2,322
Total	¥ 578	¥ 436	\$ 2,919

Note: A revision of accounting "Selling, general and administrative expenses" to include a component of "Selling, general and administrative expenses" into "Cost of sales of construction contracts" and "Cost of sales of investment development business and other" is implemented in the current consolidated fiscal year. As a result, "Employees' salaries and allowances" ¥16,375 million, "Provision for bonuses" ¥4,462 million and "Retirement benefit expenses" ¥1,238 million have been reclassified.

8) Impairment loss on fixed assets

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

Impairment loss on fixed assets is as follows:

For the fiscal year ended March 31, 2024

Location	Purpose	Type	Impairment loss (Millions of yen)
Kyoto City, Kyoto Pref, Japan	Assets for businesses (Domestic Group Companies Business)	Buildings and structures, Machinery, vehicles, tools, furniture and fixtures, and Land	¥ 216 (Note)
Goto City, Nagasaki Pref, Japan	Assets for businesses (Environment and Energy Business)	Construction in progress	¥ 4,545
Ageo City, Saitama Pref, Japan	Assets for businesses (Whole Company)	Buildings and structures	¥ 310
Osaka City, Osaka Pref, Japan	Assets for businesses (Whole Company)	Buildings and structures, and Machinery, vehicles, tools, furniture and fixtures	¥ 112

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

For the fiscal year ended March 31, 2025

Location	Purpose	Type	Impairment loss (Millions of yen)	(Thousands of U.S. dollars)
Oshima District, Yamaguchi Pref, Japan	Assets for businesses (Domestic Group Companies Business)	Buildings and structures, Machinery, vehicles, tools, furniture and fixtures, and Intangible assets	¥ 285 (Note)	\$ 1,911
Goto City, Nagasaki Pref, Japan	Assets for businesses (Environment and Energy Business)	Machinery, vehicles, tools, furniture and fixtures	¥ 494 (Note)	\$ 3,306
Areia Branca, Rio Grande do Norte, Brazil	Assets for businesses (Environment and Energy Business)	Construction in progress	¥ 105 (Note)	\$ 702
Goto City, Nagasaki Pref, Japan	Assets for businesses (Environment and Energy Business)	Construction in progress	¥ 52	\$ 351
Chuo Ward, Tokyo, Japan	Assets for businesses (Domestic Investment Development Business)	Construction in progress and Intangible assets	¥ 39	\$ 263
Nagoya City, Aichi Pref, Japan	Assets for businesses (Whole Company)	Buildings and structures	¥ 44	\$ 297

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

Calculation method of recoverable amount:

The recoverable value is set at zero or net realizable value for assets that the Companies has decided to make effective use of and abolish due to office relocation, etc. The net realizable value is determined by deducting estimated disposal costs from the expected sale price. For assets whose profitability is expected to decline based on future income and expenditure projections, the future cash flows expected to result from their continued use and disposal after use are discounted to present value at 2.250% for the Company and 3.8% for the consolidated subsidiaries.

10. Notes to Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
Reclassification and tax effect of comprehensive income for the years ended March 31	2024	2025	2025
Valuation difference on available-for-sale securities:			
Accrual	¥ 39,141	¥ (15,159)	\$ (101,388)
Reclassification	(10,228)	(11,546)	(77,226)
Before income taxes and tax effect	28,913	(26,706)	(178,615)
Income taxes and tax effect	(8,897)	7,224	48,315
Valuation difference on available-for-sale securities	¥ 20,015	¥ (19,482)	\$ (130,300)
Deferred gains (losses) on hedges:			
Accrual	¥ 1,434	¥ 133	\$ 892
Reclassification	(1,042)	(98)	(658)
Before income taxes and tax effect	391	35	234
Income taxes and tax effect	(119)	(11)	(76)
Deferred gains (losses) on hedges	¥ 272	¥ 23	\$ 157
Revaluation reserve for land:			
Income taxes and tax effect	¥ —	¥ (138)	\$ (928)
Revaluation reserve for land	¥ —	¥ (138)	\$ (928)
Foreign currency translation adjustments:			
Accrual	¥ 3,819	¥ 1,531	\$ 10,243
Reclassification	1,319	—	—
Foreign currency translation adjustments	¥ 5,138	¥ 1,531	\$ 10,243
Remeasurements of defined benefit plans:			
Accrual	¥ 4,946	¥ (417)	\$ (2,793)
Reclassification	359	(886)	(5,930)
Before income taxes and tax effect	5,306	(1,304)	(8,724)
Income taxes and tax effect	(1,654)	324	2,172
Remeasurements of defined benefit plans	¥ 3,651	¥ (979)	\$ (6,551)
Share of other comprehensive income of entities accounted for using equity method:			
Accrual	¥ 40	¥ 30	\$ 206
Share of other comprehensive income of entities accounted for using equity method	¥ 40	¥ 30	\$ 206
Total of other comprehensive income	¥ 29,118	¥ (19,014)	\$ (127,172)

11. Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2024	Class of shares	Number of shares			
		April 1, 2023	Increase	Decrease	March 31, 2024
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	12,730,496	5,507,389	61,579	18,176,306
For the fiscal year ended March 31, 2025	Class of shares	Number of shares			
		April 1, 2024	Increase	Decrease	March 31, 2025
Issued stock	Common stock	322,656,796	—	—	322,656,796
Treasury stock	Common stock	18,176,306	4,870,538	466,902	22,579,942
For the fiscal year ended March 31, 2024	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 29, 2023 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,219 million	¥13.50	March 31, 2023	June 30, 2023
November 13, 2023 Resolution by Board of Directors	Common stock	¥4,375 million	¥14.00	September 30, 2023	December 8, 2023
June 26, 2024 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,298 million	¥14.00	March 31, 2024	June 27, 2024
For the fiscal year ended March 31, 2025	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 26, 2024 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,298 million (\$28,749 thousand)	¥14.00	March 31, 2024	June 27, 2024
November 13, 2024 Resolution by Board of Directors	Common stock	¥4,381 million (\$29,303 thousand)	¥14.50	September 30, 2024	December 9, 2024
June 26, 2025 Resolution by Annual General Meeting of Shareholders	Common stock	¥4,689 million (\$31,365 thousand)	¥15.50	March 31, 2025	June 27, 2025

12. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and deposits of the consolidated balance sheets	¥ 113,810	¥ 82,964	\$ 554,872
(Less) time deposits with maturities of more than three months	(696)	(1,833)	(12,263)
Short-Term investment securities	—	5,000	33,440
Cash and cash equivalents of the consolidated statements of cash flows	¥ 113,113	¥ 86,131	\$ 576,050

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

For the year ended March 31, 2024	Millions of yen	Millions of yen
(Usina Eolica Casqueira A Ltda.)	2024	(Usina Eolica Casqueira B Ltda.) 2024
Current assets	¥ 0	¥ —
Noncurrent assets	32	31
Contractual intangible assets	756	756
Current liabilities	(11)	(11)
Noncurrent liabilities	—	—
Acquisition cost of shares	¥ 777	¥ 777
Accounts payable - other	(52)	(52)
Cash and cash equivalents	—	—
Payment for purchase	¥ 725	¥ 725

For the year ended March 31, 2025	Millions of yen	Thousands of U.S. dollars
(Coherent Hotel Ltd.)	2025	2025
Current assets	¥ 10,038	\$ 67,141
Noncurrent assets	7,507	50,211
Goodwill	1,464	9,797
Current liabilities	(215)	(1,441)
Noncurrent liabilities	(8,652)	(57,867)
Foreign currency translation adjustments	(144)	(968)
Non-controlling interests	(4,252)	(28,441)
Acquisition cost of shares	¥ 5,746	\$ 38,431
Cash and cash equivalents	(2,880)	(19,262)
Loans receivable	3,831	25,627
Payment for purchase	¥ 6,697	\$ 44,796

