Consolidated Financial Statements
and
Non-Consolidated Financial Statements

OYO Corporation
and Consolidated Subsidiaries

Year ended December 31, 2025
with Independent Auditor's Report

5.【Financial information】

1. Basis of preparation of the consolidated financial statements and non-consolidated financial statements.

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (the Ministry of Finance Ordinance No. 28, 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements, etc.” (“Regulations for Non-Consolidated Financial Statements”, the Ministry of Finance Ordinance No. 59, 1963). The Company is eligible to submit special financial statements, and prepares its financial statements in compliance with the provisions of Article 127 of the Regulations for Non-Consolidated Financial Statements.

2. Audit certification

The consolidated financial statements for the current fiscal year (From January 1, 2025 to December 31, 2025) and non-consolidated financial statements for the current fiscal year (From January 1, 2025 to December 31, 2025) were audited by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Ensuring appropriateness of the consolidated financial statements

The Company is committed to ensuring the appropriateness of the consolidated financial statements. In particular, the Company joined the Financial Accounting Standards Foundation to develop a more comprehensive understanding of accounting standards and enhance its systems appropriately to respond to changes in accounting standards.

1. 【Consolidated Financial Statements】

(1) 【Consolidated financial statements】

① 【Consolidated balance sheet】

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	18,756	23,363
Notes and accounts receivable-trade	*1,2 2,438	*1,2 3,401
Accounts receivable-completed operations and contract assets	*1 40,689	*1 38,913
Lease receivables and investment assets	4,462	4,121
Merchandise and finished goods	1,877	2,121
Work in process	1,768	1,563
Raw materials and supplies	4,952	5,015
Other	1,603	1,552
Allowance for doubtful accounts	(82)	(96)
Total current assets	76,466	79,956
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	16,174	17,103
Accumulated depreciation	(10,924)	(11,163)
Accumulated impairment loss	(3)	(3)
Buildings and structures, net	*3,4 5,246	*3,4 5,936
Machinery, equipment and vehicles	10,864	11,063
Accumulated depreciation	(8,613)	(9,021)
Accumulated impairment loss	(11)	(11)
Machinery, equipment and vehicles, net	2,240	2,030
Tools, furniture and fixtures	2,086	2,339
Accumulated depreciation	(1,816)	(1,893)
Accumulated impairment loss	(4)	(3)
Tools, furniture and fixtures, net	265	442
Land	*4,5 6,922	*4,5 6,350
Lease assets	1,907	1,854
Accumulated depreciation	(481)	(626)
Lease assets, net	1,426	1,227
Construction in progress	248	123
Total property, plant and equipment	16,350	16,110
Intangible assets		
Software	773	686
Software in progress	22	1
Goodwill	1,552	1,128
Other	204	24
Total intangible assets	2,553	1,840

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Investments and other assets		
Investment securities	*6 5,451	*6 4,021
Long-term loans receivable	31	-
Net defined benefit asset	2,559	3,120
Deferred tax assets	1,472	1,503
Real estate for investment	534	534
Accumulated depreciation	(269)	(278)
Real estate for investment, net	264	255
Other	*4 2,019	*4 2,096
Allowance for doubtful accounts	(331)	(389)
Total investments and other assets	11,466	10,607
Total noncurrent assets	30,370	28,559
Total assets	106,837	108,515

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable trade	*2 999	*2 1,428
Accounts payable operating	3,230	3,177
Short-term loans payable	*4 739	*4 1,335
Current portion of long-term loans payable	*4 935	*4 852
Lease obligations	1,945	1,975
Provision for product warranties	150	112
Income taxes payable	787	2,599
Advances received on uncompleted contracts	494	537
Provision for bonuses	180	429
Provision for loss on orders received	-	16
Other	7,965	8,398
Total current liabilities	17,428	20,863
Noncurrent liabilities		
Long-term loans payable	*4 2,449	*4 1,547
Lease obligations	3,863	3,311
Net defined benefit liability	2,010	1,911
Provision for stock benefits	336	585
Deferred tax liabilities	1,271	640
Deferred tax liabilities for land revaluation	*5 227	*5 233
Other	491	617
Total noncurrent liabilities	10,650	8,847
Total liabilities	28,078	29,710

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	10,546	9,289
Retained earnings	48,020	49,991
Treasury stock	(3,018)	(3,246)
Total shareholders' equity	71,723	72,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,851	1,126
Revaluation reserve for land	*5 (3,021)	*5 (3,028)
Foreign currency translation adjustment	6,722	6,739
Remeasurements of defined benefit plans	524	873
Total accumulated other comprehensive income	6,077	5,711
Non-controlling interests	957	885
Total net assets	78,758	78,805
Total liabilities and net assets	106,837	108,515

② 【Consolidated statement of income and consolidated statement of comprehensive income】
【Consolidated statement of income】

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Net sales	*1 74,085	*1 76,285
Cost of sales	*2 51,105	*2 52,636
Gross profit	22,979	23,648
Selling, general and administrative expenses		
Directors' compensations	1,029	1,004
Salaries and allowances	6,903	6,844
Provision for bonuses	64	163
Provision for stock benefits	125	122
Legal welfare expenses	1,096	1,121
Retirement benefit expenses	200	185
Traveling and transportation expenses	577	613
Rent expenses	602	667
Depreciation	759	743
Research and development expenses	*3 2,527	*3 2,403
Amortization of goodwill	265	263
Provision of allowance for doubtful accounts	27	151
Other	4,420	5,254
Total selling, general and administrative expenses	18,599	19,540
Operating income	4,380	4,108
Non-operating income		
Interest income	329	253
Dividends income	134	155
Equity in earnings of affiliates	120	138
Foreign exchange gains	19	94
Insurance and dividends income	103	132
Rent of real estate	45	44
Reversal of allowance for doubtful accounts	61	60
Other	247	157
Total non-operating income	1,062	1,036

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Non-operating expenses		
Interest expenses	78	96
Provision of allowance for doubtful accounts	2	3
Rent cost of real estate	14	17
Loss on retirement of noncurrent assets	16	29
Loss on sales of noncurrent assets	1	30
Other	12	13
Total non-operating expenses	125	191
Ordinary income	5,316	4,953
Extraordinary income		
Grant income	8	8
Gain on sales of noncurrent assets	*4 0	-
Gain on sales of investment securities	78	2,868
Gain on step acquisitions	*6 119	-
Total extraordinary income	207	2,876
Extraordinary loss		
Loss on sales of noncurrent assets	*5 6	-
Impairment loss	-	*7 1,113
Total extraordinary loss	6	1,113
Profit before income taxes	5,518	6,716
Income taxes-current	1,480	2,989
Income taxes-deferred	(74)	(549)
Total income taxes	1,405	2,439
Profit	4,112	4,276
Profit (loss) attributable to non-controlling interests	102	(54)
Profit attributable to owners of parent	4,010	4,331

【Consolidated statement of comprehensive income】

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Profit	4,112	4,276
Other comprehensive income		
Valuation difference on available-for-sale securities	277	(723)
Revaluation reserve for land	-	(6)
Foreign currency translation adjustment	2,239	32
Remeasurements of defined benefit plans	216	348
Total other comprehensive income (loss)	*1 2,732	*1 (349)
Comprehensive income	6,845	3,927
(Breakdown)		
Comprehensive income attributable to owners of parent	6,700	3,965
Comprehensive income (loss) attributable to non-controlling interests	145	(38)

③【Consolidated statement of changes in net assets】

Prior fiscal year (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	16,174	12,186	45,514	(2,860)	71,014
Changes during the year					
Dividends from surplus			(1,501)		(1,501)
Profit attributable to owners of parent			4,010		4,010
Purchase of treasury stock				(2,365)	(2,365)
Disposal of treasury stock		50		517	567
Cancellation of treasury stock		(1,690)		1,690	-
Reversal of revaluation reserve for land			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during the year	-	(1,639)	2,506	(157)	708
Balance at the end of year	16,174	10,546	48,020	(3,018)	71,723

