

Okumura Corporation

Annual Report 2025





Okumura Corporation Nishikawaguchi Dormitory



Profile

Since Okumura was established in 1907, our mission has been to contribute to society through our business under our corporate mottos, “steadfast management” and “sincere operation.”

We will continue to accumulate a wealth of technical expertise and, as a general contractor company with a harmonious mix of civil engineering and architectural construction, make steady strides forward in our aim to realize comfortable, safe and secure lives for people, and a sustainable society as well.

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Financial Highlights

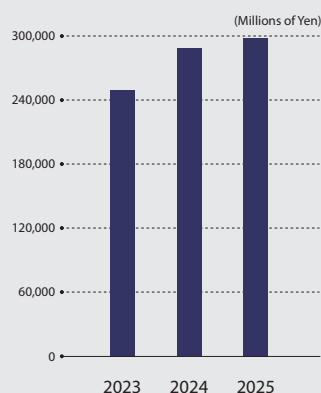
Okumura Corporation Annual Report 2025

For the years ended March 31	2023	2024	2025	2025
Consolidated:	Millions of Yen			Thousands of U.S. Dollars
Net sales	¥249,442	¥288,146	¥298,222	\$1,994,401
Operating income	11,847	13,708	9,731	65,081
Net income attributable to owners of the parent	11,261	12,493	2,722	18,209
Total assets	343,727	384,750	393,466	2,631,355
Total equity	173,215	191,573	172,455	1,153,319
Per Share:	Yen			U.S. Dollars
Basic net income	¥306.08	¥339.30	¥ 74.00	\$0.49
Cash dividends applicable to the year	223.00	237.00	216.00	1.44

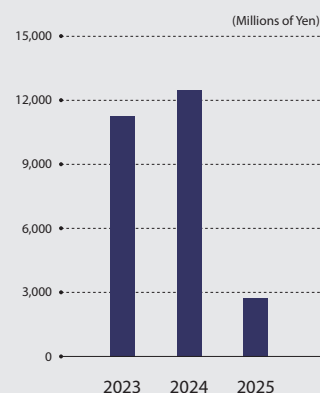
Notes:

- (1) The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2025, of ¥149.53=\$1.
- (2) Japanese yen figures less than one million yen and U.S. dollars figures less than one thousand dollars were rounded down to the nearest million yen and thousand U.S. dollar, respectively, except for per share information. As a result, the totals of Japanese yen amounts or U.S. dollar amounts shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

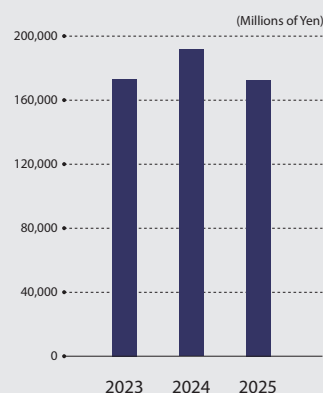
Net Sales



Net income attributable to owners of the parent



Total Equity



Disclaimer Regarding Forecasts and Projections

This Annual Report includes forecasts, projections and other predictive statements that represent Okumura's assumptions and expectations in light of currently available information. These forecasts, etc., are based on industry trends, circumstances involving clients and other factors, and involve risks, variables and uncertainties. The Okumura Group's actual performance results may differ from those projected in this Annual Report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein.

To Our Shareholders

We would like to thank our shareholders for their continuing support and encouragement and wish each one of them the greatest success in their endeavors.

A general overview of our business performance for the fiscal period of March 2025(April 1, 2024 to March 31, 2025) is provided below.

Results for the Year Ended March 31, 2025

During the period under review, the Japanese economy continued to recover moderately amid progressive improvements in the employment and income environment, with an upturn in capital investment and an increase in inbound demand.

The construction industry faced a difficult business environment, due partly to upward pressure on construction costs from factors such as persistently high material and equipment prices and the tight supply of labor, despite strong construction investment in both the public and private sectors.

With regard to the Group's performance, net sales increased 3.5% year on year to ¥298,222 million, due mainly to steady progress in the Building Business on projects carried over from the previous fiscal year.

Gross profit increased year on year in Building, with the completion of large-scale, high-profit projects. However, gross profit decreased in Civil Engineering, due mainly to the impact of recording a substantial provision for loss on construction contracts, as soaring construction material and equipment prices and labor expenses led to higher total estimated costs in specific large-scale projects in Japan, with no prospect of an improvement in profitability. Gross profit fell significantly in Investment Development, etc., due primarily to the explosion that occurred in the power generation equipment at ISHIKARI BIO ENERGY GODO KAISHA, a consolidated subsidiary of the Company, in July 2024, resulting in the suspension of commercial operation and an increase in expenses required to maintain and manage the power generation equipment. As a result, the Group's operating profit decreased by 29.0% year on year to ¥9,731 million. Furthermore, the Group recorded losses on the mark-to-market valuation of forward exchange contracts concluded to hedge the risk of foreign exchange rate fluctuations in fuel purchase transactions by ISHIKARI BIO ENERGY GODO KAISHA, as well as impairment losses on the non-current assets held by ISHIKARI BIO ENERGY GODO KAISHA, reducing the book value of these assets to the estimated future recoverable amount, resulting in a decrease of 78.2% in profit attributable to owners of parent to ¥2,722 million.

Shareholder Return Policy

Basic policy

Distribute profits by business results and flexibly implement share buybacks on the premise of stable dividends.

Policy during the Medium-Term Business Plan (FY2025 – 2027)

◆ Consolidated dividend payout ratio^{*1} 70% or more

Maintain a minimum DOE^{*2} ratio of 2.0% regardless of business results.

^{*1}: Consolidated dividend payout ratio = Total annual dividends (interim + year-end) / profit attributable to owners of parent
[Excluding the impact of one-off special factors (valuation gains and losses on forward exchange contracts)]

^{*2}: DOE = Total annual dividends (interim + year-end) / equity

Dividend for the Year Ended March 31, 2025

The Company decided to pay a dividend of ¥216.00 per share (interim dividend of ¥113.00, year-end dividend of ¥103.00) for the period ended March 31, 2025 based on its policy regarding profit sharing.

In order to achieve a balance between proactive investment as we continue working to achieve our “Vision toward 2030” and steadily share profits with all shareholders in the next period and beyond, the Group has determined its shareholder return policy as follows.



Medium Term Business Plan

The Japanese economy is expected to show a gradual recovery trend backed by improvements in the employment and income environment. However, the situation will remain unpredictable, as rising prices and the impact of policy trends in other countries will pressure business conditions. Construction investment is expected to remain firm in the construction industry. However, we anticipate that the business environment will remain less than optimistic amid concerns over rising construction costs.

The Group aims to continue to contribute to sustainable social development through medium and long-term growth. In May 2025, we have established Medium-Term Business Plan (FY2025– 2027) as the third step in achieving our “Vision toward 2030,” that shows where we want to be.

Under this plan, we will “strengthen the business base to achieve sustainable growth,” aiming to increase medium- and long-term performance. In addition to striving to “increase corporate value” by enhancing our earning power and technological capabilities in the construction business, we will “expand business domains” to build a stable earnings base that does not rely on the construction business.

At the same time, we aim to “utilize human resources” to be a company our employees are proud of. This includes securing the human resources essential for business development, striving to create environments where diverse human resources can play active roles and make maximum use of their abilities, and developing human resources to lead sustainable corporate growth.

The Company looks forward to the continued support and guidance of our shareholders.

June 2025

A handwritten signature in black ink that reads "T. Okumura".

Takanori Okumura
President and Representative Director

CIVIL ENGINEERING

Major Projects Completed



Deck Slab Replacement Work for the Jinnohara Bridge (inbound lane) and another bridge on the Miyazaki Expressway (specific renewal, etc.), Year 2022

Work period: November 2022 to June 2024
Deck slab replacement: approx. 1,000 m²



Sano Tunnel, Toyooka Expressway

Work period: October 2021 to September 2024
[Road tunnel: length = 189 m (NATM, typical inner section area = 76.88 m²)]
Excavation and lining: length = 187.5 m, tunnel entrances: 2 units, temporary construction: 1 set
[Road improvement works]
Excavation and spoil disposal: 1 set, drainage structure work: 1 set, slope work: 1 set, anchor work: 1 set



Kowa Line, between Takayokosuka and Minami Kagiya Stations Main line civil engineering work (part 4) for grade separation of Yabu-Morioka Route (Urban Planning Road) and new station construction project

Work period: October 2021 to December 2024
Cast-in-place pile work (ϕ 1,100 / 1,200 x length = 24.5 to 32.0 m): 52 piles, rigid frame bridge work: 8 units, bridge pier work: 1 unit, slab girder work: 1 span, hollow girder work: 1 span, earthwork: 1 set, improvement work under overpass: 1 set



Contract CQ860, Wanda Line

Work period: January 2017 to April 2024
Length: 3,399 m (3 spans each on inbound and outbound lines, 6 spans total), inner diameter: ϕ 5.6 m (segment thickness: 250 mm), shield tunneling machine: 3 units (articulated-type), minimum curvature radius: 110 m, nature of ground for excavation: silty clay and sandstone layers, soil improvement: 1 set, cross passage: 3 locations

Orders Received

Taiwan Power Company's Cable Tunnel between Gangfeng and Zhongke (1st work area)

Work period: December 2024 to February 2031
Inner diameter: ϕ 5.2 m, length: 11,167 m (7 spans), shield tunnel work: 1 set, shield tunneling machine: 6 units, soil improvement: 1 set, building protection work: 1 set, measurement work: 1 set

Contract CF690, Circular Line North Section, Taipei MRT

Work period: March 2024 to August 2032
Inner diameter: ϕ 5.6 m, length: 6,489 m (tunnel: 4 spans x 2 tracks [8 spans total]), shield tunnel work: 1 set, shield tunneling machine: 5 units (outer shell: 3 sets), soil improvement: 1 set, cross passage: 1 location

Murano Water Treatment Plant, Renovation Work of West Water Purification System Facility

Work period: August 2024 to February 2033
[Civil engineering work] Structural construction work (sedimentation pond, intermediate pump well, ozone contact basin, activated carbon adsorption basin, rapid filtration basin, elevated water tank, utility corridor), plumbing work, and demolition of existing structures
[Building work] Building construction work (intermediate pump building, roofs for various facilities), building-ancillary work (mechanical, electrical), and demolition of existing buildings

Hitotsuse River Agricultural Water Management Project, Higashibaru Reservoir and Other Construction Work

Work period: January 2025 to March 2027
Reservoir construction, waterway construction, water intake works (slurry pressure-type pipe jacking), and drainage works (small-diameter earth pressure-type pipe jacking) as part of leak prevention work for existing reservoirs

BUILDINGS

Major Projects Completed



DAISHINKU CORP. Headquarters and Plant Building

Work period: March 2023 to August 2024
Structure: Steel
Total floor space: 10,243.16 m²



Novotel NARA

Work period: July 2022 to May 2024
Structure: Steel
Total floor space: 13,497.16m²



KYOEI STEEL LTD. Yamaguchi Division

Work period: June 2023 to July 2024
Structure: RC
Total floor space: 3,792.53 m²

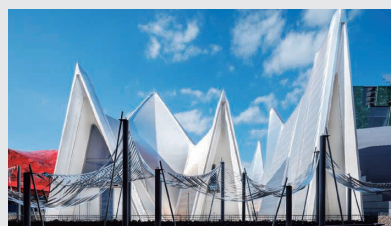


Photo credit: Yohei Sasakura

GAS PAVILION OBAKE WONDERLAND

Work period: November 2023 to October 2024
Structure: Steel
Total floor space: 1,557.77 m²



NTT Pavilion

Work period: November 2023 to December 2024
Structure: Steel and partial Carbon Fiber
Total floor space: 1,407.57 m²

Orders Received

GLP Kawasaki II Project

Work period: March 2025 to August 2027
Structure: PC and partial steel
Total floor space: 204,660.34 m²



Nara New Plant Construction Plan

Work period: December 2022 to September 2025
Structure: Steel
Total floor space: 22,039.3 m²



CAITAC LIVINCOURT New Construction Plan and CAITAC SQUAREGARDEN Renovation and Expansion Plan

Work period: September 2024 to April 2027
Structure: RC
Total floor space: 7,114.24 m²



New Headquarters and Factory Construction Project

Work period: April 2025 to December 2026
Structure: Steel
Total floor space: 35,826.22 m²



Sustainability-related Initiatives

Throughout its history, the Okumura Group has upheld its management philosophy of “Contribute to bettering the world through the expansion of business endeavor, excel as a corporate entity committed to the principles of ‘steadfast management’ and ‘sincere operation,’ and continue to play an essential role in society.” Based on this management philosophy, we are pushing ahead with our business activities as we strive to achieve our future vision set out in “Vision toward 2030.” The vision presented by the Okumura Group brings together our goals for achieving a “sustainable and symbiotic society,” which is the aim of the SDGs. We anticipate value creation through our business activities contributing to the SDGs.

(1) Governance

The Group has established the ESG/SDGs Promotion Committee as an organization to deliberate on issues and other matters related to ESG/SDGs and for the promotion of strategic initiatives.

The committee is chaired by the President and Representative Director and composed of the heads of each Head Office section and the presidents of the East Japan and West Japan Branch Offices. The results of its deliberations are submitted or reported to the Board of Directors as necessary, and a framework is in place for appropriate monitoring by the Board of Directors.