For the year ended March 31, 2025	Millions of yen	Thousands of U.S. dollars
(Kaken Co., Ltd.)	2025	2025
Current assets	¥ 1,738	\$ 11,630
Noncurrent assets	5,040	33,713
Goodwill	257	1,723
Current liabilities	(1,899)	(12,704)
Noncurrent liabilities	(3,810)	(25,487)
Acquisition cost of shares	¥ 1,326	\$ 8,874
Cash and cash equivalents	876	5,864
Payment for purchase	¥ 450	\$ 3,010

The information about assets, liabilities, selling cost and payment for sales as of the date of sale regarding the Companies excluded from consolidated subsidiaries through sales is as follows:

For the year ended March 31, 2024	Millions of yen
(Construtora Toda do Brasil S/A)	2024
Current assets	¥ 1,102
Noncurrent assets	2
Current liabilities	(96)
Noncurrent liabilities	(991)
Foreign currency translation adjustments	1,405
Loss on sale of shares of subsidiaries and associates	(1,419)
Incidental costs of sales of shares	(2)
Selling cost of shares	¥ 0
Cash and cash equivalents	1,064
Incidental costs of sales of shares	2
Payment for purchase	¥ 1,067

For the year ended March 31, 2025

None

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

For the year ended March 31, 2024

None

For the year ended March 31, 2025	Millions of yen	Thousands of U.S. dollars
(Platinum Landscape, Inc.)	2025	2025
Current assets	¥ 545	\$ 3,649
Noncurrent assets	267	1,789
Goodwill	434	2,906
Trade Name	129	868
Acquisition cost of business	¥ 1,377	\$ 9,214
Cash and cash equivalents	(47)	(318)
Payment for acquisition of business	¥ 1,330	\$ 8,896

13. Lease Transactions

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2025	2025
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 1,142	¥ 1,080	\$ 7,224
Due after one year	2,002	14,170	94,772
Total	¥ 3,144	¥ 15,250	\$ 101,997
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥ 4,472	¥ 6,203	\$ 41,491
Due after one year	26,304	31,855	213,050
Total	¥ 30,777	¥ 38,059	\$ 254,541

14. Financial Instrument

Fair value of financial instrument

	Millions of yen		
As of March 31, 2024	Book value	Fair value	Difference
1) Notes and accounts receivable - trade	¥ 222,602		
Allowance for doubtful accounts (Note 2)	(952)		
Subtotal	¥ 221,650	¥ 221,515	¥ (134)
2) Short-term investment securities, investment securities (Note 3)	194,475	194,344	(130)
3) Long-term loans receivable	6,549	6,523	(26)
Assets total	¥ 422,674	¥ 422,382	¥ (291)
1) Notes and accounts payable - trade	¥ 97,140	¥ 97,140	¥ —
2) Short-term loans payable and Commercial papers-liabilities	74,103	74,103	—
3) Current portion of bonds payable	30	30	0
4) Income taxes payable	7,695	7,695	—
5) Bonds payable	63,165	62,000	(1,164)
6) Long-term loans payable	89,272	87,870	(1,402)
Liabilities total	¥ 331,407	¥ 328,840	¥ (2,566)
Derivative transactions (Note 4)	¥ 465	¥ 465	¥ —

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

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

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

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

As of March 31, 2024

Millions of yen

Equity securities without market prices	
Stocks of subsidiaries	¥ 55
Stocks of affiliated companies	1,006
Unlisted stocks	6,508
Investments in Limited Liability Company	393
Others	9
Investments in partnerships for which equity interests are recorded on a net basis	
Investments in silent partnerships	¥ 1,844
Others	4,574

4 Net receivables/payables arising from derivatives are shown.

As of March 31, 2025	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
1) Notes and accounts receivable - trade	¥ 271,023			\$ 1,812,623		
Allowance for doubtful receivables (Note 2)	(1,278)			(8,550)		
Subtotal	¥ 269,745	¥ 268,545	¥ (1,199)	\$ 1,804,073	\$ 1,796,051	\$ (8,021)
2) Short-term investment securities, investment securities (Note 3)	173,368	173,218	(150)	1,159,503	1,158,498	(1,005)
3) Long-term loans receivable	7,143	6,960	(182)	47,773	46,549	(1,223)
Assets total	¥ 450,257	¥ 448,724	¥ (1,532)	\$ 3,011,349	\$ 3,001,098	\$ (10,250)
1) Notes and accounts payable - trade	¥ 93,177	¥ 93,177	¥ —	\$ 623,174	\$ 623,174	\$ —
2) Short-term loans payable and Commercial papers-liabilities	70,572	70,572	—	471,993	471,993	—
3) Current portion of bonds payable	10,165	10,152	(12)	67,984	67,899	(84)
4) Income taxes payable	9,920	9,920	—	66,346	66,346	—
5) Bonds payable	63,050	60,659	(2,390)	421,682	405,693	(15,989)
6) Long-term loans payable	111,681	107,597	(4,083)	746,933	719,621	(27,312)
Liabilities total	¥ 358,566	¥ 352,078	¥ (6,487)	\$ 2,398,114	\$ 2,354,728	\$ (43,386)
Derivative transactions (Note 4)	¥ 505	¥ 505	¥ —	\$ 3,377	\$ 3,377	\$ —

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

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

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

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

As of March 31, 2025	Millions of yen	Thousands of U.S. dollars
Equity securities without market prices		
Stocks of subsidiaries	¥ 55	\$ 373
Stocks of affiliated companies	1,061	7,101
Unlisted stocks	7,207	48,201
Investments in Limited Liability Company	344	2,302
Others	210	1,406
Investments in partnerships for which equity interests are recorded on a net basis		
Investments in silent partnerships	¥ 3,080	\$ 22,604
Others	6,593	44,100

4 Net receivables/payables arising from derivatives are shown.

Fair value information of financial instruments by level of inputs

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

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

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

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

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

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

As of March 31, 2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term investment securities, investment securities				
Other investment securities				
Stocks	¥ 176,051	¥ —	¥ —	¥ 176,051
Bonds	—	697	—	697
Others	—	13,295	—	13,295
Derivative Transactions				
Currency-related transactions	—	465	—	465
Assets total	¥ 176,051	¥ 14,458	¥ —	¥ 190,510

	Millions of yen				Thousands of U.S. dollars			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As of March 31, 2025								
Short-term investment securities, investment securities								
Other investment securities								
Stocks	¥ 149,460	¥ —	¥ —	¥ 149,460	\$ 999,601	\$ —	\$ —	\$ 999,601
Bonds	—	993	—	993	—	6,645	—	6,645
Others	—	13,492	—	13,492	—	90,235	—	90,235
Derivative Transactions								
Currency-related transactions	—	505	—	505	—	3,377	—	3,377
Assets total	¥ 149,460	¥ 14,990	¥ —	¥ 164,451	\$ 999,601	\$ 100,258	\$ —	\$ 1,099,860

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

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Notes and accounts receivable - trade	¥ —	¥ 221,515	¥ —	¥ 221,515
Short-term investment securities, investment securities				
Held-to-maturity debt securities				
Bonds	—	4,299	—	4,299
Others	—	—	—	—
Long-term loans receivable	—	6,523	—	6,523
Assets total	¥ —	¥ 232,338	¥ —	¥ 232,338
Notes and accounts payable - trade	¥ —	¥ 97,140	¥ —	¥ 97,140
Short-term loans payable and Commercial papers-liabilities	—	74,103	—	74,103
Current portion of bonds payable	—	30	—	30
Income taxes payable	—	7,695	—	7,695
Bonds payable	—	62,000	—	62,000
Long-term loans payable	—	87,870	—	87,870
Liabilities total	¥ —	¥ 328,840	¥ —	¥ 328,840

