



Annual Report 2024

Fiscal year ended March 31, 2024



NAKANO
CORPORATION

CONTENTS

FINANCIAL HIGHLIGHTS	1
REPORT OF INDEPENDENT AUDITORS	2
CONSOLIDATED BALANCE SHEETS	7
CONSOLIDATED STATEMENTS OF INCOME	9
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	11
CONSOLIDATED STATEMENTS OF CASH FLOWS	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13
SUPPLEMENTAL INFORMATION	38
NONCONSOLIDATED BALANCE SHEETS	38
NONCONSOLIDATED STATEMENTS OF INCOME	40
CORPORATE PROFILE	41

Cautionary remarks regarding forward looking statements

This Annual Report includes forward-looking statements that represent Nakano Corporation's assumptions and expectations in light of currently available information. These statements reflect industry trends, client's situations and other factors, and involve risks and uncertainties which may cause actual performance results to differ from those discussed in the forward looking statements in accordance with changes in the domestic and international business environment.

For further information contact:

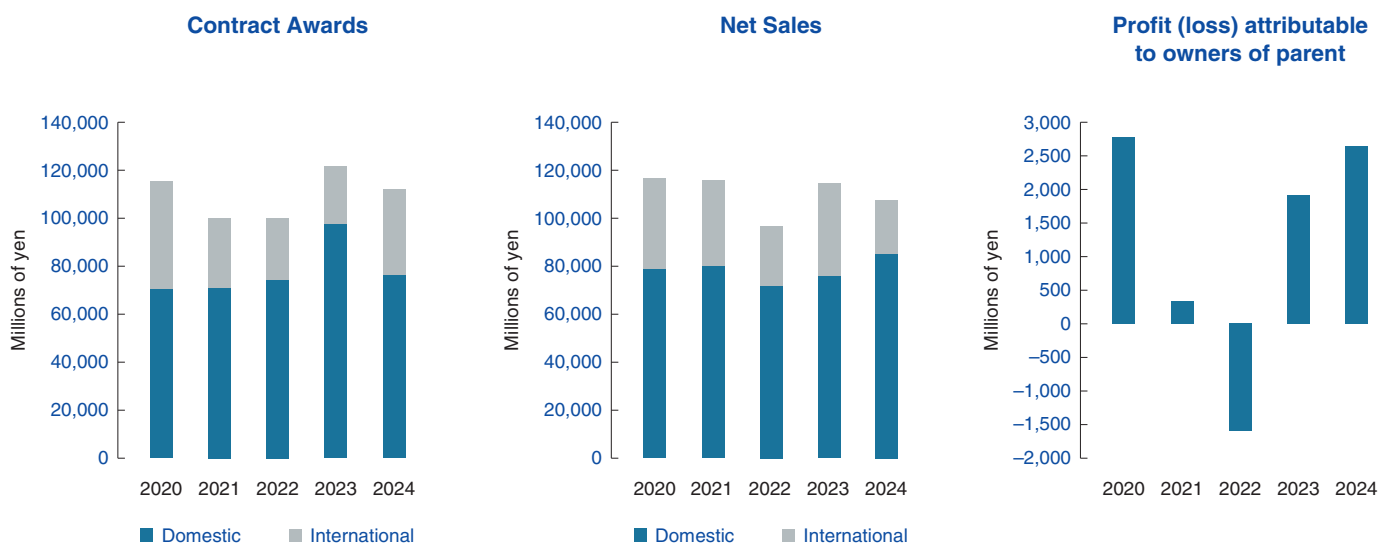
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FINANCIAL HIGHLIGHTS

NAKANO CORPORATION and its subsidiaries
Years ended March 31, 2020 through 2024

	2020	2021	2022	2023	2024	2024
	Millions of yen					Thousands of U.S. dollars
Contract awards	¥115,633	¥100,060	¥99,807	¥121,538	¥112,102	\$740,387
Net sales	116,838	115,994	96,470	114,459	107,415	709,431
Operating income (loss)	3,779	1,555	(840)	2,859	3,185	21,035
Ordinary income (loss)	4,070	1,750	(627)	3,134	3,835	25,328
Profit (loss) attributable to owners of parent	2,781	335	(1,594)	1,914	2,645	17,469
Comprehensive income	1,350	2,170	(920)	2,602	4,770	31,503
Total net assets	35,221	36,909	35,576	37,839	42,159	278,442
Total assets	81,217	84,235	82,190	79,673	80,616	532,435
Net cash provided by (used in) operating activities	(6,797)	(4,549)	11,515	2,170	(2,086)	(13,777)
Net cash provided by (used in) investing activities	(555)	94	(2,684)	(256)	(28)	(184)
Net cash provided by (used in) financing activities	(1,821)	4,057	(5,739)	(776)	(801)	(5,290)
Cash and cash equivalents at end of period	21,612	21,874	25,632	27,426	25,570	168,879
	Yen					U.S. dollars
Per share of common stock						
(in yen and U.S. dollars)						
Net assets	¥992.34	¥1,038.71	¥1,001.72	¥1,063.68	¥1,183.07	\$7.81
Net income (loss)	80.93	9.77	(46.39)	55.72	76.98	0.51
Cash dividends applicable to the year	14.00	12.00	10.00	13.00	16.00	0.11
Number of employees	1,361	1,336	1,278	1,315	1,331	

Note: The rate of ¥151.41=US\$1.00, the foreign exchange rate on March 31, 2024, has been used for translation.



REPORT OF INDEPENDENT AUDITORS

The Board of Directors
NAKANO CORPORATION

The Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NAKANO CORPORATION and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as at March 31, 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, 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 the Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Rationality of estimates in net sales of completed construction contracts that recognized over time	
Description of key audit matter	How our audit addressed the key audit matter
<p>Net sales of completed construction contracts of ¥105,997 million (\$700,066 thousand) was recorded on the consolidated statements of income for the fiscal year ended March 31, 2024. Of this, ¥101,065 million (\$667,492 thousand) was accounted for by transactions in which revenue is recognized as performance obligations are satisfied over a certain period. As stated in "3. Summary of Significant Accounting Policies, m. Revenue and Cost of Construction Contracts" and "o. Significant Accounting Estimates" in the notes to the consolidated financial statements, net sales of completed construction contracts are recognized with estimates of progress in performance obligations up until the end of current consolidated fiscal year.</p> <p>Measurement of progress was based on the percentage of construction cost incurred until the balance sheet date against the expected total construction cost. The net sales of completed construction contracts in the current fiscal year was recognized with reasonable estimates of the total construction cost and the progress as of the current consolidated fiscal year against the total construction revenue.</p> <p>In the total construction revenue, which forms the basis of the calculation for net sales of completed construction contracts, items for consideration exist whose amount is yet to be determined due to the absence of a contract, etc., in construction work in progress, even though changes in the construction method or scope of work have been agreed upon.</p> <p>In addition, the total construction cost was estimated based on working budgets at the initial stage of construction, and as of the end of current consolidated fiscal year, was estimated based on the expected total amount to be paid as stated in the construction reports. However, the estimate of the total construction cost is subject to uncertainty due to factors such as the uncertainty of estimates at the design stage, changes in project details and workloads due to customer requests and company proposals, and</p>	<p>We performed the following audit procedures, among others, to examine the rationality of estimates in net sales of completed construction contracts that recognized over time.</p> <p>(1) Assessment of internal control</p> <p>We assessed the design and operating effectiveness of internal controls as pertains to estimates of total construction revenue, total construction cost, and progress. In so doing, we focused particular attention on the following controls.</p> <ul style="list-style-type: none"> • Controls to ensure the reliability for the formulation of working budgets, which is the basis for estimating total construction cost at the initial stage of construction, by obtaining necessary approvals. • Controls to ensure that estimated total construction cost is reviewed in a timely and appropriate manner in response to changes in the construction status of each project, the actual amount of costs incurred, customer requests, etc. <p>(2) Assessment of rationality of estimates of total construction revenue, total construction cost, and progress</p> <p>We selected construction projects that exceeded a certain scale in terms of construction contract value and other criteria and performed the following procedures.</p> <p>(i) Assessment of rationality of estimate of total construction revenue</p> <ul style="list-style-type: none"> • We compared and reconciled the construction contract value with the contract or purchase order. For those projects where a contract had not been concluded, we considered whether that was rational. <p>(ii) Assessment of rationality of estimate of total construction cost</p> <ul style="list-style-type: none"> • For construction projects with a construction profit margin and total construction cost significantly increased or decreased compared to the previous consolidated fiscal year, we examined whether that was rational by questioning the persons in charge and reviewing underlying evidence. • We reviewed working budgets and construction

<p>fluctuations in the price of raw materials and labor cost markets, among other factors.</p> <p>Furthermore, the progress as of the end of current consolidated fiscal year is estimated based on the total construction cost and construction costs incurred, but if the total construction cost or construction costs incurred are improperly aggregated, it could have a material impact on the estimate of progress.</p> <p>We therefore consider this to be a key audit matter.</p>	<p>reports and examined whether matters had arisen, such as change of construction period, that might cause revise of total construction cost. In projects with changed construction periods or other matters, we examined the necessity to revise total construction cost by questioning the persons in charge.</p> <ul style="list-style-type: none"> • We compared the total construction cost estimated as of the end of consolidated fiscal year with the one determined after March 31, 2024, or the most recent one, and assessed whether there was a necessity to revise the estimate of the one as of the balance sheet date. <p>(iii) Assessment of rationality of estimate of progress</p> <ul style="list-style-type: none"> • For construction cost incurred which was estimated as of the end of consolidated fiscal year, we assessed whether estimates were appropriate by comparing the invoices and progress reports for the following fiscal year from partners. • For the progress of construction as of end of the consolidated fiscal year, we compared with the elapsed time and the schedule of construction progress, and considered consistence them. We also considered rationality of progress by inspecting a portion of construction sites.
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Other information

We judged that the annual report contains no other information, and did not perform any audit with respect to other information.