(Millions of yen)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of the year	1,574	(3,024)	4,525	308	3,384	694	75,093
Changes during the year							
Dividends from surplus							(1,501)
Profit attributable to owners of parent							4,010
Purchase of treasury stock							(2,365)
Disposal of treasury stock							567
Cancellation of treasury stock							-
Reversal of revaluation reserve for land							(2)
Net changes in items other than shareholders' equity	277	2	2,196	216	2,692	263	2,956
Total changes during the year	277	2	2,196	216	2,692	263	3,664
Balance at the end of year	1,851	(3,021)	6,722	524	6,077	957	78,758

Current fiscal year (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	16,174	10,546	48,020	(3,018)	71,723
Changes during the year					
Dividends from surplus			(2,360)		(2,360)
Profit attributable to owners of parent			4,331		4,331
Purchase of treasury stock				(1,500)	(1,500)
Disposal of treasury stock				14	14
Cancellation of treasury stock		(1,257)		1,257	-
Reversal of revaluation reserve for land					-
Net changes in items other than shareholders' equity					
Total changes during the year	-	(1,257)	1,971	(228)	485
Balance at the end of year	16,174	9,289	49,991	(3,246)	72,208

(Millions of yen)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of the year	1,851	(3,021)	6,722	524	6,077	957	78,758
Changes during the year							
Dividends from surplus							(2,360)
Profit attributable to owners of parent							4,331
Purchase of treasury stock							(1,500)
Disposal of treasury stock							14
Cancellation of treasury stock							-
Reversal of revaluation reserve for land							-
Net changes in items other than shareholders' equity	(724)	(6)	16	348	(365)	(72)	(438)
Total changes during the year	(724)	(6)	16	348	(365)	(72)	46
Balance at the end of year	1,126	(3,028)	6,739	873	5,711	885	78,805

④【Consolidated statement of cash flows】

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Cash flows from operating activities		
Profit before income taxes	5,518	6,716
Depreciation and amortization	1,787	1,793
Impairment loss	-	1,113
Amortization of goodwill	265	263
Increase (decrease) in provision for bonuses	(21)	253
Interest and dividend income	(464)	(408)
Interest expenses	78	96
Equity in (earnings) losses of affiliates	(120)	(138)
Loss (gain) on sale of investment securities	(78)	(2,868)
Decrease (increase) in notes and accounts receivable-trade	(3,993)	974
Decrease (increase) in inventories	(413)	(83)
Increase (decrease) in notes and accounts payable- trade	(507)	374
Increase (decrease) in advances received on uncompleted contracts	96	36
Loss (gain) on step acquisitions	(119)	-
Grant income	(8)	(8)
Increase (decrease) in accrued consumption taxes	390	107
Other	(17)	613
Subtotal	2,390	8,834
Interest and dividend income received	513	446
Interest expenses paid	(78)	(96)
Income taxes paid	(1,528)	(1,314)
Proceeds from grant income	8	8
Net cash provided by (used in) operating activities	1,305	7,878

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Cash flows from investing activities		
Payments into time deposits	(5,592)	(4,618)
Proceeds from withdrawal of time deposits	5,503	5,712
Purchase of property, plant and equipment and intangible assets	(1,558)	(1,934)
Proceeds from sales of property, plant and equipment and intangible assets	110	55
Purchase of investment securities	(5)	(5)
Proceeds from sale of investment securities	169	3,498
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (798)	-
Contingent consideration payments of shares of subsidiaries	(514)	-
Purchase of shares of non-consolidated subsidiaries	-	(370)
Collection of loans receivable	19	4
Other	4	(198)
Net cash provided by (used in) investing activities	(2,662)	2,143
Cash flows from financing activities		
Proceeds from short-term loans payable	300	8,752
Repayments of short-term loans payable	(789)	(8,215)
Repayments of long-term loans payable	(998)	(984)
Repayments of lease obligations	(225)	(226)
Proceeds from sales of treasury stock	-	14
Purchase of treasury stock	(2,001)	(1,500)
Cash dividends paid	(1,501)	(2,364)
Dividends paid to non-controlling interests	(70)	(36)
Net cash provided by (used in) financing activities	(5,286)	(4,562)
Effect of exchange rate change on cash and cash equivalents	330	(44)
Net increase (decrease) in cash and cash equivalents	(6,313)	5,415
Cash and cash equivalents at beginning of the year	18,727	12,414
Increase in cash and cash equivalents resulting from a merger of non-consolidated subsidiary	-	186
Cash and cash equivalents at end of the year	*1 12,414	*1 18,015

【Notes】

(Significant accounting policies to the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 26

Names of major consolidated subsidiaries:

OYO CORPORATION U.S.A.
KINEMETRICS, INC.
GEOMETRICS, INC.
GEOPHYSICAL SURVEY SYSTEMS, INC.
ROBERTSON GEOLOGGING LTD.
OYO CORPORATION, PACIFIC
FONG CONSULT PTE. LTD.
FC INSPECTION PTE. LTD.
GEOSMART INTERNATIONAL PTE. LTD.
NS ENVIRONMENTAL SCIENCE CONSULTANT CORPORATION
OYO RESOURCES MANAGEMENT CORPORATION
TOUHOKU BORING CO, LTD.
OCEAN ENGINEERING CORPORATION
KOEI CONSULTANT CO, LTD.
OYO SEISMIC INSTRUMENTATION CORPORATION
OYO GEO-MONITORING SERVICE CORPORATION
NANKYU GEO TECHNICS CORPORATION
OYO GEOTECHNICAL SERVICE CORPORATION
KCS CO, LTD.
NIHON ZITAN CO, LTD.
SANYO TECHNO MARINE CO, LTD.

(2) Names of major non-consolidated subsidiaries

ABE BORING CO, LTD.
SANYO SURVEY & CONSULTANT INC.

(Reason for excluding from the scope of consolidation)

These unconsolidated subsidiaries are small; and the total assets, net sales, net income or loss (commensurate with equity holdings) and retained earnings (commensurate with equity holdings) of the subsidiaries have no significant impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 4

Names of major affiliates

IRIS INSTRUMENTS SAS
ENGINEERING & RISK SERVICES CORPORATION

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

ABE BORING CO, LTD.
SANYO SURVEY & CONSULTANT INC.

The Company excluded these non-consolidated subsidiaries because they had an immaterial impact on the consolidated financial statements and had no impact overall, considering net income or loss for the year (commensurate with equity holdings) and retained earnings (commensurate with equity holdings).

3. Fiscal year-end, etc. of consolidated subsidiaries

The year-end closing date for all consolidated subsidiaries is the same as the consolidated year-end closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(a) Securities

Available-for-sale securities

Securities other than stocks, etc. without market price

Stated at fair value (unrealized gains or losses are included directly in net assets, net of the applicable taxes. The cost of securities sold is determined by the moving average method).

Stocks, etc. without market price

Stated at cost determined by the moving average method.

(b) Derivatives
Stated at fair value.

(c) Inventories
Merchandise/products/raw materials/work in process
Stated at cost using the weighted-average method (balance sheet amounts are determined by writing down the book values based on decrease in profitability). The lower cost or market method, cost being determined by the first-in-first-out method, is used by major consolidated subsidiaries.

(2) Depreciation method of significant depreciable assets

(a) Property, plant and equipment (excluding lease assets) and real estate for investment
For buildings (excluding structures attached to buildings) of the Company and its domestic consolidated subsidiaries, the straight-line method is used; and for other property, plant equipment, the declining balance method is used. For overseas subsidiaries, the straight-line method is used.
Major useful lives are as follows:

Buildings and structures:	2 - 50 years
Machinery, equipment and vehicles:	2 - 15 years

(b) Intangible assets (excluding lease assets)
Straight-line method
Software for internal use is amortized over the expected available period (5 - 10 years).

(c) Lease assets
The straight-line method is adopted mainly with a residual value of zero and the lease period deemed equal to the service life of the asset.

(3) Accounting for significant allowances and provisions

(a) Allowance for doubtful accounts
To prepare for expected losses from bad debts, the Company and its domestic consolidated subsidiaries estimate uncollectible amounts for normal receivables based on the historical experience and for certain specific receivables such as doubtful accounts receivables, based on the individual probability of recovery. Overseas consolidated subsidiaries estimate uncollectible amounts for certain receivables, such as doubtful accounts receivables, based on the individual probability of recovery.