(2) Strategy

At the Okumura Group, we are working to address sustainability issues, including climate change, based on a recognition of these as key management issues, and we have analyzed ESG/SDGs-related risks and opportunities and the impact if they materialize. We then identified ESG/SDGs-related issues based on the two axes of probability and impact. In identifying issues relating to climate change, we also assessed their importance using scenarios based on the TCFD recommendations.



Note: The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) to consider how to engage in the disclosure of climate-related information.

As a result of analyzing the importance of these issues, the ESG/SDGs Promotion Committee identified “promotion of environmentally friendly businesses” as an ESG/SDGs-related material issue (materiality) for the Group. It also identified “contribution to sustainable social infrastructure,” “creation of workplaces that realize wellbeing,” and “stronger corporate governance,” which serve as the foundation of business activities, as material issues (materiality). With a focus on initiatives aimed at solving these material issues (materiality), we are also working to promote initiatives aimed at solving other related issues.

Furthermore, by reflecting our strategies for solving these issues in each division’s measures under the Medium Term Business Plan, we are pursuing endeavors that integrate both our business activities and our ESG/SDGs initiatives.

Policies related to climate change, etc.

Under the Okumura Group’s basic philosophy of “creating and sustaining an environment that is friendly to both people and the planet,” we strive to prevent environmental pollution, reduce environmental burden, and protect the environment.




We analyze the impact that risks and opportunities will have on the organization, including those related to climate, through an examination (scenario analysis) based on the “2°C or lower scenario” and the “4°C scenario.” Please refer to ★ in Table 1 for issues related to climate change.

- 2°C or lower scenario: A scenario that assumes that the rise in average global temperatures will be kept well within 2°C above pre-industrial levels and continuing efforts will be made to keep the rise in temperatures within 1.5°C.
- 4°C scenario: A scenario that assumes that the rise in average global temperatures will be approximately 4°C above pre-industrial levels.

Based on the results of these analyses as well as issues and other matters, we have set non-financial targets related to climate change in our Medium Term Business Plan (FY2025-FY2027) with the following indicators: “CO2 emissions at the construction stage and from offices,” “mixed construction waste emissions per ¥100 million of gross floor area in new construction work,” and “ZEB proposal rate for design and construction projects.”

To achieve these targets, in addition to adopting construction methods, machinery, and vehicles with a consciousness of energy conservation and developing technologies that help to make construction more efficient, we promote the use of electricity from renewable energy sources and environmentally friendly fuels to contribute to achieving a decarbonized society.

Table 1: ESG/SDGs-related material issues (materiality)

ESG	SDGs	ESG/SDGs-related risks and opportunities	Impact if the risk or opportunity materializes ^{*1}	Risk and opportunity analysis results	Type of risk or opportunity	Timing	The Okumura Group's ESG/SDGs-related challenges ^{*3}	Scenario analysis results	
				Significance ^{*2}				Significance under the 2°C or lower scenario ^{*4}	Significance under the 4°C scenario ^{*4}
E-S	  	Risks	Deterioration of the foundation for livelihood and industry due to the failure of infrastructure, as well as damages to assets held	5	Physical risk (acute) / transition risk (regulatory, market)	Short, medium and long term	1. Contribution to sustainable social infrastructure		
		Opportunities	Rise in demand for renovation of social capital stock	5	Products and services, market	Short, medium and long term			
S		Opportunities	Demonstration of synergies through partnerships with local communities and companies	3	Products and services, market	Short, medium and long term	1. Collaboration with local communities and companies		
S	 	Opportunities	Better construction techniques through ICT	3	Products and services, market	Short, medium and long term	1. Enhancement of technical capabilities and productivity through ICT		
S	 	Opportunities	Construction of long-lived infrastructure	3	Products and services, resilience	Medium and long term	1. Assurance and enhancement of construction quality		
S		Risks	Deterioration in the public security and hygienic environment, disasters due to building collapse, and a decrease in real estate rental income	3	Physical risk (chronic) / transition risk (market)	Medium and long term	1. Effective use of real estate stock		
E	  	Risks	Destruction of the natural environment due to rising temperatures associated with climate change and development without regard for the environment	5	Physical risk (acute, chronic) / transition risk (regulatory, reputation)	Short, medium and long term	2. Promotion of environmentally friendly businesses★	5	5
E	 	Risks	Skyrocketing materials and outsourcing costs due to the introduction of carbon taxes (carbon pricing) associated with climate change	4	Transition risk (regulatory, market)	Short, medium and long term	2. Promotion of decarbonization★	4	3
E-S	  	Risks	Decline in sustainability due to the depletion of natural resources	3	Transition risk (market)	Medium and long term	2. Effective use of resources through recycling		
E	 	Opportunities	Progressive shift to energy-saving buildings	4	Products and services, market	Short, medium and long term	2. Energy-saving design of buildings★	4	3
E	 	Opportunities	Spread of power generation methods with low CO ₂ emissions	4	Products and services, energy sources, market	Short, medium and long term	2. Promotion of renewable energy businesses★	4	3
S	 	Opportunities	Increase in the attraction of the construction industry and the promotion of employee health	5	Products and services	Short and medium term	3. Creation of workplaces that realize wellbeing		
S		Opportunities	Realization of diverse workstyles	3	Products and services	Short and medium term	3. Promotion of decent work		
S	  	Risks	Outflow of female employees and other diverse talent, and the loss of employment opportunities	3	Physical risk (acute) / transition risk (market)	Short and medium term	3. Promotion of diversity-focused management		
E-S	  	Risks	Deterioration in working environments due to rising temperatures associated with climate change	3	Physical risk (chronic) / transition risk (market)	Short, medium and long term	3. Promotion of mechanization, labor saving and greater efficiency★	3	4
G	 	Risks	Loss of opportunities and increased financing costs due to a decline in corporate credibility	5	Transition risk (regulatory, market)	Short, medium and long term	4. Stronger corporate governance		
S-G		Risks	Dangerous working environments	3	Physical risk (acute) / transition risk (market)	Short and medium term	3, 4. Safe and secure working environments		

*1 Negative impact is described for risks and positive impact is described for opportunities.

*2 Significance is evaluated using the two axes of probability and impact. Each is given a score from 1 to 5, with 5 indicating the highest degree of significance (5: Extremely high; 4: High; 3: Medium; 2: Low; 1: Extremely low).

*3 The ESG/SDGs-related material issues (materiality) for the Okumura Group are indicated in bold and underlined type. The numbers at the beginning of each item indicate the relevance to each materiality. The ★ marks indicate climate change-related issues.

*4 Based on the "2°C or lower scenario" and the "4°C scenario," we analyzed the impact of climate-related risks and opportunities on the organization and evaluated their importance based on the two axes of probability and impact.

We have established an environmental plan along with the Medium Term Business Plan to strengthen initiatives aimed at achieving a decarbonized society. By aligning some of the targets established in the environmental plan with the non-financial targets in the Medium Term Business Plan, we have established a system for promoting environmentally friendly business activities.

Policy related to human capital, etc.

The Okumura Group has set “leverage our human resources” as a basic policy of its business strategy in the Medium Term Business Plan (FY2025 to FY2027). In order to promote the creation of workplaces enabling all employees to prosper, we have formulated the “Human Resources Policy” and “Work Environment Improvement Policy,” and our initiatives are based on these policies.

Human Resources Policy

The Okumura Group believes that the development of human resources able to embody our management philosophy is essential for continued sustained growth, and we will therefore focus on developing human resources that steadfastly and sincerely value trust, are able to act on their own initiative and are full of a drive for growth.

Specifically, we provide regular training, including hierarchical training tailored to job performance abilities, job-specific training aimed at acquiring the specialized knowledge required for each job type, and safety and health education that systematically teaches safety and health management knowledge and hones judgment and leadership skills. In addition, we systematically and proactively conduct human resources development by providing ongoing training for all employees, including digital transformation (DX) literacy improvement education and compliance training. At the same time, we also proactively support employees in voluntarily improving their skills by providing subsidies for qualification acquisition costs and more.

Furthermore, in addition to raising the retirement age from 60 to 65 in order to establish a system in which employees over 60 can continue to play an active role, we are committed to passing on the knowledge, experience, and skills of our valued veteran employees to younger and mid-career employees. Through on-the-job training (OJT) and other training programs, we are fostering human resources who will inherit our DNA of “steadfast and sincere.”

Beyond this, we are promoting initiatives to improve employee engagement, such as raising starting salaries, implementing base pay increases, and revising the personnel evaluation system to ensure that job performance and abilities are appropriately reflected in personnel treatment. As part of our incentive plan for employees, we have introduced initiatives such as a “Stock Benefit Trust for Employees” aimed at enhancing employee engagement and morale to contribute to the improvement of medium- to long-term performance and the enhancement of corporation value.

Work Environment Improvement Policy

In our “Vision toward 2030,” the Okumura Group set out its plans to be “a company that its employees are proud of and that leverages and values its people,” spurred by our vision of being a company that continues to grow while sharing our wealth with all people involved with us.

In order to achieve this, we will work to create a workplace where all employers can prosper by securing a safe and engaging environment and by fostering a corporate climate that values individuality and creativity to ensure that diverse human resources, including women, can realize each of the greatest potential.

Specifically, we will promote workstyle reforms and make

human resources investments to improve employee motivation by establishing workplaces where diverse human resources can prosper.

As part of these efforts, we are steadily working to promote women’s participation. In addition to actively recruiting and training female employees, we are establishing workplaces where women can work with a sense of security through enhanced systems to support the balance between childcare and work. Through this, we are steadily promoting women’s participation in leadership positions.

We also proactively support the health promotion of our employees. By establishing an environment where employees can stay healthy both mentally and physically and are able to demonstrate their individuality and abilities to the maximum extent possible, such as introducing initiatives to ban smoking during working hours and eliminate smoking areas in all permanent business locations starting in January 2025, we strive to achieve the wellbeing of all employees.

In October 2023, we opened our new office in Tokyo’s Marunouchi area, “Cross Innovation Center,” which is designed to harness our diverse human resources to the utmost. The office has obtained the highest S rank in the “CASBEE-Wellness Office” evaluation.

*CASBEE-Wellness Office evaluation is a tool evaluating building specifications, performance and initiatives that support the maintenance and promotion of the health and comfort of building users.

(3) Risk Management

At the Okumura Group, the ESG/SDGs Promotion Committee and the Workstyle Reform Promotion Committee analyze, identify, and assess issues associated with ESG/SDGs and comprehensively manage associated risks, including appropriate reviews of materiality in accordance with changes in the business environment. Additionally, by reflecting measures aimed at solving other related issues in the Medium Term Business Plan with a focus on those aimed at solving the material issues (materiality), we have established a framework that integrates our business activities and ESG/SDGs initiatives, thereby improving the effectiveness of measures for solving such issues.

(4) Metrics and Targets

Metrics and Targets Related to Climate Change

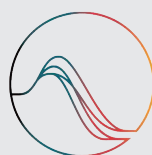
At the Okumura Group, we have set the following metrics and targets for use in the assessment and management of climate change-related risks and opportunities as non-financial targets in our Medium Term Business Plan (FY2025 to FY2027).

Metrics	Results (FY2024)	Targets (FY2027)
CO ₂ emissions at the construction stage and from offices	55 kt-CO ₂	48 kt-CO ₂ or less
Mixed construction waste emissions per ¥100 million of gross floor area in new construction work	1.6 kg/m ²	Aim for 3 kg/m ² or less on an ongoing basis
ZEB proposal rate for design and construction projects	—	50% or more

(Note) “CO₂ emissions at the construction stage and from offices” is a metric and target related to an initiative we are placing particular focus on, and it has been set as a key target in the Medium Term Business Plan (FY2025-FY2027).

Additionally, we have set the following targets for the reduction of greenhouse gas (GHG) emissions as long-term targets. We obtained SBT certification for these targets in January 2023.

*SBT (Science Based Targets): These are greenhouse gas emission reduction targets set by companies to meet the goals of the Paris Agreement (to keep the rise in average global temperatures well within 2°C above pre-industrial levels and continue efforts to keep the rise in temperatures within 1.5°C) with the target years 5-15 years from now.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Metrics ^{*1}	GHG Emission Reduction Targets for FY2030 (Total Emissions) ^{*2}
Scope 1+2	25% (from FY2020)
Scope 3	13% (from FY2020)

*1 Scope 1: Direct greenhouse gas emissions from sources that are owned or controlled by the company

Scope 2: Indirect greenhouse gas emissions from the use of electricity, heat and vapor supplied by other companies

Scope 3: Other indirect greenhouse gas emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company

*2 (Reference)

Total emissions in FY2020: Scope 1+2 41,466.13t-CO₂, Scope 3 1,180,258.95t-CO₂

Total emissions in FY2024: Scope 1+2 49,123.28t-CO₂, Scope 3 1,586,008.79t-CO₂

Metrics and Targets Related to Human Capital

The Okumura Group has established the following metrics and targets related to our policies for human resources and work environment improvements as set out in (2) Strategy.

