Financial Data for 11 Years

Financial items

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Thousands of US dollars FY2024
Orders received	Million yen	187,311	221,764	218,323	219,844	241,889	226,909	200,469	232,120	288,670	263,549	**277,403**	**1,855,168**
Ratio of overseas orders received	%	49.8	54.3	50.4	46.2	46.3	45.1	44.1	38.2	47.1	43.7	**50.6**	**50.6**
Net sales	Million yen	183,648	212,424	200,604	231,898	225,402	225,378	202,548	209,261	214,793	293,556	**276,212**	**1,847,208**
Green Technology System	Million yen	116,150	134,824	124,565	139,948	149,164	157,378	134,058	134,399	171,868	216,535	**169,443**	**1,133,176**
Paint Finishing System	Million yen	67,614	77,735	76,085	92,029	76,245	68,006	68,497	74,882	42,960	77,041	**106,956**	**715,282**
Ratio of overseas sales	%	55.2	55.5	49.3	50.1	47.1	41.3	45.8	48.5	37.5	46.9	**47.7**	**47.7**
Operating income	Million yen	8,669	12,734	8,473	12,180	14,035	15,439	11,690	9,428	11,556	18,270	**17,971**	**120,188**
Ratio of operating income to net sales	%	4.7	6.0	4.2	5.3	6.2	6.9	5.8	4.5	5.4	6.2	**6.5**	**6.5**
Ordinary income	Million yen	9,579	12,343	9,842	13,082	15,085	15,991	12,287	10,818	13,001	19,852	**19,938**	**133,339**
Segment profit: Green Technology System	Million yen	5,991	8,950	9,981	11,885	13,567	13,893	11,192	9,302	14,599	17,027	**15,299**	**102,318**
Segment profit: Paint Finishing System	Million yen	3,260	3,524	(115)	1,160	1,676	2,814	911	667	(1,606)	2,804	**4,256**	**28,465**
Ratio of ordinary income to net sales	%	5.2	5.8	4.9	5.6	6.7	7.1	6.1	5.2	6.1	6.8	**7.2**	**7.2**
Profit attributable to owners of parent	Million yen	6,084	7,084	6,305	7,254	8,841	9,132	8,279	7,248	7,917	15,602	**11,026**	**73,742**
Return on equity (ROE)	%	6.9	7.6	6.8	7.2	8.3	8.4	7.2	5.9	6.3	11.6	**7.6**	**7.6**
Total assets	Million yen	188,283	189,566	199,024	215,392	223,080	215,389	228,855	228,159	237,105	266,494	**268,448**	**1,795,285**
Net assets	Million yen	99,669	95,921	100,184	110,650	113,649	112,843	126,311	130,788	131,992	151,562	**156,486**	**1,046,524**
Equity ratio	%	50.4	48.0	48.1	48.8	48.8	50.2	52.9	54.7	53.1	54.0	**55.2**	**55.2**
Cash flows from operating activities	Million yen	1,401	7,301	6,679	9,337	9,159	21,386	973	(8,544)	4,806	20,738	**(21,219)**	**(141,908)**
Cash flows from investing activities	Million yen	(3,900)	(328)	(6,505)	1,390	(2,830)	(877)	(6,913)	(1,071)	(1,748)	2,148	**(4,982)**	**(33,318)**
Cash flows from financing activities	Million yen	1,264	(7,409)	(5,286)	(885)	2,396	(11,475)	(1,435)	6,000	(9,822)	(5,545)	**1,907**	**12,756**
Research and development expenses	Million yen	822	889	946	1,024	1,084	1,105	1,122	1,106	1,149	1,166	**1,312**	**8,775**
Depreciation	Million yen	1,257	1,348	1,290	1,398	2,030	2,167	2,362	2,496	2,000	1,469	**1,850**	**12,373**
Purchase of property, plant and equipment and intangible assets	Million yen	(1,247)	(1,941)	(1,807)	(3,832)	(4,140)	(2,086)	(2,270)	(2,314)	(2,176)	(3,885)	**(3,953)**	**26,437**

Per share data:	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*US dollars FY2024
Profit attributable to owners of parent	Yen	86.32	102.17	91.58	106.20	129.76	134.03	121.51	106.35	117.31	235.97	**169.44**	**1.13**
Net assets	Yen	1,345.38	1,316.80	1,399.65	1,543.75	1,596.59	1,588.13	1,776.35	1,829.27	1,894.37	2,194.04	**2,282.91**	**15.27**
Annual dividend	Yen	26.0	33.5	35.0	37.5	45.5	50.0	45.0	50.0	60.5	65.5	**72**	**0.48**
Dividend payout ratio	%	30.1	32.8	38.2	35.3	35.1	37.3	37.0	47.0	51.6	27.8	**42.5**	**42.5**
Total return ratio	%	30.2	63.8	54.0	42.2	35.1	37.5	37.2	47.2	89.3	40.6	**60.7**	**60.7**

*The US dollar amounts are translated on the basis of nearly 149.53 yen to 1 dollar, the rate of exchange prevailing at March 31, 2025.
* As the Company has been applying the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018) since FY2018, the consolidated financial position of FY2017 is calculated after retrospectively applying the said accounting standard, etc. Therefore, the indicators and others for FY2017 reflect those retrospective adjustments.
*The Company conducted a 2-for-1 split of its common shares, effective April 1, 2025. The per share data are calculated assuming that the share split had been conducted at the beginning of FY2014.

RESULTS OF OPERATIONS (OVERVIEW)

The results for the fiscal year ended March 31, 2025

Accounting estimates and underlying assumptions

The consolidated financial statements of the Taikisha Group are prepared in accordance with accounting standards generally accepted in Japan. In preparing the consolidated financial statements, some accounting estimates that affect the amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period are made in accordance with the accounting standards.

Please refer to "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, 2. Summary of significant accounting policies, (12) Significant accounting estimates" for important items of accounting estimates and underlying assumptions.

Due to the uncertain nature of estimates, actual results may change from these estimates.

Earnings Overview

In this fiscal year, the global economy remained unstable due to prolonged geopolitical risks in regions including Eastern Europe and the Middle East, as well as the continued high energy prices and the sense of caution against the tariff policies of the new Trump administration. In the U.S., key interest rate remained high despite the reduction and inflation rates also remained high. On the other hand, the economy remained strong due to the increase in personal consumption against a backdrop of the favorable employment and income conditions. In China, the economy slowed down due to sluggish domestic and foreign demand, particularly in the real estate market. In Southeast Asia, the economy remained strong as domestic and foreign demand were recovering with the background of capital investments shifting from China and improvement in labor markets. The Japanese economy mildly recovered along with strong personal consumption and inbound demand, despite the ongoing concerns about downward pressures on the economy, such as financial policies and geopolitical risks overseas.

Among the market environments of the Taikisha Group, in overseas markets, capital investment by various manufacturers continued to be steady, despite concerns about slowdowns in the global economy.

On the other hand, in the domestic market, investments by semiconductor-related and automobile manufacturers, as well as those related to data centers continued, and the demand for the renovations in the metropolitan area was steady.

Under such circumstances, in order to achieve medium- to long-term growth, the Taikisha Group promotes the following initiatives.

Firstly, as an initiative to "improve business operation systems and productivity," which is stated by the Green Technology System Business in the Mid-Term Business Plan, the Company established the Product Management Dept. in fiscal 2024. This department is promoting the transformation of business processes of onsite operations through front-loading, BIM, human resource development, and expansion of business support.

By actively participating in drawing work and construction planning of large projects from the early design and construction stages, and utilizing highly accurate BIM models, this department examines construction procedures, costs, and staffing in advance, reflects the plans to actual construction processes, and makes decisions on facilities and specification ahead of time. In addition to reducing on-site workload and improving the accuracy of estimates, these efforts will make it possible to discuss the equipment layout and routing, as well as making proposals on construction in units and design of passage and racks. The Company manages projects from the front-loading perspective, which focuses on such consideration and coordination in the upstream processes to improve the overall quality and efficiency of the project.

As a scrum-based organization, the Product Management Dept. provides prompt responses and improvements for diverse tasks, such as BIM, front-loading, and business support in collaboration with related departments, drives new business processes, and develops human resources with a new digital operations-oriented mindset.

Secondly, as an initiative under the Paint Finishing System Business to "establish a firm position in Japan and abroad," the Company established Taikisha Deutschland GmbH in Germany in June 2024, aiming for business expansion in the European market. As the global automobile markets have recovered to the pre-COVID-19 level and stable demand is expected to continue in the future, the Company positions the European market, which plays a pivotal role in driving technological innovation in the automobile industry, as a strategically important market.

Europe is a market where competitors with leading global market shares in the automobile paint finishing sector have their headquarters. In such a field, the Company will strengthen partnerships with key automobile manufacturers and utilize automation technologies to establish a firm position as a supplier that can provide the full range of services related to paint finishing plants. At the same time, the Company will provide solutions that will contribute to achieving carbon neutrality, by utilizing energy-saving technologies and environmental load reduction technologies that comply with European regulations.

Currently, the Company is pursuing an order for a large-scale project from a European automobile manufacturer. Through participation in this construction, the Company aims to deepen its understanding of specifications and needs of European manufacturers, so that it will contribute to receiving orders from other automobile manufacturers. Moreover, the Company intends to expand into aircraft and other diverse industries, by enhancing its automation business. With active participation of local staff members who are well-versed in local affairs, the Company will enhance its presence in the European market, continue providing solutions to social issues and clients' issues, and further accelerate its growth in the European market.

Given such circumstances, consolidated orders received increased 5.3% year-on-year to ¥277,403 million, due to an increase overseas, although domestic orders decreased due to the impact of clients' reconsideration of investment timing. This includes orders received overseas, which increased 21.7% year-on-year to ¥140,143 million.

Consolidated net sales of completed construction contracts decreased 5.9% year-on-year to ¥276,212 million, decreasing both in Japan and overseas, mainly due to the reactionary decline of large-scale projects in the previous fiscal year. This includes net sales of completed construction contracts overseas, which decreased 4.5% year-on-year to ¥131,635 million.

In regard to profits, gross profit on completed construction contracts increased ¥1,693 million year-on-year to ¥45,005 million, operating income decreased ¥298 million year-on-year to ¥17,971 million, ordinary income increased ¥85 million year-on-year to ¥19,938 million, and profit attributable to owners of parent decreased ¥4,575 million year-on-year to ¥11,026 million.

Earnings by reportable segment (including intersegment transactions) are as follows.

Green Technology System

Consolidated orders received increased compared to the previous fiscal year, as orders increased in the building HVAC sector, China, Thailand, and other countries, despite a decline in the industrial HVAC sector in Japan. The consolidated net sales of completed construction contracts decreased compared to the previous fiscal year, mainly due to a reactionary decline from the significant contribution of large-scale projects in the previous fiscal year in the Japanese industrial HVAC sector and Taiwan.

As a result, consolidated orders received increased 4.2% year-on-year to ¥179,197 million. The breakdown is orders received for building HVAC of ¥53,795 million which increased 48.6% year-on-year and orders received for industrial HVAC of ¥125,402 million which decreased 7.6% year-on-year. Consolidated net sales of completed construction contracts decreased 21.7% year-on-year to ¥169,443 million. The breakdown is sales for building HVAC of ¥36,839 million which decreased 9.6% year-on-year and sales for industrial HVAC of ¥132,603 million which decreased 24.6% year-on-year. Segment profit (ordinary income) decreased ¥1,728 million year-on-year to ¥15,299 million.

Paint Finishing System

Consolidated orders received increased compared to the previous fiscal year, due to increases in India, Korea, and other regions. The consolidated net sales of completed construction contracts increased compared to the previous fiscal year, due to increases in regions such as Japan and North America.

As a result, consolidated orders received increased 7.2% year-on-year to ¥98,205 million and consolidated net sales of completed construction contracts increased 38.8% year-on-year to ¥106,956 million. Segment profit (ordinary income) increased ¥1,451 million year-on-year to ¥4,256 million.

Financial Condition

Assets

As of March 31, 2025, current assets increased 3.7% year-on-year to ¥210,935 million. This is mainly due to increase in notes receivable, accounts receivable from completed construction contracts and other of ¥26,542 million, despite decrease in securities of ¥9,000 million and cash and deposits of ¥7,906 million.

Non-current assets decreased 8.9% year-on-year to ¥57,513 million. This is mainly due to decrease in investment securities of ¥4,555 million and goodwill of ¥2,813 million, despite increase in buildings and structures of ¥4,193 million.

As a result, total assets increased 0.7% year-on-year to ¥268,448 million.

Assets by reportable segment are as follows.

Green Technology System

As of March 31, 2025, current assets decreased 1.3% year-on-year to ¥104,406 million. This is mainly due to decrease in costs on uncompleted construction contracts of ¥930 million.

Non-current assets decreased 18.1% year-on-year to ¥30,537 million. This is mainly due to decrease in goodwill of ¥2,819 million and investment securities of ¥4,812 million.

As a result, total assets decreased 5.7% year-on-year to ¥134,943 million.

Paint Finishing System

As of March 31, 2025, current assets increased 47.5% year-on-year to ¥86,772 million. This is mainly due to increase in notes receivable, accounts receivable from completed construction contracts and other of ¥26,237 million and cash and deposits of ¥1,817 million.

Non-current assets increased 6.3% year-on-year to ¥11,314 million. This is mainly due to increase in machinery, vehicles, tools, furniture and fixtures of ¥434 million.

As a result, total assets increased 41.2% year-on-year to ¥98,086 million.

Liabilities

As of March 31, 2025, current liabilities decreased 2.4% year-on-year to ¥101,030 million. This is mainly due to decrease in notes payable, accounts payable for construction contracts and other of ¥15,277 million and income taxes payable of ¥2,580 million despite increase in short-term loans payable of ¥9,452 million and advances received on uncompleted construction contracts of ¥5,769 million.

Non-current liabilities decreased 4.3% year-on-year to ¥10,931 million. This is mainly due to decrease in deferred tax liabilities of ¥746 million.

As a result, total liabilities decreased 2.6% year-on-year to ¥111,962 million.

Net assets

As of March 31, 2025, total net assets increased 3.2% year-on-year to ¥156,486 million. This is mainly due to increase in retained earnings of ¥6,401 million and foreign currency translation adjustment of ¥2,626 million despite decrease in valuation difference on available-for-sale securities of ¥2,684 million and acquisition and disposal of treasury shares of ¥2,000 million.

Cash flows

Cash and cash equivalents (collectively, "Cash") as of March 31, 2024 and 2025 were ¥63,265 million and ¥42,013 million respectively. Compared to the previous year, it decreased ¥21,252 million.