(b) Provision for bonuses
At the Company and its consolidated subsidiaries, to prepare for payment of bonuses to employees, a provision for bonuses is provided based on the expected amount of payment.

(c) Provision for loss on orders received
At the Company and its domestic consolidated subsidiaries, to prepare for future losses on contracts for orders received, a provision for losses on orders received is provided based on the future losses anticipated at the end of the current fiscal year and the amount of foreseeable losses that can reasonably be estimated.

(d) Provision for product warranties
At the Company and its certain consolidated overseas subsidiaries, to prepare for estimated warranty costs, a provision for product warranties is provided based on historical experience of free-of-charge repairs of products.

(e) Provision for stock benefits
In order to provide for grants of shares of the Company to directors and employees of the Group in accordance with the director stock benefit regulations and stock benefit regulations, a provision for stock benefits is provided based on the estimated stock benefit obligations as of the end of the current fiscal year.

(4) Accounting method for retirement benefits

(a) Method of attributing the estimated retirement benefits to periods
In calculating retirement benefit obligations, the benefit formula method of attributing estimated retirement benefits to periods has been applied until the end of the current fiscal year.

(b) Amortization method of actuarial gain or loss and past service cost
Actuarial gain or loss is amortized in the fiscal year following the year in which the gain or loss is incurred by the straight-line method over periods (5 years) which are shorter than the average remaining service periods of the employees. Past service cost is amortized by the straight-line method over periods (5 years) which are shorter than the average remaining service periods of the employees.

(5) Accounting for significant revenues and expenses

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (Implementation Guidance No. 30, March 26, 2021) have been applied.

The following summarizes the major performance obligations of the Group’s principal businesses and the time at which revenue is recognized. For any business, the Company allocates the transaction price to performance obligations based on the independent sales price calculated using an adjusted market valuation approach, an approach that adds margins to expected costs, and other factors. Consideration for the transaction does not include a significant financing component as it is primarily received by within one year after satisfaction of performance obligations. In addition, there is no material variable consideration for which the amount of consideration could change.

Details of major performance obligations in major businesses and the time at which revenue is recognized are as follows.

(a) Revenue Recognition for Geo-engineering Services Contracts

In Geo-engineering Service Contracts, the Company conducts data collection/analysis/design/consulting, such as machine boring, road facilities inspection (tunnels, etc.), slope observation, landslide countermeasure design, analysis of water quality, soil and odor, marine surveys such as offshore boring associated with the installation of offshore windfarms. The Company has identified these services provided by the Company in this area as performance obligations.

Geo-engineering Services are based on a method in which revenue is recognized over time as the Company satisfies the performance obligations to transfer the goods or services to the customer, as the Company transfers control over the goods or services to the customer over a period of time. The method used to estimate the degree of progress related to the satisfaction of performance obligations is primarily based on the cost-based input method. In addition, if the Company is unable to reasonably estimate the degree of progress related to the satisfaction of performance obligations, the Company applies the cost-recovery method.

(b) Revenue Recognition for Merchandise Sales (Mainly Measuring Instrument Sales)

In merchandise sales, the Company manufactures, sells, and provides maintenance services for geophysical survey equipment such as seismic observation and monitoring equipment and non-destructive inspection equipment, as well as monitoring systems using equipment. The Company has identified the operations that it provides with respect to these operations as performance obligations.

Of merchandise sales, domestic sales are recognized at the time of delivery because control over the goods is transferred to the customer at the time of delivery.

In addition, revenue from overseas sales is recognized at a point in time when performance obligations are satisfied.

(c) Revenue Recognition for License Sales

In license sales, the Company sells licenses for land information systems, operational management systems, various analysis software, and other products, and conducts consignment sales of systems. The Group has identified the operations it provides as performance obligations.

Revenue from license sales is recognized over a certain period of time when the nature of the license, such as cloud services, represents access rights, and revenue is recognized upon delivery, if the nature of the license, such as software delivery, represents a right of use.

(6) Significant hedge accounting method

(a) Hedge accounting method

Deferral hedge accounting is adopted.

(b) Hedging instruments and hedged items

Hedging instruments: forward-exchange contracts

Hedged items: accounts payable-trade

(c) Hedging policy

In order to reduce risks of exchange rate fluctuations, hedges are used to cover liabilities.

(d) Method of assessing hedge effectiveness

An assessment of hedge effectiveness is omitted because the relationship between the hedging instruments and hedged items is direct.

(7) Amortization of goodwill

Goodwill is amortized by the straight-line method over 5 to 10 years.

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents on the consolidated statement of cash flows included cash on hand, bank deposits that could be withdrawn at any time, and low-risk short-term investments easily convertible to cash maturing within three months from the date of acquisition.

(9) Other significant items regarding preparation of the consolidated financial statements

Not applicable.

(Significant accounting estimates)

(Revenue recognition by estimating the degree of progress related to the satisfaction of performance obligations of Geo-engineering Services Contracts of the Company)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	Prior fiscal year	Current fiscal year
Net sales	22,119	24,560

(Note)The above amount includes the Geo-engineering Service Contracts for which the degree of progress related to the satisfaction of performance obligations of the Geo-engineering Service Contracts can be reasonably estimated, and for which the full performance obligation has not been satisfied as of the end of the current fiscal year.

(2) Other information to help users of the consolidated financial statements understand the contents of accounting estimates

(a) Calculation methods for amount recorded in the consolidated financial statements for the current fiscal year

Net sales related to Geo-engineering Service Contracts are calculated in a manner that recognizes revenue over time as performance obligations are satisfied. The method used to estimate the degree of progress related to the satisfaction of performance obligations is primarily based on the cost-based input method, which is the ratio of incurred costs to total estimated costs. In addition, if the Company is unable to reasonably estimate the degree of progress related to the satisfaction of performance obligations, revenue is recognized to the extent related costs are incurred.

(b) Major assumptions used in the calculation of amount in the consolidated financial statements for the current fiscal year

Estimates of the total costs of Geo-engineering Services are calculated by accumulating detailed information with objective prices, such as quotes obtained from subcontractors and internally approved standard unit prices; however, estimates of person-hours for labor cost and subcontract cost are key assumptions because they involve judgments based on expert knowledge and experience in Geo-engineering Services.

(c) Effect on the consolidated financial statements for the following fiscal year

Geo-engineering Services are highly individual in nature and carried out in accordance with fundamental specifications and work details instructed by customers. In some cases, the contract content of Geo-engineering Services is changed from the original contract based on the agreement with the customer during the work period, or changes in the estimated person-hours and subcontract cost due to the facts that become known after the work starts. In such cases, due to changes in the estimate of the total cost of the work, changes in the degree of progress related to the satisfaction of the performance obligations may affect amount of revenue recognized in the consolidated financial statements for the following fiscal year.

(Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes, etc.”)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and related standards have been applied from the beginning of the current fiscal year.

The application of these standards had no material impact on the consolidated financial statements.

Also, there was no impact on the consolidated financial statements resulting from this change in accounting policy.

(Unapplied accounting standards)

(Accounting Standard for Leases, etc.)

・“Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)

・“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)

In addition, amendments to related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Overview

The standards set forth treatment whereby lessees record assets and liabilities for all leases, etc. consistent with international accounting standards.

(2) Expected date of application

Applied from the beginning of the fiscal year ending December 31, 2028

(3) Effect of application of the said accounting standard, etc.

The effect on consolidated financial statements after applying accounting standards for leases has not yet been determined at the present time.

(Change in presentation)

(Consolidated statement of income)

"Loss on sales of noncurrent assets" was included in "Other" under "Non-operating expenses" for the prior fiscal year, but from the current fiscal year, it has been presented separately under "Non-operating expenses" due to an increase in its financial materiality. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year were reclassified. As a result, "Other" under "Non-operating expenses" in the amount of 13 million yen in the consolidated statement of income for the prior fiscal year was reclassified as 1 million yen in "Loss on sales of noncurrent assets" and 12 million yen in "Other."