Metrics	Results (FY2024)	Targets (FY2027)
Turnover rate among new graduate employees in their first 3 years	13.5%	Less than 10.0%
Percentage of women in managerial positions ^{*1}	4.5%	6.0% or more
Percentage of women among new graduate recruits ^{*1}	17.2%	20.0% or more
Percentage of male employees taking childcare leave ^{*2}	105.1%	100%
Achievement rate of construction sites closed 8 days per 4 weeks (Civil engineering)	75.0%	90.0% or more
Achievement rate of construction sites closed 8 days per 4 weeks (Buildings)	44.1%	70.0% or more

*1 As of the day following the last day of the relevant fiscal year (April 1)

*2 Equal to the number of male workers who took childcare leave, etc., divided by the number of male workers whose spouse gave birth during the relevant fiscal year (Note) In addition to the above, continuous recognition as a "Certified Health & Productivity Management Outstanding Organization (White 500)" was set as a qualitative target, and we are promoting various initiatives that help "leverage our human resources," such as improving employee engagement and securing human resources.

Developed New “Z-Spiral®” Joinery Method for Precast PC Floor Slabs -Achieved Sufficient Fatigue Durability While Shortening Work Time-

Okumura Corporation and Showa Concrete Industry Co., Ltd. have developed the “Z-spiral method,” a joinery method that joins precast^{*1} prestressed concrete (PC) floor slabs^{*2} using special rectangular spiral ribs called “Z-spiral rib.”

*1: Concrete components prefabricated in a factory

*2: Components made of concrete pretreated with compressive stress (prestressed) that directly bear loads of automobiles, people, etc.

This method involves inserting a “Z-spiral rib,” a special rectangular spiral rib, on top of the loop rib and securely fastening it. A wheel load driving test to assess fatigue durability of floor slabs confirmed that precast PC floor slabs joined with this method have a service life equivalent to 100 years. The loop joinery method, which is the standard construction method for floor slab replacement

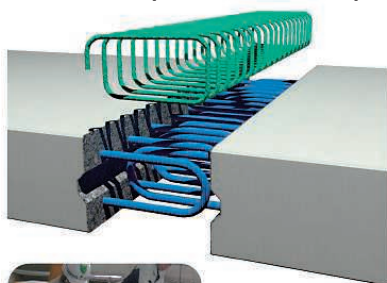
work, requires a lot of time and effort to pass reinforcing ribs perpendicular to the bridge axis through the loop ribs. However, with the Z-spiral method, the Z-spiral rib only needs to be inserted from the top of the loop rib and securely fastened to it. This allows for significant shortening of reinforcement work time and eliminates the need for setting up scaffolding and securing a work yard to pass the reinforcing ribs perpendicular to the bridge axis.

A workability verification test using full-scale test specimens confirmed that work time can be reduced by 75% compared to the standard method.

Going forward, we will proactively propose this method for expressway deck slab replacement work, striving to promote and expand its use.

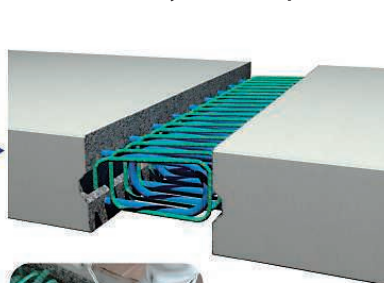
Construction procedure for the Z-spiral method

1. Insert Z-spiral rib from the top



[Photo] Spiral rib insertion: The spiral rib is inserted between the loop ribs from the top.

2. Securely fasten Z-spiral



[Photo] Fastening: The spiral ribs and loop ribs are securely fastened.

3. Pour concrete in between



[Photo] Pouring: The concrete is poured in the spaces in between.

Operation of the Okumura Commemorative Museum

In 2007, we built the “Okumura Commemorative Museum” in Nara, a region deeply connected with Okumura Corporation, to show our gratitude for the opportunity to celebrate our centennial anniversary. The museum is designed in harmony with the atmosphere of this ancient capital. It features relaxation spaces where visitors can rest at ease and display spaces showing Company’s history and technologies without any admission charge. The museum adopts “Seismic Isolation Technology”, one of Okumura’s special expertise, and it provides a space where visitors can learn about how actual seismic isolation system is installed. It also features an “Earthquake and Seismic Isolation Experience Simulator” that enables visitors to have the feeling of an earthquake and the effect of seismic isolation, as well as comparative seismic isolation models, by which visitors can feel the sense of the difference depending on the presence or absence of seismic isolation system, and a model of shield tunneling machine. The museum welcomed its 3 millionth visitor on March 6, 2025, and a commemorative event was held on April 19 for this achievement.

The museum also provides a space for performances by amateur musicians, and concerts are held for the enjoyment of visitors.

Please take time to visit when you are next in Nara.



Commemorative event celebrating 3 million visitors

Developed Technology for Purifying Groundwater and Soil Contaminated by Per- and Polyfluoroalkyl Substances (PFAS) -Successful Decomposition Using an Ultrapowerful Oxidation Catalyst-

Okumura Corporation and Nagoya University have developed technology that purifies per- and polyfluoroalkyl substances ("PFAS"), reported to be harmful to the human body, using an ultrapowerful oxidation catalyst (patent pending; Patent Application No. 2024-116259).

The current method removes PFAS from the environment by adsorbing them onto an adsorbent such as activated carbon. However, the amount of PFAS that can be adsorbed is limited, and the disposal of the adsorbents has also become an issue.

This technology oxidatively decomposes PFAS using a "metal complex-supported carbon catalyst"^{*1}, an ultrapowerful oxidation catalyst developed by a group led by Associate Professor Yasuyuki Yamada of the Research Center for Materials Science and the Graduate School of Science and Professor Kentaro Tanaka of the Graduate School of Science at Nagoya University.

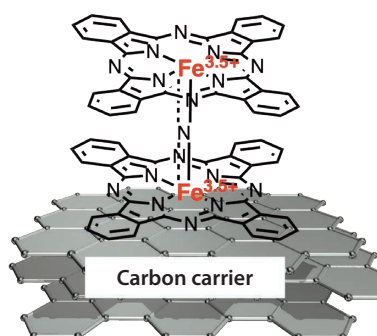
^{*1}: A material that adsorbs metal complex compounds with catalytic activity onto carbon

Through joint research with Okumura Corporation, the group succeeded in further increasing the activity of carbon catalysts and confirmed that a variety of PFAS can be oxidatively decomposed in aqueous solution. Furthermore, it was found that, if this technology is applied, 99% or more of perfluorooctanoic acid (PFOA)^{*2} can be removed from contaminated river water through adsorption, and a portion of it can be simultaneously decomposed.

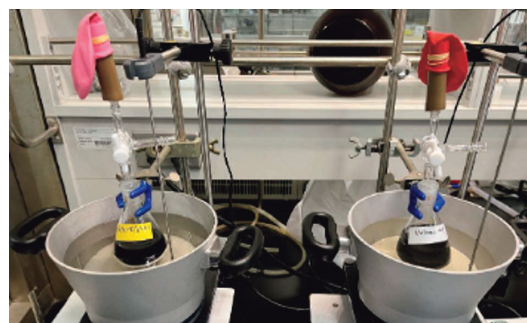
^{*2}: A type of PFAS

Going forward, in addition to adding further improvements to the catalyst, we will apply this technology to purification work on groundwater and soil that has been contaminated with PFAS, thereby contributing to society from a perspective of environmental restoration and conservation.

Schematic diagram of catalyst



PFOA removal experiment



Carbon carrier + catalyst

Carbon carrier only

Support for the Shogaisha Jiritsu Suishin Kikou Association

As part of efforts to contribute to achieving the SDGs, we have signed an official partnership agreement with the Shogaisha Jiritsu Suishin Kikou Association to support people with disabilities to live independent lives through the organization's Paralymp Art program. Artworks created by artists with disabilities who are

registered with Paralymp Art are displayed at 26 locations, including Okumura's Head Office and other main offices, as well as on temporary fencing at its working construction sites.

We will continue to contribute to achieving the SDGs through initiatives such as these, in addition to our business activities.

Paralymp Art exhibitions



East Japan Branch Office (Tokyo)



Government Building Construction Site (Aomori)

Consolidated Balance Sheet

Okumura Corporation and Consolidated Subsidiaries
March 31, 2025

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	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS			
Current assets:			
Cash and cash equivalents (Note 15)	¥ 27,440	¥ 28,917	\$ 183,512
Time deposits (Notes 15 and 17)	1,273	1,330	8,517
Receivables:			
Trade notes (Note 15)	2,674	3,662	17,883
Trade accounts (Note 15)	187,890	168,655	1,256,539
Unconsolidated subsidiaries and associated companies (Note 15)	15	52	103
Other	8,237	5,815	55,090
Allowance for doubtful receivables (Note 15)	(199)	(189)	(1,334)
Inventories (Note 5)	9,572	8,098	64,019
Prepaid expenses and other	4,230	4,075	28,293
Total current assets	241,135	220,418	1,612,625
Property, plant and equipment (Notes 6, 7 and 8):			
Land (Note 17)	36,296	35,149	242,738
Buildings and structures (Note 17)	20,989	22,279	140,366
Machinery and equipment	6,644	16,700	44,434
Furniture and fixtures	869	535	5,816
Lease assets (Note 14)	19	17	130
Construction in progress	345	794	2,308
Total property, plant and equipment	65,164	75,476	435,794
Investments and other assets:			
Investment securities (Notes 4, 15 and 17)	60,223	68,483	402,752
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 15 and 17)	210	294	1,406
Long-term loans receivable (Note 15)	23	13	155
Asset for retirement benefits (Note 9)	8,519	5,525	56,973
Deferred tax assets (Note 11)	4	2	28
Goodwill	—	348	—
Other assets	20,111	16,119	134,500
Allowance for doubtful receivables (Note 15)	(1,926)	(1,930)	(12,882)
Total investments and other assets	87,166	88,856	582,934
Total	¥393,466	¥384,750	\$2,631,355

See notes to consolidated financial statements.

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank loans including current portion of long-term debt (Notes 8, 14 and 15)	¥ 43,809	¥ 16,707	\$ 292,979
Payables:			
Trade notes (Note 15)	2,655	2,694	17,755
Trade accounts (Note 15)	54,344	49,380	363,435
Other	3,566	3,008	23,853
Advances received on construction projects in progress	18,133	19,161	121,268
Income taxes payable	2,083	3,385	13,932
Allowance for warranty work on construction projects	662	627	4,432
Allowance for losses on construction contracts	2,327	859	15,562
Suspense receipt of consumption taxes	29,928	23,960	200,148
Other (Note 17)	17,456	26,582	116,745
Total current liabilities	174,967	146,367	1,170,113
Long-term liabilities:			
Long-term debt (Notes 8, 14, 15 and 16)	5,023	5,124	33,592
Non-recourse loans (Notes 8, 15, 16 and 17)	20,172	22,333	134,903
Deferred tax liabilities (Note 11)	19,876	18,740	132,929
Provision for share awards	348	150	2,329
Other	623	460	4,168
Total long-term liabilities	46,043	46,809	307,922
Total liabilities	221,010	193,176	1,478,035
Commitments and contingent liabilities			
Equity (Notes 10, 18 and 20):			
Common stock			
authorized, 96,000,000 shares; issued, 38,665,226 shares*	19,838	19,838	132,675
Capital surplus	26,510	26,466	177,291
Retained earnings	100,276	107,684	670,613
Treasury stock—at cost			
2,440,729 shares in 2025 and 1,837,409 shares in 2024*	(7,972)	(5,316)	(53,315)
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	30,212	34,976	202,050
Deferred gain (loss) on hedges	5,396	3,840	36,087
Defined retirement benefit plans	3,023	1,201	20,217
Total	38,631	40,017	258,355
Noncontrolling interests	(4,829)	2,882	(32,300)
Total equity	172,455	191,573	1,153,319
Total	¥393,466	¥384,750	\$2,631,355

*The number of shares of treasury stock as of March 31, 2025 includes 273,700 shares of the Company held by the trust account of Employee Share Award Plan.