Cash flows from operating activities

Cash provided by operating activities for the year ended March 31, 2024 was ¥20,738 million, and cash used in operating activities for the year ended March 31 2025 was ¥21,219 million. Cash decreased mainly due to increase in notes and accounts receivable-trade and decrease in notes and accounts payable-trade, although increased mainly due to increase in the recording of profit before income taxes.

Cash flows from investing activities

Cash provided by investing activities for the year ended March 31, 2024 was ¥2,148 million, and cash used in investing activities for the year ended March 31, 2025 was ¥4,982 million. Cash decreased mainly due to payments into time deposits and purchase of property, plant and equipment and intangible assets, although increased mainly due to proceeds from sales of investment securities and proceeds from withdrawal of time deposits.

Cash flows from financing activities

Cash used in financing activities for the year ended March 31, 2024 was ¥5,545 million, and cash provided by financing activities for the year ended March 31, 2025 was ¥1,907 million. Cash increased mainly due to proceeds from short-term loans payable outweighed repayment of short-term loans payable, although decreased mainly due to cash dividends paid and net increase in treasury shares.

Business and Other Risks

Major risk factors that may significantly affect the financial condition, business performance and cash flows of the Taikisha Group, as recognized by senior management, are noted below.

Forward-looking statements in this section are based on judgments made by the Taikisha Group as of March 31, 2025.

Risk of Changes in Private Capital Investment
Changes in the environment for orders may significantly affect sales and profit in the Taikisha Group's businesses. In the Green Technology System Division, this may be caused by reduction in overseas investment by Japanese companies. In the Paint Finishing System Division, this may be caused by continued shrinkage of domestic manufacturing by Japanese automobile manufacturers, or reduction in new capital investment due to sluggish worldwide car sales. The Taikisha Group's business performance and other results may be affected by a decrease in the amount of orders received due to these factors. In addition, if the Taikisha Group fails to keep up with the change of production facility of automobile manufacturers that contributes to realization of carbon neutrality, the Taikisha Group may lose customers and the business performance and other results may also be affected.

In response, Green Technology System Division will work overseas to strengthen its sales structure targeting local companies, and promote initiatives to increase orders from Japanese manufacturers in collaboration with sales team in Japan. Paint Finishing System Division will accelerate the development of the Company's technology that introduces change the production facility of customers that contributes to realization of carbon neutrality, and will aim to expand automation business from the conventional 4-wheel and 2-wheel vehicle markets to other industries by the Company's automation technology.

Risk Associated with Large-Scale Disasters
The Taikisha Group's business performance and other results may be affected by losses sustained due to natural disasters, such as earthquakes, tsunamis, wind or water damage, or a global spread of infections and other diseases in regions where the Taikisha Group does business. Furthermore, in the case of large-scale, widespread natural disasters, the Taikisha Group's business performance and other results may be affected not only by the direct damage to property and people, but also by the long-term impact on customers' business activities and the larger economic climate.

In order to prepare for the possible occurrence of unforeseen disasters, accidents or events in Japan or overseas, the Taikisha Group has established a basic policy for crisis management and constructed a crisis management system. Should a crisis occur, it will be classified into one of three levels depending on its impact on personal safety and business continuity. Crisis countermeasures will be implemented based on these levels.

Risk Associated with Overseas Business and the Management and Control of Overseas Subsidiaries and Associates
Unforeseen changes in laws and regulations, political instability and other factors in the overseas regions where the Taikisha Group operates could affect its business results. The Taikisha Group may sustain losses due to fluctuations in exchange rates pertaining to the payments and collections for foreign currency construction contracts. In addition, exchange rates could affect the Taikisha Group's business performance and other results because the financial statements of overseas subsidiaries and associates are translated into Japanese yen in preparing the consolidated financial statements. Furthermore, the Taikisha Group's business performance and other results may be affected by a deterioration in the results of overseas subsidiaries and associates, such as the failure to achieve business plan targets, due to bad debt because of bankruptcy of customers, the occurrence of problems that could not be predicted, or for which risk countermeasures that could not be implemented and so on.

In response, the Taikisha Group collects information on political, economic and statutory changes in the overseas regions in which it operates, and strives to control country risks and overseas legal and regulatory risks. The Taikisha Group implements forward exchange contracts and other instruments to hedge currency risks arising from payments and collections for foreign currency construction contracts, strengthens credit control before receiving orders to reduce the risk of receivables to become uncollectible, and avoids such kinds of risks as much as possible. It will also continue to enhance the governance structure of its overseas subsidiaries and associates.

Risk Associated with Technological Development
Should the Taikisha Group experience delays in the development of systems to meet increasing customer needs, such as carbon neutrality, energy saving, enhanced environmental measures and automation, its technological differentiation with competitors cannot be generated, and its business performance and other results may be affected by the resulting loss of opportunities to receive orders, as well as deterioration in customer trust and corporate reputation.

In response, the Taikisha Group endeavors to solve social issues through the development and demonstration of technologies aimed at reducing environmental impact to deal with decarbonization business in order to realize carbon neutrality, as well as automation technologies which is the strength technology of the Company. To this end, the Company will utilize the Technology Development Center and R&D satellite facility "TAIKISHA INNOVATION GATE Shinjuku" at the head office of Shinjuku, so that it expands communication, integrates solution inside and outside the company, and excavates innovation, and at the same time, by leveraging digital technologies, strengthening initiatives across the Group, and promoting development of innovative technologies by collaborating with academic institutions and start-up companies, the Taikisha Group will engage in themes that anticipate social needs.

Risk Associated with Human Resources to Execute Projects
Construction and equipment installation work, the Taikisha Group's business field, is heavily reliant on human resources. In Japan, the Taikisha Group's business results may be affected by inability to build the operational structures required to achieve medium- to long-term plans, with the concern of shortage in skilled and experienced engineers due to the aging population and delays in personnel development, as well as reduction of total working hours of engineering employees are expected due to the limitation of overtime work which has been applied also in construction industry from April 2024. Overseas, long-term business development may also be affected if the core human resources necessary to guide the localization of the Taikisha Group's businesses cannot be secured, due to factors such as delays in the development of local staff and employee turnover.

In response, the Taikisha Group will work to enhance employees' technical skills and develop human resources, by improving their basic technical capabilities through training, as well as on-site practical instruction. At the same time, it will endeavor to secure human resources, leveraging digital technology to increase productivity, promote work style reforms, and create attractive workplaces.

Overseas, the Taikisha Group will strive to secure and develop core human resources, and promote localization, through the introduction of a global personnel system.

In addition, in order to sustain and promote employees' healthy mind and body, the Company announced "Health management declaration" in 2020, and clarified health management promotion system with President and Representative Director to become the supervisor of health control.

Legal and Regulatory Compliance Risk
The Taikisha Group's business fields are subject to a range of legal restrictions, including the Construction Business Act, the Antimonopoly Act, and the Labor Standards Act. The Taikisha Group's business performance and other results may be affected by restrictions placed upon its business activities, if any of these laws and regulations are violated by the actions of its officers or employees.

In response, the Taikisha Group will endeavor to create a corporate culture and mechanisms to prevent rule violations. It will engage in continuing implementation and follow-up of its compliance education program such as e-learning, as well as conducting survey of compliance attitude which leads to inspect the effectiveness of compliance activities and reflect to improvement process, in order to maintain and increase employee awareness of legal and regulatory compliance.

Risk of Serious Accidents and Quality Defects
In the event of accidents during construction, or contract nonconformity due to such as critical quality defects, the Taikisha Group's business results may be affected due to the damage of social credit, and damage claims from customers including lawsuits. The Taikisha Group takes contract conformity responsibility with customers guaranteeing construction against defects for fixed period of time after completion of construction. The Taikisha Group allocates a provision for warranties for completed construction to cover repair costs based on previous warranty experience. However, Taikisha Group's business performance and other results might be affected should the costs exceed the balance of the provision.

In response, the Taikisha Group mitigates construction risk related to safety and quality by reducing on-site construction work using ICT and digital technologies related to safety and improving the ratio of factory-processed products. In addition, the Taikisha Group instructs and monitors partner companies to create detailed work procedure diagrams, enhance safety awareness among employees and suppliers, strengthen safety management systems, and implements comprehensive measures for safety and health management at construction sites. Moreover, with the establishment of a new technical department to review the construction management system, digitize construction management, share information about quality, and consider preventive measures against defects, the Taikisha Group will strengthen the framework and activities for ensuring safety and technical quality across the entire group. Furthermore, in preparation for any potential lawsuits, the Taikisha Group is establishing a system to respond appropriately in coordination with lawyers.

Risk of Changes in Material Prices and Unit Labor Costs
Sharp rises in material prices due to the rise of fuel prices and so on, and sharp rises in unit labor costs due to declining birthrate and aging population as well as lack of successors, could affect the Taikisha Group's business performance and other results if the Taikisha Group is unable to reflect them to contract prices.

In response, the Taikisha Group endeavors to control the risk of changes in material prices and unit labor costs through measures such as identifying reasonable costs for each region when it receives orders, and hedging the risk of price fluctuations in contracts.

Risk Associated with the Leakage of Confidential Information
Cyber-attacks are becoming increasingly sophisticated, diverse, and devious each year. If confidential information, such as personal information or customer information, is leaked through these cyber-attacks, the intentional, dishonest actions of an employee, or other means, the Taikisha Group's business performance and other results may be affected by the results of this leak, such as loss of credit and liability for compensation payments.

In response, the Taikisha Group formulates a roadmap for risk mitigation measures based on the results of the Group's IT security assessment. In addition, as the Taikisha Group develops digital technology activities from now on, and the risk of leakage of confidential information will increase due to the integration of data platforms, the Taikisha Group has established a subcommittee on IT governance and information security within the Digital Strategy Committee to advance its initiative. Furthermore, in the effort to prevent the leakage of confidential information, the Company has established an IT incident response system (Taikisha version of CSIRT) and has been promoting education for all employees, including IT security e-learning and targeted attack e-mail training.

Risk Associated with the Climate Change
In the transition of society toward decarbonization, policies, laws, technologies, and markets change, and these may affect companies' finance and reputation in various ways. Also for the Taikisha Group, there are risks that its earnings, etc. may be affected by transitional and physical risks, such as loss of customers due to failing to adapt successfully to customers' climate change correspondence, deterioration of competitiveness due to the delay of development of carbon neutral correspondence technologies, cost increase due to introduction of carbon tax, decline in labor productivity due to the rise in the average temperature, and project cancellation due to the increase of heat days, etc.

In response, the Taikisha Group will work on development of low carbon construction technology and system such as downsizing of facilities and saving energy, expanding construction of saving energy facilities such as net zero energy building of factories, promoting mechanization and automating constructions, and so on.

Risk Associated with the Human Rights
If the Taikisha Group's business activities cause or encourage negative impacts on human rights, the Taikisha Group's operating results may be affected by additional costs related to corrective or remedial measures, or stagnation of business activities due to a loss of public trust.

As a company with global operations, the Taikisha Group recognizes respect for human rights as one of the most important matters, and has established the Taikisha Group Human Rights Policy as a code of conduct for human rights in the Taikisha Group's business activities. Under the policy, the Group is committed to reducing and preventing human rights risks by promoting initiatives to respect human rights, including compliance with governance, implementation of human rights due diligence throughout the supply chain, and education and awareness-raising activities for officers and employees.

Subsidiaries and associates
Taikisha Group consists of Taikisha Ltd., 32 subsidiaries, and 3 associates. Taikisha Ltd., 4 subsidiaries and 1 associate are domiciled in Japan, and 28 subsidiaries and 2 associates are domiciled overseas.

CONSOLIDATED BALANCE SHEETS

Taikisha Ltd. and its Consolidated Subsidiaries
As of March 31, 2024 and 2025

Assets	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Current assets:			
Cash and deposits (Note 3(3))	¥55,462	¥47,556	$318,038
Notes receivable, accounts receivable from completed construction contracts and other (Note 3(1) (7))	125,357	151,900	1,015,852
Securities	9,000	–	–
Costs on uncompleted construction contracts	2,274	2,437	16,298
Raw materials and supplies	1,092	1,011	6,768
Other	11,209	9,270	61,997
Allowance for doubtful accounts	(1,023)	(1,240)	(8,294)
Total current assets	203,374	210,935	1,410,659
Non-current assets:			
Property, plant and equipment			
Buildings and structures (Note 3(3))	8,636	12,829	85,802
Machinery, vehicles, tools, furniture and fixtures (Note 3(3))	8,562	10,394	69,512
Land (Note 3(3))	1,782	2,102	14,062
Other	3,996	881	5,892
Accumulated depreciation	(11,282)	(12,464)	(83,361)
Total property, plant and equipment	11,694	13,742	91,907
Intangible assets			
Goodwill	3,528	715	4,782
Customer-related assets	1,146	–	–
Other	1,275	1,232	8,245
Total intangible assets	5,949	1,947	13,027
Investments and other assets			
Investment securities (Note 3(2))	30,879	26,324	176,045
Deferred tax assets	846	832	5,567
Net defined benefit asset	11,582	11,792	78,861
Other	2,875	2,975	19,896
Allowance for doubtful accounts	(708)	(101)	(677)
Total investments and other assets	45,475	41,822	279,692
Total non-current assets	63,119	57,513	384,626
Total assets	¥266,494	¥268,448	$1,795,285

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

Liabilities and Net assets	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 3(7))	¥64,867	¥49,590	$331,641
Short-term loans payable	3,747	13,200	88,278
Income taxes payable	4,472	1,892	12,653
Advances received on uncompleted construction contracts	13,899	19,668	131,533
Provision for warranties for completed construction	698	689	4,612
Provision for loss on construction contracts	364	356	2,386
Provision for directors' bonuses	173	172	1,150
Other	15,281	15,461	103,401
Total current liabilities	103,504	101,030	675,654
Non-current liabilities:			
Long-term loans payable	143	116	776
Deferred tax liabilities	9,053	8,306	55,552
Provision for directors' retirement benefits	39	42	286
Provision for share awards	30	54	366
Provision for share awards for directors	270	439	2,942
Net defined benefit liability	1,377	1,473	9,851
Other	511	498	3,334
Total non-current liabilities	11,427	10,931	73,107
Total liabilities	¥114,932	¥111,962	$748,761
Net assets:			
Shareholders' equity			
Capital stock			
Authorized: 100,000,000 shares			
Issued: 67,164,018 shares as of March 31, 2024 67,164,018 shares as of March 31, 2025	¥6,455	¥6,455	$43,170
Capital surplus	3,620	3,772	25,231
Retained earnings	111,869	118,270	790,949
Treasury shares, at cost — 1,518,248 shares as of March 31,2024	(2,969)	–	–
2,311,280 shares as of March 31,2025	–	(4,969)	(33,237)
Total shareholders' equity	118,974	123,528	826,113
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	14,373	11,688	78,168
Deferred gains or losses on hedges	(57)	(5)	(38)
Foreign currency translation adjustment	7,757	10,383	69,441
Accumulated remeasurements of defined benefit plans	2,981	2,458	16,440
Total accumulated other comprehensive income	25,054	24,524	164,011
Non-controlling interests	7,532	8,433	56,400
Total net assets	151,562	156,486	1,046,524
Total liabilities and net assets	¥266,494	¥268,448	$1,795,285