(Additional information)

(Board Benefit Trust)

The Company has introduced the "Board Benefit Trust (BBT)" as directors' remuneration from June 2, 2014, based on the resolution at the General Meeting of Shareholders held on March 26, 2014. Based on the resolution at the General Meeting of Shareholders held on March 27, 2018, and March 26, 2021, it was determined to continue the scheme and partially revise it. Also, the Company introduced the Stock Granting Trust (J-ESOP) on the same day to enhance the motivation and morale of employees towards improved stock price and business performance, by elevating linkages between the stock price and business performance of the Company and treatment of the employees, and also to promote achievement of the target in the mid-term business plan and further increase the corporate value of the Company. It is partially revised and continued. (Hereinafter, the "System.")

(1) Outline of transactions

In introducing the System, the Company established anew the "Director stock benefit regulations" (Hereinafter, "Director benefit regulations") and "Stock benefit regulations" (Hereinafter, "Benefit regulations").
The Company has entrusted funds to a trust bank to enable the prior purchase of the Company stock to be granted in the future based on the established director stock benefit regulations and benefit regulations (Hereinafter, "the Trust").
The Board Benefit Trust (BBT) is a program in which points are awarded to directors based on the director benefit regulations, and stock is granted to the directors according to the points accumulated. Also, the Stock Granting Trust (J-ESOP) is a program in which points are awarded based on the Benefit regulations according to the business performance of the Company and each subsidiary for each fiscal year, and stock is granted to the employees based on the number of points accumulated.

(2) Shares of the Company held by the Trust

Shares of the Company held by the Trust are included in treasury stock in the net assets section of the consolidated balance sheet based on their book value (excluding associated expenses). The book value and the corresponding number of shares of the Company totaled 862 million yen and 517,520 shares, respectively, as of the end of the prior fiscal year, and 848 million yen and 508,936 shares, respectively, as of the end of the current fiscal year.

(Consolidated balance sheet)

※1. Information on “Notes and accounts receivable-trade” and “Accounts receivable-completed operations and contract assets” arising from contracts with customers is as follows:

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Notes receivable-trade	107 million yen	206 million yen
Accounts receivable trade	2,331 million yen	3,194 million yen
Accounts receivable-completed operations	4,380 million yen	3,952 million yen
Contract assets	36,308 million yen	34,961 million yen

※2. Treatment of trade notes maturing at the end of the fiscal year

Trade notes maturing at the end of the fiscal year are settled on the clearance date. The following notes are outstanding at the end of the fiscal year, as the maturity date fell on a business holiday for financial institutions.

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Notes receivable-trade	4 million yen	0 million yen
Notes payable trade	4 million yen	10 million yen

※3. Reduction entry

The following provides the reduced amount from the cost of non-current assets acquired with national subsidies and other grants.

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Buildings and structures	309 million yen	309 million yen

※4. Pledged assets and secured liabilities

Pledged assets as collateral for secured liabilities were as follows:

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Buildings and structures	194 million yen	190 million yen
Land	1,130 million yen	1,130 million yen
Other in Investments and other assets	699 million yen	479 million yen
Total	2,024 million yen	1,800 million yen

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Short-term loans payable	150 million yen	100 million yen
Long-term loans payable (including scheduled to be refunded within 1 year)	531 million yen	193 million yen
Total	681 million yen	293 million yen

(Prior fiscal year)

Within the limit of the letter of credit (2,530 million yen), the Company provides the restricted deposits of its US consolidated subsidiaries in the amount of 607 million yen as securities under the asset-based loan system of the United States of America. Furthermore, within the issuance of the letter of credit from the subsidiary of its US consolidated subsidiaries to outside the U.S., the Company also provides the restricted deposits of its US consolidated subsidiaries in the amount of 92 million yen as securities.

(Current fiscal year)

Within the limit of the letter of credit (2,504 million yen), the Company provides the restricted deposits of its US consolidated subsidiaries in the amount of 469 million yen as securities under the asset-based loan system of the United States of America. Furthermore, within the issuance of the letter of credit from the subsidiary of its US consolidated subsidiaries to outside the U.S., the Company also provides the restricted deposits of its US consolidated subsidiaries in the amount of 10 million yen as securities.

※5. Revaluation of land

Land for business operations was revalued in accordance with the Land Revaluation Law (Law No. 34 issued on March 31, 1998) and a revaluation reserve for land was recorded under net assets.

Revaluation method

Land value is calculated on the basis of taxable amounts for land value tax along with reasonable adjustments, in accordance with Article 2, Item 4 of the Enforcement Ordinance relating to the Land Revaluation Law (Cabinet Order No. 119 issued on March 31, 1998). Also, part of the value of land is calculated on the basis of the approved values of noncurrent assets, stated in Article 2, Item 3, with reasonable adjustments.

Revaluation date: December 31, 2001

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
The difference between the fair value of the land at the end of the period of the revaluation and the book value after the revaluation:	(318) million yen	(159) million yen
The difference related to real estate for rent out of this:	(57) million yen	(41) million yen

※6. Non-consolidated subsidiaries and affiliates

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Investment securities (stock)	1,187 million yen	1,405 million yen

The amounts of investment in joint ventures included above were 1,172 million yen in the prior fiscal year and 1,390 million yen in the current fiscal year.

(Consolidated statement of income)

※1. Revenue from contracts with customers

In “Net sales,” revenues from contracts with customers and other revenues are not presented separately.

“Revenue from Contracts with Customers” is presented in the “Notes to Consolidated Financial Statements (Revenue Recognition) (1) Disaggregation of Revenue from Contracts with Customers.”

※2. Loss on valuation of inventories

Inventories at the end of the year were stated after a reduction of book value due to a decline in profitability and the loss on valuation of inventories included in cost of sales was as follows:

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Cost of sales	205 million yen	192 million yen

※3. Research and development expenses included in general and administrative expenses and manufacturing costs

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
General and administrative expenses	2,527 million yen	2,403 million yen

※4. The components of gain on sales of noncurrent assets are as follows:

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Buildings and structures	0 million yen	- million yen

※5. The components of loss on sales of noncurrent assets are as follows:

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Land	6 million yen	- million yen

※6. Gain on step acquisitions

Prior fiscal year (From January 1, 2024 to December 31, 2024)

Due to the acquisition of additional shares in SANYO TECHNO MARINE CO, LTD.

Current fiscal year (From January 1, 2025 to December 31, 2025)

Not applicable.

※7. Impairment loss

Current fiscal year (From January 1, 2025 to December 31, 2025)

In the current fiscal year, impairment losses were recorded for the assets below.

Location	Use	Type	Impairment loss
Sapporo-city, Hokkaido	Assets held for sale	Land and building, etc.	624 million yen
Singapore	Other	Goodwill	370 million yen
		Intangible assets (Others)	117 million yen

The Group groups business assets in accordance with its management accounting categories, which are organized so that income and expenses can be continuously monitored, while idle assets not directly used in business operations are grouped individually.

For assets held for sale in Sapporo-city, Hokkaido, due to a determination for disposal by sales in the current fiscal year, the book value was reduced to the recoverable amount and the write-down was recognized as an impairment loss and recorded as extraordinary loss. The breakdown of the impairment loss is as follows: buildings and structures (55 million yen), and land (568 million yen).

Also, the recoverable amount is estimated at net realizable value based on the appraisal value of real estate.

For goodwill and intangible assets (other) of a consolidated subsidiary in Singapore, due to a determination that recoverability was deemed unlikely as a result of a decline in profitability associated with changes in the market and business environment, an impairment loss of 488 million yen (4,321 thousand Singapore dollars) was recognized and recorded as extraordinary loss.