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

Management is responsible for the preparation and fair presentation of 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan 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.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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. The procedures selected depend on the auditor's judgment. In addition, we 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We determine key audit matters as those considered of particular significance in the audit of the consolidated financial statements for the fiscal year ended March 31, 2024, among matters discussed with Corporate Auditors and the Board of Corporate Auditors. Key audit matters are presented in the audit report, except where their disclosure is prohibited by laws, regulations or other rules, or, in extremely limited circumstances, where the auditor considers themselves unable to report them because the disadvantages that would arise from reporting them in the audit report can be reasonably expected to outweigh the public benefits of such disclosure.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit provided to the Group for the current consolidated fiscal year are ¥35 million (\$ 231 thousand), and there are no fees paid or payable for non-audit services.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

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

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

松藤 悠

Yu Matsufuji
Representative Partner
Engagement Partner
Certified Public Accountant

佐藤 義江

Yoshihito Sato
Representative Partner
Engagement Partner
Certified Public Accountant

大橋 徹也

Tetsuya Ohashi
Engagement Partner
Certified Public Accountant

Izumi Audit Corporation
Tokyo, Japan
September 17, 2024

CONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION and its subsidiaries
As of March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2024	2024
Assets			
Current assets:			
Cash and deposits (Notes 4, 7 and 9)	¥ 27,902	¥ 26,225	\$ 173,205
Notes receivable, accounts receivable from completed construction contracts and other (Notes 4, 9 and 14)	22,182	22,084	145,855
Costs on uncompleted construction contracts (Note 4)	1,219	1,662	10,976
Costs on real estate business	45	45	297
Real estate for sale and development projects in progress	7	4	26
Raw materials and supplies	4	6	39
Accounts receivable - other	2,426	3,258	21,517
Other	696	888	5,864
Allowance for doubtful accounts	(164)	(191)	(1,261)
Total current assets	54,320	53,984	356,541
Non-current assets:			
Property, plant and equipment (Notes 4 and 13)			
Buildings and structures	11,189	11,036	72,888
Machinery, vehicles, tools, furniture and fixtures (Note 8)	2,277	2,512	16,590
Land	11,722	11,306	74,671
Construction in progress	9	11	72
Accumulated depreciation	(6,507)	(6,597)	(43,570)
Total property, plant and equipment	18,691	18,269	120,659
Intangible assets			
Goodwill	461	369	2,437
Leasehold right	1,170	1,289	8,513
Other	85	92	607
Total intangible assets	1,717	1,751	11,564
Investments and other assets			
Investment securities (Notes 4, 9 and 10)	3,649	4,476	29,562
Long-term loans receivable	6	1	6
Net defined benefit asset (Note 11)	729	1,575	10,402
Deferred tax assets	12	4	26
Other	563	564	3,724
Allowance for doubtful accounts	(17)	(12)	(79)
Total investments and other assets	4,944	6,610	43,656
Total non-current assets	25,352	26,631	175,886
Total assets	¥ 79,673	¥ 80,616	\$ 532,435

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2024	2024
Liabilities			
Current liabilities:			
Notes payable, accounts payable for construction contracts and other (Notes 4 and 9)	¥ 24,661	¥ 25,489	\$ 168,344
Short-term loans payable (Notes 4, 9 and 18)	618	618	4,081
Income taxes payable	508	370	2,443
Advances received on uncompleted construction contracts (Notes 4 and 14)	10,928	6,951	45,908
Provision for warranties for completed construction	317	285	1,882
Provision for loss on construction contracts (Note 4)	987	170	1,122
Provision for bonuses	565	584	3,857
Other (Note 18)	1,108	1,317	8,698
Total current liabilities	39,694	35,786	236,351
Non-current liabilities:			
Long-term loans payable (Notes 4, 9 and 18)	353	204	1,347
Deferred tax liabilities (Note 12)	677	1,220	8,057
Provision for retirement benefits for directors	45	40	264
Net defined benefit liability (Note 11)	257	301	1,987
Other (Note 18)	805	903	5,963
Total non-current liabilities	2,139	2,670	17,634
Total liabilities	41,834	38,457	253,992
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	¥ 5,061	¥ 5,061	\$ 33,425
Capital surplus	1,400	1,400	9,246
Retained earnings	28,201	30,400	200,779
Less: Treasury stock, at cost			
131,075 shares in 2023 and 132,361 shares in 2024	(35)	(35)	(231)
Total shareholders' equity	34,627	36,826	243,220
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	901	1,470	9,708
Foreign currency translation adjustment	633	1,473	9,728
Remeasurements of defined benefit plans (Note 11)	392	886	5,851
Total accumulated other comprehensive income	1,927	3,830	25,295
Non-controlling interests:			
	1,283	1,502	9,920
Total net assets	37,839	42,159	278,442
Total liabilities and net assets	¥ 79,673	¥ 80,616	\$ 532,435

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

CONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2024	2024
Net sales:			
Net sales of completed construction contracts	¥ 113,155	¥ 105,997	\$ 700,066
Sales on real estate business (Note 13)	1,200	1,301	8,592
Sales on other business	103	117	772
Total net sales (Notes 5 and 14)	114,459	107,415	709,431
Cost of sales:			
Cost of sales of completed construction contracts (Note 5)	104,759	96,805	639,356
Cost of sales on real estate business (Note 13)	678	584	3,857
Cost of sales on other business	83	81	534
Total cost of sales	105,521	97,470	643,748
Gross profit:			
Gross profit on completed construction contracts	8,395	9,192	60,709
Gross profit - real estate business	522	716	4,728
Gross profit - other business	20	36	237
Total gross profit	8,938	9,945	65,682
Selling, general and administrative expenses (Note 5)	6,079	6,759	44,640
Operating income	2,859	3,185	21,035
Non-operating income:			
Interest income	158	325	2,146
Dividend income	55	71	468
Foreign exchange gains	68	175	1,155
Other	9	95	627
Total non-operating income	291	666	4,398
Non-operating expenses:			
Interest expenses	14	14	92
Other	1	2	13
Total non-operating expenses	16	16	105
Ordinary income	3,134	3,835	25,328
Extraordinary income:			
Gain on sales of non-current assets (Note 5)	6	193	1,274
Gain on sales of memberships	15	—	—
Subsidy income	8	—	—
Other	0	1	6
Total extraordinary income	30	195	1,287
Extraordinary losses:			
Impairment loss (Note 5)	171	327	2,159
Loss on litigation	6	70	462
Research expenses	53	—	—
Other	9	14	92
Total extraordinary losses	241	413	2,727
Profit before income taxes	2,923	3,617	23,888
Income taxes:			
Income taxes - current	893	751	4,960
Income taxes - deferred (Note 12)	58	81	534
Total income taxes	951	833	5,501
Profit	1,972	2,784	18,387
Profit attributable to non-controlling interests	57	138	911
Profit attributable to owners of parent	¥ 1,914	¥ 2,645	\$ 17,469

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2024	2024
Profit	¥ 1,972	¥ 2,784	\$ 18,387
Other comprehensive income:			
Valuation difference on available-for-sale securities	21	568	3,751
Foreign currency translation adjustment	717	923	6,096
Remeasurements of defined benefit plans	(108)	494	3,262
Total other comprehensive income (Note 6)	630	1,986	13,116
Comprehensive income	¥ 2,602	¥ 4,770	\$ 31,503
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 2,472	¥ 4,548	\$ 30,037
Comprehensive income attributable to non-controlling interests	130	221	1,459

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2023 and 2024

Millions of yen

	Shareholders' Equity					Accumulated other comprehensive income						Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests		
Balance as at March 31, 2022	¥ 5,061	¥ 1,400	¥ 26,630	¥ (35)	¥ 33,057	¥ 879	¥ (10)	¥ 500	¥ 1,369	¥ 1,149	¥ 35,576	
Changes of items during period												
Dividends from surplus			(343)		(343)						(343)	
Profit attributable to owners of parent			1,914		1,914						1,914	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						21	644	(108)	557	133	691	
Total changes of items during period	—	—	1,571	(0)	1,570	21	644	(108)	557	133	2,262	
Balance as at March 31, 2023	¥ 5,061	¥ 1,400	¥ 28,201	¥ (35)	¥ 34,627	¥ 901	¥ 633	¥ 392	¥ 1,927	¥ 1,283	¥ 37,839	
Changes of items during period												
Dividends from surplus			(446)		(446)						(446)	
Profit attributable to owners of parent			2,645		2,645						2,645	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						568	840	494	1,903	218	2,121	
Total changes of items during period	—	—	2,198	(0)	2,198	568	840	494	1,903	218	4,319	
Balance as at March 31, 2024	¥ 5,061	¥ 1,400	¥ 30,400	¥ (35)	¥ 36,826	¥ 1,470	¥ 1,473	¥ 886	¥ 3,830	¥ 1,502	¥ 42,159	

Thousands of U.S. dollars (Note 2)

	Shareholders' Equity					Accumulated other comprehensive income						Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests		
Balance as at March 31, 2023	\$ 33,425	\$ 9,246	\$ 186,255	\$ (231)	\$ 228,696	\$ 5,950	\$ 4,180	\$ 2,588	\$ 12,727	\$ 8,473	\$ 249,910	
Changes of items during period												
Dividends from surplus			(2,945)		(2,945)						(2,945)	
Profit attributable to owners of parent			17,469		17,469						17,469	
Purchase of treasury stock				(0)	(0)						(0)	
Net changes of items other than shareholders' equity						3,751	5,547	3,262	12,568	1,439	14,008	
Total changes of items during period	—	—	14,516	(0)	14,516	3,751	5,547	3,262	12,568	1,439	28,525	
Balance as at March 31, 2024	\$ 33,425	\$ 9,246	\$ 200,779	\$ (231)	\$ 243,220	\$ 9,708	\$ 9,728	\$ 5,851	\$ 25,295	\$ 9,920	\$ 278,442	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