Per share data :	Yen		U.S. dollars
Net assets	¥2,194.04	¥2,282.91	$15.27

Basis of calculation	Millions of yen		Thousands of U.S. dollars
Total net assets	¥151,562	¥156,486	$1,046,524
Amounts to be deducted from net assets (Non-controlling interests)	(7,532)	(8,433)	(56,400)
Net assets applicable to common shares	144,029	148,053	990,124
Number of common shares as of the year-end (thousands of shares)	65,645	64,852	64,852

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

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Taikisha Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Consolidated Statements of Income			
Net sales of completed construction contracts (Note 4(1))	¥293,556	¥276,212	$1,847,208
Cost of sales of completed construction contracts (Note 4(6))	250,244	231,207	1,546,226
Gross profit on completed construction contracts	43,312	45,005	300,982
Selling, general and administrative expenses:			
Directors' compensations	886	922	6,168
Employees' salaries and allowances	10,449	10,885	72,800
Provision for directors' bonuses	173	174	1,169
Retirement benefit expenses	294	208	1,392
Provision for directors' retirement benefits	10	9	64
Provision for share awards for directors	171	169	1,130
Provision for share awards	30	30	202
Correspondence and transportation expenses	1,375	1,599	10,694
Provision of allowance for doubtful accounts	587	(0)	(5)
Rents	1,289	1,380	9,234
Depreciation	1,098	1,365	9,130
Amortization of goodwill	484	503	3,367
Other	8,189	9,786	65,449
Total selling, general and administrative expenses (Note 4(2))	25,041	27,034	180,794
Operating income	18,270	17,971	120,188
Non-operating income:			
Interest income	897	781	5,228
Dividend income	681	677	4,529
Dividend income of insurance	188	191	1,283
Real estate rent	113	151	1,012
Foreign exchange gains	–	201	1,345
Share of profit of entities accounted for using equity method	22	3	24
Other	283	464	3,105
Total non-operating income	2,186	2,471	16,526
Non-operating expenses:			
Interest expenses	240	301	2,017
Rent expenses on real estates	15	16	108
Foreign exchange losses	274	–	–
Provision of allowance for doubtful accounts	0	1	10
Other	72	185	1,240
Total non-operating expenses	604	504	3,375
Ordinary income	19,852	19,938	133,339
Extraordinary income:			
Gain on disposal of non-current assets (Note 4(3))	13	42	286
Gain on sales of investment securities	3,167	2,388	15,975
Total extraordinary income	3,180	2,431	16,261
Extraordinary losses:			
Loss on disposal of non-current assets (Note 4(4))	31	8	55
Impairment loss (Note 4(5))	0	3,339	22,331
Loss on valuation of investment securities	0	–	–
Loss on liquidation of subsidiaries and associates	–	2	15
Total extraordinary losses	31	3,349	22,401
Profit before income taxes	23,001	19,020	127,199
Income taxes-current	6,733	6,003	40,148
Income taxes-deferred	(491)	504	3,372
Total income taxes	6,242	6,507	43,520
Profit	16,759	12,512	83,679
Profit attributable to non-controlling interests	1,156	1,485	9,937
Profit attributable to owners of parent	¥15,602	¥11,026	$73,742

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Consolidated Statements of Comprehensive Income			
Profit	¥16,759	¥12,512	$83,679
Other comprehensive income:			
Valuation difference on available-for-sale securities	3,837	(2,684)	(17,955)
Deferred gains or losses on hedges	5	52	349
Foreign currency translation adjustment	3,382	2,951	19,736
Remeasurements of defined benefit plans	1,583	(499)	(3,341)
Share of other comprehensive income of entities accounted for using equity method	28	55	374
Total other comprehensive income (Note 5(1))	8,838	(125)	(837)
Comprehensive income	¥25,597	¥12,387	$82,842
Comprehensive income attributable to :			
Owners of parent	¥23,999	¥10,496	$70,197
Non-controlling interests	1,597	1,890	12,645

	Yen		U.S. dollars
Per share data:			
Profit attributable to owners of parent	¥235.97	¥169.44	$1.13
Cash dividends	¥131.00	¥144.00	$0.96

	Millions of yen		Thousands of U.S. dollars
Basis of calculation			
Profit attributable to owners of parent	¥15,602	¥11,026	$73,742
Profit attributable to owners of parent for common shares	15,602	11,026	73,742
Average number of common shares (thousands of shares)	66,120	65,076	65,076

The accompanying notes are an integral part of these financial statements.
On April 1, 2025, the 2-for-1 share split of common shares was executed. Profit attributable to owners of parent per share presented above are calculated on the assumption that the share split was executed at the beginning of previous fiscal year. Cash dividends per share presented above are based on the figure prior to the share split.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Taikisha Ltd. and its Consolidated Subsidiaries

For the year ended March 31, 2024	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥6,455	¥3,540	¥100,296	¥(1,158)	¥109,133	¥10,535	¥(63)	¥4,779	¥1,405	¥16,657	¥6,201	¥131,992
Changes of items during the period												
Dividends of surplus			(4,029)		(4,029)							(4,029)
Profit attributable to owners of parent			15,602		15,602							15,602
Purchase of treasury shares				(2,201)	(2,201)							(2,201)
Disposal of treasury shares		79		390	470							470
Purchase of shares of consolidated subsidiaries					–							–
Net changes of items other than shareholders' equity						3,837	5	2,977	1,576	8,397	1,330	9,727
Total changes of items during the period	–	79	11,572	(1,810)	9,841	3,837	5	2,977	1,576	8,397	1,330	19,569
Balance at the end of current period	¥6,455	¥3,620	¥111,869	¥(2,969)	¥118,974	¥14,373	¥(57)	¥7,757	¥2,981	¥25,054	¥7,532	¥151,562

For the year ended March 31, 2025	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥6,455	¥3,620	¥111,869	¥(2,969)	¥118,974	¥14,373	¥(57)	¥7,757	¥2,981	¥25,054	¥7,532	¥151,562
Changes of items during the period												
Dividends of surplus			(4,625)		(4,625)							(4,625)
Profit attributable to owners of parent			11,026		11,026							11,026
Purchase of treasury shares				(2,000)	(2,000)							(2,000)
Disposal of treasury shares				0	0							0
Purchase of shares of consolidated subsidiaries		152			152							152
Net changes of items other than shareholders' equity						(2,684)	52	2,626	(523)	(530)	901	370
Total changes of items during the period	–	152	6,401	(2,000)	4,553	(2,684)	52	2,626	(523)	(530)	901	4,924
Balance at the end of current period	¥6,455	¥3,772	¥118,270	¥(4,969)	¥123,528	¥11,688	¥(5)	¥10,383	¥2,458	¥24,524	¥8,433	¥156,486

For the year ended March 31, 2025	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	$43,170	$24,210	$748,139	$(19,859)	$795,660	$96,122	$(387)	$51,878	$19,942	$167,555	$50,374	$1,013,589
Changes of items during the period												
Dividends of surplus			(30,932)		(30,932)							(30,932)
Profit attributable to owners of parent			73,742		73,742							73,742
Purchase of treasury shares				(13,380)	(13,380)							(13,380)
Disposal of treasury shares				2	2							2
Purchase of shares of consolidated subsidiaries		1,021			1,021							1,021
Net changes of items other than shareholders' equity						(17,955)	349	17,563	(3,502)	(3,545)	6,027	2,482
Total changes of items during the period	–	1,021	42,810	(13,378)	30,453	(17,955)	349	17,563	(3,502)	(3,545)	6,027	32,935
Balance at the end of current period	$43,170	$25,231	$790,949	$(33,237)	$826,113	$78,167	$(38)	$69,441	$16,440	$164,010	$56,401	$1,046,524

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Taikisha Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥23,001	¥19,020	$127,199
Depreciation and amortization	1,469	1,850	12,373
Impairment losses	0	3,339	22,331
Amortization of goodwill	484	503	3,367
Increase (decrease) in allowance for doubtful accounts	484	(540)	(3,611)
Increase (decrease) in provision for warranties for completed construction	49	(48)	(324)
Increase (decrease) in provision for loss on construction contracts	55	(15)	(106)
Increase (decrease) in provision for directors' retirement benefits	(16)	3	21
Increase (decrease) in provision for share awards	30	24	162
Increase (decrease) in provision for share awards for directors	58	169	1,130
Increase (decrease) in net defined benefit liability	(782)	(994)	(6,652)
Interest and dividend income	(1,578)	(1,458)	(9,757)
Interest expenses	240	301	2,017
Share of (profit) loss of entities accounted for using equity method	(22)	(3)	(24)
Loss (gain) on disposal of non-current assets	18	(34)	(232)
Loss (gain) on sales of investment securities	(3,167)	(2,388)	(15,975)
Loss (gain) on valuation of investment securities	0	–	–
Decrease (increase) in notes and accounts receivable-trade	1,159	(22,905)	(153,181)
Decrease (increase) in inventories	(10)	74	497
Decrease (increase) in accounts receivable-other	181	(48)	(327)
Increase (decrease) in notes and accounts payable-trade	8,182	(17,345)	(115,998)
Increase (decrease) in advances received on uncompleted construction contracts	(10,381)	4,683	31,321
Increase (decrease) in accrued consumption taxes	(437)	21	147
Increase (decrease) in deposits received	(485)	217	1,455
Increase (decrease) in accrued expenses	767	(527)	(3,527)
Other, net	4,039	1,943	12,999
Subtotal	23,342	(14,159)	(94,695)
Interest and dividend income received	1,578	1,459	9,762
Interest expenses paid	(240)	(303)	(2,030)
Income taxes paid	(3,941)	(8,215)	(54,945)
Net cash provided by (used in) operating activities	20,738	(21,219)	(141,908)
Cash flows from investing activities:			
Payments into time deposits	(7,956)	(5,624)	(37,612)
Proceeds from withdrawal of time deposits	9,996	1,560	10,436
Purchase of securities	(3,000)	(1,500)	(10,031)
Proceeds from redemption of securities	3,000	1,500	10,031
Purchase of property, plant and equipment and intangible assets	(3,885)	(3,953)	(26,437)
Proceeds from sales of property, plant and equipment and intangible assets	24	129	864
Purchase of investment securities	(1)	(1)	(9)
Proceeds from sales of investment securities	4,224	3,350	22,405
Payments of long-term loans receivable	(74)	(95)	(637)
Collection of long-term loans receivable	195	73	495
Purchase of insurance funds	(0)	(0)	(3)
Proceeds from maturity of insurance funds	1	–	–
Purchase of long-term prepaid expenses	(474)	(434)	(2,906)
Other, net	98	12	86
Net cash provided by (used in) investing activities	2,148	(4,982)	(33,318)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	532	9,424	63,029
Proceeds from long-term loans payable	205	125	838
Repayments of long-term loans payable	(139)	(138)	(929)
Repayments of lease obligations	(117)	(129)	(867)
Net decrease (increase) in treasury shares	(1,731)	(2,000)	(13,378)
Cash dividends paid	(4,030)	(4,624)	(30,926)
Cash dividends paid to non-controlling interests.	(264)	(631)	(4,222)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(117)	(789)
Net cash provided by (used in) financing activities	(5,545)	1,907	12,756
Effect of exchange rate change on cash and cash equivalents	1,977	3,042	20,343
Net increase (decrease) in cash and cash equivalents	19,319	(21,252)	(142,127)
Cash and cash equivalents at beginning of period	43,946	63,265	423,099
Cash and cash equivalents at end of period (Note 7(1))	¥63,265	¥42,013	$280,972

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taikisha Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements are prepared based on the accounts maintained by Taikisha Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Companies") in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain amounts in the prior fiscal year's financial statements are reclassified to conform to the changes made for the latest fiscal year.

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto are translated from the original Japanese yen into U.S. dollars on the basis of ¥149.53 to US$1, the rate of exchange prevailing at March 31, 2025, and are then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts are or can be converted, realized or settled in U.S. dollars at this or any other rate.

2. Summary of significant accounting policies

(1) Scope of consolidation

During the consolidated fiscal year ended March 31, 2025, Taikisha Deutschland GmbH had been included in the scope of consolidation following its establishment, and Token Myanmar Co., Ltd. had been excluded from the scope of consolidation upon completion of it's liquidation.

The consolidated financial statements include the accounts of the Company and all significant subsidiaries listed below as of March 31, 2025:

Domestic subsidiaries

San Esu Industry Co., Ltd.
Nippon Noise Control Ltd.
Tokyo Taikisha Service Ltd.
Vege-factory Co., Ltd.

Overseas subsidiaries

Taikisha USA, Inc.
Encore Automation LLC (subsidiary of Taikisha USA, Inc.)
Taikisha Canada Inc. (subsidiary of Taikisha USA, Inc.)
Taikisha de Mexico, S.A. de C.V. (subsidiary of Taikisha USA, Inc.)
Taikisha do Brasil Ltda.
Taikisha (Singapore) Pte. Ltd.
Taikisha (Thailand) Co., Ltd.
Taikisha Trading (Thailand) Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Thaiken Maintenance & Service Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Token Interior & Design Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
TKA Co., Ltd. (subsidiary of Taikisha (Thailand) Co., Ltd.)
Taikisha Engineering (M) Sdn. Bhd.
P.T. Taikisha Indonesia Engineering
P.T. Taikisha Manufacturing Indonesia
Taikisha Philippines Inc.
Taikisha Vietnam Engineering Inc.
Taikisha (Cambodia) Co., Ltd.
Taikisha Myanmar Co., Ltd.
Taikisha Lao Co., Ltd.
Wuzhou Taikisha Engineering Co., Ltd.
Tianjin Taikisha Paint Finishing System Ltd.
Taikisha Hong Kong Limited
Taikisha (Taiwan) Ltd.
Taikisha Korea Ltd.
Taikisha Engineering India Private Ltd.
Nicomac Taikisha Clean Rooms Private Limited
Taikisha Hungary Kft.
Taikisha Deutschland GmbH

(2) Application of the equity method

Name of associates subject to the equity method

FreDelish Co., Ltd.
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.