	Millions of yen				Thousands of U.S. dollars			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As of March 31, 2025								
Notes and accounts receivable – trade	¥ —	¥ 268,545	¥ —	¥ 268,545	\$ —	\$ 1,796,051	\$ —	\$ 1,796,051
Short-term investment securities, investment securities								
Held-to-maturity debt securities								
Bonds	—	4,272	—	4,272	—	28,575	—	28,575
Others	—	5,000	—	5,000	—	33,440	—	33,440
Long-term loans receivable	—	6,960	—	6,960	—	46,549	—	46,549
Assets total	¥ —	¥ 284,778	¥ —	¥ 284,778	\$ —	\$ 1,904,616	\$ —	\$ 1,904,616
Notes and accounts payable - trade	¥ —	¥ 93,177	¥ —	¥ 93,177	\$ —	\$ 623,174	\$ —	\$ 623,174
Short-term loans payable and Commercial papers-liabilities	—	70,572	—	70,572	—	471,993	—	471,993
Current portion of bonds payable	—	10,152	—	10,152	—	67,899	—	67,899
Income taxes payable	—	9,920	—	9,920	—	66,346	—	66,346
Bonds payable	—	60,659	—	60,659	—	405,693	—	405,693
Long-term loans payable	—	107,597	—	107,597	—	719,621	—	719,621
Liabilities total	¥ —	¥ 352,078	¥ —	¥ 352,078	\$ —	\$ 2,354,728	\$ —	\$ 2,354,728

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

Assets

Notes and accounts receivable - trade

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

Short-term investment securities, investment securities

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

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

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

Long-term loans receivable

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

Liabilities

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

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

Current portion of bonds payable and Bonds payable

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

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

Long-term loans payable

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

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

Derivative Transactions

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

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

15. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

As of March 31, 2024	Millions of yen		
	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 2,119	¥ 2,178	¥ 58
Securities with a fair value that does not exceed the book value	2,310	2,121	(189)
Total	¥ 4,430	¥ 4,299	¥ (130)

Available-for-sale securities with a fair value:

As of March 31, 2024	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 175,153	¥ 43,267	¥ 131,885
Bonds	204	200	4
Others	12,757	10,772	1,985
Subtotal	188,115	54,240	133,875
Securities with a book value that does not exceed the acquisition cost:			
Stocks	898	1,009	(111)
Bonds	493	500	(6)
Others	537	561	(23)
Subtotal	1,929	2,070	(141)
Total	¥ 190,044	¥ 56,311	¥ 133,733

For the fiscal year ended March 31, 2024	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 17,084	¥ 10,258	¥ 21

Note: The Companies recognized losses on write-down of ¥97 million for securities (¥97 million for equity securities without market prices).

Held-to-maturity debt securities:

As of March 31, 2025	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 1,714	¥ 1,734	¥ 19	\$ 11,467	\$ 11,597	\$ 130
Securities with a fair value that does not exceed the book value	2,708	2,538	(169)	18,113	16,977	(1,135)
Total	¥ 4,422	¥ 4,272	¥ (150)	\$ 29,580	\$ 28,575	\$ (1,005)

Available-for-sale securities with a fair value:

As of March 31, 2025	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:						
Stocks	¥ 147,915	¥ 42,829	¥ 105,086	\$ 989,267	\$ 286,444	\$ 702,822
Bonds	201	200	1	1,350	1,337	13
Others	12,977	10,854	2,122	86,792	72,597	14,194
Subtotal	161,094	53,884	107,210	1,077,411	360,380	717,030
Securities with a book value that does not exceed the acquisition cost:						
Stocks	1,545	1,708	(163)	10,234	11,426	(1,092)
Bonds	791	800	(8)	5,294	5,350	(55)
Others	5,514	5,531	(17)	36,883	36,997	(144)
Subtotal	7,851	8,040	(188)	52,511	53,774	(1,262)
Total	¥ 168,946	¥ 61,924	¥ 107,021	\$ 1,129,922	\$ 414,154	\$ 715,768

For the fiscal year ended March 31, 2025	Millions of yen			Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 16,467	¥ 11,556	¥ 5	\$ 110,134	\$ 77,292	\$ 36

Note: The Companies recognized losses on write-down of ¥413 million (US\$2,768 thousand) for securities (¥413 million (US\$2,768 thousand) for equity securities without market prices).

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

Case of other than equity securities without market prices

- Fair value of fiscal year end and quarter settlement day in a row decline more than 30% compared to book value in succession.
- Fair value declined more than 50% compared to book value.

Case of equity securities without market prices

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

16. Derivative Transactions

For the year ended March 31, 2024

Derivative transactions to which the hedge accounting method is not applied:

1) Currency-related transactions
None

2) Interest-related transactions
None

Derivative transactions to which the hedge accounting method is applied:

1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Forecasted purchasing transaction	¥ 658	¥ 658	¥ 100
	Buy USD	Forecasted purchasing transaction	¥ 3,654	¥ 3,115	¥ 329
	Buy CNY	Forecasted purchasing transaction	¥ 1,241	¥ 1,175	¥ 35
Total			¥ 5,554	¥ 4,949	¥ 465

2) Interest-related transactions

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

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

For the year ended March 31, 2025

Derivative transactions to which the hedge accounting method is not applied:

1) Currency-related transactions
None

2) Interest-related transactions
None

Derivative transactions to which the hedge accounting method is applied:

1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	¥ 686	¥ 686	¥ 94	\$ 4,589	\$ 4,589	\$ 634
	Buy USD	Forecasted purchasing transaction	¥ 2,739	¥ —	¥ 370	\$ 18,321	\$ —	\$ 2,478
	Buy CNY	Forecasted purchasing transaction	¥ 1,271	¥ 360	¥ 39	\$ 8,504	\$ 2,410	\$ 264
Total			¥ 4,697	¥ 1,046	¥ 505	\$ 31,415	\$ 6,999	\$ 3,377

2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	¥ 4,000	¥ 1,360	*	\$ 26,752	\$ 9,095	*

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

17. Retirement Benefits

The Company has a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan and has also a corporate defined contribution pension plan since April 2020.

Some of the consolidated subsidiaries have a defined benefit pension plan or a defined contribution pension plan. In addition, the other consolidated subsidiaries have lump-sum benefit plans based on the simplified method.