(Consolidated statement of comprehensive income)

※1. Reclassification adjustments, income taxes and tax effects related to each component of other comprehensive income

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Valuation difference on available-for-sale securities:		
Amount arising during the current fiscal year	482 million yen	1,844 million yen
Reclassification adjustment	(78) million yen	(2,868) million yen
Amount before income taxes and tax effect	404 million yen	(1,023) million yen
Income taxes and tax effect	(127) million yen	300 million yen
Valuation difference on available-for-sale securities	277 million yen	(723) million yen
Revaluation reserve for land:		
Amount arising during the current fiscal year	- million yen	- million yen
Reclassification adjustment	- million yen	- million yen
Amount before income taxes and tax effect	- million yen	- million yen
Income taxes and tax effect	- million yen	(6) million yen
Revaluation reserve for land	- million yen	(6) million yen
Foreign currency translation adjustment:		
Amount arising during the current fiscal year	2,239 million yen	32 million yen
Reclassification adjustment	- million yen	- million yen
Amount before income taxes and tax effect	- million yen	32 million yen
Income taxes and tax effect	- million yen	- million yen
Foreign currency translation adjustment:	2,239 million yen	32 million yen
Remeasurements of defined benefit plans:		
Amount arising during the current fiscal year	442 million yen	694 million yen
Reclassification adjustment	(131) million yen	(175) million yen
Amount before income taxes and tax effect	311 million yen	519 million yen
Income taxes and tax effect	(95) million yen	170 million yen
Remeasurements of defined benefit plans	216 million yen	348 million yen
Total other comprehensive income	2,732 million yen	(349) million yen

(Consolidated statement of changes in net assets)

Prior fiscal year (From January 1, 2024 to December 31, 2024)

1. Type and number of shares issued and type and number of treasury stock

	Number of shares at January 1, 2024	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at December 31, 2024
Issued shares				
Common stock (Notes)2	25,664,373	-	804,373	24,860,000
Total	25,664,373	-	804,373	24,860,000
Treasury stock				
Common stock (Notes)1,2	1,693,932	953,577	1,104,497	1,543,012
Total	1,693,932	953,577	1,104,497	1,543,012

(Notes) 1 The number of shares of common treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes 519,644 shares and 517,520 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account), respectively.

2 Outline of reasons for the change

Breakdown of increase in the number is as follows.

Increase due to purchase under Board meeting Resolution	804,000 shares
Increase due to purchase by Custody Bank of Japan, Ltd. (Trust Account)	149,000 shares
Increase due to purchase of less than standard unit	577 shares

Breakdown of decrease in the number is as follows.

Decrease due to cancellation of treasury stock	804,373 shares
Decrease due to contribution to Custody Bank of Japan, Ltd.(Trust Account)	149,000 shares
Decrease due to demand for sale by Custody Bank of Japan, Ltd. (Trust Account)	151,124 shares

2. Subscription rights to shares and treasury stock subscription shares

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
March 26, 2024 General meeting of shareholders	Common stock	808	33.00	December 31, 2023	March 27, 2024
August 9, 2024 Board meeting	Common stock	693	29.00	June 30, 2024	September 17, 2024

(Notes) 1 The total amount of dividends resolved by the General Meeting of Shareholders of March 26, 2024 includes 17 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

2 The total amount of dividends resolved by the Board of Directors of August 9, 2024 includes 10 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

(2) Dividends for which the settlement date was within the current fiscal year but the effective date in the following fiscal year

Resolution	Type of shares	Total dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
March 26, 2025 General meeting of shareholders	Common stock	1,358	Retained earnings	57.00	December 31, 2024	March 27, 2025

(Note) The total amount of dividends resolved by the General Meeting of Shareholders of March 26, 2025 includes 29 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

Current fiscal year (From January 1, 2025 to December 31, 2025)

1. Type and number of shares issued and type and number of treasury stock

	Number of shares at January 1, 2025	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at December 31, 2025
Issued shares				
Common stock (Notes)2	24,860,000	-	538,000	24,322,000
Total	24,860,000	-	538,000	24,322,000
Treasury stock				
Common stock (Notes)1,2	1,543,012	537,956	546,584	1,534,384
Total	1,543,012	537,956	546,584	1,534,384

(Notes) 1 The number of shares of common treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes 517,520 shares and 508,936 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account), respectively.

2 Outline of reasons for the change

Breakdown of increase in the number is as follows.

Increase due to purchase under Board meeting Resolution 537,800 shares

Increase due to purchase of less than standard unit 156 shares

Breakdown of decrease in the number is as follows.

Decrease due to cancellation of treasury stock 538,000 shares

Decrease due to demand for sale by Custody Bank of Japan, Ltd. (Trust Account) 8,584 shares

2. Subscription rights to shares and treasury stock subscription shares

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
March 26, 2025 General meeting of shareholders	Common stock	1,358	57.00	December 31, 2024	March 27, 2025
August 12, 2025 Board meeting	Common stock	1,001	43.00	June 30, 2025	September 16, 2025

(Notes) 1 The total amount of dividends resolved by the General Meeting of Shareholders of March 26, 2025 includes 29 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

2 The total amount of dividends resolved by the Board of Directors of August 12, 2025 includes 21 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

(2) Dividends for which the settlement date was within the current fiscal year but the effective date in the following fiscal year

This is a resolution item for Ordinary General Meeting of Shareholders on March 26, 2026 as follows.

Resolution	Type of shares	Total dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
March 26, 2026 General meeting of shareholders	Common stock	1,560	Retained earnings	67.00	December 31, 2025	March 27, 2026

(Note) The total amount of dividends resolved by the General Meeting of Shareholders of March 26, 2026 includes 34 million yen of dividends distributed to treasury stock held by Custody Bank of Japan, Ltd. (Trust Account).

(Consolidated statement of cash flows)

※ 1. The relationship between the year-end balance of cash and cash equivalents and amounts in the consolidated balance sheets

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Cash and deposits	18,756 million yen	23,363 million yen
Short-term investment securities	0 million yen	- million yen
Total	18,756 million yen	23,363 million yen
Time deposits with maturities of more than 3 months	(6,342) million yen	(5,347) million yen
Stock and debt securities with redemption period exceeding 3 months	(0) million yen	- million yen
Cash and cash equivalents	12,414 million yen	18,015 million yen

※2. Breakdown of assets acquired, and liabilities assumed of newly consolidated subsidiary due share acquisition

Prior fiscal year (From January 1, 2024 to December 31, 2024)

Assets and liabilities of SANYO TECHNO MARINE CO, LTD. on the date of acquisition as well as the relationship between the acquisition cost and net disbursement for the acquisition are presented below:

Current assets	2,328 million yen
Noncurrent assets	1,429 million yen
Goodwill	159 million yen
Current liabilities	(1,206) million yen
Noncurrent liabilities	(678) million yen
Non-controlling interests	(187) million yen
Subtotal	1,845 million yen
Acquisition cost of shares held before the change	(76) million yen
Gain on step acquisitions	(119) million yen
Acquisition cost of shares	1,649 million yen
Cash and cash equivalents	(850) million yen
Difference: Net disbursement for the acquisition	798 million yen

Current fiscal year (From January 1, 2025 to December 31, 2025)

Not applicable.

3. Significant non-cash transactions

The amount of assets and liabilities related to finance lease transactions

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Amount of assets and liabilities related to finance lease transactions	260 million yen	212 million yen

(Lease transactions)

1. Finance lease transactions (lessee)

Lease transactions without transfer of ownership

(a) Lease assets

Property, plant and equipment

Primarily consists of equipment for analysis and measurement (Tools, furniture and fixtures) for geo-engineering and consultation services.

(b) Depreciation method for lease assets

Described in Significant accounting policies "4. Accounting policies, item (2) Depreciation method of significant depreciable assets."

2. Operating lease transactions

Not applicable.

3. Sublease transactions in the consolidated balance sheets are recorded inclusive of tax on interest

(1) Lease receivables and investment assets

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Current assets	4,462	4,121

(2) Lease obligations

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Current liabilities	1,562	1,534
Noncurrent liabilities	2,813	2,511

(Financial instruments)

1. Accounting policies

(1) Policy for financial instruments

The Group funds business investments and short-term operations with its own resources, in principle. In the event funding using its own resources may be insufficient, the Group considers obtaining loans payable from banks. The Group enters into derivative transactions to hedge future risks of exchange rate fluctuations, but does not engage in speculative trading.

(2) Types of financial instruments and related risks

Operating receivables, such as notes and accounts receivable-trade and accounts receivable-completed operations and contract assets, are exposed to credit risks in relation to customers; and trade receivables denominated in foreign currencies are exposed to exchange rate fluctuation risks. The Company uses derivative transactions (currency swaps and forward-exchange contracts) to hedge part of its operating receivables.

Short-term investment securities and investment securities are mainly highly-rated bonds, investment trusts and stock of the companies with which the Group has business relationships; and these are exposed to market-price fluctuation risks.