Name of associates not subject to the equity method

The associate not subject to the equity method is excluded from the scope of application of the equity method because even if it is excluded from the scope of application of the equity method, it has minor impact on net income (proportionate to equity holdings), retained earnings (proportionate to equity holdings), etc., in the consolidated financial statements.

Makiansia Engineering (M) Sdn. Bhd.

(3) Fiscal year for consolidated subsidiaries

The balance sheet date of all domestic consolidated subsidiaries as well as Taikisha Engineering India Private Ltd., Nicomac Taikisha Clean Rooms Private Limited, and Taikisha Myanmar Co., Ltd. is March 31, which coincides with that of the Company. The balance sheet date of the other overseas consolidated subsidiaries is December 31.

The consolidated financial statements are prepared based on each subsidiary's financial statements as of December 31 for those consolidated subsidiaries whose fiscal year-end is December 31.

For the subsidiaries with the balance sheet date of December 31, certain adjustments are made, where appropriate, in preparing the consolidated financial statements to reflect material transactions during the period from their fiscal year end to March 31.

(4) Valuation of significant assets

Held-to-maturity debt securities

Held-to-maturity debt securities are determined by the amortized cost method. Discounts and premiums are amortized by the straight-line method.

Shares of associates

Shares of associates are stated at cost, determined by the moving average method.

Available-for-sale securities

Available-for-sale securities with fair value are stated at fair value based on the market prices at the end of fiscal year. Valuation difference is reported as a separate item in net assets at net-of-tax amount. The cost of securities sold is stated at cost, determined by the moving average method.

Available-for-sale securities without fair value are stated at cost using the moving average method.

Derivatives

Derivative instruments are recognized as either assets or liabilities at their respective fair values at the date of contract, and gains and losses arising from changes in fair value are recognized in earnings in the corresponding fiscal period. If certain hedging criteria are met, such gains and losses are deferred and accounted for as assets or liabilities.

Inventories

Costs on uncompleted construction contracts are stated at cost using specific identification method. Raw materials and supplies are stated at cost determined by the moving average method. The cost method (the amounts stated in the balance sheets are calculated by writing down the book value based on the decline in profitability) is used as a valuation standard.

(5) Depreciation method for principal depreciable assets

Property, plant and equipment (excluding leased assets)

The Companies mainly calculate depreciation by the declining-balance method, while the straight-line method is applied to buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, and is applied to facilities attached to buildings and structures, acquired on or after April 1, 2016. Certain overseas consolidated subsidiaries apply the straight-line method. The useful lives and residual values of depreciable assets are estimated in accordance with the Corporate Tax Act.

Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method. However, computer software for internal use is amortized by the straight-line method over the estimated useful life of 5 years. Customer-related assets are amortized by the straight-line method over the effective period of 10 years.

Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the lease period with a residual value of zero.

(6) Standards of accounting for principal allowance and provisions

Allowance for doubtful accounts

In order to prepare for losses due to bad debts such as accounts receivable from completed construction contracts and other, the allowance for doubtful accounts is provided at the estimated amount of uncollectable debt. For receivables classified as "normal", it is provided based on a historical default ratio. For receivables classified as "doubtful" etc., it is provided based on individual assessment on the probability of collection.

Provision for warranties for completed construction

In order to prepare for the costs of repairs for damages related to completed construction work for which the Companies are responsible, the provision is provided based on past warranty experience.

Provision for loss on construction contracts

In order to prepare for future losses related to the construction contracts in process, the provision is provided based on estimated amount which will probably be incurred and which can be reasonably estimated.

Provision for directors' bonuses

In order to prepare for directors' bonuses, the provision is provided based on the estimated payment of the fiscal year.

Provision for directors' retirement benefits

In order to prepare for directors' retirement benefits, domestic consolidated subsidiaries recognize the provision for accrued retirement benefits to directors at 100 percent of the amount required by their internal policies for retirement benefits.

Provision for share awards

In order to prepare for shared-based remuneration to corporate officers upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the Corporate Officer Share-based Benefit Rules.

Provision for share awards for directors

In order to prepare for share-based remuneration to executive directors upon their retirements, the estimated amount of provision for share-based obligation as of the fiscal year end is provided based on the regulation of share-based remuneration for directors.

(7) Retirement and pension plans

(Method of attributing the projected benefit obligations to periods of service)

In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year.

(Actuarial differences)

Actuarial differences are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the following fiscal year of accrual.

(Prior service costs)

Prior service costs are amortized using the straight-line method over a certain period of time (10 years) within the average remaining service period of employees from the fiscal year of accrual.

(Simplified method for small companies)

Certain overseas consolidated subsidiaries apply the simplified method to calculate net defined benefit liability and retirement benefit expenses, where retirement benefit obligations are assumed to be equal to the benefits payable of the fiscal year.

(8) Revenue and cost recognition

The details of the main performance obligations in the major businesses related to revenue from contracts with the Taikisha Group's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows.

Construction contracts, and so on

In the Green Technology System business and the Paint Finishing System business, performance obligations for construction contracts, etc. mainly involving design, supervision, and installation are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation.

The progress of satisfaction of performance obligations in revenue recognition over time is measured by the ratio of incurred costs to estimated total costs (input methods). In addition, revenue is recognized by cost recovery method in case incurred costs are expected to be recoverable though the progress of satisfaction of performance obligations cannot be reasonably measured.

Sales of equipment and materials

In the Green Technology System business and the Paint Finishing system business, performance obligations for sales of equipment and materials are deemed to be satisfied at a point in time, and revenue is recognized when products are delivered.

(9) Hedge accounting

Method of hedge accounting

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

As permitted under the accounting principles generally accepted in Japan, when forward foreign exchange contracts meet certain conditions for hedge accounting, accounts receivable and payable covered by these contracts are translated using the contract rates of these forward foreign exchange contracts. The unrealized gains or losses on the accounts receivable and payable resulting from the difference between the spot foreign exchange rate and contract rate are deferred and amortized over the term of the contract.

Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, non-deliverable forwards (NDF),

Hedged items: Foreign currency receivables, foreign currency payables, future transactions in foreign currency

Hedging policy

The Companies use forward exchange contracts not for the purpose of speculation but for hedging future risks of fluctuation of foreign currency exchange rates.

Assessment of hedge effectiveness

As forward exchange contracts in the same currency are used for forward exchange transactions, the correlation to subsequent exchange rate fluctuations is completely ensured. Accordingly, evaluation of hedge effectiveness is omitted.

(10) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which are easily convertible into cash and represent a minor risk of fluctuation in value.

(11) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over the effective period within 20 years. However, an immaterial goodwill is recognized as expenses in the fiscal year of accrual.

(12) Significant accounting estimates

Estimates of percentage of completion in construction contracts, etc. in which revenue is recognized over time

(1) Amounts recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales of completed construction contracts	¥271,781	¥249,920	$1,671,371

(2) Contents of the significant accounting estimates

In the Taikisha Group, of the construction contracts as of the consolidated fiscal year-end, if the percentage of completion can be reasonably estimated for specific construction contracts, etc. in which revenue is recognized over time, revenue is recorded according to the said percentage of completion.

The percentage of completion is measured by the ratio of cost incurred as of the fiscal year-end to estimated total costs based on the working budget for the construction contract (input methods).

Regarding the total estimated cost for the construction contract until its completion, as changes may occur in line with the progress, etc. of the construction contract, the Taikisha Group shall continuously review the said estimates and assumptions.

The total estimated cost is calculated based on various types of information, including the details of the said construction contract, etc., the specifications, and the actual cost incurred in similar contracts in the past, for each contract. In particular, regarding projects undertaken by the Taikisha Group, specifications of the contract and details of the work are determined based on the customer's requests, and the details of each contract differ greatly from other contracts. If hindrances to the project's progress that were not foreseen at the initial stage of the contract occur, additional assessments and estimates may be required regarding the altered conditions and the extent of each component in the emergency response.

In addition, the total estimated cost may increase due to factors such as soaring prices of equipment and materials as a result of global circumstances.

As the predictions of such assumptions come with a high level of uncertainty depending on changes in each individual project's conditions, if there is an impact on the total estimated cost and as a result the actual figure differs greatly from the estimate, there may be a material impact on the amount of future income on the consolidated financial statements.

Valuation of goodwill and intangible assets

(1) Amounts recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Goodwill	¥3,528	¥715	$4,782
Customer-related assets	1,146	–	–
Impairment losses	¥–	¥3,337	$22,319

(2) Contents of the significant accounting estimates

The Taikisha Group judges the necessity of the recognition and measurement of an impairment regarding goodwill and customer-related assets as of the consolidated fiscal year-end by verifying whether there is indication of the impairment or not.

For performing the recognition and measurement of impairment, assumptions are set regarding future cash flows and discount rate based on the business plan.

These assumptions are determined at the discretion of management based on the best estimates. However, as they may be affected by the results of fluctuations of uncertain economic conditions in the future and so on, if they are necessary to be reviewed, there may be a material impact on the consolidated financial statements.

(13) Accounting standards issued but not yet adopted

"Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition, the revisions to related corporate accounting standards, corporate accounting application guidelines, practical response reports, and transferred guidelines.

(Overview)

In line with international accounting standards, this standard requires lessees to recognize assets and liabilities for all lease transactions.

(Application date)

Scheduled to be applied from the beginning of the fiscal year beginning on April 1, 2027.

(Impact of the application of the accounting standards)

The impact of applying the standard and guidance is currently under assessment.

(14) Changes in presentations

(Consolidated statements of cash flows)

"Impairment losses" which was previously included in "Other, net" under Cash flows from operating activities until the previous fiscal year has been presented separately from the fiscal year since the importance has increased significantly. "Impairment losses" that was included in "Other, net" of the previous fiscal year was 0 million yen.

(15) Additional information

Introduction of the Board Benefit Trust (BBT)

The Company has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan (hereinafter referred to as the "Plan") for the Company's Board Members, pursuant to the resolution of the 74th Ordinary General Shareholders' Meeting held on June 27, 2019.

Additionally, at its Board of Directors Meeting held on March 30, 2023, it was resolved to establish the Corporate Officer Share-based Benefit Rules, effective as of April 1, 2023, and to include corporate officers (excluding non-residents of Japan; hereinafter, together with Board Members, referred to as "Board Members, etc.") as eligible recipients of share-based compensation under the Plan.

The purpose of the Plan is to promote the motivation of Board Members, etc. to contribute to the improvement of business performance and corporate value over the medium to long term by making the linkage between their compensation and the Company's business performance and shareholder value even clearer and having Board Members, etc. share not only the benefits from higher stock prices, but also the risk of a drop in stock prices, with shareholders.

The gross method has been used for the accounting treatment under the Plan in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30 of March 26, 2015).

(1) Overview of transactions

The Plan is a scheme whereby money contributed by the Company is used as financial resources to acquire the Company's shares through a trust (the trust established under the Plan shall be hereinafter referred to as the "Trust"), and the Company's shares and money in the amount of monetary equivalence of the Company's shares measured at fair value (hereinafter referred to as "the Company's Shares, etc.") are provided to Board Members, etc. through the Trust in accordance with the "Share-based Benefit Regulations for Directors" and the "Share-based Benefit Regulations for Corporate Officers" stipulated by the Company.

The time when the Company's Shares, etc. are provided to Board Members, etc. shall be, in principle, the date of the retirement from the Company.

(2) The Company's own shares remaining in the Trust

The Company recognizes its own shares remaining in the Trust as treasury shares under the category of net assets, using the carrying amount in the Trust (excluding the amount of ancillary expenses). The carrying amount of such treasury shares is ¥511 million for the previous fiscal year and ¥510 million (US$3,417 thousand) for the current fiscal year, and the number of such shares is 149,500 for the previous fiscal year and 149,400 for the current fiscal year.

3. Notes of consolidated balance sheets

(1) Notes receivable, accounts receivable from completed construction contracts and other, arising from contracts with customers, such as accounts receivable and contract assets are as follows.

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes receivable - trade	¥5,518	¥4,308	$28,816
Accounts receivable from completed construction contracts	60,243	71,946	481,151
Contract assets	¥59,596	¥75,644	$505,884

(2) The information of associates

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investment securities	¥645	¥704	$4,713

(3) Pledged assets

Assets pledged as collateral for loans payable of subsidiaries and associates

As of March 31, 2024	Millions of yen	
Pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥329	¥225
Machinery, vehicles, tools, furniture and fixtures	¥12	¥7

As of March 31, 2025	Millions of yen		Thousands of U.S. dollars	
Pledged assets	Book value	Liabilities covered by pledged assets	Book value	Liabilities covered by pledged assets
Cash and deposits	¥335	¥157	$2,243	$1,053
Machinery, vehicles, tools, furniture and fixtures	¥33	¥24	$222	$166

Assets pledged as collateral for security deposits at subsidiaries and associates

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and deposits	¥65	¥66	$442

Assets pledged as collateral for overdraft facilities of subsidiaries and associates

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and deposits	¥20	¥23	$155

Assets pledged as collateral for bank guarantee of subsidiaries and associates

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥–	¥56	$378
Land	¥–	¥33	$226

(4) Guarantee obligations

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Tianjin Dongchun-Taiki Metal Finishing & Conveyor System Manufacturing Co., Ltd.	¥305	¥240	$1,607

(5) Commitment lines

For efficient procurement of the operating funds, the Company has lending commitment contracts with four dealing banks. Lending commitment amounts are as follows:

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Total amount of lending commitment	¥5,000	¥5,000	$33,438
Borrowing execution balance	–	–	–
Net	¥5,000	¥5,000	$33,438

(6) Endorsed notes

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Endorsed notes	¥0	¥–	$–

(7) Outstanding notes receivable and notes payable which maturity dates are same date as balance sheet date

Notes receivable and notes payable are settled as of the date of bank clearing. However, as the balance sheet date of previous fiscal year was a bank holiday, the following notes are included in the balance as of previous fiscal year end.

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes receivable-trade			
Endorsed notes	¥17	¥–	$–
Electronically recorded monetary claims-operating	797	–	–
Notes payable-trade	183	–	–
Electronically recorded obligations-operating	¥4,909	¥–	$–

4. Notes of consolidated statements of income

(1) Revenue from contracts with customers

Revenue from completed construction contracts is not separately stated from revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is stated in "Notes to Consolidated Financial Statements (Revenue Recognition) (1) Disaggregation of revenues from contracts with customers".