The schedule of the defined benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the fiscal year	¥ 44,785	¥ 41,567	\$ 278,006
Service cost	2,237	1,935	12,945
Interest cost	151	566	3,789
Actuarial gain and loss	(5,364)	186	1,247
Benefit paid	(1,371)	(1,605)	(10,735)
Prior service costs	1,052	(198)	(1,326)
Other	77	213	1,429
Balance at the end of the fiscal year	¥ 41,567	¥ 42,666	\$ 285,356

The schedule of the pension assets	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the fiscal year	¥ 23,806	¥ 25,115	\$ 167,975
Expected return on pension assets	252	299	2,005
Actuarial gain and loss	738	(190)	(1,273)
Contributions by the employer	1,086	1,038	6,947
Benefit paid	(771)	(1,037)	(6,941)
Other	3	(45)	(305)
Balance at the end of the fiscal year	¥ 25,115	¥ 25,180	\$ 168,408

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheets	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Retirement benefit obligation of funded plan	¥ 20,896	¥ 20,454	\$ 136,800
Pension assets	(25,115)	(25,180)	(168,408)
	(4,219)	(4,725)	(31,607)
Retirement benefit obligation of unfunded plan	20,671	22,212	148,555
Net amount of liabilities and assets recognized in consolidated balance sheets	16,451	17,486	116,947
Net defined benefit liability	22,000	23,489	157,097
Net defined benefit asset	(5,548)	(6,003)	(40,149)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ 16,451	¥ 17,486	\$ 116,947

The breakdown of items in retirement benefit costs	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service cost	¥ 2,237	¥ 1,935	\$ 12,945
Interest cost	151	566	3,789
Expected return on pension assets	(277)	(291)	(1,951)
Amortization of actuarial differences	197	(1,044)	(6,988)
Amortization of prior service costs	161	143	958
Retirement benefit costs	¥ 2,470	¥ 1,308	\$ 8,752

Remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Prior service costs	¥ (890)	¥ 381	\$ 2,550
Actuarial gain and loss	6,292	(1,421)	(9,509)
Total	¥ 5,401	¥ (1,040)	\$ (6,959)

Unrecognized remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized prior service costs	¥ 890	¥ 509	\$ 3,405
Unrecognized actuarial (gain) loss	(5,819)	(4,397)	(29,413)
Total	¥ (4,929)	¥ (3,888)	\$ (26,008)

The breakdown of pension assets by major category	2024	2025
Bonds	21%	21%
Equities	14%	14%
General account	57%	57%
Other	8%	8%
Total	100%	100%

The items of actuarial assumptions	2024	2025
Discount rate	1.3%	1.3%
Expected long-term return on pension assets	1.2%	1.2%
Expected rate of salary raise	5.5%	5.5%

Required amount of contribution to the corporate defined contribution pension plan	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
	¥ 525	¥ 547	\$ 3,661

18. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2024 and 2025 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Real estate for sale	¥ 120	¥ 132	\$ 885
Property, plant and equipment	6,771	7,682	51,384
Investment securities	261	428	2,866
Allowance for doubtful accounts	435	619	4,142
Provision for bonuses	1,951	2,393	16,009
Provision for loss on construction contracts	1,246	1,288	8,618
Net defined benefit liability	6,486	7,156	47,862
Tax loss carryforwards	820	1,112	7,442
Other	5,020	5,628	37,646
Subtotal	23,113	26,443	176,858
Less: valuation allowance	(7,840)	(9,092)	(60,808)
Deferred tax assets	¥ 15,272	¥ 17,351	\$ 116,050
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(40,932)	(33,708)	(225,447)
Net defined benefit asset	(1,698)	(1,882)	(12,591)
Other	(3,323)	(4,610)	(30,835)
Deferred tax liabilities	(45,954)	(40,202)	(268,875)
Net deferred tax assets (liabilities)	¥ (30,681)	¥ (22,850)	\$ (152,824)

In addition to the above, the Companies recognized deferred tax liabilities of ¥5,831 million and ¥5,202 million (US\$34,793 thousand) related to revaluation reserve for land at March 31, 2024 and 2025, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2024	2025
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.1%	1.8%
Non-taxable income	(0.8)%	(0.7)%
Inhabitant taxes (per capita levy)	0.7%	0.5%
Valuation allowance	5.2%	1.4%
Tax credit	(1.0)%	(3.7)%
Other	3.7%	(0.1)%
Effective tax rate	40.5%	29.8%

(Adjustment to the amounts of deferred tax assets and liabilities due to changes in income tax rate)

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. on March 31, 2025, the statutory effective tax rate used to calculate deferred tax assets and liabilities for the consolidated fiscal year ended March 31, 2025 was changed from 30.6% in the consolidated fiscal year ended March 31, 2024 to 31.5% for temporary differences expected to be recovered or settled on or after April 1, 2026.

As a result, the amount of deferred tax liabilities (net of deferred tax assets) increased by ¥755 million (\$5,052 thousand), and income taxes-deferred; valuation difference on available-for-sale securities; for the consolidated fiscal year ended March 31, 2025 decreased by ¥205 million (\$1,371 thousand), ¥949 million (\$6,348 thousand), respectively.

In addition, the amount of deferred tax liabilities for revaluation of land increased by ¥138 million (\$928 thousand), resulting in a corresponding decrease of ¥138 million (\$928 thousand) in revaluation reserve for land.

19. Business Combinations

(Second-tier subsidiary through stock acquisition)

Toda Asia Pacific Pte. Ltd., the Company's subsidiary in the Republic of Singapore, acquired the shares on May 15, 2024 based on the share subscription agreement, Coherent Hotel Ltd., a hotel company, has become a subsidiary (a second-tier subsidiary of the Company). As a result of this transaction, the capital of Coherent Hotel Ltd. corresponded to more than 10/100 of the amount of capital of the Company, thus making it a specified subsidiary.

1) Outline of the Business Combination

① Name and business of the acquired company

Name: Coherent Hotel Ltd.

Business: Hotel

② Principal reason for business combination

As one of the priority management businesses, the Companies have been developing the overseas business, and have positioned the Asia and Oceania region as a cornerstone of its business. The Companies aim to secure a stable revenue base in the region by expanding our business in New Zealand, a developed country that is expected to continue to grow in the future.

③ Date of the business combination

May 15, 2024 (Date of stock acquisition)

June 30, 2024 (Deemed date of acquisition)

④ Legal form of business combination

Acquisition of stock for cash

⑤ Name after the business combination

There is no change

⑥ Ratio of voting rights acquired

51.00%

2) Period of the operating results of the acquired company included in the accompanying consolidated financial statements

July 1, 2024 through December 31, 2024

Coherent Hotel Ltd. close their fiscal year on December 31, which is 3 months different from the consolidated fiscal year-end (March 31).

3) Acquisition cost of the acquired company and details of the type of consideration

Consideration for acquisition	Cash	¥5,746 million (US\$38,431 thousand)
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Acquisition cost		¥5,746 million (US\$38,431 thousand)
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4) Major acquisition-related costs and nature

Due diligence costs, etc. ¥54 million (US\$365 thousand)

5) Amount of goodwill generated, reason for generation of goodwill, method of amortization and amortization period

① Amount of goodwill generated

¥1,464 million (US\$9,797 thousand)

② Reason for generation of goodwill

Since the acquisition cost exceeded the net amount allocated to the assets received and liabilities assumed, the excess amount was recorded as goodwill.

③ Method of amortization and amortization period

Equal amortization over 5 years

6) Amount of assets acquired and liabilities assumed as of the date of business combination and major breakdown

Cohrent Hotel Ltd.	Millions of yen	Thousands of U.S. dollars
Current assets	¥10,038	\$67,141
Noncurrent assets	7,507	50,211
Total assets	¥17,546	\$117,353
Current liabilities	¥215	\$1,441
Noncurrent liabilities	8,652	57,867
Total liabilities	¥8,867	\$59,309

7) Estimated amount of the effect on the consolidated statement of income for the current fiscal year assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method

Since the estimated amount of the effect on the consolidated statement of income for the current fiscal year is immaterial, details are omitted. Note that the note has not been audited.

20. Asset Retirement Obligations

The asset retirement obligations in the consolidated balance sheets

The Companies chose not to describe the detail in the report due to its immateriality.