Operating payables, such as notes and accounts payable-trade and accounts payable-operating, are mostly payable within one year or less. Trade payables denominated in foreign currencies are exposed to exchange fluctuation risks. The Company uses derivative transactions (currency swaps and forward-exchange contracts) to hedge part of its operating payables.

Loans payable include those raised for the purpose of securing long-term, related liquidity and those related to short-term working capital. They are exposed to the risk of fluctuations in interest rates.

Derivative transactions are currency swaps and forward-exchange contracts for foreign currency in order to avoid exchange rate fluctuations. Regarding the hedging instruments, hedged items and hedging policy and method of measuring hedge effectiveness, refer to the information described in "4. Accounting policies, (6) Significant hedge accounting method".

(3) Risk management for financial instruments

(a) Credit risk (risks related to customers' contract delinquency) management

In accordance with the Company's business management policy, the Company regularly monitors its customers' financial situations and controls record dates and outstanding balances per customer for operating receivables. The Company applies a similar management system to its consolidated subsidiaries.

For short-term investment securities and investment securities, the Company selects highly rated financial instruments, in accordance with its securities policy. Accordingly, the credit risk is insignificant.

For derivative transactions, the Company limits counterparties to highly rated financial institutions. Accordingly, the credit risk is minimal.

(b) Market risk (exchange rate/interest rate fluctuations) management

The Company hedges against the exchange fluctuations utilizing currency swaps and forward-exchange contracts for part of its operating payables and receivables denominated in foreign currencies.

For short-term investment securities and investment securities, the Company regularly monitors market conditions and the fair values of its securities. The Company also intermittently reviews its status of its shareholdings, considering its relationships with the companies.

For enforcement and management of derivative transactions, the Company follows the Company's rules with regard to decision-making authority and the maximum limit for transactions, and the fund management division conducts the transactions with the approval of the person in charge of decision-making.

The Company applies a similar management system to its consolidated subsidiaries.

(c) Liquidity risk (risk of not being able to complete payment before due date) management

The responsible division of the Company creates and reviews fund management plans on a timely basis and manages the liquidity risk by keeping funds on hand. The Company applies a similar management system to its consolidated subsidiaries.

(4) Supplementary explanation on fair values of financial instruments

Fair values of financial instruments may fluctuate when different assumptions are adopted because variable factors are taken into account in determining the values.

2. Fair value of financial instruments

The book values on the consolidated balance sheet, fair value and the difference between them are shown in the following table.

Prior fiscal year (As of December 31, 2024)

	Book value on consolidated balance sheets (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Short-term investment securities and investment securities Available-for-sale securities	4,042	4,042	-
Total assets	4,042	4,042	-
Long-term loans payable (including Long-term loans payable scheduled to be refunded within 1 year)	3,385	3,452	67
Total liabilities	3,385	3,452	67

(Notes) 1 "Cash and deposits", "Notes and accounts receivable-trade", "Accounts receivable-completed operations and contract assets"

Cash is omitted and Deposits, Notes, Account receivable, Accounts receivable-completed operations and contract assets are also omitted because their fair values approximate their carrying amounts due to short-term maturities.

2 "Notes and accounts payable-trade", "Accounts payable-operating", "Income taxes payable"

Notes, accounts payable-trade, Accounts payable-operating and Income taxes payable are omitted because their fair values approximate their carrying amounts due to their cash-based nature and short-term maturities.

3 Stocks, etc. without market price are not included in "Available-for-sale securities". The amounts of such financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Classifications	December 31, 2024
Investments in a limited partnership	0
Unlisted stocks	221
Stocks of subsidiaries and affiliates	1,187

Current fiscal year (As of December 31, 2025)

	Book value on consolidated balance sheets (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Short-term investment securities and investment securities Available-for-sale securities	2,393	2,393	-
Total assets	2,393	2,393	-
Long-term loans payable (including Long-term loans payable scheduled to be refunded within 1 year)	2,399	2,445	46
Total liabilities	2,399	2,445	46

(Notes) 1 “Cash and deposits”, “Notes and accounts receivable-trade”, “Accounts receivable-completed operations and contract assets”

Cash is omitted and Deposits, Notes, Account receivable, Accounts receivable-completed operations and contract assets are also omitted because their fair values approximate their carrying amounts due to short-term maturities.

2 “Notes and accounts payable-trade”, “Accounts payable-operating”, “Income taxes payable”

Notes, accounts payable-trade, Accounts payable-operating and Income taxes payable are omitted because their fair values approximate their carrying amounts due to their cash-based nature and short-term maturities.

3 Stocks, etc. without market price are not included in “Available-for-sale securities”. The amounts of such financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Classifications	December 31, 2025
Investments in a limited partnership	-
Unlisted stocks	222
Stocks of subsidiaries and affiliates	1,405

3. Redemption schedule of receivables and securities with maturities

Prior fiscal year (As of December 31, 2024)

	Due within 1 year (Millions of yen)	Due after 1 year through 5 years (Millions of yen)	Due after 5 years through 10 years (Millions of yen)	Due after 10 years (Millions of yen)
Cash and deposits	18,745	-	-	-
Notes and accounts receivable-trade	2,438	-	-	-
Accounts receivable-completed operations and contract assets	40,689	-	-	-
Short-term investment securities and investment securities				
Available-for-sale securities with maturities				
1. Bonds				
(1) Government bonds/local authority bonds, etc.	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	-	-	-	-
2. Others	0	-	-	-
Total	61,873	-	-	-

Current fiscal year (As of December 31, 2025)

	Due within 1 year (Millions of yen)	Due after 1 year through 5 years (Millions of yen)	Due after 5 years through 10 years (Millions of yen)	Due after 10 years (Millions of yen)
Cash and deposits	23,352	-	-	-
Notes and accounts receivable-trade	3,401	-	-	-
Accounts receivable-completed operations and contract assets	38,913	-	-	-
Short-term investment securities and investment securities				
Available-for-sale securities with maturities				
1. Bonds				
(1) Government bonds/local authority bonds, etc.	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	-	-	-	-
2. Others	-	-	-	-
Total	65,668	-	-	-

4. Repayment schedule of long-term loans payable and lease obligations due after the balance sheet date

Prior fiscal year (As of December 31, 2024)

	Due within 1 year (Millions of yen)	Due after 1 year but within 2 years (Millions of yen)	Due after 2 years but within 3 years (Millions of yen)	Due after 3 years but within 4 years (Millions of yen)	Due after 4 years but within 5 years (Millions of yen)	Due after 5 years (Millions of yen)
Long-term loans payable	935	855	804	748	3	38
Lease obligations	1,945	1,584	1,149	855	239	34
Total	2,880	2,439	1,954	1,604	242	72

Current fiscal year (As of December 31, 2025)

	Due within 1 year (Millions of yen)	Due after 1 year but within 2 years (Millions of yen)	Due after 2 years but within 3 years (Millions of yen)	Due after 3 years but within 4 years (Millions of yen)	Due after 4 years but within 5 years (Millions of yen)	Due after 5 years (Millions of yen)
Long-term loans payable	852	801	745	-	-	-
Lease obligations	1,975	1,509	1,167	492	123	18
Total	2,827	2,310	1,913	492	123	18

5. Matters concerning the breakdown of the fair value of financial instruments by level

The fair values of financial instruments are classified into the following three levels according to the observability and significance of inputs used in the calculation of fair values.