(2) Research and development expenses

Research and development expenses included in selling, general and administrative expenses are as follows.

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
General and administrative expenses	¥1,166	¥1,312	$8,775

(3) Gain on disposal of non-current assets

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Machinery, vehicles, tools, furniture and fixtures	¥13	¥4	$32
Land	–	35	236
Leasehold and guarantee deposits	–	2	18
Total	¥13	¥42	$286

(4) Loss on disposal of non-current assets

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Buildings and structures	¥4	¥0	$0
Machinery, vehicles, tools, furniture and fixtures	26	7	51
Leasehold and guarantee deposits	–	0	4
Software	0	0	0
Total	¥31	¥8	$55

(5) Impairment loss

For the year ended March 31, 2024

The item is omitted because the impact is immaterial.

For the year ended March 31, 2025

In the consolidated fiscal year, the Group recognized impairment loss for the following asset groups.

(1) Overview of the asset of which recognized impairment loss

Location	Usage	Classification of asset	Millions of yen Impairment loss
India	Other	Goodwill	2,372
		Customer-related assets	964

(2) Method and background of grouping of asset

The Group principally groups assets at the level of companies or business units. In addition, idle assets that are not expected to be used in future are grouped on an individual asset basis.

The Group recognized goodwill and customer-related assets for the subsidiary Nicomac Taikisha Clean Rooms Private Limited, based on the assumption of premium at the time of acquisition. However, since the actual performance has fallen short of the initial business plan, the Group has revised the business plan considering the current economic environment, resulting in the recognition of impairment loss as the initial premium is no longer expected.

(3) Calculation method of recoverable amount

The recoverable amount in measuring impairment loss is determined based on value in use, which is calculated by discounting future cash flows at 15.7%.

(6) Provision for loss on construction contracts

Provision for loss on construction contracts included in cost of sales of completed construction contracts are as follows.

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Provision for loss on construction contracts	¥314	¥112	$754

5. Notes of consolidated statements of comprehensive income

(1) Reclassification adjustments and tax effects for other comprehensive income

For the years ended March 31, 2024 and 2025	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Valuation difference on available-for-sale securities			
Net gains (losses) arising during the period	¥8,563	¥(1,265)	$(8,465)
Reclassification adjustments	(3,167)	(2,388)	(15,975)
Before tax effects	5,396	(3,654)	(24,440)
Tax effects	(1,559)	969	6,485
Valuation difference on available-for-sale securities	3,837	(2,684)	(17,955)
Deferred gains or losses on hedges			
Net gains (losses) arising during the period	8	65	438
Reclassification adjustments	–	–	–
Before tax effects	8	65	438
Tax effects	(2)	(13)	(89)
Deferred gains or losses on hedges	5	52	349
Foreign currency translation adjustment			
Net gains (losses) arising during the period	3,382	2,951	19,736
Foreign currency translation adjustment	3,382	2,951	19,736
Remeasurements of defined benefit plans			
Net gains (losses) arising during the period	2,704	(147)	(987)
Reclassification adjustments	(421)	(579)	(3,875)
Before tax effects	2,282	(727)	(4,862)
Tax effects	(699)	227	1,521
Remeasurements of defined benefit plans	1,583	(499)	(3,341)
Share of other comprehensive income of entities accounted for using equity method			
Net gains (losses) arising during the period	28	55	374
Other comprehensive income	¥8,838	¥(125)	$(837)

6. Notes of consolidated statements of changes in net assets

(1) The number of issued shares

For the year ended March 31, 2024	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	33,582,009	–	–	33,582,009

For the year ended March 31, 2025	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	33,582,009	–	–	33,582,009

(Note) On April 1, 2025, the 2-for-1 share split of common share was executed, but the number of shares shown above is presented in the figure before the share split.

(2) The number of treasury shares

For the year ended March 31, 2024	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	380,689	507,735	129,300	759,124

(Note1) The number of treasury shares increased by 453,100 shares because of the approval of Board of directors, by 435 shares because of purchase of shares less than one unit (*), and by 54,200 shares acquired by Custody Bank of Japan, Ltd. (Trust E account) for Board Benefit Trust (BBT).
The number decreased by 103,900 shares because of disposal of treasury shares for Custody Bank of Japan, Ltd. (Trust E account) and by 25,400 shares because of benefit for Board Benefit Trust (BBT).
(Note2) The number of treasury shares as of the fiscal year end includes 149,500 shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets of the Board Benefit Trust (BBT).
(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

For the year ended March 31, 2025	Beginning Balance	Increase	Decrease	Ending Balance
Common shares	759,124	396,616	100	1,155,640

(Note1) The number of treasury shares increased by 396,400 shares because of the approval of Board of directors, by 216 shares because of purchase of shares less than one unit (*).
The number decreased by 100 shares because of benefit for Board Benefit Trust (BBT).
(Note2) The number of treasury shares as of the fiscal year end includes 149,400 shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets of the Board Benefit Trust (BBT).
(Note3) On April 1, 2025, the 2-for-1 share split of common share was executed, but the number of shares shown above is presented in the figure before the share split.
(*) The unit share is a specified number of shares which are treated as one purchasing lot and entitled to one voting right. One unit share consists of 100 shares.

(3) Dividends

Dividends paid

For the year ended March 31, 2024

Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2023)	Common shares	¥2,365	¥71.00	March 31, 2023	June 30, 2023
Board of directors (November 13, 2023)	Common shares	¥1,664	¥50.00	September 30, 2023	November 30, 2023

(Note1) Dividends on June 29, 2023 includes dividends of ¥8 million for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).
(Note2) Dividends on November 13, 2023 includes dividends of ¥7 million for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).

For the year ended March 31, 2025

Resolution approved by	Type of shares	Amount: Millions of yen	Amount: Thousands of U.S. dollars	Amount per share: Yen	Amount per share: U.S. dollars	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2024)	Common shares	¥2,670	$17,861	¥81.00	$0.54	March 31, 2024	June 28, 2024
Board of directors (November 11, 2024)	Common shares	¥1,954	$13,071	¥60.00	$0.40	September 30, 2024	November 29, 2024

(Note1) Dividends on June 27, 2024 includes dividends of ¥12 million (US$81 thousand) for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).
(Note2) Dividends on November 11, 2024 includes dividends of ¥8 million (US$60 thousand) for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).

Dividends with a shareholders' cut-off date during the fiscal year but an effective date subsequent to the fiscal year

For the year ended March 31, 2024

Resolution approved by	Type of shares	Paid from	Amount Millions of yen	Amount per share Yen	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2024)	Common shares	Retained earnings	¥2,670	¥81.00	March 31, 2024	June 28, 2024

(Note) Dividends total includes dividends of ¥12 million for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).

For the year ended March 31, 2025

Resolution approved by	Type of shares	Paid from	Amount		Amount per share		Shareholders' cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders (June 26, 2025)	Common shares	Retained earnings	¥2,736	$18,300	¥84.00	$0.56	March 31, 2025	June 27, 2025

(Note 1) Dividends total includes dividends of ¥12 million (US$84 thousand) for treasury shares owned by Custody Bank of Japan, Ltd. (Trust E account) as trust assets for Board Benefit Trust (BBT).
(Note 2) On April 1, 2025, the 2-for-1 share split of common shares was executed. Amount per share presented above are based on the figure prior to the share split.

7. Notes of consolidated statements of cash flows

(1) Cash and cash equivalents

The reconciliation between amounts of cash and cash equivalents reported in the consolidated statement of cash flows and amounts of cash and deposits reported in the consolidated balance sheet are as follows:

For the years ended March 31, 2024 and 2025	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Cash and deposits	¥55,462	¥47,556	$318,038
Securities	9,000	–	–
Sub total	64,462	47,556	318,038
Time deposits over three months	(1,196)	(5,542)	(37,066)
Cash and cash equivalents	¥63,265	¥42,013	$280,972

(2) Details of major non-cash transactions

Not applicable.

8. Lease transaction

(1) Finance lease transaction

As lessee

Details of leased assets

The leased assets are mainly production equipment and vehicles in Japan and office, office equipment and vehicles overseas. The account titles which the Companies use are "Buildings and Structures" and "Machinery, vehicles, tools, furniture and fixtures" respectively.

Depreciation method

Depreciation is calculated by the straight-line method over the lease period with a residual value of zero.

Impairment loss

There is no impairment loss allocated to the leased assets.

(2) Operating lease transaction

As lessee

The amounts of outstanding future lease payments under non-cancelable operating leases are as follows:

As of March 31, 2024 and 2025	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Due within one year	¥438	¥448	$3,000
Due over one year	984	818	5,471
Total	¥1,422	¥1,266	$8,471

9. Financial instruments

(1) Status of financial instruments

Policies on financial instruments

The Companies invest its temporary surplus funds in financial assets that are highly secure and procure its short-term working capital in the form of borrowings from banks. The Companies utilize derivatives only to hedge their exposure to the risks as described below and do not enter into such transactions for speculative purposes.

Description of financial instruments, related risks and risk management system

Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, are exposed to the credit risk of the respective customers. As for the credit risk of customers, the Companies' management system allows us to monitor the credit standing of major customers on a timely basis based on the maturity and balance control by customer. Meanwhile, trade receivables denominated in foreign currencies, which originate from global business operations, are exposed to the risk of exchange rate fluctuations and are partly hedged by utilizing forward exchange contracts.

Although being exposed to the risk of fluctuations in market price, stocks included in the category of investment securities are those of companies with which the Companies have business relations and are continuously monitored through regular checks of their fair value and financial positions of the issuers.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally mature within one year. While some of them are denominated in foreign currencies for the purpose of importing equipment and raw materials, etc. and are exposed to the risk of exchange rate fluctuations, the amounts of those items are invariably less than the balance of accounts receivable from completed construction contracts, which are similarly denominated in foreign currencies.

Income taxes payable are imposed on the taxable income of the Companies for the fiscal year, and they all mature within one year.

Both short-term and long-term loans payable are fund-raising means associated with business transactions. Short-term loans payable with variable interest rates are exposed to the risk of interest-rate fluctuations. However, long-term loans payable, which are procured at fixed interest rates, in principle, are hedged against interest-rate fluctuation risk.

Derivative transactions consist of forward exchange contracts and NDFs aimed at hedging the risk of fluctuations in exchange rates for exports and imports in the course of ordinary business operations, as well as interest rate swaps aimed at hedging the risk of fluctuations in the interest rates for loans payable. Forward exchange contracts and NDFs are executed and managed in accordance with the relevant guideline regarding foreign exchange control issued by the Chief Executive of the Administrative Management Headquarters. This guideline clearly stipulates regulations for the management policies on derivative transactions, the regulating division and department in charge of risk management, purposes of use, scope of utilization and reporting system. As for interest rate swaps, only those that meet the requirements for the application of special treatment are executed. Derivative transactions are executed only with financial institutions with high credit ratings to reduce the credit risk.

Although trade payables and loans payable are exposed to liquidity risk, the Companies strive to control the liquidity risk such as by having each Group company prepare a monthly cash management plan.

Supplementary explanation of fair values of financial instruments

Derivative transactions in "(2) Fair value of financial instruments" below are not indicative of the actual market risk involved in derivative transactions but nominal contract amounts or estimated amounts based on certain assumptions.

(2) Fair value of financial instruments

The following table shows the book values and fair values of financial instruments and any differences.

As of March 31, 2024

	Millions of yen		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥125,357		
Allowance for doubtful accounts (*2)	(770)		
	124,586	124,414	(172)
Investment securities (*3)	38,776	38,776	–
Total Assets	163,363	163,191	(172)
Notes payable, accounts payable for construction contracts and other	64,867	64,841	(26)
Short-term loans payable	3,747	3,747	–
Long-term loans payable	143	143	(0)
Total Liabilities	68,758	68,732	(26)
Derivatives	¥(90)	¥(90)	¥–

(*1) Cash and deposits and income taxes payable are not stated because they are settled in a short period of time and their fair value approximates their book value.
(*2) "Allowance for doubtful accounts" separately included in "notes receivable, accounts receivable from completed construction contracts and other" is deducted.
(*3) Stocks and other securities without market prices are not included (see Note 1 below).

As of March 31, 2025

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥151,900			$1,015,852		
Allowance for doubtful accounts (*2)	(1,224)			(8,192)		
	150,675	150,488	(186)	1,007,660	1,006,410	(1,250)
Investment securities (*3)	25,162	25,162	–	168,275	168,275	–
Total Assets	175,837	175,650	(186)	1,175,935	1,174,685	(1,250)
Notes payable, accounts payable for construction contracts and other	49,590	49,548	(41)	331,641	331,363	(278)
Short-term loans payable	13,200	13,200	–	88,278	88,278	–
Long-term loans payable	116	119	2	776	796	20
Total Liabilities	62,906	62,867	(38)	420,695	420,437	(258)
Derivatives	¥(51)	¥(51)	¥–	$(341)	$(341)	$–

(*1) Cash and deposits and income taxes payable are not stated because they are settled in a short period of time and their fair value approximates their book value.
(*2) "Allowance for doubtful accounts" separately included in "notes receivable, accounts receivable from completed construction contracts and other" is deducted.
(*3) Stocks and other securities without market prices are not included (see Note 1 below).

(Note 1)

As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Available-for-sale securities			
Non-listed stocks	¥1,097	¥1,156	$7,736
Non-listed foreign bonds	¥5	¥5	$34

(Note 2) Redemption schedule for monetary receivables and securities with maturities

As of March 31, 2024

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥55,462	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	115,597	9,618	141	–
Securities and Investment securities				
Available-for-sale securities with maturity date (Money trusts, etc.)	9,000	–	–	–
Available-for-sale securities with maturity date (Non-listed foreign bonds)	–	5	–	–
Total	¥180,060	¥9,624	¥141	¥–

As of March 31, 2025

	Millions of yen			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	¥47,556	¥–	¥–	¥–
Notes receivable, accounts receivable from completed construction contracts and other	142,452	9,447	–	–
Investment securities				
Available-for-sale securities with maturity date (Non-listed foreign bonds)	–	5	–	–
Total	¥190,009	¥9,452	¥–	¥–

As of March 31, 2025

	Thousands of U.S. dollars			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and deposits	$318,038	$–	$–	$–
Notes receivable, accounts receivable from completed construction contracts and other	952,670	63,182	–	–
Investment securities				
Available-for-sale securities with maturity date (Non-listed foreign bonds)	–	33	–	–
Total	$1,270,708	$63,215	$–	$–

(Note 3) Redemption schedule for long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2024 — Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥3,619	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	127	101	41	0	–	–
Lease obligations	100	75	36	26	9	0
Total	¥3,848	¥177	¥78	¥27	¥9	¥0

As of March 31, 2025 — Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	¥13,059	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	140	81	34	0	–	–
Lease obligations	101	51	31	13	1	–
Total	¥13,301	¥132	¥66	¥13	¥1	¥–

As of March 31, 2025 — Thousands of U.S. dollars

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	$87,336	$–	$–	$–	$–	$–
Long-term loans payable	942	544	231	1	–	–
Lease obligations	676	342	210	91	9	–
Total	$88,954	$886	$441	$92	$9	$–

(3) Breakdown of the fair value of financial instruments by level, and so on

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

Level 1: Fair values measured using quoted prices in active markets with respect to identical assets or liabilities

Level 2: Fair values measured using inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Fair values measured using inputs not based on observable market data

If multiple inputs that have significant impacts on the measurement of fair value are used, fair values are classified to the level with the lowest priority in the measurement of fair value among the levels to which each of those inputs belongs.