21. Investment and Rental Properties

As of March 31, 2024	Millions of yen	
	Book Value	Fair Value
Real estate for rent	¥ 125,215	¥ 207,518

As of March 31, 2025	Millions of yen		Thousands of U.S. dollars	
	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	¥139,863	¥ 178,245	\$ 935,413	\$ 1,192,116

22. Revenue Recognition

1) Disaggregation of revenue from contracts with customers

For the year ended March 31, 2024	Millions of yen						
	Reporting segments						
	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total
Goods or services transferred over time	¥ 266,631	¥ 110,833	¥ —	¥ 27,304	¥ 45,128	¥ —	¥ 449,898
Goods or services transferred at a point in time	21,308	1,678	17,219	21,252	658	1,348	63,465
Revenue from contracts with customers	287,939	112,511	17,219	48,557	45,787	1,348	513,364
Other revenue	14	—	5,202	967	2,885	—	9,070
Sales on third parties	¥ 287,954	¥ 112,511	¥ 22,421	¥ 49,524	¥ 48,673	¥ 1,348	¥ 522,434

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

For the year ended March 31, 2025	Thousands of U.S. dollars						
	Reporting segments						
	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total
Goods or services transferred over time	\$ 1,940,401	\$ 768,102	\$ —	\$ 205,827	\$ 291,124	\$ —	\$ 3,205,455
Goods or services transferred at a point in time	143,577	15,366	268,635	145,646	70,278	6,067	649,572
Revenue from contracts with customers	2,083,978	783,469	268,635	351,474	361,402	6,067	3,855,028
Other revenue	102	—	41,157	6,737	20,605	—	68,602
Sales on third parties	\$ 2,084,081	\$ 783,469	\$ 309,792	\$ 358,211	\$ 382,008	\$ 6,067	\$ 3,923,630

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

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

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

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

	Millions of yen		Millions of yen		Thousands of U.S. dollars
	Balance as of April 1, 2023	Balance as of March 31, 2024	Balance as of April 1, 2024	Balance as of March 31, 2025	Balance as of March 31, 2025
Receivables from contracts with customers	¥ 106,156	¥ 74,932	¥ 74,932	¥ 86,545	\$ 578,821
Contract assets	176,190	141,500	141,500	184,100	1,231,277
Contract liabilities	33,408	37,985	37,985	58,624	392,083

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

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

The amounts of contract liabilities recognized as revenue of the balance of contract liabilities at the beginning are ¥29,909 million and ¥33,557 million (US\$224,432 thousand) for 2024 and 2025, respectively. Furthermore, the amounts of revenue recognized in the current consolidated fiscal year for performance obligations that were satisfied or partially satisfied in the past consolidated fiscal years is not material, nor is it material in the past consolidated fiscal year.

(b) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to unsatisfied or partially unsatisfied performance obligations is ¥934,329 million and ¥1,115,285 million (US\$7,459,106 thousand) in the Companies on March 31, 2024 and 2025, respectively.

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

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

23. Segment Information

From the beginning of the current consolidated fiscal year, the Companies have changed the management method of real estate used by the Company, thus measurement of inter-segment sales has been changed.

In addition, the segment information for the previous consolidated fiscal year is presented based on the measurement method of profit or loss after changed.

For the year ended March 31, 2024	Millions of yen									
	Reporting segments							Total	Adjustments	Consolidated
	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy				
Net sales:										
Customers	¥ 287,954	¥ 112,511	¥ 22,421	¥ 49,524	¥ 48,673	¥ 1,348	¥ 522,434	¥ —	¥ 522,434	
Inter-segment	37,585	7,444	493	4,226	185	26	49,960	(49,960)	—	
Total	325,540	119,956	22,915	53,750	48,858	1,374	572,395	(49,960)	522,434	
Segment profit (loss)	¥ 6,517	¥ 7,515	¥ 3,943	¥ 1,927	¥ 1,481	¥ (445)	¥ 20,940	¥ (3,032)	¥ 17,908	
Depreciation and amortization	¥ 2,005	¥ 813	¥ 1,718	¥ 411	¥ 1,244	¥ 688	¥ 6,881	¥ —	¥ 6,881	
Amortization of goodwill	¥ —	¥ —	¥ 69	¥ 126	¥ 356	¥ 35	¥ 587	¥ —	¥ 587	
Impairment loss on fixed assets	¥ —	¥ —	¥ —	¥ 216	¥ —	¥ 4,545	¥ 4,762	¥ 422	¥ 5,185	

For the year ended March 31, 2025	Millions of yen									
	Reporting segments							Total	Adjustments	Consolidated
	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy				
Net sales:										
Customers	¥ 311,611	¥ 117,144	¥ 46,320	¥ 53,559	¥ 57,117	¥ 907	¥ 586,661	¥ —	¥ 586,661	
Inter-segment	46,567	10,017	1,396	4,657	325	26	62,989	(62,989)	—	
Total	358,178	127,161	47,716	58,217	57,443	933	649,650	(62,989)	586,661	
Segment profit (loss)	¥ 16,864	¥ 7,515	¥ 4,759	¥ 3,163	¥ 1,173	¥ (1,046)	¥ 32,429	¥ (5,790)	¥ 26,638	
Depreciation and amortization	¥ 1,819	¥ 788	¥ 2,686	¥ 579	¥ 1,410	¥ 694	¥ 7,978	¥ —	¥ 7,978	
Amortization of goodwill	¥ —	¥ —	¥ 69	¥ 305	¥ 540	¥ 35	¥ 950	¥ —	¥ 950	
Impairment loss on fixed assets	¥ —	¥ —	¥ 40	¥ 285	¥ —	¥ 652	¥ 978	¥ 44	¥ 1,023	

For the year ended March 31, 2025	Millions of yen									Adjustments Consolidated
	Reporting segments						Total			
	Building Construction	Civil Engineering	Domestic Investment Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy				
Net sales:										
Customers	\$ 2,084,081	\$ 783,469	\$ 309,792	\$ 358,211	\$ 382,008	\$ 6,067	\$ 3,923,630	\$	—	\$ 3,923,630
Inter-segment	311,444	66,995	9,339	31,151	2,174	173	421,279	(421,279)		—
Total	2,395,525	850,465	319,131	389,363	384,182	6,241	4,344,910	(421,279)		3,923,630
Segment profit (loss)	\$ 112,792	\$ 50,263	\$ 31,829	\$ 21,154	\$ 7,850	\$ (7,000)	\$ 216,891	\$ (38,728)	\$	178,162
Depreciation and amortization	\$ 12,169	\$ 5,276	\$ 17,964	\$ 3,877	\$ 9,431	\$ 4,643	\$ 53,363	\$	—	\$ 53,363
Amortization of goodwill	\$ —	\$ —	\$ 463	\$ 2,044	\$ 3,613	\$ 234	\$ 6,355	\$	—	\$ 6,355
Impairment loss on fixed assets	\$ —	\$ —	\$ 272	\$ 1,911	\$ —	\$ 4,361	\$ 6,545	\$ 297	\$	6,842

Note: 1 Adjustments of segment profit (loss) is negative ¥3,032 million and negative ¥5,790 million (US\$38,728 thousand) elimination of inter-segment transactions.

2 Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.

3 Impairment loss on fixed assets that don't belong to the reporting segments are ¥44 million (US\$297 thousand) and are described in the adjustments.