Consolidated Statement of Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

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	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Net sales	¥298,222	¥288,146	\$1,994,401
Cost of sales	266,534	252,954	1,782,483
Gross profit	31,688	35,191	211,917
Selling, general and administrative expenses (Note 13)	21,956	21,483	146,836
Operating income	9,731	13,708	65,081
Other income (expenses):			
Interest and dividend income	1,456	1,300	9,740
Interest expenses	(807)	(606)	(5,398)
Gain on sale of investment securities	3,599	3,205	24,072
Loss on valuation of forward exchange contracts (Notes 2.o and 16)	(701)	—	(4,691)
Impairment losses (Notes 3 and 6)	(13,234)	—	(88,508)
Other—net	(1,470)	563	(9,836)
Other income (expenses) —net	(11,158)	4,463	(74,622)
Income (loss) before income taxes	(1,426)	18,171	(9,541)
Income taxes (Note 11):			
Current	4,957	5,770	33,155
Deferred	160	237	1,075
Total income taxes	5,118	6,008	34,230
Net income (loss)	(6,545)	12,163	(43,771)
Loss attributable to noncontrolling interests	(9,268)	(329)	(61,981)
Net income attributable to owners of the parent	¥ 2,722	¥ 12,493	\$ 18,209
Per share of common stock (Notes 2.p, 19 and 20):		Yen	U.S. Dollars (Note 1)
Basic net income	¥ 74.00	¥ 339.30	\$ 0.49
Cash dividends applicable to the year	216.00	237.00	1.44

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

Okumura Corporation **Annual Report 2025**

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Net income (loss)	¥(6,545)	¥12,163	\$(43,771)
Other comprehensive income (Note 18):			
Unrealized gain (loss) on available-for-sale securities	(4,763)	10,175	(31,858)
Deferred gain (loss) on hedges	3,112	4,020	20,813
Defined retirement benefit plans	1,821	538	12,184
Total other comprehensive income	170	14,734	1,139
Comprehensive income	¥(6,374)	¥26,897	\$(42,632)
Total comprehensive income attributable to:			
Owners of the parent	¥ 1,337	¥25,217	\$ 8,942
Noncontrolling interests	(7,711)	1,680	(51,574)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

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	Thousands	Millions of Yen (Note 1)								
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)			Noncontrolling interests	Total equity
						Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Defined retirement benefit plans		
BALANCE, APRIL 1, 2023	36,804	¥19,838	¥26,240	¥103,827	¥(5,185)	¥24,801	¥1,829	¥662	¥1,201	¥173,215
Net income attributable to owners of the parent	—	—	—	12,493	—	—	—	—	—	12,493
Cash dividends, ¥234 per share	—	—	—	(8,635)	—	—	—	—	—	(8,635)
Purchase of treasury stock *1	(278)	—	—	—	(971)	—	—	—	—	(971)
Disposal of treasury stock *2	301	—	226	—	839	—	—	—	—	1,066
Net change in the year	—	—	—	—	—	10,175	2,010	538	1,680	14,404
BALANCE, MARCH 31, 2024	36,827	19,838	26,466	107,684	(5,316)	34,976	3,840	1,201	2,882	191,573
Net income attributable to owners of the parent	—	—	—	2,722	—	—	—	—	—	2,722
Cash dividends, ¥273 per share	—	—	—	(10,131)	—	—	—	—	—	(10,131)
Purchase of treasury stock	(622)	—	—	—	(2,711)	—	—	—	—	(2,711)
Disposal of treasury stock	19	—	43	—	55	—	—	—	—	99
Net change in the year	—	—	—	—	—	(4,763)	1,556	1,821	(7,711)	(9,097)
BALANCE, MARCH 31, 2025	36,224	¥19,838	¥26,510	¥100,276	¥(7,972)	¥30,212	¥5,396	¥3,023	¥(4,829)	¥172,455

	Thousands of U.S. Dollars (Note 1)								
	Accumulated other comprehensive income (loss)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Defined retirement benefit plans	Noncontrolling interests	Total equity
BALANCE, MARCH 31, 2024	\$132,675	\$177,000	\$720,155	\$(35,557)	\$233,909	\$25,680	\$8,032	\$19,274	\$1,281,172
Net income attributable to owners of the parent	—	—	18,209	—	—	—	—	—	18,209
Cash dividends, \$1.82 per share	—	—	(67,752)	—	—	—	—	—	(67,752)
Purchase of treasury stock	—	—	—	(18,130)	—	—	—	—	(18,130)
Disposal of treasury stock	—	290	—	371	—	—	—	—	662
Net change in the year	—	—	—	—	(31,858)	10,406	12,184	(51,574)	(60,842)
BALANCE, MARCH 31, 2025	\$132,675	\$177,291	\$670,613	\$(53,315)	\$202,050	\$36,087	\$20,217	\$(32,300)	\$1,153,319

See notes to consolidated financial statements.

*1 Purchase of treasury stock for the year ended March 31, 2024 includes the acquisition of 275,000 shares of the Company by the trust account of Employee Share Award Plan.

*2 Disposal of treasury stock for the year ended March 31, 2024 includes the disposal of 275,000 shares of treasury stock through a third-party allotment associated with the introduction of Employee Share Award Plan.

Consolidated Statement of Cash Flows

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

Okumura Corporation Annual Report 2025

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Operating activities:			
Income (loss) before income taxes	¥ (1,426)	¥18,171	\$ (9,541)
Adjustments for:			
Income taxes—paid	(6,611)	(5,398)	(44,215)
Depreciation and amortization	4,123	4,340	27,576
Amortization of goodwill	29	29	198
Gain on sale of investment securities	(3,599)	(3,205)	(24,072)
Impairment losses	13,234	—	88,508
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	(18,244)	(39,868)	(122,014)
Decrease (increase) in accumulated costs of construction projects in progress	(1,645)	(514)	(11,006)
Decrease (increase) in other inventories	171	(672)	1,145
Increase (decrease) in trade notes and accounts payable	2,479	1,920	16,582
Increase (decrease) in advances received on construction projects in progress	(1,028)	6,566	(6,875)
Decrease (Increase) in asset for retirement benefits	(311)	(313)	(2,084)
Loss (gain) on valuation of forward exchange contracts	701	—	4,691
Other—net	299	1,803	2,000
Total adjustments	(10,401)	(35,311)	(69,564)
Net cash provided by (used in) operating activities	(11,828)	(17,139)	(79,105)
Investing activities:			
Net decrease (increase) in time deposits	—	205	—
Payments for purchases of securities	(174)	(208)	(1,165)
Proceeds from sales of securities	5,728	4,209	38,311
Purchases of property, plant and equipment and intangible assets	(6,635)	(2,992)	(44,374)
Proceeds from sales of property, plant and equipment and intangible assets	0	354	5
Investment in loans receivable	(12)	(3)	(82)
Collection of loans receivable	47	13	320
Other—net	(448)	(119)	(2,999)
Net cash provided by (used in) investing activities	(1,492)	1,458	(9,984)
Financing activities:			
Increase (decrease) in short-term bank loans—net	26,000	9,993	173,878
Proceeds from long-term debt	1,000	2,000	6,687
Repayments of long-term debt	(1)	(4,001)	(12)
Repayments of non-recourse loans	(2,161)	(3,669)	(14,457)
Purchase of treasury stock	(2,712)	(13)	(18,138)
Disposal of treasury stock	6	0	43
Dividends paid	(10,053)	(8,610)	(67,232)
Other—net	(7)	(2)	(48)
Net cash provided by (used in) financing activities	12,070	(4,304)	80,720
Foreign currency translation adjustments on cash and cash equivalents	(225)	110	(1,508)
Net increase (decrease) in cash and cash equivalents	(1,477)	(19,875)	(9,878)
Cash and cash equivalents, beginning of year	28,917	48,792	193,390
Cash and cash equivalents, end of year	¥27,440	¥28,917	\$183,512

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

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1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

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 in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Okumura Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than one million yen and U.S. dollars figures less than one thousand dollars were rounded down to the nearest million yen and thousand U.S. dollar, respectively, except for per share information. As a result, the totals of Japanese yen amounts or U.S. dollar amounts shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

a. Consolidation — The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 4 (4 in 2024) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 6 (7 in 2024) unconsolidated subsidiaries and 6 (6 in 2024) associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 17 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of

deposit and commercial paper, all of which mature or become due within 3 months of the date of acquisition.

c. Inventories — Construction projects in progress and work in process are stated at cost, determined by the specific identification method.

Real estate held for sale and development projects in progress are stated at the lower of cost, determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

Raw materials and supplies are stated at the lower of cost, determined by the weighted average method, or net selling value.

d. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

(1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and

(2) available-for-sale securities, which are not classified as held-to-maturity are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities, which do not have a market price, are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial statements available on the reportable date ruled by the partnership contracts.

e. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation, except for lease assets, is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016, and lease assets. The range of useful lives is principally from 3 to 60 years for buildings and structures, from 2 to 17 years for machinery and equipment, and from 2 to 15 years for furniture and fixtures. Lease assets under finance lease arrangements are depreciated using the straight-line method over the terms of the respective leases without any salvage value.

Accumulated depreciation totaled ¥2,682.3 million (\$179,387 thousand) and ¥23,418 million as of March 31, 2025 and 2024, respectively.

f. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying

amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Allowance for Doubtful Receivables — The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of estimated losses in the receivables outstanding.

h. Allowance for Warranty Work on Construction Projects — The allowance for warranty costs for completed work is provided at the amount of warranty costs based on past loss experience.

i. Allowance for Losses on Construction Contracts — An allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably expected and estimated.

j. Provision for Share Awards — Provision for share awards is provided at the estimated amount of share award obligations to provide for granting shares of the Company to employees based on the share award regulations, etc.

k. Employees' Retirement Benefits — The Company and certain consolidated subsidiaries have a contributory funded pension plan covering substantially all of their employees.

The Company and certain consolidated subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over 10 years but no longer than the expected average remaining service period of the employees.

l. Asset Retirement Obligations — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to

the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. Construction Contracts — Regarding the construction business, the primary business of the Group, the Group recognizes revenue when control of promised goods or services is transferred to a customer.

The performance obligations for construction contracts in the construction business are mainly construction and delivery of buildings, etc. When control of goods or services is transferred to a customer over time, the Group recognizes revenue over time as the performance obligation is satisfied by transferring promised goods or services to a customer. The progress toward complete satisfaction of a performance obligation is measured based on the proportion of construction costs incurred by the end of the reporting period to the total expected construction costs.

In some circumstances such as the first stage of a contract, if the Group may not be able to reasonably measure the progress toward complete satisfaction of a performance obligation but expect to recover the costs, the Group applies the cost recovery method.

Regarding construction contracts whose periods are very short from the initial transaction date of the contract to the expected date of completely satisfying performance obligations, the Group does not recognize revenue over time, but recognizes revenue when the performance obligations are satisfied completely (the time of completing and delivering constructions).

n. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

o. Derivatives and Hedging Activities — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign currency forward contracts are utilized by the Group to reduce foreign currency exchange rate risks on foreign currency denominated trade payables for imported materials. In addition, interest rate swaps are utilized by the Group to reduce interest rate risks on long-term loans. The Group does not enter into derivatives for trading or speculative purposes.

The Group has discontinued the application of hedge accounting for the forward exchange contracts used by ISHIKARI BIO ENERGY GODO KAISHA (consolidated subsidiary). Changes in the fair value of these forward exchange contracts that have occurred since hedge accounting was discontinued are recorded as other income (expenses).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

p. Per Share Information — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common

shares outstanding for the period.

Diluted net income per share is not presented as there are no dilutive potential shares.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

q. Accounting Policy Disclosures, Accounting Changes and Error Corrections — Under Accounting Standards Board of Japan (“ASBJ”) Statement No. 24, “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections,” accounting treatments are required as follows:

(1) Changes in Accounting Policies:

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:

When an error in prior-period financial statements is discovered, those statements are restated.

r. Accounting Policies and Procedures Which Are Adopted When the Provisions of the Relevant Accounting Standards Are Not Clear

Accounting for works by joint ventures formed, in order to take orders and carry out the works jointly with several constructors, are incorporated in the consolidated financial statements according to the proportion of investment equities.

s. New Accounting Pronouncements
Accounting Standard for Leases

On September 13, 2024, the ASBJ issued ASBJ Statement No. 34, “Accounting Standard for Leases” and ASBJ Guidance No. 33, “Implementation Guidance on Accounting Standard for Leases.” The ASBJ has also issued other guidance including Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance, which were revised by the issuance of the Accounting Standard for Leases, etc.

These Accounting Standards, etc. were issued to define the treatments to record assets and liabilities on all the leases of lessees in the same way as the international accounting standards.

The Company expects to apply the accounting standard and guidance from the beginning of the year ending March 31, 2028, and is in the process of measuring the effects of applying the accounting standard and guidance in future periods.

t. Additional Information

Employee Share Award Plan

(1) Outline of the Transaction

The Company and Okumura Machinery Corporation (consolidated subsidiary, hereinafter collectively referred to as the “Company, etc.”) have introduced the “Employee Share Award Plan” (hereinafter, the “Plan” and the trust established based on the trust agreement concluded with Resona Bank, Limited associated with the Plan shall be referred to as the “Trust”) as an incentive plan for the Company’s employees.

The Plan involves the Trust established by the Company through monetary contributions, which acquire shares of the Company. Based on the “Share Award Regulations” prescribed in advance by the Board of Directors of the Company, etc., the Trust provides shares of the Company and cash equivalent to the market value of shares of the Company (hereinafter collectively referred to as “Shares of the Company, etc.”) to employees who satisfy certain beneficiary requirements.

Under the Plan, the Company awards points to eligible employees on the basis of their performance evaluations and other criteria in accordance with the Share Award Regulations. If employees satisfy the specified beneficiary requirements, the Company, etc. grants Shares of the Company, etc. equivalent to the awarded points. Since the Company contributes all the money necessary to establish the Trust, there is no financial burden on employees.

The introduction of the Plan allows employees to gain economic benefits from a rise in the price of shares of the Company, encouraging them to work to improve the Company’s performance with an awareness of the share price. Additionally, the voting rights associated with shares of the Company held in the Trust are exercised based on the intentions of employees who satisfy the beneficiary requirements, so the Plan is expected to foster a sense of participation in management among employees.

(2) Shares of the Company remaining in the Trust

Shares of the Company remaining in the Trust are recorded as treasury stock in net assets at the carrying amount in the Trust (excluding incidental expenses). The carrying amount and the number of shares of treasury stock were ¥955 million (\$6,388 thousand) and 273,700 shares as of March 31, 2025, and ¥959 million and 275,000 shares as of March 31, 2024, respectively.

Impact of Improper Cost Management

On January 15, 2025, the Company received an investigation report of an internal investigation committee on improper cost management, where costs incurred in a construction project contracted to the Company were not recorded in the relevant construction project but recorded in another project (cost reassignment).

Upon consideration of the impact of the amounts of net sales, cost of sales, etc. related to cost reassignment on the consolidated financial statements for prior years, the Company determined that there is no material impact from this matter. It has therefore decided not to revise its consolidated financial statements retrospectively, and the impact was accounted for in the consolidated financial statements for the year ended March 31, 2025.