Level 1 fair value: Fair value calculated using market prices, on an active market, of assets or liabilities whose fair value is calculated of the observable inputs related to the calculation of fair value

Level 2 fair value: Fair value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to the calculation of market value

Level 3 fair value: Fair value calculated using inputs that are not observable related to the calculation of fair value

If more than one input that has a significant effect on the calculation of fair value is used, the fair value is classified to the level of inputs whose priority is lowest in the calculation of fair value.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Prior fiscal year (As of December 31, 2024)

Classifications	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities Available-for-sale securities				
Stocks	3,905	-	-	3,905
Others	-	137	-	137
Total assets	3,905	137	-	4,042

Current fiscal year (As of December 31, 2025)

Classifications	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities Available-for-sale securities				
Stocks	2,259	-	-	2,259
Others	-	133	-	133
Total assets	2,259	133	-	2,393

(2) Financial instruments other than recorded on the consolidated balance sheet at fair value

Prior fiscal year (As of December 31, 2024)

Classifications	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans payable (including Long-term loans payable scheduled to be refunded within 1 year)	-	3,452	-	3,452
Total liabilities	-	3,452	-	3,452

Current fiscal year (As of December 31, 2025)

Classifications	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans payable (including Long-term loans payable scheduled to be refunded within 1 year)	-	2,445	-	2,445
Total liabilities	-	2,445	-	2,445

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

Short-term investment securities and investment securities

Listed stocks are valued using quoted prices. Listed stocks are traded in an active market and, therefore, their fair values are classified as Level 1 fair values. Available-for-sale securities other than stocks are calculated based on prices quoted by the financial institutions with which the securities are traded and are classified as Level 2 fair values.

Long-term loans payable

Fair value of long-term loans payable is measured at present value determined by discounting total principal and interest at a rate likely to apply if a comparable new borrowing was made and is classified as Level 2.

(Securities)

1. Available-for-sale securities

Prior fiscal year (As of December 31, 2024)

	Type	Book value on the consolidated balance sheets (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Investments with book values on the consolidated balance sheets exceeding acquisition cost	(1) Stocks	3,852	1,171	2,680
	(2) Bonds			
	(a) Government bonds/local authority bonds, etc.	-	-	-
	(b) Corporate bonds	-	-	-
	(c) Others	50	50	0
	(3) Others	-	-	-
	Subtotal	3,902	1,221	2,680
Investments with book values on the consolidated balance sheets not exceeding acquisition cost	(1) Stocks	52	58	(5)
	(2) Bonds			
	(a) Government bonds/local authority bonds, etc.	-	-	-
	(b) Corporate bonds	-	-	-
	(c) Others	-	-	-
	(3) Others	87	96	(8)
	Subtotal	140	155	(14)
Total		4,042	1,376	2,665

(Note) Unlisted stocks (book value on the consolidated balance sheet: 221 million yen) are Stocks, etc. without market price. Accordingly, these securities are not included in the above table, “Available-for-sale securities”.

Current fiscal year (As of December 31, 2025)

	Type	Book value on the consolidated balance sheets (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Investments with book values on the consolidated balance sheets exceeding acquisition cost	(1) Stocks	2,199	541	1,657
	(2) Bonds			
	(a) Government bonds/local authority bonds, etc.	-	-	-
	(b) Corporate bonds	-	-	-
	(c) Others	-	-	-
	(3) Others	50	50	0
	Subtotal	2,249	591	1,657
Investments with book values on the consolidated balance sheets not exceeding acquisition cost	(1) Stocks	60	63	(2)
	(2) Bonds			
	(a) Government bonds/local authority bonds, etc.	-	-	-
	(b) Corporate bonds	-	-	-
	(c) Others	-	-	-
	(3) Others	83	96	(12)
	Subtotal	144	159	(15)
Total		2,393	751	1,641

(Note) Unlisted stocks (book value on the consolidated balance sheet: 222 million yen) are Stocks, etc. without market price. Accordingly, these securities are not included in the above table, “Available-for-sale securities”.

2. Available-for-sale securities sold

Prior fiscal year (From January 1, 2024 to December 31, 2024)

Type	Sales price (Millions of yen)	Total gains on sales (Millions of yen)	Total losses on sales (Millions of yen)
(1) Stocks	169	78	-
(2) Bonds			
(a) Government bonds/local authority bonds, etc.	-	-	-
(b) Corporate bonds	-	-	-
(c) Others	-	-	-
(3) Others	-	-	-
Total	169	78	-

Current fiscal year (From January 1, 2025 to December 31, 2025)

Type	Sales price (Millions of yen)	Total gains on sales (Millions of yen)	Total losses on sales (Millions of yen)
(1) Stocks	3,498	2,868	-
(2) Bonds			
(a) Government bonds/local authority bonds, etc.	-	-	-
(b) Corporate bonds	-	-	-
(c) Others	-	-	-
(3) Others	-	-	-
Total	3,498	2,868	-

3. Available-for-sale securities for which the holding purpose has been changed

Prior fiscal year (From January 1, 2024 to December 31, 2024)

During the current fiscal year, 76 million yen of available-for-sale-securities was reclassified to shares of subsidiaries following the consolidation of SANYO TECHNO MARINE CO, LTD.

Current fiscal year (From January 1, 2025 to December 31, 2025)

Not applicable.

(Retirement benefits)

1. Description of retirement benefit plans provided by the Company

The Company and certain domestic consolidated subsidiaries have established a contract-type defined pension plan (Cash Balance Plan) and retirement lump-sum payment plan as a defined benefit-type program.

The other domestic subsidiaries and overseas subsidiaries adopt a defined contribution program such as the Smaller Enterprise Retirement Allowance Mutual Aid System.

Defined contribution pension plans have been established by the Company and certain consolidated subsidiaries.

In some cases, an additional retirement allowance, which is not included in the retirement benefit obligation, mathematically calculated in accordance with retirement benefit accounting, may be paid out at retirement of the employees.

Also, with respect to defined benefit pension plan and lump-sum retirement allowance plan operated by certain domestic consolidated subsidiaries, the net defined benefit liability and retirement benefit expenses are calculated by a compendium method.

2. Defined benefit plan

(1) Changes in the retirement benefit obligations at beginning of the year and end of the year (Excluding plans for which a compendium method is applied stated in (3))

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Retirement benefit obligations at beginning of the year	5,499	5,287
Service cost	247	229
Interest cost	71	85
Actuarial gain or loss	(266)	(614)
Retirement benefits paid	(264)	(127)
Retirement benefit obligations at end of the year	5,287	4,861

(2) Changes in plan assets at beginning of the year and end of the year (Excluding plans for which a compendium method is applied stated in (3))

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Plan assets at beginning of the year	5,817	6,018
Expected return on plan assets	116	120
Actuarial gain or loss	176	80
Contribution by the Company	125	124
Retirement benefits paid	(216)	(102)
Plan assets at end of the year	6,018	6,241

(3) Changes in net defined benefit liability calculated using a compendium method at beginning of the year and end of the year (net)

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Net defined benefit liability at beginning of the year (net)	100	182
Retirement benefits expenses	31	49
Retirement benefits paid	(15)	(28)
Contribution to the system	(31)	(32)
Increase due to new consolidated subsidiary	97	-
Net defined benefit liability at end of the year (net)	182	170

(4) Reconciliation of retirement benefit obligations and plan assets at end of the year and net defined benefit liability and net defined benefit asset provided on the consolidated balance sheets

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Funded projected benefit obligations	3,658	3,327
Plan assets	(6,217)	(6,448)
	(2,559)	(3,120)
Unfunded projected benefit obligations	2,010	1,911
Net liability/asset for projected benefit obligations in the consolidated balance sheets	(548)	(1,209)
Net defined benefit liability	2,010	1,911
Net defined benefit asset	(2,559)	(3,120)
Net liability/asset for projected benefit obligations in the consolidated balance sheets	(548)	(1,209)

(Note) Including plans for which a compendium method is adopted.

(5) Retirement benefit expenses

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Service cost	247	229
Interest cost	71	85
Expected return on plan assets	(116)	(120)
Amortization of actuarial gain or loss	(171)	(215)
Amortization of prior service cost	40	40
Retirement benefit expenses calculated by compendium method	31	49
Retirement benefit expenses related to defined benefit plans	102	69

(6) Remeasurements of defined benefit plans included in other comprehensive income

The breakdown of remeasurements of defined benefit plans (before income taxes and tax effect) is as follows.

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Actuarial gain or loss	270	478
Prior service cost	40	40
Total	311	519

(7) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The breakdown of accumulated remeasurements of defined benefit plans (before income taxes and tax effect) is as follows.

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31,2025)
Unrecognized actuarial gain or loss	(847)	(1,325)
Unrecognized prior service cost	90	50
Total	(756)	(1,275)

(8) Matters related to plan assets

(a) Major breakdown of plan assets

Ratios of asset classes to total plan assets by major classification are as follows.