The Companies operate in the following 6 reporting segments:

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

24. Related Party Transactions

Non-consolidated subsidiaries and affiliated companies

For the year ended March 31, 2024

None

For the year ended March 31, 2025

None

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

For the year ended March 31, 2024

None

For the year ended March 31, 2025

None

25. Per Share Information

As of March 31	Yen		U.S. dollars
	2024	2025	2025
Net assets per share of common stock	¥ 1,144.64	¥ 1,140.47	\$ 7.627
Profit for the year per share of common stock	52.19	83.59	0.559

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Basis for calculation of net assets per share:			
Total net assets	¥ 355,524	¥ 353,197	\$ 2,362,210
Amount attributable to items other than common stock	7,004	10,970	73,369
Net assets attributable to common stock	¥ 348,519	¥ 342,227	\$ 2,288,840
Number of shares of common stock outstanding at fiscal year-end	304,480,490 shares	300,076,854 shares	
Basis for calculation of profit for the year per share:			
Profit for the year attributable to owners of the parent	¥ 16,101	¥ 25,185	\$ 168,443
Profit for the year attributable to owners of the parent attributable to common stock	¥ 16,101	¥ 25,185	\$ 168,443
Average number of shares of common stock outstanding during the fiscal year	308,524,954 shares	301,302,170 shares	

Non-consolidated Balance Sheets

Toda Corporation - As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
ASSETS			
Current assets:			
Cash and deposits	¥77,809	¥43,549	\$ 291,264
Notes receivable - trade	2,628	327	2,189
Electronically recorded monetary claims - operating	1,735	3,765	25,185
Accounts receivable from completed construction contracts	186,056	230,121	1,539,065
Short-term investment securities	—	5,000	33,440
Real estate for sale (Notes 7.5))	28,438	49,045	328,020
Costs on uncompleted construction contracts	19,041	19,878	132,949
Costs on real estate business (Notes 7.5))	10,242	2,637	17,642
Raw materials and supplies	1,031	1,158	7,745
Accounts receivable – other	2,063	1,203	8,052
Advanced paid	17,753	12,205	81,634
Other	4,308	5,919	39,591
Allowance for doubtful accounts	(1,144)	(1,368)	(9,155)
Total current assets	349,964	373,445	2,497,627
Noncurrent assets:			
Property, plant and equipment			
Buildings	46,361	106,414	711,709
Accumulated depreciation	(15,859)	(9,839)	(65,809)
Buildings, net (Notes 7.1) and 5))	30,502	96,574	645,900
Structures	2,578	3,257	21,789
Accumulated depreciation	(1,003)	(1,108)	(7,416)
Structures, net (Notes 7.1) and 5))	1,574	2,149	14,373
Machinery and equipment	6,314	6,319	42,265
Accumulated depreciation	(4,885)	(5,008)	(33,497)
Machinery and equipment, net	1,428	1,310	8,767
Vehicles	74	71	476
Accumulated depreciation	(68)	(68)	(460)
Vehicles, net	5	2	16
Tools, furniture and fixtures	2,097	3,800	25,417
Accumulated depreciation	(1,740)	(1,854)	(12,402)
Tools, furniture and fixtures, net (Notes 7.1))	357	1,946	13,015
Land (Notes 7.1) and 5))	68,751	60,001	401,296
Lease assets	259	565	3,781
Accumulated depreciation	(64)	(80)	(538)
Lease assets, net	195	484	3,242
Construction in progress (Notes 7.5))	46,826	8,839	59,120
Total property, plant and equipment	149,640	171,309	1,145,732
Intangible assets			
Leasehold right (Notes 7.5))	5,123	4,911	32,851
Software (Notes 7.1))	3,747	3,763	25,173
Goodwill	242	173	1,158
Other	558	423	2,834
Total intangible assets	9,672	9,273	62,018

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investments and other assets:			
Investment securities (Notes 7.2))	199,297	175,386	1,172,999
Stocks of subsidiaries and affiliates (Notes 7.2) and 9)	45,990	47,152	315,357
Investments in other securities of subsidiaries and affiliates (Notes 9)	1,025	544	3,639
Investments in capital	2	2	15
Long-term loans receivable	103	3	23
Long-term loans receivable from employees	1	0	4
Long-term loans receivable from subsidiaries and affiliates (Notes 7.2))	24,019	30,626	204,829
Long-term prepaid expenses	1,048	786	5,258
Long-term non-operating accounts receivable	20	20	139
Prepaid pension cost	2,361	3,165	21,169
Other	3,056	2,700	18,059
Allowance for doubtful accounts	(218)	(251)	(1,685)
Total investments and other assets	276,707	260,136	1,739,810
Total noncurrent assets	436,021	440,719	2,947,561
Total assets	¥785,986	¥814,164	\$ 5,445,189

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥ 847	¥ 453	\$ 3,034
Electronically recorded obligations - operating	25,994	22,099	147,801
Accounts payable for construction contracts	54,655	51,605	345,140
Short-term loans payable	68,588	54,920	367,311
Commercial papers-liabilities	—	5,000	33,440
Current portion of bonds payable	—	10,000	66,880
Lease obligations	32	52	353
Accounts payable - other	3,990	6,039	40,394
Income taxes payable	6,454	7,536	50,402
Advances received on uncompleted construction contracts	37,711	55,973	374,352
Deposits received	39,473	48,718	325,832
Provision for bonuses	5,670	6,883	46,036
Provision for warranties for completed construction	3,161	3,059	20,464
Provision for loss on construction contracts	4,001	4,115	27,524
Deposits received from employees	11,472	11,200	74,911
Other	3,714	1,462	9,778
Total current liabilities	265,769	289,120	1,933,658
Noncurrent liabilities:			
Bonds payable	63,000	63,000	421,348
Long-term loans payable	84,435	103,356	691,258
Lease obligations	182	480	3,216
Deferred tax liabilities (Notes 10)	27,658	19,567	130,868
Deferred tax liabilities for land revaluation (Notes 10)	5,831	5,202	34,793
Provision for retirement benefits	21,716	22,233	148,697
Provision for stock payments for directors	676	831	5,562
Provision for loss on business of subsidiaries and affiliates	4	477	3,191
Provision for loss on business of environment and energy	2,825	2,723	18,212
Asset retirement obligations	300	500	3,346
Other	4,191	5,859	39,188
Total noncurrent liabilities	210,822	224,232	1,499,683
Total liabilities	476,591	513,353	3,433,342
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	153,836
Capital surplus			
Legal capital surplus	25,573	25,573	171,035
Other capital surplus	574	632	4,233
Total capital surplus	26,147	26,206	175,268
Retained earnings			
Legal retained earnings	5,750	5,750	38,459
Other retained earnings			
Reserve for construction	50,000	—	—
General reserve	109,774	109,774	734,181
Retained earnings brought forward	11,542	75,748	506,612
Total retained earnings	177,067	191,273	1,279,252
Treasury stock	(12,599)	(17,249)	(115,368)
Total shareholders' equity	213,616	223,231	1,492,988
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	92,651	73,071	488,706
Deferred gains on hedges	383	407	2,725
Revaluation reserve for land	2,741	4,100	27,427
Total valuation and translation adjustments	95,777	77,579	518,858
Total net assets	309,394	300,811	2,011,847
Total liabilities and net assets	¥ 785,986	¥ 814,164	\$ 5,445,189