NAKANO CORPORATION and its subsidiaries
For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2024	2024
Cash flows from operating activities:			
Profit before income taxes	¥ 2,923	¥ 3,617	\$ 23,888
Adjustments for:			
Depreciation and amortization	483	542	3,579
Impairment loss	171	327	2,159
Amortization of goodwill	—	93	614
Increase (decrease) in allowance for doubtful accounts	(25)	11	72
Increase (decrease) in net defined benefit liability	13	29	191
Decrease (increase) in net defined benefit asset	(79)	(133)	(878)
Increase (decrease) in provision for loss on construction contracts	(1,184)	(890)	(5,878)
Interest and dividend income	(213)	(396)	(2,615)
Interest expenses	14	14	92
Subsidy income	(8)	—	—
Loss (gain) on sales of non-current assets	(6)	(193)	(1,274)
Decrease (increase) in notes and accounts receivable - trade	5,720	589	3,890
Decrease (increase) in costs on uncompleted construction contracts	(76)	(415)	(2,740)
Increase (decrease) in notes and accounts payable - trade	(7,807)	272	1,796
Increase (decrease) in advances received on uncompleted construction contracts	4,416	(4,024)	(26,576)
Decrease/increase in consumption taxes receivable/payable	(1,913)	(84)	(554)
Other, net	400	(963)	(6,360)
Subtotal	2,826	(1,603)	(10,587)
Interest and dividend income received	201	387	2,555
Interest expenses paid	(16)	(14)	(92)
Income taxes paid	(853)	(855)	(5,646)
Subsidy income received	11	—	—
Net cash provided by (used in) operating activities	2,170	(2,086)	(13,777)
Cash flows from investing activities:			
Payments into time deposits	(823)	(1,899)	(12,542)
Proceeds from withdrawal of time deposits	1,856	1,741	11,498
Purchase of property, plant and equipment	(321)	(302)	(1,994)
Proceeds from sales of property, plant and equipment	6	449	2,965
Purchase of intangible assets	(32)	(39)	(257)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(958)	—	—
Other, net	16	21	138
Net cash provided by (used in) investing activities	(256)	(28)	(184)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	200	—	—
Proceeds from long-term loans payable	300	—	—
Repayments of long-term loans payable	(210)	(149)	(984)
Redemption of bonds	(500)	—	—
Cash dividends paid	(344)	(444)	(2,932)
Other, net	(222)	(207)	(1,367)
Net cash provided by (used in) financing activities	(776)	(801)	(5,290)
Effect of exchange rate change on cash and cash equivalents	657	1,060	7,000
Net increase (decrease) in cash and cash equivalents	1,794	(1,856)	(12,258)
Cash and cash equivalents at beginning of period	25,632	27,426	181,137
Cash and cash equivalents at end of period (Note 7)	¥ 27,426	¥ 25,570	\$ 168,879

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NAKANO CORPORATION and its subsidiaries

1. Basis of Presenting Consolidated Financial Statements	<p>The consolidated financial statements presented herein of NAKANO CORPORATION (the “Company”) and its consolidated subsidiaries (together, the “Group”) are prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.</p> <p>In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2023 financial statements to conform to the classifications used in 2024.</p>
2. U.S. Dollar Amounts	<p>The accounts of 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 have been translated from Japanese yen into U.S. dollars on the basis of ¥151.41 to U.S.\$1, the rate of exchange prevailing at March 31, 2024, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.</p>
3. Summary of Significant Accounting Policies	<p>a. Consolidation</p> <p>1) Scope of Consolidation</p> <p>The Company had 15 subsidiaries as of March 31, 2024. The consolidated financial statements for the year ended March 31, 2024 include the accounts of the Company and all subsidiaries. The Company had 5 affiliates as of March 31, 2024. As of March 31, 2024, the equity method was not applied to 2 affiliates, as it was not significant in terms of retained earnings and net income of the consolidated financial statements.</p> <p>2) Financial Statements of Subsidiaries</p> <p>6 domestic subsidiaries changed their fiscal year-end from July 31 to January 31, resulting in a 10-month accounting period in the current fiscal year. In preparing the consolidated financial statements, their financial statements as of that date are used, and necessary adjustments for consolidation are made for any material transactions that occurred between that date and the consolidated closing date. The other subsidiaries’ financial year-end is March 31.</p> <p>b. Securities</p> <p>Securities are classified and accounted for as follows:</p> <p>Available-for-sale securities</p> <p>Other than equity securities etc. without market prices are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, while the cost of securities sold is computed using the moving-average method.</p> <p>Equity securities etc. without market prices are stated at cost determined by the moving-average method. For other than temporary declines in fair value, securities are written down to net realizable value.</p> <p>c. Inventories</p> <p>Costs on uncompleted construction contracts are stated at cost determined by the specific identification method.</p> <p>Costs on real estate business, Real estate for sale and development projects in progress and Raw materials and supplies are stated at cost determined by the specific identification method for Costs on real estate business and Real estate for sale and development projects in progress and by the last purchase price method for Raw material and supplies, while the net book value of these inventories in the balance sheet is written down if the net realizable value declines.</p> <p>d. Property, Plant and Equipment (excluding lease assets)</p> <p>Property, plant and equipment are stated at cost. Depreciation of Property, plant and equipment of the Company and its domestic consolidated subsidiaries is computed by the declining-balance method. Buildings (excluding Building fixtures) acquired on or after April 1, 1998 and Building fixtures and Structures acquired on or after April 1, 2016 are depreciated using the straight-line method. Useful lives and residual values of the assets are determined based on the regulations of the Corporation Tax Act.</p> <p>Foreign consolidated subsidiaries use primarily the straight-line method.</p>

e. Intangible Assets (excluding lease assets) and Goodwill

Intangible assets are amortized by the straight-line method. Useful lives of the assets are determined based on the regulations of the Corporation Tax Act.

Software for internal use is amortized over a period of the internal available years (5 years) using the straight-line method.

Goodwill is amortized over 5 years using the straight-line method.

f. Lease Assets

Depreciation of Lease assets under finance leases that do not transfer ownership of the Lease assets to the lessee is calculated by the straight-line method over the lease term of the Lease assets with no residual value.

Some foreign consolidated subsidiaries prepare financial statements pursuant to the International Financial Reporting Standards. These subsidiaries have applied International Financial Reporting Standard 16 Leases (hereinafter referred to as "IFRS 16"). As a result, lessees recognize all leases as assets and liabilities on the balance sheet, in principle. Depreciation of Right-of-use assets recognized as assets is calculated by the straight-line method. Lease transactions based on IFRS 16 are classified under "1. Finance lease transactions" in "8. Lease Transactions."

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding.

Foreign consolidated subsidiaries provide for such possible losses based on the estimated uncollectible amounts of the specific accounts.

h. Provision for Warranties for Completed Construction

The provision for warranties for completed construction is provided by the Company and its domestic consolidated subsidiaries to cover expenses for defects claimed concerning completed work based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year which is calculated by using the results in the past fiscal years.

i. Provision for Loss on Construction Contracts

The provision for loss on construction contracts is provided by the Group with respect to construction projects for which eventual losses are reasonably estimated.

j. Provision for Bonuses

The provision for bonuses provided by the Company and its domestic consolidated subsidiaries is accrued at the year end to which such bonuses are attributable.

k. Provision for Retirement Benefits for Directors

The provision for retirement benefits for directors is provided by certain domestic subsidiaries at the amount to be paid according to their companies' regulations if they had retired at the current consolidated fiscal year-end, in order to prepare for the payment of retirement benefits for directors.

l. Accounting for Retirement Benefits

In computing projected benefit obligations, the estimated amounts of retirement benefit obligations are attributed to periods on a benefit formula basis.

Actuarial differences are amortized commencing in the following year after the differences are incurred by the straight-line method over a period (11 years) which is shorter than the average remaining years of service of the employees when incurred.

In determining Net defined benefit liability and Retirement benefit expenses, certain consolidated subsidiaries adopt a short-cut method where the amount required for voluntary termination of employees at the fiscal year-end is regarded as projected benefit obligations.

m. Revenue and Cost of Construction Contracts

The Group is primarily engaged in the general construction business, undertaking the construction and design of buildings and other structures. The principal obligation of the Group is to construct and design buildings and other structures based on the specifications of contracts with customers, and delivery to customers in exchange for contract consideration.

The Group recognizes revenue over time as performance obligations to transfer the goods or services to the customer are satisfied because control of the goods or services is primarily transferred to customers over time.

The measurement of progress toward satisfying performance obligations is based on the percentage of the cost of construction incurred until the end of each reporting period, against the total expected cost of construction. If, at an early stage of the contract, the degree of progress toward satisfying the performance obligation cannot be reasonably estimated, but it is probable that the costs to be incurred will be recovered, revenue is recognized on a cost recovery basis. For construction contracts with a very short period between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied, whereby revenue is not recognized over time, but is recognized when the performance obligation is fully satisfied.

n. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, Cash and cash equivalents include cash on hand, readily-available deposits and short-term highly liquid investments with maturities within 3 months at the time of acquisition that are exposed to insignificant risk of changes in value.

o. Significant Accounting Estimates

“Revenue recognized in construction contracts”

i) Amount recorded in the consolidated financial statements

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net sales of completed construction contracts	¥ 108,803	¥ 101,065	\$ 667,492

ii) Information on significant accounting estimates for identified items

Net sales of completed construction contracts are recorded by recognizing revenue over time, primarily as the performance obligation to transfer goods or services to the customer is satisfied. The measurement of progress toward satisfying performance obligations is based on the percentage of the cost of construction incurred until the end of each reporting period, against the total expected cost of construction. If estimated total cost or cost incurred should significantly exceed original estimations due to a substantial rise in labor and equipment costs, or other reasons, then this may have a significant impact on construction revenue recognized over time under the Revenue Recognition Standard in the consolidated financial statements of the following fiscal year.