Financial instruments recorded on the consolidated balance sheet at fair value

As of March 31, 2024 — Millions of yen

	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Stocks	¥29,776	¥–	¥–	¥29,776
Total Assets	29,776	–	–	29,776
Derivative transactions	¥–	¥(90)	¥–	¥(90)

As of March 31, 2025 — Millions of yen

	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥25,162	¥–	¥–	¥25,162
Total Assets	25,162	–	–	25,162
Derivative transactions	¥–	¥(51)	¥–	¥(51)

As of March 31, 2025 — Thousands of U.S. dollars

	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	$168,275	$–	$–	$168,275
Total Assets	168,275	–	–	168,275
Derivative transactions	$–	$(341)	$–	$(341)

Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

As of March 31, 2024

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥–	¥124,414	¥–	¥124,414
Securities and Investment securities				
Money trusts	–	9,000	–	9,000
Total Assets	–	133,414	–	133,414
Notes payable, accounts payable for construction contracts and other	–	64,841	–	64,841
Short-term loans payable	–	3,747	–	3,747
Long-term loans payable	–	143	–	143
Total Liabilities	¥–	¥68,732	¥–	¥68,732

As of March 31, 2025

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥–	¥150,488	¥–	¥150,488
Total Assets	–	150,488	–	150,488
Notes payable, accounts payable for construction contracts and other	–	49,548	–	49,548
Short-term loans payable	–	13,200	–	13,200
Long-term loans payable	–	119	–	119
Total Liabilities	¥–	¥62,867	¥–	¥62,867

As of March 31, 2025

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	$–	$1,006,410	$–	$1,006,410
Total Assets	–	1,006,410	–	1,006,410
Notes payable, accounts payable for construction contracts and other	–	331,363	–	331,363
Short-term loans payable	–	88,278	–	88,278
Long-term loans payable	–	796	–	796
Total Liabilities	$–	$420,437	$–	$420,437

(Note) Explanation of valuation method used in the measurement of fair value and inputs related to the measurement of fair value

Assets

Notes receivable, accounts receivable from completed construction contracts and other

These fair values are classified into level 2 because these fair values are calculated based on the discount rate that takes into account the period until these maturities and credit risks for each receivables classified by a certain period of time.

Securities and investment securities

These fair values of these listed stocks are evaluated using quoted market prices. These fair values are classified into level 1 because these listed stocks are treated in active markets. In addition, money trusts are classified into level 2 because they are settled in a short period of time and their fair value approximates their book value.

Liabilities

Notes payable, accounts payable for construction contracts and other and short-term loans payable

These fair values of these payables or loans are classified into level 2 because these fair values are calculated by discounting by the discount rate that takes into account the period until these payment or repayment and interest rate that takes credit risk into account.

Long-term loans payable

Fair values of long-term loans with floating interest rates are classified into level 2 because these fair values are deemed to approximate the book values and the floating interest rates reflect the market interest rates and these credit statuses are not significantly different from those when the loans are executed. Fair values of long-term loans with fixed interest rates are classified into level 2 because the total amount of principal and interest of the long-term loans divided by a certain period of time are calculated fair value by discounting by the interest rate assumed when a new similar loans are executed.

Derivative transactions

These fair values are classified into level 2 because these fair values are based on the prices provided by the financial institutions with which the Company has transactions.

10. Securities

(1) Held-to-maturity debt securities

As of March 31, 2024
Not applicable.

As of March 31, 2025
Not applicable.

(2) Available-for-sale securities

As of March 31, 2024

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥29,776	¥9,206	¥20,570
Securities whose book value does not exceed their acquisition cost			
Money trusts	9,000	9,000	–
Total	¥38,776	¥18,206	¥20,570

As of March 31, 2025

	Millions of yen		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	¥25,162	¥8,246	¥16,916
Total	¥25,162	¥8,246	¥16,916

As of March 31, 2025

	Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds their acquisition cost			
Stocks	$168,275	$55,147	$113,128
Total	$168,275	$55,147	$113,128

(3) Available-for-sale securities sold

For the year ended March 31, 2024

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥4,224	¥3,167	¥–
Total	¥4,224	¥3,167	¥–

For the year ended March 31, 2025

	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	¥3,350	¥2,388	¥–
Total	¥3,350	¥2,388	¥–

For the year ended March 31, 2025

	Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales
Stocks	$22,405	$15,975	$–
Total	$22,405	$15,975	$–

(4) Securities with impairment loss

For the year ended March 31, 2024

Impairment loss of ¥0 million is recognized on Investment securities (Available-for-sale of securities) in the fiscal year. The Companies recognize an impairment loss when the fair value of stocks falls 50% or more compared with the acquisition cost and there is no evidence to indicate that the fair value will recover to the book value within one year. When the fair value falls by 30% or more but less than 50% compared with the acquisition cost, the Companies recognize a necessary amount of impairment loss after considering the market prices in the past year and the possibility of recovery.

For the year ended March 31, 2025

Not applicable. The Companies recognize an impairment loss when the fair value of stocks falls 50% or more compared with the acquisition cost and there is no evidence to indicate that the fair value will recover to the book value within one year. When the fair value falls by 30% or more but less than 50% compared with the acquisition cost, the Companies recognize a necessary amount of impairment loss after considering the market prices in the past year and the possibility of recovery.

11. Derivative transactions

(1) Derivative transactions to which the hedge accounting method is not applied
Currency-related transactions

As of March 31, 2024

		Millions of yen			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	¥138	¥–	¥(5)	¥(5)
	U.S. dollars	18	–	(0)	(0)
	Chinese Yuan	108	–	(2)	(1)
	Sell				
	U.S. dollars	31	–	0	0
	Total	¥297	¥–	¥(7)	¥(7)

(Note) Estimated fair value is provided by financial institutions.

As of March 31, 2025

		Millions of yen			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	¥138	¥–	¥(10)	¥(9)
	U.S. dollars	32	–	(0)	(0)
	Chinese Yuan	0	–	(0)	(0)
	Total	¥172	¥–	¥(11)	¥(10)

(Note) Estimated fair value is provided by financial institutions.

As of March 31, 2025

		Thousands of U.S. dollars			
Category	Transaction type	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transactions	Forward exchange contracts:				
	Buy				
	Yen	$928	$–	$(70)	$(64)
	U.S. dollars	217	–	(5)	(5)
	Chinese Yuan	6	–	(0)	(0)
	Total	$1,151	$–	$(75)	$(69)

(2) Derivative transactions to which the hedge accounting method is applied
Currency-related transactions

As of March 31, 2024

Hedging method	Transaction type		Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts Buy					
		Chinese Yuan	Accounts payable for construction contracts (forecast)	¥584	¥–	¥8
	Sell					
		Euros	Accounts receivable from completed construction contracts (forecast)	474	236	(16)
		Malaysia ringgit	Accounts receivable from completed construction contracts (forecast)	381	114	(58)
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	415	59	(16)
			Total	¥1,855	¥410	¥(83)

(Note) Calculation method of the fair value: Based on the prices and other data submitted by counterparty financial institutions.

As of March 31, 2025

Hedging method	Transaction type		Main hedged items	Millions of yen Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts Buy					
		Baht	Accounts payable for construction contracts (forecast)	¥509	¥–	¥(0)
		Euros	Accounts payable for construction contracts (forecast)	35	–	(0)
		Chinese Yuan	Accounts payable for construction contracts (forecast)	377	–	(17)
		indian rupee	Accounts payable for construction contracts (forecast)	19	–	(1)
	Sell					
		indian rupee	Accounts receivable from completed construction contracts (forecast)	104	–	(3)
		Won	Accounts receivable from completed construction contracts (forecast)	48	8	4
		Euros	Accounts receivable from completed construction contracts (forecast)	496	–	(14)
		Malaysia ringgit	Accounts receivable from completed construction contracts (forecast)	18	–	(4)
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	38	–	0
		Brazilian Real	Short-term loans receivable (forecast)	5	–	(0)
			Total	¥1,655	¥8	¥(39)

(Note) Calculation method of the fair value: Based on the prices and other data submitted by counterparty financial institutions.

As of March 31, 2025

Hedging method	Transaction type		Main hedged items	Thousands of U.S. dollars Contract amount	Over one year	Fair value
Method in principle	Forward exchange contracts Buy					
		Baht	Accounts payable for construction contracts (forecast)	$3,407	$–	$(6)
		Euros	Accounts payable for construction contracts (forecast)	237	–	(6)
		Chinese Yuan	Accounts payable for construction contracts (forecast)	2,526	–	(119)
		indian rupee	Accounts payable for construction contracts (forecast)	133	–	(9)
	Sell					
		indian rupee	Accounts receivable from completed construction contracts (forecast)	699	–	(25)
		Won	Accounts receivable from completed construction contracts (forecast)	326	57	29
		Euros	Accounts receivable from completed construction contracts (forecast)	3,319	–	(99)
		Malaysia ringgit	Accounts receivable from completed construction contracts (forecast)	127	–	(29)
		Chinese Yuan	Accounts receivable from completed construction contracts (forecast)	255	–	2
		Brazilian Real	Short-term loans receivable (forecast)	40	–	(4)
			Total	$11,069	$57	$(266)

12. Retirement and pension plans

(1) Overview

The Company and its domestic consolidated subsidiaries apply defined benefit plans and defined contribution plans.

The overseas consolidated subsidiaries, which apply retirement benefit plan, apply defined benefit or defined contribution plans.

The defined benefit plans consist of outside funded defined benefit pension plans and lump-sum retirement payment plans. A retirement benefit trust is set up in certain outside funded defined benefit pension plan.

Certain overseas consolidated subsidiaries, which apply lump-sum retirement payment plans, apply simplified method for calculating projected benefit obligations.

(2) Defined benefit plan (except simplified method)

Reconciliation of beginning and ending balances for projected benefit obligations

For the years ended March 31, 2024 and 2025	Millions of yen 2024	2025	Thousands of U.S. dollars 2025
Projected benefit obligations at the beginning of current period	¥18,003	¥17,319	$115,825
Service costs	1,251	1,163	7,780
Interest costs	94	186	1,250
Actuarial differences accrued in the current period	(917)	(1,031)	(6,899)
Benefits paid	(1,096)	(805)	(5,387)
Past service costs accrued in the current period	(124)	(23)	(157)
Foreign currency translation	109	157	1,052
Projected benefit obligations at the end of current period	¥17,319	¥16,966	$113,464

Reconciliation of beginning and ending balances for pension assets

For the years ended March 31, 2024 and 2025	Millions of yen 2024	2025	Thousands of U.S. dollars 2025
Pension assets at the beginning of current period	¥25,339	¥27,619	$184,711
Expected return on pension assets	538	590	3,951
Actuarial differences accrued in the current period	1,662	(1,201)	(8,033)
Contributions from employers	1,051	1,004	6,717
Benefits paid	(992)	(647)	(4,330)
Foreign currency translation	20	30	204
Pension assets at the end of current period	¥27,619	¥27,396	$183,220

Reconciliation of projected benefit obligations, pension assets, net defined benefit liability, and net defined benefit asset in the consolidated balance sheets

As of March 31, 2024 and 2025	Millions of yen 2024	2025	Thousands of U.S. dollars 2025
Funded projected benefit obligations	¥16,284	¥15,834	$105,898
Pension assets	(27,619)	(27,396)	(183,220)
Sub total	(11,334)	(11,561)	(77,322)
Unfunded projected benefit obligations	1,034	1,131	7,566
Net amount of liabilities and assets in the consolidated balance sheets	(10,300)	(10,430)	(69,756)
Net defined benefit liability	1,277	1,355	9,068
Net defined benefit asset	11,578	11,786	78,824
Net amount of liabilities and assets in the consolidated balance sheets	¥(10,300)	¥(10,430)	$(69,756)

Retirement benefit expenses

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service costs	¥1,251	¥1,163	$7,780
Interest costs	94	186	1,250
Expected return on pension assets	(538)	(590)	(3,952)
Amortization of actuarial differences	(443)	(585)	(3,913)
Amortization of past service costs	(0)	(23)	(156)
Retirement benefit expenses of defined benefit plans	¥363	¥150	$1,009

Remeasurements of defined benefit plans

Details of remeasurements of defined benefit plans before tax effect adjustments are as follows.

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Past service costs	¥118	¥(9)	$(60)
Actuarial differences	2,164	(717)	(4,802)
Total	¥2,282	¥(727)	$(4,862)

Accumulated remeasurements of defined benefit plans

Details of accumulated remeasurements of defined benefit plans before tax effect adjustments are as follows.

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized past service costs	¥44	¥35	$240
Unrecognized actuarial differences	4,247	3,529	23,605
Total	¥4,292	¥3,565	$23,845

Pension assets

Composition ratio of pension assets is as follows.

As of March 31, 2024 and 2025	2024	2025
Debt securities	24%	27%
Stocks	42	38
Cash and deposits	4	5
General account of life insurance	21	22
Other	9	8
Total	100%	100%

(Note) For the previous fiscal year, 14% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan. For this fiscal year, 13% of total pension assets are attributed to the employee retirement benefit trust for benefit pension plan.