Financial Covenants

ISHIKARI BIO ENERGY GODO KAISHA was found that it had breached the financial covenants of non-recourse loans. To support its financing, the Company has concluded an additional loan agreement with ISHIKARI BIO ENERGY GODO KAISHA. The creditor has not exercised its right relating to acceleration clause.

3. Significant Accounting Estimates

Revenue Recognition over Time and Allowance for Losses on Construction Contracts

(1) Amounts recorded in the consolidated financial statements for the years ended March 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Construction revenues recognized over time	¥279,867	¥263,935	\$1,871,646
Allowance for losses on construction contracts	2,327	859	15,562

(2) Information about the contents of significant accounting estimates on the identified items

1) Calculation method

Construction revenues recognized over time are recognized by multiplying the total construction revenue by progress, which is estimated based on a proportion of construction costs incurred by the end of each reporting period to the estimated total construction costs.

In addition, when it is probable that the total construction costs will exceed total construction revenue, an allowance for losses on construction contracts will be recorded at the expected excess amount (loss on construction contracts) less the profit or loss already recognized.

2) Major assumptions

For example, in the event an agreement on consideration for changes in design or scope of a construction are not timely finalized in the contracts and other documents, the total construction revenue is obtained by estimating consideration based on the details of the change in works and other matters as instructed.

Total construction costs are estimated mainly considering the market conditions of materials and subcontract costs and individual risk factors associated with the progress of works.

These estimates and underlying assumptions are continuously reviewed.

3) Impact on the consolidated financial statements for the following fiscal year

Any changes in major assumptions as of March 31, 2025, might affect construction revenue and allowance for losses on construction contracts for the following fiscal year.

Impairment of the Property, plant and equipment of a Consolidated Subsidiary

(1) Amounts recorded in the consolidated financial statements for the years ended March 31, 2025 and 2024

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Impairment losses	¥13,234	¥ —	\$88,508
Property, plant and equipment	6,597	21,032	44,122

(2) Information about the contents of significant accounting estimates on the identified items

1) Calculation method

The Group is engaged in the biomass power generation business through ISHIKARI BIO ENERGY GODO KAISHA. The Group has identified ISHIKARI BIO ENERGY GODO KAISHA as an asset group, based on the management accounting classifications by which revenues and expenses are monitored on an ongoing basis.

Due to an explosion that occurred in the power generation equipment of ISHIKARI BIO ENERGY GODO KAISHA in the year ended March 31, 2025, hedge accounting was discontinued for forward exchange contracts. Also, due to prolonged suspension of operations, the Group identified indications of impairment for property, plant and equipment. As a result of estimating the future cash flows of ISHIKARI BIO ENERGY GODO KAISHA, due to the delay of its operation recommencement and the increase in the expected capital expenditures required to prevent recurrence, the total undiscounted future cash flows from business operation were less than the carrying amount of the assets, and therefore, impairment losses were recognized. The recoverable amount of the asset group is its value in use, calculated based on future cash flows and a discount rate.

2) Major assumptions

The future cash flows of ISHIKARI BIO ENERGY GODO KAISHA were estimated based on its business plan. The assumptions used in this estimation include the expected capital expenditures required to prevent recurrence and the timing of its operation recommencement, based on a consistent consideration of information concerning the business environment and other external factors. The discount rate was determined based on factors such as the economic conditions and market interest rates.

3) Impact on the consolidated financial statements for the following fiscal year

Any changes in major assumptions might affect the consolidated financial statements for the following fiscal year.

4. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Non-current:			
Marketable equity securities	¥58,286	¥66,599	\$389,797
Non-marketable equity securities and other	1,937	1,884	12,954
Total	¥60,223	¥68,483	\$402,752

The costs and aggregate fair values of marketable and investment securities at March 31, 2025 and 2024, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2025				
Securities classified as:				
Available-for-sale:				
Equity securities	¥15,641	¥42,655	¥10	¥58,286

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	¥17,723	¥48,879	¥2	¥66,599

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2025				
Securities classified as:				
Available-for-sale:				
Equity securities	\$104,602	\$285,264	\$68	\$389,797

The information for available-for-sale securities which were sold during the years ended March 31, 2025 and 2024 is as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2025			
Available-for-sale:			
Equity securities	¥5,694	¥3,599	¥—

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
March 31, 2024			
Available-for-sale:			
Equity securities	¥4,179	¥3,205	¥—

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
March 31, 2025			
Available-for-sale:			
Equity securities	\$38,084	\$24,072	\$—

The impairment loss on equity securities of an unconsolidated subsidiary for the year ended March 31, 2025, was ¥66 million (\$444 thousand).

No impairment loss was recognized for the year ended March 31, 2024.

5. Inventories

Inventories at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Construction projects in progress	¥5,340	¥3,695	\$35,718
Real estate held for sale	493	933	3,299
Development projects in progress	2,247	1,960	15,029
Work in process	815	926	5,455
Raw materials and supplies	675	582	4,515
Total	¥9,572	¥8,098	\$64,019

6. Long-Lived Assets

Impairment Losses

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

Location	Use	Type	Millions of Yen	Thousands of U.S. Dollars
Ishikari City, Hokkaido	Biomass power generation equipment	Machinery and equipment, etc.	¥12,915	\$86,373
Ishikari City, Hokkaido		Goodwill	319	2,134

The Group is engaged in the biomass power generation business through ISHIKARI BIO ENERGY GODO KAISHA. The Group has identified ISHIKARI BIO ENERGY GODO KAISHA as an asset group, based on the management accounting classifications by which revenues and expenses are monitored on an ongoing basis.

As for the assets of ISHIKARI BIO ENERGY GODO KAISHA and goodwill recognized at the time of its acquisition, due to a decline in profitability resulting from the explosion at its power plant, the carrying amount of these assets was reduced to its recoverable amount. As a result, the Group recorded an impairment loss as other expenses.

The recoverable amount was measured as value in use, with future cash flow discounted at 5.0%.

7. Investment Property

The Group owns certain rental properties such as residential buildings, warehouses, and land in Osaka and other areas. Some rental warehouses leased to third parties of which the Company utilizes a part are classified as rental properties in part.

The net of rental income and operating expenses for those rental properties was ¥2,852 million (\$19,079 thousand) and ¥3,109 million for the years ended March 31, 2025 and 2024, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties were as follows:

	Millions of Yen			Fair Value
	Carrying Amount			March 31,
	April 1, 2024	Increase/ Decrease	March 31, 2025	2025
Rental properties	¥35,101	¥4,288	¥39,390	¥81,656
Rental properties in part	1,080	60	1,140	2,321
Total	¥36,181	¥4,349	¥40,531	¥83,977

	Millions of Yen			Fair Value
	Carrying Amount			March 31,
	April 1, 2023	Increase/ Decrease	March 31, 2024	2024
Rental properties	¥34,128	¥973	¥35,101	¥72,678
Rental properties in part	1,112	(32)	1,080	2,041
Total	¥35,240	¥941	¥36,181	¥74,719

	Thousands of U.S. Dollars			Fair Value
	Carrying Amount			March 31,
	April 1, 2024	Increase/ Decrease	March 31, 2025	2025
Rental properties	\$234,745	\$28,681	\$263,427	\$546,087
Rental properties in part	7,222	406	7,629	15,522
Total	\$241,968	\$29,088	\$271,056	\$561,610

Notes:

- (1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
- (2) The main increases for the year ended March 31, 2025 were acquisition of rental properties of ¥3,522 million (\$23,558 thousand) and transfer from business properties to rental properties of ¥1,363 million (\$9,120 thousand), and major decrease was depreciation of ¥401 million (\$2,682 thousand).
- (3) Fair value of properties as of March 31, 2025 and 2024 is measured in accordance with real-estate appraisal performed by real-estate appraisers for primary properties. The amount measured by the Group is in accordance with its Real-Estate Appraisal Standard for other properties (including those measured using indicators).

8. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at March 31, 2025 and 2024, consisted of bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 1.1% to 1.7% at March 31, 2025 and 0.5% to 1.1% at March 31, 2024.

Long-term debt at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loans from banks and other financial institutions, due serially to 2037 with interest rates ranging from 0.6% to 6.0%			
Unsecured	¥ 6,108	¥ 5,110	\$ 40,849
Non-recourse loans	20,172	22,333	134,903
Obligations under finance leases	23	21	160
Total	26,304	27,466	175,913
Less current portion	(1,109)	(7)	(7,417)
Long-term debt, less current portion	¥25,195	¥27,458	\$168,495

Annual maturities of long-term debt, excluding finance leases, at March 31, 2025, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 1,101	\$ 7,369
2027	3,617	24,193
2028	3,509	23,471
2029	3,559	23,806
2030	2,547	17,037
2031 and thereafter	11,943	79,874
Total	¥26,280	\$175,752

Assets pledged as collateral for non-recourse debt were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Amount of business assets of a consolidated subsidiary engaged in renewable energy business pledged as collateral for non-recourse loans	¥26,863	¥41,865	\$179,656

9. Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

(1) The changes in defined benefit obligations for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥21,578	¥20,831	\$144,306
Current service costs	1,325	1,283	8,867
Interest costs	107	104	721
Actuarial losses (gains)	(3,539)	21	(23,671)
Benefits paid	(717)	(662)	(4,796)
Balance at end of year	¥18,755	¥21,578	\$125,427

(2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥27,103	¥25,266	\$181,256
Expected return on plan assets	243	227	1,631
Actuarial gains (losses)	(464)	1,182	(3,106)
Contributions from the employer	1,109	1,088	7,416
Benefits paid	(717)	(662)	(4,796)
Balance at end of year	¥27,274	¥27,103	\$182,401

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Defined benefit obligation	¥ 18,755	¥ 21,578	\$ 125,427
Plan assets	(27,274)	(27,103)	(182,401)
Total	(8,519)	(5,525)	(56,973)
Unfunded defined benefit obligation	—	—	—
Net asset arising from defined benefit obligation	¥ (8,519)	¥ (5,525)	\$ (56,973)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Asset for retirement benefits	¥(8,519)	¥(5,525)	\$(56,973)
Net asset arising from defined benefit obligation	¥(8,519)	¥(5,525)	\$(56,973)

(4) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service costs	¥1,325	¥1,283	\$ 8,867
Interest costs	107	104	721
Expected return on plan assets	(243)	(227)	(1,631)
Recognized actuarial losses (gains)	(392)	(385)	(2,627)
Amortization of past service costs	0	0	2
Net periodic benefit costs	¥ 797	¥ 774	\$ 5,332

(5) Amounts recognized in other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial gains (losses)	¥2,682	¥ 776	\$17,936
Past service costs	0	0	2
Total	¥2,682	¥ 776	\$17,939

(6) Amounts recognized in accumulated other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial (losses) gains	¥(4,554)	¥(1,872)	\$(30,461)
Unrecognized past service costs	141	142	947
Total	¥(4,413)	¥(1,730)	\$(29,513)

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
Debt investments	38%	38%
Equity investments	14	15
Life insurance general account assets	31	30
Others	17	17
Total	100%	100%

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

The 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.

(8) Assumptions used for the years ended March 31, 2025 and 2024, are set forth as follows:

	2025	2024
Discount rate	1.84%	0.50%
Expected rate of return on plan assets	0.90	0.90

The discount rate which was applied in the calculation of defined benefit obligations at the beginning of the year ended March 31, 2025 was 0.50%, but the Group reexamined the discount rate at March 31, 2025. As a result, the discount rate was changed to 1.84% based on the judgment that the change in the discount rate would have a material impact on the amount of defined benefit obligations.

10. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Committee, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. Income Taxes

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Impairment losses	¥ 4,057	¥ —	\$ 27,137
Tax loss carryforwards (*2)	3,561	1,722	23,818
Impairment losses on securities	1,681	1,694	11,245
Write-down of inventories and others	1,124	1,215	7,519
Allowance for bonuses	942	1,111	6,306
Allowance for losses on construction contracts	724	262	4,844
Allowance for doubtful accounts	669	647	4,479
Accrued expenses	518	571	3,469
Other	959	732	6,418
Less valuation allowance on tax loss carryforward (*2)	(3,561)	(1,722)	(23,818)
Less valuation allowance on sum of future deductible temporary difference	(8,573)	(4,135)	(57,339)
Total	2,105	2,100	14,081
Deferred tax liabilities:			
Net unrealized gain (loss) on available-for-sale securities	(12,473)	(13,918)	(83,420)
Deferred gain (loss) on hedges	(4,944)	(3,386)	(33,066)
Asset for retirement benefits	(2,683)	(1,690)	(17,946)
Retained earnings appropriated for special allowance, etc.	(1,876)	(1,842)	(12,548)
Total	(21,978)	(20,838)	(146,981)
Net deferred tax liabilities	¥(19,872)	¥(18,738)	\$ (132,900)

Notes (*1). Valuation allowance increased by ¥6,277 million (\$41,981 thousand). The main increase was due to additional recognition of valuation allowance of ¥4,057 million (\$27,137 thousand) for impairment losses of ISHIKARI BIO ENERGY GODO KAISHA and valuation allowance of ¥1,838 million (\$12,296 thousand) for tax loss carryforward.