4. Notes to
Consolidated
Balance Sheets

1. The amounts of receivables and contract assets in “Notes receivable, accounts receivable from completed construction contracts and other” arising from contracts with customers were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Notes receivable - trade	¥ 219	¥ 437	\$ 2,886
Electronically recorded monetary claims - operating	2,715	1,015	6,703
Accounts receivable from completed construction contracts and other	8,107	9,312	61,501
Contract Assets	11,140	11,318	74,750

2. The assets pledged as collateral and collateralized liabilities were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash and deposits	¥ 50	¥ —	\$ —
Electronically recorded monetary claims - operating	200	—	—
Buildings	516	488	3,223
Land	5,697	5,487	36,239
Investment securities	296	951	6,280
Total	¥ 6,760	¥ 6,927	\$ 45,749
Short-term loans payable	¥ 348	¥ 348	\$ 2,298
Long-term loans payable	202	104	686
Total	¥ 550	¥ 452	\$ 2,985

Investment securities of ¥296 million as of March 31, 2023 include ¥4 million of stocks of subsidiaries and affiliates pledged as collateral based on loan agreements concluded between the Company's affiliates and financial institutions.

Investment securities of ¥951 million (\$6,280 thousand) as of March 31, 2024 include ¥4 million (\$26 thousand) of stocks of subsidiaries and affiliates pledged as collateral based on loan agreements concluded between the Company's affiliates and financial institutions.

3. The Group was contingently liable for the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Guarantees to financial institutions, etc. to ensure the completion of construction contracts of Nakano Singapore (Pte.) Ltd. and its subsidiaries	¥ 3,130	¥ 3,298	\$ 21,781
Debt guarantee for borrowing of the affiliated company	15	—	—
Total	¥ 3,146	¥ 3,298	\$ 21,781

4. The following notes receivable and payable, etc. matured on March 31, 2024 were included in the respective accounts, since March 31, 2024 fell on a bank holiday;

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Electronically recorded monetary claims - operating	¥ —	¥ 3	\$ 19
Notes payable - trade	—	87	574
Electronically recorded obligations - operating	—	3,226	21,306

5. “Costs on uncompleted construction contracts” which are estimated to recognize losses and “Provision for loss on construction contracts” are to be recorded on a gross basis without offsetting, if any.

6. Investment in unconsolidated subsidiaries and affiliates were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Investment securities (Equity securities)	¥ 168	¥ 193	\$ 1,274

7. The amount of Contract liabilities in “Advances received on uncompleted construction contracts” was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Advances received on uncompleted construction contracts	¥ 10,928	¥ 6,951	\$ 45,908

5. Notes to Consolidated Statements of Income

1. Revenue from Contracts with Customers

Net sales do not separately present revenue arising from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in “14. Revenue Recognition 1. Information breakdown on revenue arising from contracts with customers”.

2. Provision for loss on construction contracts included in “Cost of sales of completed construction contracts” was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Provision for loss on construction contracts	¥ 41	¥ 73	\$ 482

3. The major components of “Selling, general and administrative expenses” were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Employees' salaries and allowances	¥ 2,792	¥ 3,018	\$ 19,932
Provision for bonuses	235	251	1,657
Retirement benefit expenses	85	68	449
Provision of allowance for doubtful accounts	(20)	17	112
Depreciation	202	230	1,519

4. Research and development costs included in Selling, general and administrative expenses were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Research and development costs	¥ 115	¥ 122	\$ 805

5. “Gain on sales of non-current assets” consisted of the following:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings	¥ —	¥ 15	\$ 99
Vehicles	6	2	13
Land	—	174	1,149
Other	—	0	0
Total	¥ 6	¥ 193	\$ 1,274

6. In the fiscal year ended March 31, 2023 and 2024, the Group recognized Impairment losses on the following asset groups:

Company Name	Country	Use	Type	Millions of yen		Thousands of
				2023	2024	U.S. dollars
						2024
Nakano Corporation	Japan (Saitama Pref.)	Operating assets	Buildings	¥ —	¥117	\$ 772
			Land	—	209	1,380
			Total	—	327	2,159
Nakano Singapore (Pte.) Ltd.	Singapore	Operating assets	Buildings	98	—	—
			Machinery	69	—	—
			Tools, furniture and fixtures	0	—	—
			Total	167	—	—
Thai Nakano Co.,Ltd.	Thailand	Operating assets	Tools, furniture and fixtures	2	—	—
			Machinery	0	—	—
			Others	0	—	—
			Total	3	—	—
Total				¥ 171	¥327	\$ 2,159

The Group categorizes its construction business by each respective revenue unit, and its real estate leasing business and other businesses by individual assets, as the smallest cash flow-generating units.

In the fiscal year ended March 31, 2023, the book value of business assets held by a consolidated subsidiary, which are grouped into business assets for the construction business, was reduced to the recoverable amount as the said consolidated subsidiary continuously incurred negative earnings from operating activities, and that amount of reduction was recorded as Impairment loss under extraordinary losses.

The recoverable amount of such assets was measured based on the value in use, and the consolidated subsidiary whose operating activities continuously generated negative earnings was evaluated to have a recoverable amount of zero as its future cash flow is not expected.

In the fiscal year ended March 31, 2024, the Company had decided to repurpose some business assets held by the Company, which are grouped into business assets for the construction business, from internal use to investment to utilize them more efficiently. The recoverability of these properties was assessed based on future earnings prospects. As a result, impairment loss was recognized, and the book value of the properties was reduced to the recoverable amount. This reduction was recorded as Impairment loss under extraordinary losses.

The recoverable amount of such assets is measured by the net realizable value, which is determined based on the appraisal value by an independent real estate appraiser.

6. Notes to Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects related to Other comprehensive income were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Valuation difference on available-for-sale securities			
Amount arising during the year	¥ 32	¥ 818	\$ 5,402
Reclassification adjustments	—	—	—
Total before tax effect	32	818	5,402
Tax effect	(10)	(250)	(1,651)
Valuation difference on available-for-sale securities	21	568	3,751
Foreign currency translation adjustments			
Amount arising during the year	717	923	6,096
Reclassification adjustments	—	—	—
Total before tax effect	717	923	6,096
Tax effect	—	—	—
Foreign currency translation adjustments	717	923	6,096
Remeasurements of defined benefit plans			
Amount arising during the year	(106)	818	5,402
Reclassification adjustments	(50)	(105)	(693)
Total before tax effect	(156)	712	4,702
Tax effect	47	(218)	(1,439)
Remeasurements of defined benefit plans	(108)	494	3,262
Total other comprehensive income	¥ 630	¥ 1,986	\$ 13,116

7. Notes to Consolidated Statements of Cash Flows

The reconciliation between “Cash and cash equivalents” reported in the consolidated statements of cash flows and “Cash and deposits” reported in the consolidated balance sheets was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash and deposits per consolidated balance sheets	¥ 27,902	¥ 26,225	\$ 173,205
Less: Time deposits maturing over 3 months	(475)	(654)	(4,319)
Cash and cash equivalents per consolidated statements of cash flows	¥ 27,426	¥ 25,570	\$ 168,879

8. Lease Transactions

1. Finance lease transactions

(As lessee)

Finance lease contracts that do not transfer ownership of the lease assets to the lessee

1) Contents of lease assets

Property, plant and equipment

Fixtures such as computers and vehicles.

In addition, "Right of use assets" of foreign consolidated subsidiaries mainly comprise offices and vehicles.

2) Depreciation of lease assets

As described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 3. Summary of Significant Accounting Policies f. Lease Assets".

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating lease contracts as of March 31, 2023 and 2024 were as follows:

As of March 31	Millions of yen		Thousands of
	2023	2024	U.S. dollars
(As lessee)			2024
Due in 1 year	¥ 21	¥ 21	\$ 138
Due after 1 year	57	36	237
Total	¥ 79	¥ 57	\$ 376
(As lessor)			
Due in 1 year	¥ 62	¥ 108	\$ 713
Due after 1 year	62	242	1,598
Total	¥ 124	¥ 350	\$ 2,311

9. Financial Instruments

1. Overview

1) Policy for financial instruments

The Group raises operating funds primarily through bank loans etc. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the policy of the Group, the Group uses derivatives only for the purpose of reducing foreign exchange fluctuation risks associated with foreign currency denominated transactions and interest rate fluctuation risks associated with loans payable, and not for speculative purposes.

2) Types of financial instruments, risk and risk management

The Group controls risks by type of financial instruments in accordance with the risk management policy.

Regarding credit risk associated with Notes receivable and Accounts receivable from completed construction contracts, the Group identifies major customers' credit status by monitoring the payment terms and credit balances by each customer.

Regarding Investment securities, principally consisting of equity securities, the Group regularly identifies the quoted market price of the listed securities to manage the risks arising from market value fluctuations.

The Group manages liquidity risk associated with loans payable by appropriately planning for fund raising based on monthly cash flow projections.

Regarding derivative transactions, the Group executes and controls the transactions based on the internal control rules which define the transaction authority and limits and enter into contracts with only the high credit rating financial institutions to reduce credit risk.

3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is determined based on the market price or reasonable estimated amount if there is no market price. Certain assumptions are used for calculation of such fair value, and accordingly, the result of such calculation may vary, if different assumptions are used.

2. Fair value of financial instruments

The carrying amount, fair value and difference of the financial instruments as of March 31, 2023 and 2024 were as follows:

As of March 31, 2023	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥ 22,182		
Allowance for doubtful accounts (Note 2)	(144)		
	¥ 22,038	¥ 22,038	¥ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	2,144	2,144	—
Corporate bonds	95	95	—
Others	19	19	—
Assets total	¥ 24,297	¥ 24,297	¥ —
Long-term loans payable (Note 4)	¥501	¥501	¥ (0)
Liabilities total	¥501	¥501	¥ (0)

1. Cash and deposits, Notes payable, accounts payable for construction contracts and other, and Short-term loans payable are omitted because they are cash, and their fair value approximates their book value due to their short maturities. Long-term loans receivable are omitted as they are immaterial.

2. Allowance for doubtful accounts individually recorded for Notes receivable, accounts receivable from completed construction contracts and other is deducted.