Expected long-term return rate on pension asset is determined by considering current and anticipated future portfolio of pension assets, and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

Assumptions and policies used to calculate projected benefit obligations

As of March 31, 2024 and 2025	2024	2025
Discount rates (weighted average)	1.1%	1.7%
Expected long-term return rates on pension assets (weighted average)	2.5%	2.5%

(3) Defined benefit plan calculated by simplified method

Reconciliation of beginning and ending balances for net defined benefit liability by the simplified method

For the years ended March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net defined benefit liability at the beginning of current period	¥83	¥96	$643
Retirement benefit expenses	23	20	136
Benefits paid	–	(2)	(15)
Contributions to the plan	(14)	(9)	(65)
Foreign currency translation	3	6	47
Net defined benefit liability at the end of current period	¥96	¥111	$746

Reconciliation of projected benefit obligations, pension assets and net defined benefit liability in the consolidated balance sheets

As of March 31, 2024 and 2025	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Funded projected benefit obligations	¥104	¥108	$727
Pension assets	(107)	(114)	(764)
Sub total	(3)	(5)	(37)
Unfunded projected benefit obligations	99	117	783
Net amount of liabilities and assets in the consolidated balance sheets	96	111	746
Net defined benefit liability	96	111	746
Net amount of liabilities and assets in the consolidated balance sheets	¥96	¥111	$746

Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method are ¥23 million for the previous fiscal year and ¥20 million (US$136 thousand) for this fiscal year.

(4) Defined contribution plans

Required contribution amount for defined contribution plans is ¥292 million for the previous fiscal year and ¥303 million (US$2,028 thousand) for this fiscal year.

13. Tax effect accounting

(1) Significant components of deferred tax assets and liabilities

As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets			
Allowance for doubtful accounts	¥301	¥261	$1,751
Provision for warranties for completed construction	150	146	977
Provision for loss on construction contracts	119	116	782
Net defined benefit liability	224	240	1,607
Employees' pension trust, investment securities	368	397	2,659
Provision for directors' retirement benefits	13	14	99
Accrued enterprise tax etc.	268	163	1,093
Accrued bonuses	2,435	2,419	16,183
Loss on valuation of investment securities	110	113	761
Loss on valuation of golf club membership	56	57	383
Foreign tax credit carried forward	224	250	1,676
Tax loss carried forward (Note2)	686	812	5,432
Other	1,469	1,653	11,059
Subtotal	6,429	6,648	44,462
Valuation allowance for tax loss carried forward (Note2)	(667)	(812)	(5,432)
Valuation allowance for total of deductible temporary differences, etc.	(1,051)	(1,080)	(7,227)
Subtotal (Note1)	(1,719)	(1,892)	(12,659)
Total deferred tax assets	4,710	4,755	31,803
Deferred tax liabilities			
Net defined benefit assets	(3,528)	(3,642)	(24,363)
Valuation difference on available-for-sale securities	(6,197)	(5,227)	(34,961)
Retained earnings of consolidated overseas subsidiaries	(2,479)	(2,645)	(17,694)
Other	(711)	(713)	(4,770)
Total deferred tax liabilities	(12,916)	(12,229)	(81,788)
Net deferred tax assets liabilities	¥(8,206)	¥(7,474)	$(49,985)

(Note1) Valuation allowance increased by ¥173 million (US$1,163 thousand). This increase is mainly due to increases in valuation allowances for tax loss carryforwards of ¥66 million and ¥76 million in Taikisha USA, Inc. and Taikisha Korea Ltd., which are consolidated subsidiaries of the Company, respectively.
(Note2) Total of tax loss carried forward and its deferred tax assets, by carryforward expiration date.

As of March 31, 2024

Millions of yen	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward (a)	¥9	¥12	¥–	¥–	¥–	¥664	¥686
Valuation allowance	(7)	(5)	–	–	–	(654)	(667)
Deferred tax assets	¥2	¥6	¥–	¥–	¥–	¥10	¥19

(a) The sum for tax loss carried forward is the result of multiplication by the effective statutory tax rate for each tax-paying entity.

As of March 31, 2025

Millions of yen	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward (a)	¥5	¥–	¥3	¥–	¥–	¥803	¥812
Valuation allowance	(5)	–	(3)	–	–	(803)	(812)
Deferred tax assets	¥–	¥–	¥–	¥–	¥–	¥–	¥–

(a) The sum for tax loss carried forward is the result of multiplication by the effective statutory tax rate for each tax-paying entity.

Thousands of U.S. dollars	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward	$35	$–	$23	$–	$–	$5,374	$5,432
Valuation allowance	(35)	–	(23)	–	–	(5,374)	(5,432)
Deferred tax assets	$–	$–	$–	$–	$–	$–	$–

(2) The reconciliation between the effective statutory tax rate and the actual tax rate after the application of tax effect accounting

As of March 31, 2024 and 2025

	2024	2025
Effective statutory tax rate	30.62%	30.62%
Adjustment		
Expenses not deductible permanently	1.20	1.80
Income not taxable permanently	(0.73)	(0.87)
Inhabitant tax on per capita basis, etc.	0.36	0.45
Increase (Decrease) in valuation allowance	(1.35)	0.65
Difference in effective statutory tax rate between the Company and consolidated subsidiaries	(2.38)	(2.15)
Special tax deductions	(3.84)	(4.57)
Retained earnings of consolidated overseas subsidiaries	1.47	0.87
Withholding tax on dividends from overseas related companies	0.89	2.05
Amortization of goodwill	0.64	0.81
Impairment loss of goodwill	–	3.82
Other	0.26	0.73
Actual tax rate after the application of tax effect accounting	27.14%	34.21%

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

The "Act for Partial Revision of the Income Tax Act, etc." (Act No.13, 2025) was enacted by the Diet on March 31, 2025, and the "Defense Special Corporation Tax" will be imposed from the fiscal year beginning on or after April 1, 2026.

As a result, the statutory effective tax rate for deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be reversed in and after the fiscal year beginning April 1, 2026, has been changed from 30.62% to 31.52%.

The impact of this tax rate change is immaterial.

14. Asset retirement obligations

The Companies are under the term of rental agreements for head offices etc. and have obligations for restitution on their leaving. The obligations are recognized by way of decreasing deposits.

15. Revenue recognition

(1) Disaggregation of revenues from contracts with customers

For the year ended March 31, 2024

	Millions of yen		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	¥142,494	¥13,270	¥155,764
Overseas	74,025	63,766	137,792
Revenues from contracts with customers	216,519	77,036	293,556
Other revenues	–	–	–
Revenues to external customers	¥216,519	¥77,036	¥293,556

For the year ended March 31, 2025

	Millions of yen		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	¥108,789	¥35,787	¥144,577
Overseas	60,630	71,004	131,635
Revenues from contracts with customers	169,420	106,792	276,212
Other revenues	–	–	–
Revenues to external customers	¥169,420	¥106,792	¥276,212

For the year ended March 31, 2025

	Thousands of U.S. dollars		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	$727,546	$239,334	$966,880
Overseas	405,476	474,852	880,328
Revenues from contracts with customers	1,133,022	714,186	1,847,208
Other revenues	–	–	–
Revenues to external customers	$1,133,022	$714,186	$1,847,208

(2) Information that is the basis for understanding the revenues from contracts with customers

Taikisha Group is engaged in construction contracts and so on and sales of equipment and materials for design, supervision, and construction work in the Green Technology System business and Paint Finishing System business.

Construction contracts and so on

Taikisha Group's performances of construction contracts or other contracts results in arising or increasing in value of an assets, along with these assets increase, the Company considers that it has transferred control of the assets to the customers over a certain period of time. Therefore, revenue is recognized based on progress toward complete satisfaction of performance obligations as of the closing date.

Progress is measured as the ratio of the costs incurred to the total estimated costs (input method), because it is possible to make reasonable estimates of the total estimated costs based on the budgets. In addition, revenue is recognized by cost recovery method in case incurred costs are expected to be recoverable though the progress of satisfaction of performance obligations cannot be reasonably measured.

Sales of equipment and materials

Regarding Taikisha Group's sales of equipment and materials, as a result of consideration of indicators related to the transfer of control, such as physical possession of the equipment and materials, significant risks associated with ownership and the transfer of economic value to the customer, Taikisha Group has determined that control over the equipment and materials are transferred to the customers and the performance of obligation is satisfied at the time of delivery of equipment and materials. In this reason, revenue is recognized when equipment and materials are delivered.

For these performance obligations, Taikisha Group provides guarantees such as free repair for contractual non-conformities that occur within a certain period of time after handover or delivery. It provides assurance to the customer that the products will function as intended and in accordance with the specifications agreed upon with the customers. Expected future expenditures are estimated by taking into account historical warranty rates and are recognized as a provision for warranties for completed construction.

Also, these terms of payments for these performance obligations are common and do not include significant financial elements.

(3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current consolidated fiscal year and are expected to be recognized in the following consolidated fiscal year or later

Balances of contract assets and liabilities

As of March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Receivables arising from contracts with customers (Beginning balance)	¥48,339	¥60,243	$402,884
Receivables arising from contracts with customers (Ending balance)	¥60,243	¥71,946	$481,151
Contract assets (Beginning balance)	¥66,224	¥59,596	$398,556
Contract assets (Ending balance)	¥59,596	¥75,644	$505,884
Contract liabilities (Beginning balance)	¥23,306	¥13,899	$92,951
Contract liabilities (Ending balance)	¥13,899	¥19,668	$131,533

In the consolidated balance sheets, accounts receivable for completed construction contracts and contract assets arising from contracts with customers are included in notes receivable, accounts receivable from completed construction contracts and other while contract liabilities are presented as advances received on uncompleted construction contracts.

The amounts of revenue recognized in the previous fiscal year and the current fiscal year that were included in the balance of contract liabilities at the beginning of each period are ¥23,657 million for the previous fiscal year and ¥13,675 million (US$91,455 thousand) for the current fiscal year. The amount of revenue recognized in the previous fiscal year and the current fiscal year from performance obligations that were satisfied (or partially satisfied) in the previous fiscal years are not material.

Transaction price allocated to the remaining performance obligations

The aggregate transaction prices allocated to unsatisfied performance obligations and the period over which revenues are expected to be recognized are as follows.

For the year ended March 31, 2024

	Millions of yen		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	¥100,830	¥35,687	¥136,517
Overseas	40,573	56,476	97,049
Total	¥141,403	¥92,163	¥233,567

The transaction prices allocated to unsatisfied performance obligations in the "Green Technology System business" and "Paint Finishing System business" are expected to be recognized as construction revenue within two years, primarily based on the progress of construction.

For the year ended March 31, 2025

	Millions of yen		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	¥110,851	¥18,347	¥129,199
Overseas	42,371	68,300	110,671
Total	¥153,223	¥86,648	¥239,871

For the year ended March 31, 2025

	Thousands of U.S. dollars		
	Green Technology System Division	Paint Finishing System Division	Total
By region			
Japan	$741,335	$122,704	$864,039
Overseas	283,364	456,765	740,129
Total	$1,024,699	$579,469	$1,604,168

The transaction prices allocated to unsatisfied performance obligations in the "Green Technology System business" and "Paint Finishing System business" are expected to be recognized as construction revenue within two years, primarily based on the progress of construction.

16. Segment information

(1) Overview of reportable segment

The reportable segment of the Companies is components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Companies establish their divisions for types of construction equipment and each division plans the comprehensive domestic and foreign strategies and do business based on the strategies. Therefore, the Companies are composed of segment for types of construction equipment based on the divisions. The Companies have two reportable segments "Green Technology System Division" and "Paint Finishing System Division".

"Green Technology System Division" mainly designs, manages and constructs building HVAC for office buildings, and industrial HVAC for manufacturing facilities and laboratories. This division also produces and sells related equipment.

"Paint Finishing System Division" mainly designs, manages and constructs automobile paint plants and sells related equipment.

(2) Calculation method of sales and profits or losses, assets or liabilities and others

The accounting treatment of reportable segment is almost the same as the one disclosed in "2. Summary of significant accounting policies".

The profit of reportable segment is the amount on the basis of ordinary income. Internal profits and transfer amounts between the segments are calculated based on the market price.

(3) Sales and profits or losses, assets or liabilities and others by reportable segment

For the year ended March 31, 2024

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	¥216,519	¥77,036	¥293,556	¥–	¥293,556
Intersegment	15	4	20	(20)	–
Total	216,535	77,041	293,577	(20)	293,556
Segment profit	17,027	2,804	19,832	19	19,852
Segment assets	143,027	69,474	212,501	53,992	266,494
Other items					
Depreciation and amortization	914	737	1,651	(181)	1,469
Amortization of goodwill	417	66	484	–	484
Interest income	352	541	894	2	897
Interest expenses	5	213	219	21	240
Share of profit (loss) of entities accounted for using equity method	–	22	22	–	22
Investments in associates accounted for using equity method	–	642	642	–	642
Increase in property, plant and equipment, intangible assets	¥3,339	¥583	¥3,923	¥351	¥4,274

(Note 1) The amounts of Adjustments are as follows.

Adjustments of Segment profit of ¥19 million include non-allocatable common profits of ¥20 million and other adjustment of minus ¥1 million. Non-allocatable common profits are mainly general and administrative expenses, dividend income, etc., which are not attributed to any reportable segment.

Adjustments of Segment assets of ¥53,992 million are elimination of receivable and payable etc., of minus ¥4,265 million and non-allocatable common assets which are not allocated to any reportable segments of ¥58,258 million. Non-allocatable common assets are mainly cash and deposits, securities, property, plant and equipment, intangible assets, and net defined benefit asset, etc., which are not attributed to any reportable segment.

Adjustments of Increase in property, plant and equipment, intangible assets of ¥351 million are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software, etc., which are not attributed to any reportable segment.

The allocation method of assets for reportable segment is different from that of related income and expenses.

(Note 2) Segment profit is adjusted to the ordinary income of the consolidated statement of income.

For the year ended March 31, 2025

	Millions of yen				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	¥169,420	¥106,792	¥276,212	¥–	¥276,212
Intersegment	23	163	186	(186)	–
Total	169,443	106,956	276,399	(186)	276,212
Segment profit	15,299	4,256	19,555	382	19,938
Segment assets	134,943	98,086	233,029	35,418	268,448
Other items					
Depreciation and amortization	1,266	853	2,119	(269)	1,850
Amortization of goodwill	431	72	503	–	503
Interest income	366	407	773	8	781
Interest expenses	31	219	250	51	301
Share of profit (loss) of entities accounted for using equity method	–	3	3	–	3
Investments in associates accounted for using equity method	–	701	701	–	701
Increase in property, plant and equipment, intangible assets	¥2,395	¥913	¥3,308	¥391	¥3,700

(Note 1) The amounts of Adjustments are as follows.

Adjustments of Segment profit of ¥382 million (US$2,556 thousand) include non-allocatable common profits of ¥408 million (US$2,732 thousand) and other adjustment of minus ¥26 million (minus US$176 thousand). Non-allocatable common profits are mainly general and administrative expenses, dividend income, etc., which are not attributed to any reportable segment.