Non-consolidated Statements of Income

Toda Corporation - For the years of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales:			
Net sales of construction contracts	¥400,493	¥428,802	\$ 2,867,861
Net sales of investment development business and other	22,638	46,565	311,434
Total net sales	423,132	475,368	3,179,295
Cost of sales:			
Cost of sales of construction contracts	356,452	377,150	2,522,405
Cost of sales of investment development business and other	16,794	37,325	249,632
Total cost of sales	373,246	414,475	2,772,038
Gross profit:			
Gross profit on construction contracts	44,041	51,652	345,455
Gross profit on investment development business and other	5,843	9,240	61,801
Total gross profit	49,885	60,893	407,257
Selling, general and administrative expenses			
Directors' compensations	304	282	1,891
Provision for stock payments for directors	250	202	1,353
Employees' salaries and allowances	11,542	12,253	81,953
Provision for bonuses	3,910	4,719	31,561
Retirement benefit expenses	1,029	562	3,761
Legal welfare expenses	1,816	1,909	12,768
Welfare expenses	726	641	4,292
Repair and maintenance	164	176	1,179
Stationery expenses	1,984	2,401	16,060
Correspondence and transportation expenses	1,179	1,155	7,725
Power utilities expenses	109	107	717
Research study expenses	4,018	3,789	25,344
Advertising expenses	723	1,068	7,148
Provision of allowance for doubtful accounts	(365)	219	1,467
Entertainment expenses	1,042	1,033	6,908
Contribution	87	107	718
Rents	2,218	2,562	17,141
Depreciation	2,169	2,329	15,580
Amortization of goodwill	69	69	463
Taxes and dues	1,806	1,838	12,294
Insurance expenses	40	68	458
Miscellaneous expenses	2,119	2,147	14,364
Total selling, general and administrative expenses	36,948	39,646	265,157
Operating income	12,936	21,246	142,099
Non-operating income:			
Interest income (Notes 8.1))	324	473	3,170
Dividend income (Notes 8.1))	4,915	5,304	35,478
Dividend income of insurance	238	281	1,879
Exchange gain	122	76	513
Miscellaneous income (Notes 8.1))	751	350	2,344
Total non-operating income	6,353	6,487	43,385
Non-operating expenses:			
Interest expenses	884	1,427	9,548
Interest on bonds	239	318	2,131
Commission fee	245	442	2,960
Miscellaneous expenses	230	180	1,206
Total non-operating expenses	1,600	2,369	15,846
Ordinary income	17,688	25,364	169,639
Extraordinary income:			
Gain on sales of noncurrent assets (Notes 8.2))	6	40	270
Gain on sales of investment securities	10,222	11,553	77,269
Other	32	41	277
Total extraordinary income	10,261	11,635	77,817

Extraordinary loss:

Loss on abandonment of noncurrent assets (Notes 8.3))	77	422	2,827
Impairment loss	4,969	137	920
Loss on valuation of investment securities	97	412	2,761
Loss on valuation of stocks of subsidiaries and affiliates	721	1,107	7,409
Provision for loss on business of subsidiaries and affiliates	—	460	3,080
Provision for loss on business of environment and energy	2,825	2,402	16,068
Other	536	10	72
Total extraordinary losses	9,228	4,955	33,142
Profit before income taxes and non-controlling interests	18,721	32,044	214,314
Income taxes-current	6,827	9,276	62,041
Income taxes-deferred	352	(1,616)	(10,808)
Total income taxes (Notes 10)	7,179	7,660	51,232
Profit for the year	¥ 11,541	¥24,383	\$ 163,081

Non-consolidated Statements of Changes in Net Assets

Toda Corporation - For the years ended March 31, 2024 and 2025

	Millions of yen																
	Shareholders' equity											Valuation and translation adjustments				Total net assets	
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings								Total retained earnings			
										</							

Thousands of U.S. dollars																
	Shareholders' equity										Valuation and translation adjustments				Total net assets	
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings									
						Reserve for construction	General reserve	Retained earnings brought forward								
Balance at March 31, 2024	\$153,836	\$171,035	\$3,840	\$174,875	\$38,459	\$334,403	\$734,181	\$77,199	\$1,184,242	\$ (84,269)	\$1,428,685	\$619,660	\$2,567	\$18,336	\$640,564	\$2,069,249
Changes during period																
Reversal of reserve for construction	—	—	—	—	—	(334,403)	—	334,403	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	—	(58,052)	(58,052)	—	(58,052)	—	—	—	—	(58,052)
Profit for the year	—	—	—	—	—	—	—	163,081	163,081	—	163,081	—	—	—	—	163,081
Disposal of treasury stock	—	—	392	392	—	—	—	—	2,366	2,759	—	—	—	—	—	2,759
Purchase of treasury stock	—	—	—	—	—	—	—	—	(33,465)	(33,465)	—	—	—	—	—	(33,465)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	(10,019)	(10,019)	—	(10,019)	—	—	—	—	(10,019)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—	—	(130,954)	157	9,091	(121,706)	(121,706)	
Total changes of items during the period	—	—	392	392	—	(334,403)	—	429,412	95,009	(31,099)	64,303	(130,954)	157	9,091	(121,706)	(57,402)
Balance at March 31, 2025	\$153,836	\$171,035	\$4,233	\$175,268	\$38,459	\$—	\$734,181	\$506,612	\$1,279,252	\$ (115,368)	\$1,492,988	\$488,706	\$2,725	\$27,427	\$518,858	\$2,011,847

Notes to Non-consolidated Financial Statements

Toda Corporation

1. Basis of Presenting Non-consolidated Financial Statements

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

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

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

(U.S. Dollar Amounts)

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

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

2. Summary of Significant Accounting Policies

1) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities

Stocks of subsidiaries and affiliates

Stated at cost, determined by the moving-average method

Available-for-sale securities

• Other than equity securities without market prices:

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

• Equity securities without market prices:

Stated at cost, determined by the moving-average method

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

The accounting methods are as follows:

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

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

(b) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

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

- (c) Other inventories
 - Raw materials and supplies
 - Stated at cost, determined by the weighted average method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)
 - Costs on real estate business
 - Stated at cost, determined by the specific identification cost method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

2) Methods of depreciation and amortization depreciable assets

- (a) Property, plant and equipment (excluding lease assets)
 - The declining-balance method is used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.
 - Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
- (b) Intangible fixed assets (excluding lease assets)
 - The straight-line method is used.
 - Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
 - However, the amortization of software used by the Company is computed using the straight-line method based on the estimated useful life.
- (c) Lease assets
 - Leased assets under finance leases other than those that are deemed to transfer ownership to lessees
 - Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

3) Allowances and provisions

- (a) Allowance for doubtful accounts
 - The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.
- (b) Provision for bonuses
 - This is provided for the payment of bonuses for employees, based on expected payment amount.
- (c) Provision for warranties for completed construction
 - This is provided based on the estimated amount of compensation in the future for the work completed during the current fiscal year to cover expenses and others required to cure the non-conformity of performance on the grounds of non-conformity with the terms of the contract.
- (d) Provision for retirement benefits
 - To prepare for retirement benefits to employees, the provision for retirement benefits is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the fiscal year-end.
 - 1 Period attribution method for estimated retirement benefits
 - The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.
 - 2 Accounting methods for actuarial differences and prior service costs
 - Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.
 - Prior service costs are amortized commencing the year in which the difference is recognized primarily by the straight-line method over a period of five years.
- (e) Provision for loss on construction contracts
 - The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.
- (f) Provision for loss on business of subsidiaries and affiliates
 - To prepare for the loss of investment in subsidiaries and affiliates, the amount that is expected to be borne beyond the investment and loans to subsidiaries and affiliates is estimated.
- (g) Provision for stock payments to directors
 - The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company's shares to its directors and executive officers.
- (h) Provision for loss on business of environment and energy
 - The provision for loss on business of environment and energy is provided at the estimated amount for the future losses on project in process at the fiscal year-end which will be probably incurred and which can be reasonably estimated.

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

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

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

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

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

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

5) Hedge Accounting

The Company applies hedge accounting as follows:

- (a) Method of hedge accounting adopted
 - Deferral hedge accounting
 - If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").
- (b) Measure and objects
 - 1 Measures: Forward foreign exchange contracts and foreign currency deposits
 - Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials
 - 2 Measures: Interest rate swap
 - Objects: Loans
- (c) Hedging principles:
 - Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Company utilizes hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.
- (d) Evaluation method of effectiveness of hedging:
 - During the period from the time when the hedging first started until the fiscal year-end, the Company has been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.
 - However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

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

- (a) Accounting for retirement benefits
 - The method of accounting for unrecognized items to retirement benefits is different from the method of accounting for consolidated financial statements.
- (b) Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear
 - The accounting method for joint venture (JV) in the construction industry is mainly based on the method of recognizing assets, liabilities, income and expenses according to the investment ratio of the members.