3. Equity securities etc. without market prices are not included. The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

As of March 31, 2023	Millions of yen
Unlisted equity securities	¥ 1,390

4. Current portion of long-term loans payable is included.

As of March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	¥ 22,084		
Allowance for doubtful accounts (Note 2)	(169)		
	¥ 21,914	¥ 21,914	¥ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	2,956	2,956	—
Corporate bonds	97	97	—
Others	14	14	—
Assets total	¥ 24,983	¥ 24,983	¥ —
Long-term loans payable (Note 4)	¥ 352	¥ 352	¥ (0)
Liabilities total	¥ 352	¥ 352	¥ (0)

As of March 31, 2024	Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other Allowance for doubtful accounts (Note 2)	\$ 145,855 (1,116)		
	\$ 144,732	\$ 144,732	\$ —
(2) Investment securities (Note 3)			
Available-for-sale securities			
Equity securities	19,523	19,523	—
Corporate bonds	640	640	—
Others	92	92	—
Assets total	\$ 164,994	\$ 164,994	\$ —
Long-term loans payable (Note 4)	\$ 2,324	\$ 2,324	\$ (0)
Liabilities total	\$ 2,324	\$ 2,324	\$ (0)

1. Cash and deposits, Notes payable, accounts payable for construction contracts and other, and Short-term loans payable are omitted because they are cash, and their fair value approximates their book value due to their short maturities. Long-term loans receivable are omitted as they are immaterial.
2. Allowance for doubtful accounts individually recorded for Notes receivable, accounts receivable from completed construction contracts and other is deducted.
3. Equity securities etc. without market prices are not included. The carrying amounts of such financial instruments in the consolidated balance sheets are as follows:

As of March 31, 2024	Millions of yen	Thousands of U.S. dollars
Unlisted equity securities	¥ 1,407	\$ 9,292

4. Current portion of long-term loans payable is included.

(Notes): 1. Redemption schedule for monetary assets and securities with contractual maturities after balance sheet date was as follows:

As of March 31, 2023	Millions of yen				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	
Cash and deposits	¥ 27,902	¥ —	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	22,182	—	—	—	—
Investment securities					
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	—	95
Available-for-sale securities with contractual maturities (Others)	—	13	9	—	4
Total	¥ 50,085	¥ 13	¥ 9	¥ —	¥ 99

As of March 31, 2024	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥ 26,225	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	22,084	—	—	—
Investment securities				
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	97
Available-for-sale securities with contractual maturities (Others)	—	9	—	5
Total	¥ 48,309	¥ 9	¥ —	¥ 103

As of March 31, 2024	Thousands of U.S. dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	\$ 173,205	\$ —	\$ —	\$ —
Notes receivable, accounts receivable from completed construction contracts and other	145,855	—	—	—
Investment securities:				
Available-for-sale securities with contractual maturities (Corporate bonds)	—	—	—	640
Available-for-sale securities with contractual maturities (Others)	—	59	—	33
Total	\$ 319,060	\$ 59	\$ —	\$ 680

2. Repayment schedule of Short-term loans payable and Long-term loans payable after balance sheet date was as follows:

As of March 31, 2023	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥ 470	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	148	149	154	50	—	—
Total	¥ 618	¥ 149	¥ 154	¥ 50	¥ —	¥ —

As of March 31, 2024	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥ 470	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	148	154	50	—	—	—
Total	¥ 618	¥ 154	¥ 50	¥ —	¥ —	¥ —

As of March 31, 2024	Thousands of U.S. dollars					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	\$ 3,104	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans payable	977	1,017	330	—	—	—
Total	\$ 4,081	\$ 1,017	\$ 330	\$ —	\$ —	\$ —

3. Breakdown, etc., if the fair value of financial instruments for each level

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

Level 1 fair value: Fair value calculated from the market prices for assets or liabilities, whereby such fair value calculation is formed in active markets from among the inputs associated with the calculation of observable fair value.

Level 2 fair value: Fair value calculated using inputs related to the fair value other than with Level 1 inputs from among the inputs associated with the calculation of observable fair value.

Level 3 fair value: Fair value calculated using inputs associated with fair value that cannot be observed.

1) Financial instruments that deem carrying value as fair value

As of March 31, 2023	Millions of yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	¥ 2,144	¥ —	¥ —	¥ 2,144
Corporate bonds	—	95	—	95
Others	—	19	—	19
Assets Total	¥ 2,144	¥ 114	¥ —	¥ 2,259

As of March 31, 2024	Millions of yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	¥ 2,956	¥ —	¥ —	¥ 2,956
Corporate bonds	—	97	—	97
Others	—	14	—	14
Assets Total	¥ 2,956	¥ 111	¥ —	¥ 3,068

As of March 31, 2024	Thousands of U.S. dollars			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Available-for-sale securities				
Equity securities	\$ 19,523	\$ —	\$ —	\$ 19,523
Corporate bonds	—	640	—	640
Others	—	92	—	92
Assets Total	\$ 19,523	\$ 733	\$ —	\$ 20,262

2) Financial instruments that do not deem carrying value as fair value

As of March 31, 2023	Fair Value				Millions of yen
	Level 1	Level 2	Level 3	Total	
	Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥ 22,038	¥ —	¥ 22,038
Assets Total	¥ —	¥ 22,038	¥ —	¥ 22,038	
Long-term loans payable	¥ —	¥ 501	¥ —	¥ 501	
Liabilities Total	¥ —	¥ 501	¥ —	¥ 501	

As of March 31, 2024	Fair Value				Millions of yen
	Level 1	Level 2	Level 3	Total	
	Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥ 21,914	¥ —	¥ 21,914
Assets Total	¥ —	¥ 21,914	¥ —	¥ 21,914	
Long-term loans payable	¥ —	¥ 352	¥ —	¥ 352	
Liabilities Total	¥ —	¥ 352	¥ —	¥ 352	

As of March 31, 2024	Fair Value				Thousands of U.S. dollars
	Level 1	Level 2	Level 3	Total	
	Notes receivable, accounts receivable from completed construction contracts and other	\$ —	\$ 144,732	\$ —	\$ 144,732
Assets Total	\$ —	\$ 144,732	\$ —	\$ 144,732	
Long-term loans payable	\$ —	\$ 2,324	\$ —	\$ 2,324	
Liabilities Total	\$ —	\$ 2,324	\$ —	\$ 2,324	

(Notes): Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

Investment securities

Listed securities and corporate bonds are valued using quoted prices. listed securities are traded in active markets, and as such their fair value is classified as Level 1 fair value. The fair value of corporate bonds and others are classified as Level 2 fair value because they are not traded frequently in the market and not considered to have quoted prices in active markets.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of these items is calculated using the discounted cash flow method based on the period until the receivables amount is collected as well as an interest rate adjusted to reflect credit risk, for each receivable classified by a certain period; classified as Level 2 fair value.

Long-term loans payable (including current portion of long-term loans payable)

The fair value of Long-term loans payable is calculated based on the discounted cash flow method using the total amount of principal and interest, and the interest rate that would be applicable to similar new loan; classified as Level 2 fair value.

10. Securities

1. Investment securities as of March 31, 2023 and 2024 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Available-for-sale securities with market value	¥ 2,259	¥ 3,068	\$ 20,262

2. The carrying amount and fair value of held-to-maturity debt securities as of March 31, 2023 and 2024 were as follows:

Not applicable

3. The carrying amount (fair value) and acquisition cost of available-for-sale securities as of March 31, 2023 and 2024 were as follows:

As of March 31, 2023	Millions of yen		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 2,007	¥ 659	¥ 1,347
Other	5	1	3
Subtotal	¥ 2,012	¥ 661	¥ 1,351
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	¥ 137	¥ 174	¥ (37)
Bonds	95	100	(4)
Other	13	14	(0)
Subtotal	¥ 246	¥ 289	¥ (42)
Total	¥ 2,259	¥ 950	¥ 1,308

As of March 31, 2024	Millions of yen		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	¥ 2,861	¥ 732	¥ 2,129
Other	14	5	8
Subtotal	¥ 2,876	¥ 738	¥ 2,137
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	¥ 94	¥ 101	¥ (7)
Bonds	97	100	(2)
Subtotal	¥ 192	¥ 201	¥ (9)
Total	¥ 3,068	¥ 940	¥ 2,128

As of March 31, 2024	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference
1) Securities with carrying amount exceeding acquisition cost			
Equity securities	\$ 18,895	\$ 4,834	\$ 14,061
Other	92	33	59
Subtotal	\$ 18,994	\$ 4,874	\$ 14,120
2) Securities with acquisition cost exceeding carrying amount			
Equity securities	\$ 620	\$ 667	\$ (47)
Bonds	640	660	(20)
Subtotal	\$ 1,268	\$ 1,327	\$ (59)
Total	\$ 20,262	\$ 6,208	\$ 14,054

(Note) "Unlisted equity securities etc." in an amount of ¥1,390 million as of March 31, 2023 and ¥1,407 million (\$9,292 thousand) as of March 31, 2024 were not included in available-for-sale securities in the above table, since there is no market price.

4. Available-for-sale securities which were sold during the years ended March 31, 2023 and 2024 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Sales proceeds	¥ —	¥ 10	\$ 66
Gain on sales	—	0	0
Loss on sales	—	—	—

5. Securities on which impairment loss was recognized during the years ended March 31, 2023 and 2024 were as follows:

For the year ended March 31, 2023:

There were no securities on which impairment loss was recognized.

For the year ended March 31, 2024:

There were no securities on which impairment loss was recognized.

If the fair value of available-for-sale securities with fair value declines by 30% to 50% of the acquisition cost, the Company judges the recoverability, considering the current status of the issuing companies and the fair value trends, and recognizes impairment loss, unless the recovery is reasonably expected.

11. Retirement Benefits

1. Outline of the Company's retirement benefit plans

The Company has defined benefit plans that consist of a defined benefit corporate pension plan and a lump-sum retirement benefit plan and also defined contribution pension plans. Certain consolidated subsidiaries have unfunded defined benefit plans and lump-sum benefit plans.