Adjustments of Segment assets of ¥35,418 million (US$236,869 thousand) are elimination of receivable and payable etc., of minus ¥3,807 million (minus US$25,461 thousand) and non-allocatable common assets which are not allocated to any reportable segments of ¥39,226 million (US$262,330 thousand). Non-allocatable common assets are mainly cash and deposits, securities, property, plant and equipment, intangible assets, and net defined benefit asset, etc., which are not attributed to any reportable segment.

Adjustments of Increase in property, plant and equipment, intangible assets of ¥391 million (US$2,620 thousand) are buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures and software, etc., which are not attributed to any reportable segment.

The allocation method of assets for reportable segment is different from that of related income and expenses.

(Note 2) Segment profit is adjusted to the ordinary income of the consolidated statement of income.

For the year ended March 31, 2025

	Thousands of U.S. dollars				
	Green Technology System Division	Paint Finishing System Division	Total	Adjustments	Amount recorded in the consolidated financial statements
Sales					
Sales to customers	$1,133,022	$714,186	$1,847,208	$–	$1,847,208
Intersegment	154	1,096	1,250	(1,250)	–
Total	1,133,176	715,282	1,848,458	(1,250)	1,847,208
Segment profit	102,318	28,465	130,783	2,556	133,339
Segment assets	902,450	655,966	1,558,416	236,869	1,795,285
Other items					
Depreciation and amortization	8,469	5,709	14,178	(1,805)	12,373
Amortization of goodwill	2,885	482	3,367	–	3,367
Interest income	2,449	2,724	5,173	55	5,228
Interest expenses	208	1,466	1,674	343	2,017
Share of profit (loss) of entities accounted for using equity method	–	24	24	–	24
Investments in associates accounted for using equity method	–	4,694	4,694	–	4,694
Increase in property, plant and equipment, intangible assets	$16,017	$6,110	$22,127	$2,620	$24,747

17. Related information in regard to segment information

(1) Information by product and service

For the year ended March 31, 2024

This item is omitted because similar information is disclosed in "16. Segment information"

For the year ended March 31, 2025

This item is omitted because similar information is disclosed in "16. Segment information"

(2) Sales by region

For the year ended March 31, 2024

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥155,764	¥20,613	¥20,596	¥32,515	¥27,415	¥18,293	¥17,779	¥578	¥293,556

(Note) Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2025

Millions of yen

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
¥144,577	¥33,052	¥19,224	¥35,343	¥17,566	¥4,302	¥19,888	¥2,257	¥276,212

(Note) Sales are classified to the countries or regions based on their customers' location.

For the year ended March 31, 2025

Thousands of U.S. dollars

Japan	North America	Southeast Asia		East Asia		India	Other	Total
		Thailand	Other Southeast Asia	China	Other East Asia			
$966,880	$221,040	$128,565	$236,367	$117,481	$28,773	$133,005	$15,097	$1,847,208

(3) Property, plant and equipment by region

For the year ended March 31, 2024

Millions of yen

Japan	Thailand	Indonesia	China	India	Other	Total
¥6,594	¥386	¥245	¥645	¥3,233	¥588	¥11,694

For the year ended March 31, 2025

Millions of yen

Japan	Thailand	Indonesia	China	India	Other	Total
¥7,626	¥393	¥269	¥653	¥4,159	¥640	¥13,742

For the year ended March 31, 2025

Thousands of U.S. dollars

Japan	Thailand	Indonesia	China	India	Other	Total
$51,004	$2,631	$1,800	$4,369	$27,817	$4,286	$91,907

(4) Sales information by main customer

For the year ended March 31, 2024

The item is omitted because there are no sales to external customers which represented 10% or more of sales of the consolidated statement of income.

For the year ended March 31, 2025

The item is omitted because there are no sales to external customers which represented 10% or more of sales of the consolidated statement of income.

18. Impairment loss by reportable segment

Impairment loss of the non-current assets by reportable segment

For the year ended March 31, 2024

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate (Note)	Total
Impairment loss	¥–	¥–	¥–	¥0	¥0

(Note) Eliminations/Corporate is generated from impairment loss of idle assets.

For the year ended March 31, 2025

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate (Note)	Total
Impairment loss	¥3,339	¥–	¥3,339	¥0	¥3,339

(Note) Eliminations/Corporate is generated from impairment loss of idle assets.

For the year ended March 31, 2025

Thousands of U.S. dollars

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Total
Impairment loss	$22,331	$–	$22,331	$0	$22,331

19. Amortization and balance of goodwill

(1) Amortization and balance of goodwill by reportable segment

For the year ended March 31, 2024

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Total
Balance of goodwill	¥2,819	¥708	¥3,528	¥–	¥3,528

(Note) Amortization of goodwill is omitted because it is already disclosed in the "16. Segment information".

For the year ended March 31, 2025

Millions of yen

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Total
Balance of goodwill	¥–	¥715	¥715	¥–	¥715

(Note) Amortization of goodwill is omitted because it is already disclosed in the "16. Segment information".

For the year ended March 31, 2025

Thousands of U.S. dollars

	Green Technology System Division	Paint Finishing System Division	Total	Eliminations/ Corporate	Total
Balance of goodwill	$–	$4,782	$4,782	$–	$4,782

(2) Gain on negative goodwill by reportable segment

For the year ended March 31, 2024

Not applicable.

For the year ended March 31, 2025

Not applicable.

20. Related party transactions

For the year ended March 31, 2024

Not applicable.

For the year ended March 31, 2025

Not applicable.

21. Details of bonds

No applicable.

22. Details of loans

As of March 31, 2025

	Millions of yen		Thousands of U.S. dollars		
	Beginning balance	Ending balance	Ending balance	Average interest rate (%)	Maturity
Short-term loans payable	¥3,619	¥13,059	$87,336	1.983	–
Current portion of long-term loans payable	127	140	942	1.293	–
Current portion of lease obligations	100	101	676	–	–
Long-term loans payable (excluding current portion)	143	116	776	2.037	October 2027 to April 2028
Lease obligations (excluding current portion)	148	97	652	–	February 2026 to November 2029
Total	¥4,140	¥13,514	$90,382	–	–

(Note 1) The "Average interest rate" is the weighted average interest rate for the ending balance of loans etc.

(Note 2) The average interest rates on lease obligations are not presented because interest equivalents in the total lease obligation are allocated to expenses every year by the straight-line method.

(Note 3) The annual repayment schedules of long-term loans payable and lease obligations (excluding current portion) subsequent to March 31, 2025 are as follows.

	Millions of yen			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	¥81	¥34	¥0	¥–
Lease obligations	¥51	¥31	¥13	¥1

	Thousands of U.S. dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable	$544	$231	$1	$–
Lease obligations	$342	$210	$91	$9

23. Details of asset retirement obligations

This item is omitted because asset retirement obligations represented less than 1% of total assets at the beginning of this fiscal year and at the end of this fiscal year, respectively.

24. Significant subsequent events

(Share split and corresponding partial amendment to the Articles of Incorporation)

The Company resolved at a meeting of its Board of Directors held on February 10, 2025 to implement a share split and corresponding partial amendment to the Articles of Incorporation.

1. Purpose of the share split

By implementing the share split, the Company aims to reduce the minimum investment price for the Company's shares, to increase the liquidity of the shares, and to further expand the investor base.

2. Overview of the share split

(1) Split method

The Company will split common shares owned by all recorded shareholders as of March 31, 2025, in the proportion of 1 share into 2 shares.

(2) Number of shares increased through share split

Total number of shares issued before share split	33,582,009 shares
Number of shares increased through share split	33,582,009 shares
Total number of shares issued after share split	67,164,018 shares
Total number of shares authorized after share split	200,000,000 shares

(3) Schedule

Date of public notice of record date	March 14, 2025
Record date	March 31, 2025
Effective date	April 1, 2025

(4) Effect on per share information

The impact on per share information is presented in the relevant section.

3. Partial Amendment to the Articles of Incorporation

(1) Reason for the amendment

In accordance with the provisions of Article 184, Paragraph 2 of the Companies Act, the Company will amend the total number of shares authorized stipulated in Article 6 of the Articles of Incorporation as of April 1, 2025, in response to the implementation of the share split.

(2) Details of amendment

(Amended parts are underlined)

Current Articles of Incorporation	Amendments
(Total Number of Shares Authorized) Article 6 The total number of shares the Company is authorized to issue shall be <u>one hundred million (100,000,000)</u> shares.	(Total Number of Shares Authorized) Article 6 The total number of shares the Company is authorized to issue shall be <u>two hundred million (200,000,000)</u> shares.

(3) Schedule

Effective date of amendment of the Articles of Incorporation	April 1, 2025

4. Other

(1) Change in share capital

The above share split shall not change the Company's share capital.

(2) Dividends

As the effective date of the share split is April 1, 2025, year-end dividends for the fiscal year ended March 2025, to all shareholders of record as of March 31, 2025, will be distributed based on the number of shares issued prior to the share split.

Report of Independent Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Taikisha Ltd.,

Opinion

We have audited the consolidated financial statements of Taikisha Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 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 ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Reasonableness of estimates regarding percentage of completion in construction contracts for which revenue is recognized over time.

Description of Key Audit Matter	Auditor's Response
As described in Note 2. "Summary of significant accounting policies", (8) "Revenue and cost recognition", in the Green Technology System business and the Paint Finishing System business, performance obligations for construction contracts, etc. mainly involving design, supervision, and installation are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation. As stated in note (12) "Significant accounting estimates" under the section "Estimates of percentage of completion in construction contracts, etc. in which revenue is recognized over time", the percentage of completion is measured based on the ratio of costs incurred as of the fiscal year-end to estimated total costs based on the working budget for the construction contract (input method). The Group recorded net sales of completed construction contracts ¥249,920 million on a consolidated basis for the fiscal year under this method. The estimated total cost is prepared based on working budgets for each construction contract, which may fluctuate after commencement due to changes in site conditions, modifications in the scope of work, price negotiations with subcontractors, and fluctuations in material and equipment prices. In addition, the accuracy of cost aggregation for individual projects has a significant impact on the estimation of percentage of completion. Therefore, as such estimate involves a high degree of uncertainty, we determined the estimation of the percentage of completion of construction contracts with revenue recognized over time to be a key audit matter.	To evaluate the reasonableness of the estimates of percentage of completion in construction contracts and others under which revenue is recognized over time, we performed the following audit procedures, among others: (1) Evaluation of internal controls We evaluated the design and operating effectiveness of internal controls relating to the estimation of percentage of completion in construction contracts. In performing this evaluation, we placed particular focus on the controls over preparing initial working budgets, reflecting changes in circumstances after commencement, and allocating incurred costs to appropriate contracts. (2) Examination of working budgets We identified the construction contracts with relatively high uncertainty in working budgets, such as those with large contract amounts and unusually high or low profit margins, or those showing anomalies in the correlation between contract amounts and working budgets. For the identified construction contracts, we compared the latest working budgets as of the fiscal year end with the original ones. For material fluctuations, we examined the reasonableness of management's working budget estimates through inquiries of construction managers and inspection of relevant documents such as quotations and purchase orders. (3) Examination of actual costs incurred For contracts that, in our judgment, based on factors such as contract size, profit margins, and procedures to identify anomalies in the year-end percentage of completion, required careful consideration of the appropriateness of cost aggregation, we performed procedures including reconciling incurred costs to supporting documents such as invoices, conducting inquiries of construction managers, and reviewing relevant documents, including construction schedules and planned cost lists. Where considered necessary, we also visited construction sites to assess whether the reported progress was consistent with the actual conditions on site.

2. Recognition of impairment losses on goodwill and customer-related assets related to Nicomac Taikisha Clean Rooms Private Limited

Description of Key Audit Matter	Auditor's Response
As described in Note 2. "Summary of significant accounting policies", (12) "Significant accounting estimates", under the section "Valuation of goodwill and intangible assets" and Note 4. "Notes of consolidated statements of income", (5) "Impairment loss", the Group recognized impairment loss of ¥3,377 million on goodwill and customer-related assets related to Nicomac Taikisha Clean Rooms Private Limited (hereinafter "NTC") during the current consolidated fiscal year. The Company had recognized goodwill and customer-related assets in connection with NTC at the time of its acquisition, based on the assumption of excess profitability. However, as actual results up to the current consolidated fiscal year have fallen short of the business plan	With respect to the recognition of impairment losses on goodwill and customer-related assets related to NTC, we mainly performed the following audit procedures: (1) Evaluation of internal controls We evaluated the design and operating effectiveness of internal controls relating to the valuation of goodwill and customer-related assets. (2) Evaluation of the reasonableness of the recoverable amount ・We evaluated the consistency of the business plans on which the value in use calculations of the cash-generating units were based with

initially projected at the time of acquisition, the business plan was revised in light of the current economic environment. As a result, the originally expected excess profitability is no longer considered achievable, and impairment losses have been recognized. In measuring impairment loss, the recoverable amount of the cash-generating units are determined based on its value in use. The calculation of value in use incorporates key assumptions made by management, such as revenues (demand forecasts, unit prices, production volumes, and sales growth rates), cost of sales (raw material costs, labor costs, and depreciation), selling, general and administrative expenses (personnel expenses and other expenses) in the business plan, and the discount rate. These assumptions are subject to the impact of future changes in uncertain economic conditions. Accordingly, as the recognition of impairment losses on goodwill and customer-related assets related to NTC involves a high degree of uncertainty, we determined this matter to be a key audit matter.	budget materials approved by management committees. •We examined whether the revised business plans were reasonably prepared, reflecting the results of variance analyses between actual performance for the current consolidated fiscal year and the original plans. •We evaluated the reasonableness of key assumptions in the business plans—including revenue (demand forecasts, unit prices, production volumes, and sales growth rates), cost of sales (raw material costs, labor costs, and depreciation), and selling, general and administrative expenses (personnel expenses and other expenses)—by making inquiries of management and comparing them with historical performance data and external supporting information. •We evaluated whether the discount rate used in the calculation of value in use was reasonably determined based on the company's hurdle rates applied in similar capital investment decisions and the divisional cost of capital.

Other Information

The other information comprises the information included in the integrated report, but does not include the consolidated financial statements and our auditor's report hereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 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 the audit & supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation
The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Hiroaki Kagami

Hiroaki Kagami
Designated Engagement Partner
Certified Public Accountant

Kenji Oka

Kenji Oka
Designated Engagement Partner
Certified Public Accountant

A&A Partners
Tokyo, Japan
December 9, 2025