3. Significant Accounting Estimates

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

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

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2024	2025	2025
Net sales of construction contracts	¥ 377,465	¥ 404,975	\$ 2,708,503

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

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

2) Estimates for impairment loss on fixed assets

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

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2024	2025	2025
Impairment loss	¥ 4,969	¥ 137	\$ 920

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

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

4. Change in Accounting Policies

(Application of the Accounting Standards for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 issued on October 28, 2022), etc. from the beginning of the current fiscal year.

This change in accounting policy has no impact on the non-consolidated financial statements.

5. Change in Presentation Methods

(Non-consolidated statements of income)

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

As a result, "Cost of sales of construction contracts" ¥354,440 million and "Total cost of sales" ¥371,235 million under "Cost of Sales" have been reclassified into "Cost of sales of construction contracts" ¥356,452 million and "Total cost of sales" ¥373,246 million, as well as "Gross profit on construction contracts" ¥46,053 million and "Total gross profit" ¥51,896 million under "Gross profit" have been reclassified into "Gross profit on construction contracts" ¥44,041 million and "Total gross profit" ¥49,885 million, moreover "Employees' salaries and allowances" ¥12,658 million, "Provision for bonuses" ¥4,236 million, "Retirement benefit expenses" ¥1,126 million, "Legal welfare expenses" ¥1,975 million, "Stationery expenses" ¥2,006 million, "Correspondence and transportation expenses" ¥1,252 million, "Research study expenses" ¥4,159 million, "Entertainment expenses" ¥1,109 million, "Miscellaneous expenses" ¥2,128 million and "Total selling, general and administrative expenses" ¥38,960 million under "Total selling, general and administrative expenses" have been reclassified into "Employees' salaries and allowances" ¥11,542 million, "Provision for bonuses" ¥3,910 million, "Retirement benefit expenses" ¥1,029 million, "Legal welfare expenses" ¥1,816 million, "Stationery expenses" ¥1,984 million, "Correspondence and transportation expenses" ¥1,179 million, "Research study expenses" ¥4,018 million, "Entertainment expenses" ¥1,042 million, "Miscellaneous expenses" ¥2,119 million and "Total selling, general and administrative expenses" ¥36,948 million in the previous non-consolidated fiscal year."

6. Additional Information

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

Since the same content is described in the consolidated financial statements "Notes (5. Additional Information)", the notes are omitted.

7. Notes to Non-consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2025	2025
1) Advanced depreciation:			
Buildings	¥ 132	¥ 93	\$ 628
Structures	2	2	18
Tools, furniture and fixtures	11	58	390
Land	242	242	1,621
Software	8	8	56
Total	¥ 397	¥ 405	\$ 2,715
2) Pledged assets:			
Investment securities	¥ 7	¥ 7	\$ 48
Stocks of subsidiaries and affiliates	384	364	2,435
Long-term loans receivable from subsidiaries and affiliates	184	171	1,147
Total	¥ 576	¥ 542	\$ 3,631
3) Contingent liabilities (guarantee liabilities)	¥ 11,308	¥ 13,711	\$ 91,705
4) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$ 200,642
Loan balance outstanding	—	—	—
Difference (unused portion)	¥ 30,000	¥ 30,000	\$ 200,642

5) Change in holding purpose of assets

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

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
As of March 31			
Buildings	¥ 11,946	¥ 8,685	\$ 58,085
Structures	302	97	652
Land	7,303	10,211	68,292
Construction in progress	30	—	—
Leasehold right	—	211	1,417

8. Notes to Non-consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
For the years ended March 31			
1) Non-operating income from subsidiaries and affiliates:			
Interest income	¥ 323	¥ 695	\$ 4,650
Dividend income	819	659	4,412
Miscellaneous income	331	—	—
Total	¥ 1,473	¥ 1,355	\$ 9,062
2) Gain on sales of noncurrent assets:			
Land	¥ —	¥ 8	\$ 59
Machinery and equipment	5	31	210
Vehicles	0	—	—
Total	¥ 6	¥ 40	\$ 270
3) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 1	¥ 47	\$ 320
Other	37	27	186
Dismantlement cost	38	347	2,321
Total	¥ 77	¥ 422	\$ 2,827

9. Securities

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

	Millions of yen
For the year ended March 31, 2024	2024
Stocks of subsidiaries	¥ 45,740
Stocks of affiliated companies	1,276
Total	¥ 47,016

	Millions of yen	Thousands of U.S. dollars
For the year ended March 31, 2025	2025	2025
Stocks of subsidiaries	¥ 47,085	\$ 314,912
Stocks of affiliated companies	610	4,084
Total	¥ 47,696	\$ 318,997

Note: 1 The stocks of subsidiaries and affiliates are not shown because they are equity securities without market prices.

2 The stocks of subsidiaries and affiliates includes in the investments in partnerships for which equity interests are recorded on a net basis. In addition, the fair value of the investments are omitted.

10. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
As of March 31			
Deferred tax assets:			
Real estate for sale	¥ 120	¥ 132	\$ 885
Property, plant and equipment	5,699	6,041	40,405
Investment securities	1,922	2,486	16,628
Allowance for doubtful accounts	526	605	4,051
Provision for bonuses	1,746	2,116	14,153
Provision for loss on construction contracts	1,224	1,280	8,566
Provision for retirement benefits	6,645	6,985	46,717
Other	3,964	4,013	26,840
Subtotal	21,849	23,661	158,249
Less: valuation allowance	(7,487)	(8,130)	(54,378)
Deferred tax assets	¥ 14,361	¥ 15,530	\$ 103,871
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (40,806)	¥ (33,551)	\$ (224,395)
Prepaid pension cost	(722)	(997)	(6,668)
Other	(491)	(549)	(3,675)
Deferred tax liabilities	(42,020)	(35,098)	(234,739)
Net deferred tax assets (liabilities)	¥ (27,658)	¥ (19,567)	\$ (130,868)

In addition to the above, the Company recognized deferred tax liabilities of ¥5,831 million and ¥5,202 million (US\$34,793 thousand) related to revaluation reserve for land at March 31, 2024 and 2025, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2024	2025
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.7%	1.6%
Non-taxable income	(2.5)%	(1.6)%
Inhabitant taxes (per capita levy)	1.0%	0.5%
Valuation allowance	8.1%	1.3%
Tax credit	(1.5)%	(4.2)%
Other	(0.0)%	(4.3)%
Effective tax rate	38.4%	23.9%

(Adjustment to the amounts of deferred tax assets and liabilities due to changes in income tax rate)

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. on March 31, 2025, the statutory effective tax rate used to calculate deferred tax assets and liabilities for the fiscal year ended March 31, 2025 was changed from 30.6% in the fiscal year ended March 31, 2024 to 31.5% for temporary differences expected to be recovered or settled on or after April 1, 2026.

As a result, the amount of deferred tax liabilities (net of deferred tax assets) increased by ¥744 million (\$4,979 thousand), and income taxes-deferred; valuation difference on available-for-sale securities; for the fiscal year ended March 31, 2025 decreased by ¥214 million (\$1,437 thousand), ¥958 million (\$6,411 thousand), respectively.

In addition, the amount of deferred tax liabilities for revaluation of land increased by ¥138 million (\$928 thousand), resulting in a corresponding decrease of ¥138 million (\$928 thousand) in revaluation reserve for land.

11. Revenue Recognition

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