Furthermore, the Group may pay additional retirement benefits upon the retirement of certain employees.

With respect to lump-sum benefit plans adopted by certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the short-cut method.

2. Defined Benefit Plans

1) The changes in projected benefit obligations for the years ended March 31, 2023 and 2024 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Beginning balance of projected benefit obligations	¥ 3,816	¥ 3,759	\$ 24,826
Service cost	239	251	1,657
Interest cost	18	18	118
Actuarial differences	(45)	(79)	(521)
Retirement benefits paid	(264)	(240)	(1,585)
Other	(5)	8	52
Ending balance of projected benefit obligations	¥ 3,759	¥ 3,717	\$ 24,549

2) The changes in plan assets for the years ended March 31, 2023 and 2024 were as follows (excluding the plans to which a short-cut method was applied):

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Beginning balance of plan assets	¥ 4,519	¥ 4,373	\$ 28,881
Expected return of plan assets	90	87	574
Actuarial differences	(160)	738	4,874
Contribution from the employer	178	178	1,175
Retirement benefits paid	(254)	(230)	(1,519)
Ending balance of plan assets	¥ 4,373	¥ 5,147	\$ 33,993

3) The changes in Net defined benefit liability of the plans to which the short-cut method was applied for the years ended March 31, 2023 and 2024 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Beginning balance of net defined benefit liability	¥ 127	¥ 141	\$ 931
Retirement benefit expenses	28	24	158
Retirement benefits paid	(18)	(11)	(72)
Increase in value due to the acquisition of newly consolidated subsidiaries	3	—	—
Ending balance of net defined benefit liability	¥ 141	¥ 154	\$ 1,017

4) Reconciliation between the ending balances of projected benefit obligations and plan assets and Net defined benefit liability and Net defined benefit asset recorded in the consolidated balance sheet as of March 31, 2023 and 2024 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Funded projected benefit obligations	¥ 3,643	¥ 3,571	\$ 23,584
Plan assets	(4,373)	(5,147)	(33,993)
Net	¥ (729)	¥ (1,575)	\$ (10,402)
Unfunded projected benefit obligations	257	301	1,987
Net liability recorded in the consolidated balance sheet	¥ (472)	¥ (1,274)	\$ (8,414)
Net defined benefit liability	¥ 257	¥ 301	\$ 1,987
Net defined benefit asset	(729)	(1,575)	(10,402)
Net liability recorded in the consolidated balance sheet	¥ (472)	¥ (1,274)	\$ (8,414)

(Note) Above amounts include plans to which the short-cut method is applied.

5) The components of Retirement benefit expenses for the years ended March 31, 2023 and 2024 were as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Service cost	¥ 239	¥ 251	\$ 1,657
Interest cost	18	18	118
Expected return of plan assets	(90)	(87)	(574)
Amortization of actuarial differences	(41)	(105)	(693)
Retirement benefit expenses computed by short-cut method	28	24	158
Other	(5)	8	52
Retirement benefit expenses on defined benefit plans	¥ 149	¥ 109	\$ 719

6) The component of "Remeasurements of defined benefit plans" under "Other comprehensive income" (before adjusting for tax effects) for the years ended March 31, 2023 and 2024 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Actuarial differences	¥ (156)	¥ 712	\$ 4,702

7) The component of "Remeasurements of defined benefit plans" under "Accumulated other comprehensive income" (before adjusting for tax effects) as of March 31, 2023 and 2024 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrecognized actuarial differences	¥ 565	¥ 1,278	\$ 8,440

8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2023 and 2024 consisted of the following:

As of March 31	2023	2024
Bonds	50%	39%
Equity securities	41	52
Insurance assets (general account)	8	7
Other	1	2
Total	100	100

b. Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

9) Actuarial assumptions used for the years ended March 31, 2023 and 2024 were set forth as follows:

For the year ended March 31	2023	2024
Discount rate	0.5%	0.8%
Long-term expected rate of return on plan assets	2.0	2.0

3. Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company for the years ended March 31, 2023 and 2024 was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Required contribution to the defined contribution plans	¥ 66	¥ 65	\$ 429

12. Deferred Tax Accounting

1. The significant components of Deferred tax assets and liabilities as of March 31, 2023 and 2024 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets:			
Tax loss carryforwards	¥ 1,021	¥ 1,263	\$ 8,341
Provision for bonuses	199	192	1,268
Net defined benefit liability	32	36	237
Allowance for doubtful accounts	39	36	237
Loss on valuation of real estate for sale	287	287	1,895
Provision for loss on construction contracts	173	38	250
Accounts payable for construction contracts	327	113	746
Impairment loss	1,371	1,364	9,008
Other	424	411	2,714
Subtotal	3,877	3,745	24,734
Less: Valuation allowance (Note)	(3,484)	(3,344)	(22,085)
Deferred tax assets	¥ 392	¥ 400	\$ 2,641
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (410)	¥ (662)	\$ (4,372)
Undistributed earnings of foreign consolidated subsidiaries	(396)	(435)	(2,872)
Net defined benefit asset	(223)	(482)	(3,183)
Other	(26)	(35)	(231)
Deferred tax liabilities	¥ (1,057)	¥ (1,616)	\$ (10,673)
Net deferred tax liabilities	¥ (664)	¥ (1,215)	\$ (8,024)

(Note) Valuation allowance decreased by ¥140 million (\$924 thousand). The major reason for this decrease were the decrease of Valuation allowance of ¥144 million (\$951 thousand) and ¥214 million (\$1,413 thousand) associated with Provision for loss on construction contracts and Accounts payable for construction contracts, respectively, and the additional recognition of Valuation allowance of ¥242 million (\$1,598 thousand) associated with Tax loss carryforwards.

2. Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income as of March 31, 2023 and 2024 was as follows:

As of March 31	2023	2024
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible income tax purposes	0.8	1.6
Tax rate difference in foreign consolidated subsidiaries	0.0	(4.4)
Undistributed earnings of foreign consolidated subsidiaries	1.1	1.1
Inhabitant per capita taxes	1.1	1.0
Tax credit for income taxes etc.	—	(2.4)
Amortization of goodwill	—	0.8
Valuation allowance	(0.5)	(7.6)
Other	(0.6)	2.3
Actual effective tax rate	32.5	23.0

13. Investment and Rental Properties

- The Company and certain consolidated subsidiaries own office buildings, commercial facilities and residual units for lease in Tokyo and other areas. Rental income from these real estate properties for lease for the years ended March 31, 2023 and 2024 were ¥503 million and ¥671 million (\$4,431 thousand), respectively. Rental income and related costs were included in "Sales on real estate business" and "Cost of sales on real estate business", respectively, in the accompanying consolidated statements of income for the years ended March 31, 2023 and 2024.
- The carrying amounts, changes in such balances during the year and fair values of such properties were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying amounts			
(Note 1):			
Beginning balance	¥13,451	¥13,450	\$88,831
Increase (decrease) (Note 2)	(0)	(245)	(1,618)
Ending balance	¥13,450	¥13,205	\$87,213
Fair value (Note 3)	¥19,557	¥19,954	\$131,787

- (Notes): 1. The carrying amount is presented after deducting Accumulated depreciation from the acquisition cost.
2. Increase during the year ended March 31, 2023 primarily represents the acquisition of real estate of ¥30 million and due to the change in holding purpose from internal use to investment of ¥185 million, and decrease is primarily due to Depreciation of ¥220 million.
Increase during the year ended March 31, 2024 primarily represents the acquisition of real estate of ¥169 million (\$1,116 thousand) and due to the change in holding purpose from internal use to investment of ¥27 million (\$178 thousand), and decrease is primarily due to sale of real estate of ¥235 million (\$1,552 thousand) and due to Depreciation of ¥202 million (\$1,334 thousand).
3. The fair values of major properties are determined based on the real estate appraisal value by independent real estate appraisers and the fair values of other properties are determined based on the value in accordance with "Japanese Real Estate Appraisal Standard" or based on reasonable internal appraisal.

14. Revenue Recognition

1. Information breakdown on revenue arising from contracts with customers

	Millions of yen							Other (Note)	Total
	Reportable segments								
	Construction			Real estate					
For the year ended March 31, 2023	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total			
Goods or services transferred at a point in time	¥ 4,352	¥ —	¥ 4,352	¥ 0	¥ —	¥ 0	¥ 103	¥ 4,456	
Goods or services transferred over time	70,345	38,457	108,803	10	—	10	—	108,813	
Revenue from Contracts with Customers	74,698	38,457	113,155	10	—	10	103	113,269	
Other Revenue	¥ —	¥ —	¥ —	¥ 1,187	¥ 2	¥ 1,190	¥ —	¥ 1,190	
Sales to External Customers	¥ 74,698	¥ 38,457	¥ 113,155	¥ 1,198	¥ 2	¥ 1,200	¥ 103	¥ 114,459	

(Note): "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business.

	Millions of yen							Other (Note)	Total
	Reportable segments								
	Construction			Real estate					
For the year ended March 31, 2024	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total			
Goods or services transferred at a point in time	¥ 4,932	¥ —	¥ 4,932	¥ 18	¥ —	¥ 18	¥ 116	¥ 5,067	
Goods or services transferred over time	78,765	22,299	101,065	11	—	11	1	101,078	
Revenue from Contracts with Customers	83,697	22,299	105,997	30	—	30	117	106,145	
Other Revenue	¥ —	¥ —	¥ —	¥ 1,267	¥ 2	¥ 1,270	¥ —	¥ 1,270	
Sales to External Customers	¥ 83,697	¥ 22,299	¥ 105,997	¥ 1,298	¥ 2	¥ 1,301	¥ 117	¥ 107,415	

For the year ended March 31, 2024	Thousands of U.S. dollars							
	Reportable segments						Other (Note)	Total
	Construction			Real estate				
Japan	Southeast Asia	Total	Japan	Southeast Asia	Total			
Goods or services transferred at a point in time	\$ 32,573	\$ —	\$ 32,573	\$ 118	\$ —	\$ 118	\$ 766	\$ 33,465
Goods or services transferred over time	520,210	147,275	667,492	72	—	72	6	667,578
Revenue from Contracts with Customers	552,783	147,275	700,066	198	—	198	772	701,043
Other Revenue	\$ —	\$ —	\$ —	\$ 8,368	\$ 13	\$ 8,387	\$ —	\$ 8,387
Sales to External Customers	\$ 552,783	\$ 147,275	\$ 700,066	\$ 8,572	\$ 13	\$ 8,592	\$ 772	\$ 709,431

(Note): "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

2. Basis for understanding the revenue

It is as described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 3. Summary of Significant Accounting Policies m. Revenue and Cost of Construction Contracts".