Notes (*2). Tax loss carryforwards and amount of deferred tax assets by maturity

	Millions of Yen						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
March 31, 2025							
Tax loss carryforwards*	¥ 94	¥ 48	¥—	¥ 38	¥ 293	¥ 3,086	¥ 3,561
Valuation allowance	(94)	(48)	—	(38)	(293)	(3,086)	(3,561)
Deferred tax assets	—	—	—	—	—	—	—

	Millions of Yen						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
March 31, 2024							
Tax loss carryforwards*	¥ 2	¥ 94	¥ 47	¥—	¥ 37	¥ 1,541	¥ 1,722
Valuation allowance	(2)	(94)	(47)	—	(37)	(1,541)	(1,722)
Deferred tax assets	—	—	—	—	—	—	—

	Thousands of U.S. Dollars						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
March 31, 2025							
Tax loss carryforwards*	\$ 634	\$ 324	\$ —	\$255	\$ 1,963	\$ 20,640	\$ 23,818
Valuation allowance	(634)	(324)	—	(255)	(1,963)	(20,640)	(23,818)
Deferred tax assets	—	—	—	—	—	—	—

* The tax loss carryforwards presented above are the amounts multiplied by the effective statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2025 was omitted since a loss before income taxes was recorded.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2024 was as follows:

	2024
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	0.6
Incomes not taxable for income tax purposes	(0.5)
Inhabitant tax per capita	0.8
Special income tax credits	(0.9)
Change in valuation allowance	1.1
Other—net	1.4
Actual effective tax rate	33.1%

The “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025. As a result, the “Special Defense Corporate Tax” will be levied from the fiscal year beginning on or after April 1, 2026.

According to this, the effective statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be realized or settled after April 1, 2026, has been changed from 30.6% to 31.5%.

The effect of this change was to increase deferred tax liabilities (net of deferred tax assets) by ¥608 million (\$4,072 thousand) and income taxes - deferred by ¥83 million (\$561 thousand), respectively, and to decrease unrealized gain (loss) on available-for-sale securities by ¥356 million (\$2,383 thousand), deferred gain (loss) on hedges by ¥128 million (\$862 thousand), and defined retirement benefit plans have decreased by ¥39 million (\$265 thousand), respectively, for the year ended March 31, 2025.

12. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

Please see Note 21 “Segment Information.”

(2) Underlying information in understanding revenue from contracts with customers

Please see Note 2.m. “Construction Contracts.”

(3) Satisfaction of performance obligations based on contracts with customers and relationship with cash flows arising from such contracts, and the amount and timing of revenue from contracts with customers existing at the end of the fiscal year expected to be recognized in the following fiscal years

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

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	Beginning balance	Ending balance	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers	¥56,356	¥67,745	¥60,544	¥56,356	\$376,888	\$453,058
Contract assets	115,962	122,817	71,903	115,962	775,516	821,358
Contract liabilities	18,799	17,806	12,192	18,799	125,723	119,084

(Notes) 1. Contract assets primarily relate to the right of the Group, primarily based on the construction contracts with customers, to consideration for goods or services for which control has been transferred to a customer. Once the Group has an unconditional right to consideration, it reclassifies contract assets to receivables from contracts with customers. The consideration is charged and received in accordance with the payment term determined with a customer by contract.

2. Contract liabilities primarily relate to advances received from customers based on the payment terms of construction contracts with customers. Contract liabilities that are reversed as revenue is recognized. The beginning balance of contract liabilities is included in revenue from contracts with customers for the years ended March 31, 2025 and 2024 in its almost entirety.

3. The amount of revenue recognized in the years ended March 31, 2025 and 2024 from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly fluctuations of transaction amounts based on changes in design or scope) is immaterial.

b. Transaction prices allocated to remaining performance obligations

The transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2025 and 2024 amounted to ¥614,889 million (*1,2) (\$4,112,146 thousand) and ¥538,294 million (*1, 2), respectively, and revenue is expected to be recognized within approximately 5 years.

*1 The transaction prices describe the price allocated to the remaining performance obligations for the construction business, the primary business of the Group.

*2 The transaction prices include the changes in design or scope for which an agreement on the consideration is not determined in the contracts and other documents. The transaction prices for the changes in design or scope are estimated based on the details of the change in works and other matters as instructed.

13. Research and Development Costs

Research and development costs charged to income were ¥1,774 million (\$11,869 thousand) and ¥1,804 million for the years ended March 31, 2025 and 2024, respectively.

14. Leases

Operating leases

Future minimum lease receivables or payments under noncancelable operating leases at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
As a lessor:			
Due within one year	¥ 1,949	¥ 2,227	\$ 13,036
Due after one year	17,469	16,366	116,826
Total	¥19,418	¥18,593	\$129,862
As a lessee:			
Due within one year	¥ 274	¥ 262	\$ 1,838
Due after one year	1,004	1,244	6,718
Total	¥ 1,279	¥ 1,507	\$ 8,556

15. Financial Instruments and Related Disclosures

(1) Disclosures on financial instruments

1) Group policy for financial instruments

At the Group level, cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are not used for speculative purposes, but to manage its exposure to fluctuations in foreign currency exchange and interest rates.

2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than one year.

Bank loans are utilized to finance principally working capital and non-recourse loans are used for financing the renewable energy business of a consolidated subsidiary.

3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include continuously determining customers' circumstances from the phase of accepting orders to that of collection of the receivables, along with monitoring of payment terms and balances of each transaction.

Market risk management (foreign exchange risk and interest rate risk)

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis. Also, the Group continuously reviews its possession of those securities, except for held-to-maturity securities.

Payables denominated in foreign currencies in association with import of materials for renewable energy business are exposed to fluctuations in foreign exchange rates. The Group utilizes derivative instruments (comprehensive long-term foreign currency forward contracts) as hedging instruments to manage these market risks.

Bank loans with floating interest rates are exposed to fluctuations in interest rates. With respect to non-recourse loans, the Group utilizes derivatives (interest rate swaps) by individual contract as hedging instruments to avoid the fluctuation risk of interest expenses and fix interest expenses. The hedge accounting method is described in Note 2.o.

Please see Note 16 for more details about derivatives.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by making the appropriate cash schedule on a monthly basis.

(2) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2025			
Receivables—trade notes and accounts	¥190,568		
Allowance for doubtful receivables (*4)	(190)		
Net	190,378	¥189,487	¥(890)
Investment securities (*3)			
Available-for-sale securities	58,286	58,286	—
Total	¥248,665	¥247,774	¥(890)
Long-term bank loans	¥ 5,000	¥ 4,858	¥(141)
Non-recourse loans	20,172	19,589	(582)
Total	¥ 25,172	¥ 24,447	¥(724)
Derivatives (*5)	¥ 14,177	¥ 14,177	¥ —

(*1) The fair value of "Cash and cash equivalents," "Time deposits," "Payables – Trade notes, accounts, etc." and "Short-term loans" is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.

(*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above "Investment securities." Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was ¥1,313 million.

(*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to ¥797 million.

(*4) Allowance for doubtful receivables recorded on "Receivables – trade notes and accounts" is individually recognized and deducted from such receivables.

(*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2024			
Receivables—trade notes and accounts	¥172,323		
Allowance for doubtful receivables (*4)	(183)		
Net	172,140	¥172,012	¥(128)
Investment securities (*3)			
Available-for-sale securities	66,599	66,599	—
Long-term loans receivable	48		
Allowance for doubtful long-term loans receivable (*4)	(0)		
Net	48	45	(3)
Total	¥238,789	¥238,657	¥(131)
Lease liabilities	¥ 21	¥ 20	¥ (1)
Long-term bank loans	5,100	5,075	(24)
Non-recourse loans	22,333	21,922	(411)
Total	¥ 27,455	¥ 27,018	¥(437)
Derivatives (*5)	¥ 11,306	¥ 11,306	¥ —

- (*1) The fair value of "Cash and cash equivalents," "Time deposits," "Payables – Trade notes, accounts, etc." and "Short-term loans" is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.
- (*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above "Investment securities." Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was ¥1,388 million.
- (*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to ¥744 million.
- (*4) Allowance for doubtful receivables recorded on "Receivables – trade notes and accounts" or "Long-term loans receivable" is individually recognized and deducted from such receivables.
- (*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2025			
Receivables—trade notes and accounts	\$1,274,451		
Allowance for doubtful receivables (*4)	(1,272)		
Net	1,273,179	\$1,267,223	\$(5,956)
Investment securities (*3)			
Available-for-sale securities	389,797	389,797	—
Total	\$1,662,977	\$1,657,021	\$(5,956)
Long-term bank loans	\$ 33,438	\$ 32,489	(948)
Non-recourse loans	134,903	131,008	(3,895)
Total	\$ 168,341	\$ 163,497	\$(4,844)
Derivatives (*5)	\$ 94,814	\$ 94,814	\$ —

- (*1) The fair value of "Cash and cash equivalents," "Time deposits," "Payables – Trade notes, accounts, etc." and "Short-term loans" is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.
- (*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above "Investment securities." Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was \$8,784 thousand.
- (*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to \$5,331 thousand.
- (*4) Allowance for doubtful receivables recorded on "Receivables – trade notes and accounts" is individually recognized and deducted from such receivables.
- (*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

(Note) 1 Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	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
March 31, 2025				
Cash and cash equivalents, Time deposits	¥ 28,714	¥ —	¥—	¥—
Receivables—trade notes and accounts	144,571	45,997	—	—
Long-term loans receivable	—	24	35	—
Total	¥173,285	¥46,021	¥35	¥—

	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
March 31, 2024				
Cash and cash equivalents, Time deposits	¥ 30,248	¥ —	¥ —	¥—
Receivables—trade notes and accounts	153,601	17,934	788	—
Long-term loans receivable	—	34	24	—
Total	¥183,849	¥17,968	¥812	¥—

	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
March 31, 2025				
Cash and cash equivalents, Time deposits	\$ 192,030	\$ —	\$ —	\$—
Receivables—trade notes and accounts	966,836	307,614	—	—
Long-term loans receivable	—	162	237	—
Total	\$1,158,867	\$307,777	\$237	\$—

(Note) 2 Please see Note 8 for annual maturities of long-term debt.

(3) Fair value information by level within the fair value hierarchy

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

Level 1 fair value: Fair value measured by using quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured by using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured by using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest priority in the entire measurement.

1) Financial instruments measured at fair values in the consolidated balance sheet

	Millions of Yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
March 31, 2025				
Investment securities				
Available-for-sale securities:				
Equity securities	¥58,286	¥ —	¥—	¥58,286
Derivatives				
Currency related	—	13,362	—	13,362
Interest rate related	—	815	—	815
Total assets	¥58,286	¥14,177	¥—	¥72,464

	Millions of Yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
March 31, 2024				
Investment securities				
Available-for-sale securities:				
Equity securities	¥66,599	¥ —	¥—	¥66,599
Derivatives				
Currency related	—	10,868	—	10,868
Interest rate related	—	437	—	437
Total assets	¥66,599	¥11,306	¥—	¥77,906

	Thousands of U.S. Dollars			
	Fair value			Total
	Level 1	Level 2	Level 3	
March 31, 2025				
Investment securities				
Available-for-sale securities:				
Equity securities	\$389,797	\$ —	\$—	\$389,797
Derivatives				
Currency related	—	89,360	—	89,360
Interest rate related	—	5,453	—	5,453
Total assets	\$389,797	\$94,814	\$—	\$484,612

2) Financial instruments not measured at fair values in the consolidated balance sheet

Millions of Yen

Fair value

March 31, 2025

	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	¥—	¥189,487	¥—	¥189,487
Total assets	¥—	¥189,487	¥—	¥189,487
Long-term debt	¥—	¥ 4,858	¥—	¥ 4,858
Non-recourse loans	—	19,589	—	19,589
Total liabilities	¥—	¥ 24,447	¥—	¥ 24,447

Millions of Yen

Fair value

March 31, 2024

	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	¥—	¥172,012	¥—	¥172,012
Long-term loans receivable	—	45	—	45
Total assets	¥—	¥172,058	¥—	¥172,058
Lease liabilities	¥—	¥ 20	¥—	¥ 20
Long-term debt	—	5,075	—	5,075
Non-recourse loans	—	21,922	—	21,922
Total liabilities	¥—	¥ 27,018	¥—	¥ 27,018

Thousands of U.S. Dollars

Fair value

March 31, 2025

	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	\$—	\$1,267,223	\$—	\$1,267,223
Total assets	\$—	\$1,267,223	\$—	\$1,267,223
Long-term debt	\$—	\$ 32,489	\$—	\$ 32,489
Non-recourse loans	—	131,008	—	131,008
Total liabilities	\$—	\$ 163,497	\$—	\$ 163,497

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair values are categorized as Level 1.

Derivatives

The fair values of interest rate swaps and forward exchange contracts are measured by using the discounted present value techniques based on observable inputs, such as interest rates and exchange rates, and are categorized as Level 2.

Trade notes and accounts receivable

The fair values of these items are measured by using the discounted present value techniques based on the recoverable amount reflecting credit risk and an interest rate obtained from appropriate indicators such as government bond yields according to maturity periods, for each receivable amount categorized by a specified period, and are categorized as Level 2 because the impact of unobservable inputs on the fair value is immaterial.

Long-term loans receivable

The fair values of long-term loans receivable are measured separately for each loan agreement using the discounted present value techniques based on future cash flows and an interest rate obtained by adding the credit spread to appropriate indicators such as government bond yields for each loan agreement, and are categorized as Level 2.

Lease liabilities

The fair values of lease liabilities are measured by using the discounted present value techniques based on the total amount of principals and interests, the remaining period of such liabilities, and an interest rate obtained by adding credit risk, for each liabilities amount categorized by a specified period, and are categorized as Level 2.