3. Information pertaining to the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from such contracts, and on the amount and timing of revenue expected to be recognized, in the following fiscal year or later, from contracts with customers that existed at the end of the fiscal year ended March 31, 2023 and 2024

1) Balance of Contract assets and Contract Liabilities, etc.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Receivables from a contract with customers (beginning balance)	¥ 12,112	¥ 11,042	\$ 72,927
Receivables from a contract with customers (ending balance)	11,042	10,765	71,098
Contract assets (beginning balance)	14,878	11,140	73,575
Contract assets (ending balance)	11,140	11,318	74,750
Contract liabilities (beginning balance)	6,284	10,928	72,174
Contract liabilities (ending balance)	10,928	6,951	45,908

Contract assets consist primarily of unbilled Accounts receivable from completed construction contracts related to revenue recognized on the basis of progress measurement under construction contracts, etc. Contract assets are reclassified to receivables arising from contracts with customers at the point when the Company and its consolidated subsidiaries' rights to the consideration become unconditional. Contract liabilities consist mainly of Advances received on uncompleted construction contracts from customers on construction contracts, etc. Contract liabilities are reversed upon revenue recognition.

The decrease of ¥3,738 million in Contract assets in the fiscal year ended March 31, 2023 was mainly due to the increase from satisfaction of performance obligations and a decrease from the receipt of consideration in accordance with contract terms. The increase of ¥4,643 million in Contract liabilities in the fiscal year ended March 31, 2023 was mainly from an increase due to Advances received on uncompleted construction contracts and a decrease due to the fulfillment of performance obligations.

The increase of ¥178 million (\$1,175 thousand) in Contract assets in the fiscal year ended March 31, 2024 was mainly due to the increase from satisfaction of performance obligations and a decrease from the receipt of consideration in accordance with contract terms. The decrease of ¥3,976 million (\$26,259 thousand) in Contract liabilities in the fiscal year ended March 31, 2024 was mainly from an increase due to Advances received on uncompleted construction contracts and a decrease due to the fulfillment of performance obligations.

The revenue recognized for performance obligations that have been satisfied (or partially satisfied) in prior periods is immaterial.

2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations at the end of the fiscal year ended March 31, 2023 and 2024 were ¥112,453 million and ¥119,841 million (\$791,499 thousand), respectively. The remaining performance obligation relates primarily to construction contracts, and as of March 31, 2024, the Company expects to recognize revenue over a period of up to 5 years as construction progresses.

15. Segment Information

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group is active in the construction business and the real estate business in Japan and foreign countries.

Therefore, the Group consists of regional segments which are based on each business. Reportable segments of the construction business are "Japan" and "Southeast Asia (Singapore, Malaysia, Indonesia, Thailand and Vietnam)", and those of the real estate business are "Japan" and "Southeast Asia (Malaysia)".

2. Methods of measurement for the amounts of sales, income (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in "3. Summary of Significant Accounting Policies".

3. Information on sales, income (loss), assets and other items for each reportable segment was as follows:

For the year ended March 31, 2023	Millions of yen									
	Reportable segments						Other (Note 1)	Adjustments (Note 2)	Consolidated (Note 3)	
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total	Total			
Net sales:										
Customers	¥ 74,698	¥ 38,457	¥ 113,155	¥ 1,198	¥ 2	¥ 1,200	¥ 103	¥ 114,459	¥ —	¥ 114,459
Inter-segment	0	—	0	8	—	8	—	9	(9)	—
Total	74,698	38,457	113,155	1,206	2	1,209	103	114,468	(9)	114,459
Segment income (loss)	2,035	402	2,438	411	(0)	411	10	2,861	(1)	2,859
Segment assets	26,051	20,783	46,834	14,321	78	14,400	489	61,723	17,949	79,673
Other items:										
Depreciation	¥ 151	¥ 76	¥ 228	¥ 222	¥ 1	¥ 224	¥ 30	¥ 483	¥ —	¥ 483
Impairment loss	—	171	171	—	—	—	—	171	—	171
Investments in equity method subsidiaries	139	—	139	—	—	—	—	139	—	139
Increase in property, plant and equipment and intangible assets	56	267	323	56	—	56	214	595	—	595

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business.

2. An adjustment of "Segment assets" in an amount of ¥17,949 million was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (Cash and deposits) and long-term investment fund (Investment securities) of the Company.

3. Segment income (loss) is adjusted with Operating income in the accompanying consolidated statements of income.

4. "Increase in property, plant and equipment and intangible assets" does not include the amount of increase due to new consolidation.

Millions of yen

For the year ended March 31, 2024	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total				
Net sales:										
Customers	¥ 83,697	¥ 22,299	¥ 105,997	¥ 1,298	¥ 2	¥ 1,301	¥ 117	¥ 107,415	—	¥ 107,415
Inter-segment	0	—	0	6	—	6	—	6	(6)	—
Total	83,697	22,299	105,997	1,305	2	1,307	117	107,422	(6)	107,415
Segment income	1,585	966	2,551	604	0	605	28	3,185	0	3,185
Segment assets	27,491	19,151	46,642	14,470	81	14,552	441	61,636	18,980	80,616
Other items:										
Depreciation	¥ 200	¥ 91	¥ 291	¥ 203	¥ 1	¥ 205	¥ 45	¥ 542	—	¥ 542
Amortization of goodwill	93	—	93	—	—	—	—	93	—	93
Impairment loss	311	11	323	2	—	2	0	327	—	327
Investments in equity method subsidiaries	163	—	163	—	—	—	—	163	—	163
Increase in property, plant and equipment and intangible assets	369	171	541	138	—	138	0	680	—	680

Thousands of U.S. dollars

For the year ended March 31, 2024	Reportable segments						Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Construction			Real estate						
	Japan	Southeast Asia	Total	Japan	Southeast Asia	Total				
Net sales:										
Customers	\$ 552,783	\$ 147,275	\$ 700,066	\$ 8,572	\$ 13	\$ 8,592	\$ 772	\$ 709,431	—	\$ 709,431
Inter-segment	0	—	0	39	—	39	—	39	(39)	—
Total	552,783	147,275	700,066	8,618	13	8,632	772	709,477	(39)	709,431
Segment income	10,468	6,380	16,848	3,989	0	3,995	184	21,035	0	21,035
Segment assets	181,566	126,484	308,050	95,568	534	96,109	2,912	407,080	125,354	532,435
Other items:										
Depreciation	\$ 1,320	\$ 601	\$ 1,921	\$ 1,340	\$ 6	\$ 1,353	\$ 297	\$ 3,579	—	\$ 3,579
Amortization of goodwill	614	—	614	—	—	—	—	614	—	614
Impairment loss	2,054	72	2,133	13	—	13	0	2,159	—	2,159
Investments in equity method subsidiaries	1,076	—	1,076	—	—	—	—	1,076	—	1,076
Increase in property, plant and equipment and intangible assets	2,437	1,129	3,573	911	—	911	0	4,491	—	4,491

(Notes): 1. "Other" is a business segment not included in the reportable segments, which consists of renewable energy business (solar power generation business and wind power generation business) and insurance agent business etc.

2. An adjustment of "Segment assets" in an amount of ¥18,980 million (\$125,354 thousand) was corporate assets which were not allocated to each reportable segment and consisted of surplus fund (Cash and deposits) and long-term investment fund (Investment securities) of the Company.

3. Segment income is adjusted with Operating income in the accompanying consolidated statements of income.

16. Per Share Information

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share was not presented for the years ended March 31, 2023 and 2024 since the Company had no potentially dilutive shares outstanding as of the balance sheet dates.

Net assets per share is computed based on the number of shares of common stock outstanding as of the balance sheet dates.

Net assets and net income per share for the years ended March 31, 2023 and 2024 were as follows:

For the year ended March 31	Yen		U.S. dollars
	2023	2024	2024
Net assets per share	¥1,063.68	¥1,183.07	\$ 7.81
Basic net income per share	55.72	76.98	0.51

(Notes): 1. Net assets per share was calculated based on the following information:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Total net assets	¥ 37,839	¥ 42,159	\$278,442
Deductions from total net assets:			
Non-controlling interests	(1,283)	(1,502)	(9,920)
Net assets attributable to common stock	¥ 36,555	¥ 40,656	\$268,515
Number of shares of common stock used in computing net assets per share (in thousand shares)	34,367	34,365	34,365

2. Net income per share was calculated based on the following information:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit attributable to owners of parent	¥ 1,914	¥ 2,645	\$ 17,469
Amount not attributable to common stock shareholders	—	—	—
Profit attributable to common stock of owners of parent	¥ 1,914	¥ 2,645	\$ 17,469
Average number of shares of common stock during the year (in thousand shares)	34,367	34,366	34,366

17. Bonds Payable

Not applicable.

18. Loans Payable and Other Debts Short-term loans payable, Long-term loans payable and other debts as of March 31, 2023 and 2024 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Maturity
	2023	2024	2024		
Short-term loans payable	¥ 470	¥ 470	\$ 3,104	0.96	—
Current portion of long-term loans payable	148	148	977	0.86	—
Current portion of lease obligations	129	153	1,010	—	—
Long-term loans payable excluding current portion	353	204	1,347	0.89	Aug. 25, 2025- Feb. 25, 2027
Lease obligations excluding current portion	50	196	1,294	—	Jun. 2, 2025- Nov. 18, 2028
Total	¥ 1,151	¥ 1,172	\$ 7,740	—	—

(Notes):1. "Average interest rate" represents the weighted average interest rate on loans payable outstanding as of the balance sheet date. "Average interest rate" of Lease obligations is not shown since interest equivalent amounts included in the aggregated lease premiums are allocated to each fiscal year using the straight-line method.

2. The following was a summary of annual maturities of loans payable and lease obligations subsequent to March 31, 2024:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term loans payable	Lease obligations	Long-term loans payable	Lease obligations
2025	¥ 148	¥ 153	\$ 977	\$ 1,010
2026	154	99	1,017	653
2027	50	75	330	495
2028	—	20	—	132
2029	—	1	—	6
2030 and thereafter	—	—	—	—
Total	¥ 352	¥ 350	\$ 2,324	\$ 2,311

19. Dividends

At the Annual General Meeting of Shareholders held on June 29, 2023, it was resolved to distribute the year-end cash dividends of ¥13 per share of common stock of the Company.

The aggregate amount of such cash dividends was ¥446 million.

At the Annual General Meeting of Shareholders held on June 27, 2024, it was resolved to distribute the year-end cash dividends of ¥16 (\$0.11) per share of common stock of the Company.

The aggregate amount of such cash dividends was ¥549 million (\$3,625 thousand).

20. Subsequent Events

Not applicable.

SUPPLEMENTAL INFORMATION

NONCONSOLIDATED BALANCE SHEETS

NAKANO CORPORATION

As of March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Assets			
Current assets:			
Cash and deposits	¥ 14,898	¥ 13,782	\$ 91,024
Notes receivable - trade	196	437	2,886
Electronically recorded monetary claims - operating	2,711	999	6,597
Accounts receivable from completed construction contracts	12,414	15,162	100,138
Costs on uncompleted construction contracts	1,021	902	5,957
Costs on real estate business	43	43	283
Raw materials and supplies	3	3	19
Short-term loans receivable from subsidiaries and affiliates	20	—	—
Accounts receivable - other	1,717	2,456	16,220
Other	454	519	3,427
Allowance for doubtful accounts	(14)	(16)	(105)
Total current assets	33,466	34,291	226,477
Non-current assets:			
Property, plant and equipment			
Buildings	9,972	9,991	65,986
Accumulated depreciation	(4,165)	(4,400)	(29,060)
Buildings, net	5,807	5,591	36,926
Structures	182	182	1,202
Accumulated depreciation	(145)	(150)	(990)
Structures, net	37	32	211
Machinery and equipment	774	774	5,111
Accumulated depreciation	(402)	(448)	(2,958)
Machinery and equipment, net	371	325	2,146
Vehicles	11	11	72
Accumulated depreciation	(11)	(11)	(72)
Vehicles, net	0	0	0
Tools, furniture and fixtures	398	453	2,991
Accumulated depreciation	(318)	(344)	(2,271)
Tools, furniture and fixtures, net	79	109	719
Land	11,241	11,031	72,855
Lease assets	147	231	1,525
Accumulated depreciation	(133)	(56)	(369)
Lease assets, net	13	174	1,149
Total property, plant and equipment	17,551	17,264	114,021
Intangible assets			
Total intangible assets	195	200	1,320
Investments and other assets			
Investment securities	2,047	2,837	18,737
Stocks of subsidiaries and affiliates	4,436	4,440	29,324
Long-term loans receivable from subsidiaries and affiliates	20	—	—
Insurance funds	31	31	204
Prepaid pension cost	164	297	1,961
Other	381	373	2,463
Allowance for doubtful accounts	(17)	(12)	(79)
Total investments and other assets	7,062	7,967	52,618
Total non-current assets	24,810	25,433	167,974
Total assets	¥ 58,277	¥ 59,725	\$ 394,458

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Liabilities			
Current liabilities:			
Notes payable – trade	¥ 647	¥ 172	\$ 1,135
Electronically recorded obligations - operating	6,305	9,360	61,818
Accounts payable for construction contracts	9,584	10,271	67,835
Short-term loans payable	618	618	4,081
Lease obligations	14	58	383
Income taxes payable	345	290	1,915
Advances received on uncompleted construction contracts	9,907	6,406	42,308
Provision for warranties for completed construction	315	285	1,882
Provision for loss on construction contracts	41	73	482
Provision for bonuses	540	566	3,738
Other	616	846	5,587
Total current liabilities	28,935	28,949	191,196
Non-current liabilities:			
Long-term loans payable	352	204	1,347
Lease obligations	1	133	878
Deferred tax liabilities	11	284	1,875
Provision for retirement benefits	38	48	317
Long-term deposits received	549	537	3,546
Other	126	126	832
Total non-current liabilities	1,078	1,335	8,817
Total liabilities	30,013	30,284	200,013
Net assets			
Shareholders' equity:			
Common stock			
Authorized: 154,792,300 shares			
Issued: 34,498,097 shares	¥ 5,061	¥ 5,061	\$ 33,425
Capital surplus			
Legal capital surplus	1,400	1,400	9,246
Total capital surplus	1,400	1,400	9,246
Retained earnings			
Other retained earnings			
Retained earnings brought forward	21,098	21,727	143,497
Total retained earnings	21,098	21,727	143,497
Less: Treasury stock, at cost			
131,075 shares in 2023 and 132,361 shares in 2024	(35)	(35)	(231)
Total shareholders' equity	27,524	28,153	185,938
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	738	1,287	8,500
Total valuation and translation adjustments	738	1,287	8,500
Total net assets	28,263	29,440	194,438
Total liabilities and net assets	¥ 58,277	¥ 59,725	\$ 394,458

NONCONSOLIDATED STATEMENTS OF INCOME

NAKANO CORPORATION

For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net sales:			
Net sales of completed construction contracts	¥ 74,698	¥ 81,493	\$ 538,227
Sales on real estate business	1,136	1,214	8,017
Sales on other business	74	93	614
Total net sales	75,909	82,801	546,866
Cost of sales:			
Cost of sales of completed construction contracts	68,254	75,451	498,322
Cost of sales on real estate business	720	638	4,213
Cost of sales on other business	62	59	389
Total cost of sales	69,036	76,149	502,932
Gross profit:			
Gross profit on completed construction contracts	6,444	6,042	39,904
Gross profit - real estate business	416	575	3,797
Gross profit - other business	11	34	224
Total gross profit	6,872	6,652	43,933
Selling, general and administrative expenses	4,575	4,806	31,741
Operating income	2,297	1,846	12,192
Non-operating income:			
Interest income	4	28	184
Dividend income	52	65	429
Foreign exchange gains	107	174	1,149
Other	5	24	158
Total non-operating income	170	291	1,921
Non-operating expenses:			
Interest expenses	5	8	52
Interest expenses on bonds	1	—	—
Other	0	0	0
Total non-operating expenses	7	8	52
Ordinary income	2,460	2,129	14,061
Extraordinary income:			
Gain on sales of memberships	15	—	—
Total extraordinary income	15	—	—
Extraordinary losses:			
Impairment loss	—	327	2,159
Loss on litigation	6	64	422
Research expenses	53	—	—
Other	5	1	6
Total extraordinary losses	65	393	2,595
Profit before income taxes	2,409	1,735	11,458
Income taxes:			
Income taxes - current	763	628	4,147
Income taxes - deferred	25	31	204
Total income taxes	788	659	4,352
Profit	¥ 1,621	¥ 1,075	\$ 7,099

CORPORATE PROFILE

Company Outline (As of March 31, 2024)

Company Name	NAKANO CORPORATION
Headquarters	4-2-28 Kudan-kita, Chiyoda-ku, Tokyo 102-0073, Japan
Foundation	February 8, 1933
Established	December 19, 1942
Capitalization	¥5,061,678,686
Employees	1,331(Group)
Stock Listing	Tokyo Stock Exchange, Standard Market
Primary Business	Domestic Construction Business International Construction Business Real Estate Business

Board of Directors / Board of Corporate Auditors (As of September 17, 2024)

President	Takashi Iizuka	
Executive Vice President	Yoshinobu Oshima	
Directors	Yorinobu Kato	Hiroyuki Tanada
	Noboru Ogoyama	
Outside Directors	Moriyasu Kawamura	Makoto Fukuda
	Mitsuharu Kotaka	
Standing Corporate Auditors	Koichiro Nakano	Tetsuo Sato
Corporate Auditors	Kohei Yamaya	Hideaki Sekizawa

Main Affiliated Financial Institutions

MUFG Bank, Ltd.	The Shoko Chukin Bank, Ltd.
Mizuho Bank, Ltd.	The Yamanashi Chuo Bank, Ltd.
The Bank of Yokohama, Ltd.	

Major Shareholders

Oshima Scholarship Foundation	Kanto Kogyo Co., Ltd.
Yoshikazu Oshima	Marine Dream Co., Ltd.
MB Service Co., Ltd.	MUFG Bank, Ltd.

Domestic Offices

Headquarters	Tokyo Main Office
Tohoku Regional Office	Nagoya Regional Office
Osaka Regional Office	Kyushu Regional Office
Taito Branch Office	Hokkaido Branch Office
Kita Tohoku Branch Office	Kita Kanto Branch Office
Higashi Kanto Branch Office	Yokohama Branch Office
Sales Offices (Mie, Kita Kyushu)	

International Offices

Nakano Singapore (Pte.) Ltd. (Singapore)	Nakano Construction Sdn. Bhd. (Malaysia)
PT. Indonakano (Indonesia)	Thai Nakano Co., Ltd. (Thailand)
Nakano Vietnam Co., Ltd. (Vietnam)	

Industry Affiliations

Japan Federation of Construction Contractors	National General Contractors Association of Japan
The Associated General Contractors of Tokyo	Japan Association of Representative General Contractors
General Contractors Association of Osaka	



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