Long-term debt and non-recourse loans

The fair values of these items are measured separately for each loan agreement. The fair values of floating rate borrowings are measured as carrying amount because their rates reflect the market interest rates in a timely manner and their carrying amounts approximate fair value. The fair values of fixed-rate borrowings are measured by using the discounted present value techniques based on future cash flows and an interest rate obtained by adding the credit spread to appropriate indicators such as government bond yields. The fair values are categorized as Level 2.

16. Derivatives

The Group enters into derivatives, in the normal course of business, to reduce the exposure to fluctuations in foreign exchange and interest rates. The primary classes of derivatives used by the Group are foreign currency forward contracts and interest rate swaps.

The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied:

Millions of Yen				
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain
March 31, 2025				
Foreign currency forward contracts				
Buying: U.S. Dollars	¥41,563	¥36,075	¥13,362	¥13,362

Thousands of U.S. Dollars				
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain
March 31, 2025				
Foreign currency forward contracts				
Buying: U.S. Dollars	\$277,957	\$241,256	\$89,360	\$89,360

(Note) The Group has discontinued hedge accounting for above derivative transactions since they no longer satisfy the requirements for hedge accounting.

There were no derivative transactions to which hedge accounting is not applied at March 31, 2024.

Derivative transactions to which hedge accounting is applied:

Millions of Yen				
	Hedged item	Contract amount	Contract amount due after one year	Fair value
March 31, 2025				
Interest rate swaps	Non-recourse loans	¥15,546	¥13,852	¥815
Floating-rate receipt, fixed-rate payment				

Millions of Yen				
	Hedged item	Contract amount	Contract amount due after one year	Fair value
March 31, 2024				
Foreign currency forward contracts	Foreign currency denominated forward contracts	¥42,914	¥39,174	¥10,868
Buying: U.S. Dollars				
Interest rate swaps	Non-recourse loans	17,215	15,546	437
Floating-rate receipt, fixed-rate payment				

Thousands of U.S. Dollars				
	Hedged item	Contract amount	Contract amount due after one year	Fair value
March 31, 2025				
Interest rate swaps	Non-recourse loans	\$103,970	\$92,637	\$5,453
Floating-rate receipt, fixed-rate payment				

17. Assets Pledged as Collateral

Land in the amount of ¥20 million (\$139 thousand) is pledged for a deposit received from a lessee related to a fixed-term land leasehold at March 31, 2025. Land in the amount of ¥1,458 million (\$9,752 thousand) and buildings in the amount of ¥853 million (\$5,710 thousand) are pledged as construction assistance funds pursuant to building lease contracts at March 31, 2025.

Investment securities in the amount of ¥15 million (\$105 thousand) and investments in and advances to unconsolidated subsidiaries and associated companies in the amount of ¥50 million (\$337 thousand) are pledged as collateral for contract performance obligation of the private finance initiative (PFI) business, and the loans of an affiliate, respectively, at March 31, 2025.

Time deposits in the amount of ¥1,151 million (\$7,701 thousand) are pledged as security for performance obligation of construction contracts at March 31, 2025.

Assets pledged as collateral for non-recourse debts are business assets of a consolidated subsidiary engaged in renewable energy business for the amount of ¥26,863 million (\$179,656 thousand) at March 31, 2025.

18. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities			
(Loss) gain arising during the year	¥ (2,619)	¥ 17,873	\$ (17,515)
Reclassification adjustments to profit or loss	(3,589)	(3,203)	(24,005)
Amount before income tax effect	(6,208)	14,669	(41,521)
Income tax effect	1,444	(4,494)	9,662
Total	¥ (4,763)	¥ 10,175	\$ (31,858)
Deferred gain (loss) on hedges			
Gain arising during the year	¥ 5,247	¥ 7,666	\$ 35,093
Reclassification adjustments to profit or loss	(577)	(1,873)	(3,860)
Amount before income tax effect	4,670	5,793	31,233
Income tax effect	(1,558)	(1,772)	(10,419)
Total	¥ 3,112	¥ 4,020	\$ 20,813
Defined retirement benefit plans			
Adjustments arising during the year	¥ 3,074	¥ 1,161	\$ 20,564
Reclassification adjustments to profit or loss	(392)	(385)	(2,624)
Amount before income tax effect	2,682	776	17,939
Income tax effect	(860)	(237)	(5,754)
Total	¥ 1,821	¥ 538	\$ 12,184
Total other comprehensive income	¥ 170	¥ 14,734	\$ 1,139

19. Per Share Information

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥4,894.08	¥5,123.61	\$32.72
Basic net income per share	¥ 74.00	¥ 339.30	\$ 0.49

(Note) 1. The basis for the calculation of basic net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net income attributable to owners of the parent	¥2,722	¥12,493	\$18,209
Net income not attributable to common shareholders	—	—	—
Net income attributable to owners of the parent available to common stock	¥2,722	¥12,493	\$18,209
Average number of shares of common stock during the year (thousands)	36,791	36,820	

As noted in Note 2.t., the Company has introduced the Employee Share Award Plan. In calculating the number of weighted-average number of shares above, the average number of treasury shares (1,873 thousands and 1,845 thousands in 2025 and 2024, respectively), of which the number of shares that are held by the Trust (274 thousands and 275 thousands in 2025 and 2024, respectively), is reflected.

(Note) 2. The basis for the calculation of net assets per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥172,455	¥191,573	\$1,153,319
Amount deducted from total net assets	(4,829)	2,882	(32,300)
<i>[Of which: noncontrolling interests]</i>	[(4,829)]	<i>[2,882]</i>	[(32,300)]
Net assets of common stock	¥177,285	¥188,691	\$1,185,619
Number of shares of common stock at March 31 (thousands)	36,224	36,827	

As noted in Note 2.t., the Company has introduced the Employee Share Award Plan. In calculating the number of shares above, the number of treasury shares at March 31 (2,440 thousands and 1,837 thousands in 2025 and 2024, respectively), of which the number of shares that are held by the Trust (273 thousands and 275 thousands in 2025 and 2024, respectively), is reflected.

20. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the Company's shareholders' meeting held on June 27, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥103 (\$0.68) per share	¥3,759*	\$25,140*

*The total year-end cash dividends include cash dividends of ¥28 million (\$188 thousand) paid on shares of the Company held by the trust account associated with the Trust.

21. 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 Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of "Civil engineering," "Architectural construction," and "Investment development."

2. Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." Segment profit (loss) is based on operating income and intersegment sales are based on the market prices.

Assets for the reportable segments are not presented as there are no assets allocated to the reportable segments.

3. Information about sales, profit, assets, liabilities, other items and disaggregation of revenue is as follows:

	Millions of Yen							
	2025							
	Reportable segment							
	Civil engineering	Architectural construction	Investment development (Note 1)	Total	Other (Note 2)	Total	Reconciliations (Note 3)	Consolidated (Note 4)
Sales								
Domestic public agencies	¥62,849	¥ 33,119	¥ 79	¥ 96,048	¥ 32	¥ 96,080	¥ —	¥ 96,080
Domestic non-government	29,659	152,431	3,724	185,815	5,656	191,472	—	191,472
Overseas	6,515	—	—	6,515	82	6,597	—	6,597
Revenue from contracts with customers	99,024	185,551	3,803	288,379	5,771	294,151	—	294,151
Revenue from other sources	—	—	4,071	4,071	—	4,071	—	4,071
Sales to external customers	99,024	185,551	7,875	292,451	5,771	298,222	—	298,222
Intersegment sales or transfers	—	—	37	37	1,265	1,303	(1,303)	—
Total	99,024	185,551	7,913	292,488	7,037	299,526	(1,303)	298,222
Segment profit (loss)	4,722	6,623	(2,109)	9,236	455	9,691	40	9,731
Other:								
Depreciation	¥ 483	¥ 723	¥ 2,856	¥ 4,064	¥ 65	¥ 4,130	¥ (7)	¥ 4,123
Amortization of goodwill	—	—	29	29	—	29	—	29

Millions of Yen

2024

	Reportable segment				Other (Note 2)	Total	Reconciliations (Note 3)	Consolidated (Note 4)
	Civil engineering	Architectural construction	Investment development	Total				
Sales								
Domestic public agencies	¥ 61,492	¥ 23,087	¥ 23	¥ 84,602	¥ 66	¥ 84,668	¥ —	¥ 84,668
Domestic non-government	32,743	142,098	10,081	184,922	5,220	190,143	—	190,143
Overseas	8,918	—	—	8,918	308	9,226	—	9,226
Revenue from contracts with customers	103,154	165,185	10,104	278,444	5,594	284,039	—	284,039
Revenue from other sources	—	—	4,107	4,107	—	4,107	—	4,107
Sales to external customers	103,154	165,185	14,211	282,551	5,594	288,146	—	288,146
Intersegment sales or transfers	—	—	37	37	2,020	2,057	(2,057)	—
Total	103,154	165,185	14,248	282,589	7,615	290,204	(2,057)	288,146
Segment profit	9,552	914	2,605	13,072	614	13,686	21	13,708
Other:								
Depreciation	¥ 511	¥ 692	¥ 3,088	¥ 4,292	¥ 55	¥ 4,347	¥ (7)	¥ 4,340
Amortization of goodwill	—	—	29	29	—	29	—	29

Thousands of U.S. Dollars								
2025								
	Reportable segment				Other (Note 2)	Total	Reconciliations (Note 3)	Consolidated (Note 4)
	Civil engineering	Architectural construction	Investment development (Note 1)	Total				
Sales								
Domestic public agencies	\$420,311	\$ 221,491	\$ 529	\$ 642,332	\$ 218	\$ 642,551	\$ —	\$ 642,551
Domestic non-government	198,353	1,019,405	24,907	1,242,665	37,831	1,280,497	—	1,280,497
Overseas	43,572	—	—	43,572	549	44,121	—	44,121
Revenue from contracts with customers	662,237	1,240,896	25,436	1,928,571	38,599	1,967,170	—	1,967,170
Revenue from other sources	—	—	27,230	27,230	—	27,230	—	27,230
Sales to external customers	662,237	1,240,896	52,667	1,955,801	38,599	1,994,401	—	1,994,401
Intersegment sales or transfers	—	—	253	253	8,462	8,716	(8,716)	—
Total	662,237	1,240,896	52,921	1,956,055	47,062	2,003,117	(8,716)	1,994,401
Segment profit (loss)	31,579	44,294	(14,104)	61,769	3,044	64,813	267	65,081
Other:								
Depreciation	\$ 3,236	\$ 4,841	\$19,105	\$ 27,183	\$ 440	\$ 27,623	\$ (46)	\$ 27,576
Amortization of goodwill	—	—	198	198	—	198	—	198

Notes:

1. Impairment loss on goodwill in the amount of ¥319 million (\$2,134 thousand) is included in "Investment development." In addition, impairment loss on the property, plant and equipment in the amount of ¥12,915 million (\$86,373 thousand) is included in "Investment development."
2. "Other" is a business segment which is not included in any reportable segment and includes business related to manufacturing and sale of construction machinery, materials, and so on.
3. Reconciliations to segment profit (loss) in the amount of ¥40 million (\$267 thousand) and ¥21 million for the years ended March 31, 2025 and 2024, respectively, include eliminations of intersegment transactions.
4. The consolidated amounts of segment profit (loss) above correspond to the amounts of operating income in the consolidated statement of income.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Okumura Corporation:

<Audit of Consolidated Financial Statements>

Opinion

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

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

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognized over time	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in Note 2.m. "Summary of Significant Accounting Policies – Construction Contracts" to the consolidated financial statements, the Group recognizes revenue over time as the Group satisfies the performance obligations by transferring control of a promised good or service to a customer. Revenues recognized over time were ¥279,867 million out of total construction revenue of ¥284,575 million for the current year.</p> <p>As described in Note 3. "Summary of Significant Accounting Policies – Significant Accounting Estimates," construction revenues recognized over time based on satisfying performance obligations according to the construction contracts are recognized by multiplying the total construction revenue by the stage of completion of the contract, which is calculated as a percentage of actual costs incurred at the balance sheet date. The measurement of the total construction revenue, the total construction costs and the stage of completion of the contract involve significant estimates and judgments made by management.</p>	<p>Based on our understanding of the business environment surrounding the Group and its industry, we evaluated the design and operating effectiveness of internal controls, including Information Technology controls, over the process of revenue recognition over time based on satisfaction of the performance obligations. Our procedures related to estimated total construction revenue and total construction costs were as follows:</p> <p>(1) Estimated total construction revenue We performed inquiries and inspected related documents to test the design and operating effectiveness of internal controls related to the determination of the estimated contract amount. This included approval of the reports on certain projects prepared by estimating the contract amount for the agreed upon changes in each construction project, and monitoring activities.</p> <p>(2) Estimated total construction costs We performed inquiries and inspected related documents to test the design and operating effectiveness of internal controls related to approval of the reports on working budget, construction projects and costs incurred to date, and monitoring activities.</p>

Revenue recognized over time	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The reliability of estimating the total construction revenue and the total construction costs in applying revenue recognition over time has a significant impact on the consolidated financial statements where a higher estimation uncertainty may exist in relation to the following matters:</p> <p>(1) Estimating total construction revenue During construction, when changes in the design or scope of construction are agreed with customers but the construction contract has not been revised to update the contract amount in a timely manner, the total construction revenue may be revised using the estimated contract amount based on amendments mutually agreed with customers (the "estimated contract amount"). Management's estimate of the total construction may affect the accuracy of the construction revenue.</p> <p>(2) Estimating total construction costs It may be necessary to modify total construction costs due to unexpected events, changes in market conditions such as materials and subcontracting costs, and accelerating construction in response to potential delays during construction. If total construction costs are not updated in a timely manner, or if management's estimate is not reasonable, it may affect the accuracy of the construction revenue and the allowance for losses on construction contracts.</p> <p>We determined applying revenue recognition over time to be a key audit matter because of the possible significant impact of accounting estimates of total construction revenue and total construction costs on the consolidated financial statements.</p>	<p>In addition, we assessed the reasonableness of the construction revenue recognized over time by performing an analysis of the quarterly progress of revenues and gross profits against the business plan in each branch office. Such analysis identified branch offices with significant fluctuations in revenues and profit margins near the end of the period. We also inspected related documents, performed inquiries of construction managers, performed site observations for construction projects that possessed characteristics such as those with significantly higher or lower profit margins ratio, large fluctuating profit margins ratio, deficit projects, projects with large estimated contract amounts, or large-scale projects.</p> <p>Specifically, for the estimate of total construction revenue and total construction costs, we performed the following:</p> <p>(1) Estimated total construction revenue We tested the estimated contract amount by inspection of documents underlying the estimate, inspection of meeting minutes with customers and inquiries of construction managers.</p> <p>In addition, for construction projects that contained estimated contract amounts in the prior year, we inspected revised construction contracts signed in the current year and compared the updated amounts in the contracts with total construction revenue estimated in the previous year.</p> <p>(2) Estimated total construction costs For samples of construction projects selected, we compared total construction costs with the original estimate identifying the reason for the change, inspected the order confirmation for purchase orders issued, quotation or underlying documents prior to the order, performed inquiries of the construction managers, and inspected the vendor invoices, as necessary.</p>

Impairment of property, plant and equipment	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>ISHIKARI BIO ENERGY GODO KAISHA (a consolidated subsidiary of the Group) is engaged in the biomass power generation business. As stated in Note 3. "Significant Accounting Estimates – Impairment of Property, Plant and Equipment of a Consolidated Subsidiary," Note 6. "Long-Lived Asset" and Note 21. "Segment Information," due to the explosion occurred at the power plant of ISHIKARI BIO ENERGY GODO KAISHA, the Group discontinued hedge accounting for forward exchange contracts. Additionally, due to delay of its operation recommencement and the increase in the expected capital expenditures required to prevent recurrence, the total undiscounted future cash flows from business operation were less than its carrying amount of property, plant and equipment. Consequently, the carrying amount of property, plant and equipment of ISHIKARI BIO ENERGY GODO KAISHA and goodwill recognized at the time of its acquisition of ISHIKARI BIO ENERGY GODO KAISHA were reduced to their recoverable amount, and the Group recorded an impairment loss of ¥13,234 million.</p>	<p>Our audit procedures in evaluating the appropriateness of the impairment loss recorded for property, plant and equipment of ISHIKARI BIO ENERGY GODO KAISHA and goodwill recognized at the time of the Group's acquisition of ISHIKARI BIO ENERGY GODO KAISHA were as follows, among others:</p> <p>(1) Evaluation of internal controls We evaluated the design and operating effectiveness of controls over the recognition and measurement of impairment loss on property, plant and equipment, including the preparation of business plans, which form the basis for estimating future cash flows used in determining the recoverable amount.</p>

Impairment of property, plant and equipment	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The future cash flows used in determining the recoverable amount were estimated based on its business plan. The business plan includes significant assumptions such as the expected capital expenditures required to prevent recurrence and the timing of its operation recommencement, which involve uncertainties and require management judgment. Furthermore, the discount rate used in the calculation of value in use is affected by external factors such as economic conditions and interest rate fluctuations, and selecting data for calculating the discount rate requires specialized knowledge of corporate valuation.</p> <p>Therefore, we determined the impairment of property, plant and equipment of ISHIKARI BIO ENERGY GODO KAISHA as a key audit matter because it is particularly significant in the audit of the consolidated financial statements for the current fiscal year.</p>	<p>(2) Evaluation of the reasonableness of the recoverable amount estimate</p> <ul style="list-style-type: none"> • We assessed that the future cash flows from operating activities estimated by management are consistent with the business plans. • We discussed with management the basis for judgment on the significant assumptions adopted in the preparation of the business plans and inspected evidence such as quotations for expected capital expenditures. • With the assistance of our valuation specialists, we examined the appropriateness of the discount rate selected by management in the calculation of value in use.

Response to Improper Cost Management	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Improper cost management was identified, where costs incurred in a construction project contracted to Okumura Corporation (the "Company") were not recorded in the relevant construction project but recorded in another project (hereinafter, the "cost reassignment"). The Company established an internal investigation committee with external experts as core members for the purpose of examining facts, examining the existence of similar cases, investigating the causes, and formulating measures to prevent recurrence, and proceeded with investigations. The Company received an investigation report from them on January 15, 2025. As stated in the Note 2.t. "Additional Information – Impact of Improper Cost Management," there was no material impact on accounts such as sales and cost of sales related to cost reassignment, so the Group did not revise its consolidated financial statements retrospectively, and the impact was accounted for in the consolidated financial statements for the year ended March 31, 2025.</p> <p>Regarding the occurrence of such improper transactions, it is necessary to examine the content and causes of the improper transactions, the scope of the improper transactions, the existence of similar transactions, the status of the design of related internal controls, and the impact on the consolidated financial statements.</p> <p>These examinations require specialized knowledge and careful judgment on fraud investigations. Therefore, we have identified this matter as a key audit matter.</p>	<p>In response to the discovery of those matters, with the assistance of our fraud specialists, we performed the audit procedures as follows, among others:</p> <p>(1) We performed the following audit procedures to understand the facts comprehensively related to the investigation conducted by the internal investigation committee:</p> <ul style="list-style-type: none"> • Evaluation of the competence, independence, and objectivity of the internal investigation committee • Evaluation of the scope of the investigation conducted by the internal investigation committee, the procedures implemented, the investigation results, and the validity of the grounds therefor • Inquiry of the internal investigation committee's views on the characteristics and causes of the incident and their responses <p>(2) We performed the following audit procedures to evaluate the investigation results conducted by the internal investigation committee to assess whether there were other similar cases:</p> <ul style="list-style-type: none"> • Evaluation of the details of the external confirmations to subcontractors, completeness of subcontractors subject to confirmations, the status of responses, and details of responses • Evaluation of the results of the content and comprehensiveness of internal surveys, the status of responses, and details of responses • Evaluation of the comprehensiveness of the subjects of digital forensic investigation, the completeness of data preservation, the appropriateness of keywords, and the content of detected matters and the results of the response • Evaluation of the scope of operations over which the person who executed the cost reassignment had authority and the possibility of occurrence of fraudulent transactions other than such acts

Response to Improper Cost Management	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
	<ul style="list-style-type: none"> • Evaluation of the results of examining whether there was similar cost reassignment by a person other than the executor of the cost reassignment, considering the characteristics of individual cases

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee 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.

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

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Okumura Corporation and its subsidiaries were ¥138 million and ¥1 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

August 1, 2025

Breakdown of Orders (Nonconsolidated)

Okumura Corporation
Year Ended March 31, 2025

Okumura Corporation Annual Report 2025

Construction Orders Awarded

	2025		2024		2025
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	¥ 98,953		¥ 64,012		\$ 661,763
Private sector	21,598		27,263		144,442
Overseas	72,336		14,575		483,760
Subtotal	192,888	51.2%	105,850	31.4%	1,289,967
Architectural construction:					
Domestic:					
Public sector	29,497		52,651		197,265
Private sector	154,259		178,381		1,031,627
Overseas	—		—		—
Subtotal	183,756	48.8	231,032	68.6	1,228,892
Total:					
Domestic:					
Public sector	128,450		116,663		859,029
Private sector	175,857		205,644		1,176,070
Overseas	72,336		14,575		483,760
Total	¥376,645	100 %	¥336,883	100 %	\$2,518,860

Net Sales

	2025		2024		2025
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Construction business					
Civil engineering:					
Domestic:					
Public sector	¥ 62,849		¥ 61,492		\$ 420,311
Private sector	29,659		32,743		198,353
Overseas	6,515		8,918		43,572
Subtotal	99,024	34.1%	103,154	37.6%	662,237
Architectural construction:					
Domestic:					
Public sector	33,119		23,087		221,491
Private sector	152,431		142,098		1,019,405
Overseas	—		—		—
Subtotal	185,551	63.9	165,185	60.2	1,240,896
Subtotal:					
Domestic:					
Public sector	95,968		84,579		641,803
Private sector	182,091		174,841		1,217,758
Overseas	6,515		8,918		43,572
Subtotal	284,575	98.0	268,340	97.8	1,903,134
Real estate investment, development business and other	5,784	2.0	6,119	2.2	38,683
Total	¥290,359	100 %	¥274,460	100 %	\$1,941,817

Year-end Backlog

	2025		2024		2025
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	¥140,614		¥104,510		\$ 940,378
Private sector	52,928		60,989		353,964
Overseas	94,068		28,247		629,097
Subtotal	287,612	51.5%	193,747	41.5%	1,923,440
Architectural construction:					
Domestic:					
Public sector	71,944		75,567		481,139
Private sector	199,182		197,354		1,332,056
Overseas	—		—		—
Subtotal	271,127	48.5	272,922	58.5	1,813,196
Total:					
Domestic:					
Public sector	212,559		180,077		1,421,518
Private sector	252,110		258,344		1,686,020
Overseas	94,068		28,247		629,097
Total	¥558,739	100 %	¥466,669	100 %	\$3,736,636

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Consolidated Subsidiaries

Okumura Machinery Corporation

3-5-26, Himejima, Nishiyodogawa-ku,
Osaka 555-0033, Japan
TEL: +81-6-6472-3461 FAX: +81-6-6477-6801
Business line: Design, manufacture, sales, and
repair of construction/industrial machines and
devices

Taihei Real Estate Corporation

5-16-7, Shiba, Minato-ku,
Tokyo 108-0014, Japan
TEL: +81-3-5439-5401 FAX: +81-3-5439-5402
Business line: Real estate, land and building
management

ISHIKARI BIO ENERGY GODO KAISHA

2-763-3, Shinko, Chuo,
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TEL: +81-133-77-5318 FAX: +81-133-77-5319
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able energy and sales of electricity

HIRATA BIO ENERGY GODO KAISHA

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No.2 Power plant
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Business line: Power generation using renew-
able energy and sales of electricity

Board of Directors

(As of June 27, 2025)

Directors

President and Representative Director

Takanori Okumura

Representative Directors

Masahiro Kaneshige

Hiroyuki Matsushima

Directors

Kunitake Konishi

Masanari Kashiki

Yasuyuki Nakatani

Shinya Kimura

Rieko Ueda

Director (Audit and Supervisory Committee Member)

Tetsuo Kodera

Director (Full-time Audit and Supervisory Committee Member)

Akira Sasaki

Directors (Audit and Supervisory Committee Member)

Kenji Nishihara

Eiji Maeda

Kyoko Hirose

Note: Rieko Ueda, Tetsuo Kodera, Kenji Nishihara, Eiji Maeda and Kyoko Hirose are outside directors.

Executive Officers

Executive Vice President

Hajime Kosaka

Senior Managing Executive Officers

Masahiro Kaneshige*

Wataru Onishi

Kazutoshi Yuyama

Managing Executive Officers

Takanori Hayashi

Kunitake Konishi*

Takami Nakada

Masanari Kashiki*

Yasuyuki Nakatani*

Hiroyuki Matsushima*

Kazuyoshi Okuma

Executive Officers

Yoshinori Yasui

Hiroki Machida

Junichi Hori

Yuji Yamamoto

Kazuya Takekuni

Yuichi Umezawa

Shinya Kimura*

Takayuki Kitano

Keisuke Yasui

Hideki Nakayama

Nobuhiko Kawanaka

Masanori Okamura

Yuji Shimobe

Akiyoshi Sato

Yoshihiro Fujimoto

Yoshihiro Kadotani

Kazutaka Kuno

Fumitaka Nozaki

Yoshifumi Machida

Hitoshi Mimura

Jun Ota

Masakazu Kato

Note: Those officers marked with an asterisk (*) work as directors.

Investor Information

(As of March 31, 2025)

Corporate Data

Head Office

OKUMURA CORPORATION

2-2-2, Matsuzaki-cho, Abeno-ku, Osaka 545-8555, Japan

TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

Established

February 22, 1907

Capital

¥19.8 billion

Group Employees

2,505

Stock Information

Stock Exchange Listings

Tokyo

Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

Major Shareholders

Shareholder	Shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,644	15.47%
Okumura Employees' Shareholding Association	2,025	5.55
Custody Bank of Japan, Ltd. (Trust Account)	1,538	4.22
Resona Bank, Limited.	1,214	3.33
Sumitomo Realty & Development Co., Ltd.	1,210	3.32
State Street Bank and Trust Company 505001	833	2.28
Nippon Life Insurance Company	643	1.76
Sumitomo Mitsui Banking Corporation	556	1.53
Takanori Okumura	472	1.30
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	466	1.28

Note:

1. The Company holds 2,167,029 shares of treasury stock, which are excluded from the above.
2. Shareholding ratio is computed excluding treasury stock.
3. The number of shares held by Mr. Takanori Okumura does not include his ownership interest in the Okumura officers' shareholding association.



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