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Bonds	62 %	61 %
Stocks	27 %	26 %
General accounts	1 %	2 %
Others	10 %	11 %
Total	100 %	100 %

(b) Method of determining long-term expected rates of return on plan assets

In order to determine the long-term expected rates of return on plan assets, the Company considers the present and anticipated allocation of plan assets and the present and expected long-term rates of return on plan assets in the future from various assets that constitute the plan assets.

(9) Actuarial assumptions

Major actuarial assumptions

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Discount rates	1.623 %	2.682 %
Long-term expected rates of return on plan assets	2.0 %	2.0 %

3. Defined contribution pension plans

Required contributions by the Company and its consolidated subsidiaries to defined contribution pension plans were 423 million yen for the prior fiscal year and 435 million yen for the current fiscal year.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Deferred tax assets		
Net operating loss carryforwards (Note)1	134 million yen	328 million yen
Net defined benefit liability	572 million yen	557 million yen
Allowance for doubtful accounts	109 million yen	84 million yen
Provision for bonuses	63 million yen	132 million yen
Enterprise tax payable	69 million yen	153 million yen
Loss on valuation of securities	15 million yen	3 million yen
Loss on valuation of inventories	394 million yen	406 million yen
Revaluation reserve for land	1,082 million yen	1,113 million yen
Others	2,419 million yen	2,506 million yen
Deferred tax assets: Subtotal	4,861 million yen	5,285 million yen
Valuation allowance for net operating loss carry forwards (Note)1	(51) million yen	(27) million yen
Valuation allowance for deductible temporary differences	(2,275) million yen	(2,377) million yen
Valuation allowance	(2,326) million yen	(2,405) million yen
Deferred tax assets: Total	2,535 million yen	2,880 million yen
Deferred tax liabilities		
Balance of investments (valuation difference of noncurrent assets)	(267) million yen	(93) million yen
Revaluation reserve for land	(227) million yen	(233) million yen
Valuation differences on assets received by merger	(133) million yen	(136) million yen
Valuation difference on available-for-sale securities	(803) million yen	(502) million yen
Retained earnings of overseas subsidiaries	(188) million yen	(185) million yen
Net defined benefit assets	(733) million yen	(931) million yen
Other	(208) million yen	(168) million yen
Deferred tax liabilities: Total	(2,560) million yen	(2,251) million yen
Net deferred tax assets (liabilities)	(25) million yen	629 million yen

(Note)1. Net operating loss carryforwards and related deferred tax assets expire as follows:

Prior fiscal year (As of December 31, 2024)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	-	-	0	3	6	124	134 million yen
Valuation allowance	-	-	(0)	(3)	(6)	(40)	(51) million yen
Deferred tax assets	-	-	-	-	-	83	83 million yen (b)

(a) Net operating loss carryforwards is the amount obtained by multiplying by the statutory tax rate.

(b) Valuation allowance is not recognized for the portion of net operating loss carryforwards deemed recoverable based on estimated future taxable income.

Current fiscal year (As of December 31, 2025)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	-	-	-	-	-	328	328 million yen
Valuation allowance	-	-	-	-	-	(27)	(27) million yen
Deferred tax assets	-	-	-	-	-	300	300 million yen (b)

(a) Net operating loss carryforwards is the amount obtained by multiplying by the statutory tax rate.

(b) Valuation allowance is not recognized for the portion of net operating loss carryforwards deemed recoverable based on estimated future taxable income.

2. The reconciliation between the effective tax rate reflected in the consolidated statements of income and the statutory tax rate is as follows:

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Statutory effective tax rate in Japan	30.6 %	30.6 %
(Reconciliation)		
Permanently non-deductible entertainment and other expenses	0.4 %	0.5 %
Permanently non-taxable dividends and other income	(0.2) %	(0.1) %
Per-capita inhabitant tax	2.0 %	1.7 %
Change in tax rate	- %	(0.2) %
Equity in earnings and losses of affiliates	(0.6) %	(0.5) %
Valuation allowance	(2.9) %	0.7 %
Effect of tax deduction	(6.3) %	(1.8) %
Amortization of goodwill	1.5 %	1.2 %
Impairment loss of goodwill	- %	1.7 %
Others	1.0 %	2.5 %
Effective tax rates after adoption of tax-effect accounting	25.5 %	36.3 %

3. Revision of deferred tax assets and deferred tax liabilities due to changes in tax rates

Following the enactment on March 31, 2025 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025), a special defense corporate tax will be imposed for fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after January 1, 2027 have been measured using a revised statutory effective tax rate of 31.5%, instead of 30.6%.

As a result of this change in tax rates, deferred tax liabilities (net of deferred tax assets) increased by 0 million yen, and income taxes—deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans decreased by 11 million yen, 0 million yen, and 11 million yen, respectively, for the current fiscal year.

Also, deferred tax liabilities related to revaluation increased by 6 million yen, and revaluation reserve for land decreased by the same amount.

(Business combinations)

Disclosure is omitted because it is immaterial.

(Asset retirement obligations)

The Company recognizes the obligations of properly restoration at the end of a tenancy agreement as asset retirement obligations.

For asset retirement obligations at the end of the current fiscal year, instead of calculating liabilities, the Company reasonably estimated the amount of deposits unlikely to be returned at the end of the tenancy agreements and has included this portion in the current fiscal year as an expense.

(Rental real estate)

The Company and certain of its consolidated subsidiaries own apartment buildings (including land) in Ibaraki Prefecture and other regions.

Income or loss from rental of these properties during the prior fiscal year totaled 29 million yen (Rental income has principally been included in non-operating income and rental expenses in non-operating expenses).

Income or loss from rental of these properties during the current fiscal year totaled 26 million yen (Rental income has principally been included in non-operating income and rental expenses in non-operating expenses).

The book value for this rental real estate as stated in the consolidated balance sheets, the amount of increase/decrease during the current fiscal year and fair value were as follows:

(Millions of yen)

		Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Book value in the consolidated balance sheets	Balance at the beginning of the fiscal year	460	451
	Increase/decrease during the fiscal year	(8)	(9)
	Balance at the end of the fiscal year	451	442
Fair value at the end of the year		484	517

(Notes) 1. The book value in the consolidated balance sheets represented acquisition cost less accumulated depreciation.

2. The amount of decrease during the prior fiscal year was mainly due to depreciation (8 million yen). The amounts of decrease during the current fiscal year were mainly due to depreciation (9 million yen).

3. Each fair value at the end of the current fiscal year was sale price determined by the contract for main properties and on the indexes that were considered to be reflecting the market price such as land assessments for other properties.

(Revenue Recognition)

Prior fiscal year (From January 1, 2024 to December 31, 2024)

(1) Disaggregation of revenue from contracts with customers

The Group consists of three reportable segments: “Disaster Prevention and Infrastructure”, “Environment and Energy”, and “International”.

Revenue of the Group is divided into and recognized within four categories; “Government,” “Local government,” and “Private and other” for each customer classification in Japan, and “Overseas”" for sales outside Japan.

The relationship between revenues from goods or services broken down by classification of customers in Japan and overseas sales and the three reportable segments is as follows:

(Millions of yen)

Revenue from contracts with customers	72,554
Other revenue	1,531
Total	74,085

(Millions of yen)

		Disaster Prevention and Infrastructure	Environment and Energy	International	Internal elimination	Total
Japan	Government	9,265	6,698	-	-	15,963
	Local government	7,400	4,813	-	-	12,214
	Private and other	8,616	17,176	923	(609)	26,106
Overseas		341	14	17,943	(30)	18,269
Total		25,623	28,704	18,866	(640)	72,554

(2) Information to understand revenues

As the same information has been described in "Significant accounting policies, 4. Accounting policies, (5) Accounting for significant revenues and expenses," this note has been omitted.

(3) Information to understand the amount of revenues for the current and following fiscal year.

① Balance of Contract Assets and Contract Liabilities

The beginning and ending balances of trade receivables, contract assets and contract liabilities recorded from contracts with customers of the Company and its consolidated subsidiaries for the current fiscal year are as follows:
In the consolidated balance sheet, trade receivables are included in "Notes and accounts receivable-trade" and "Accounts receivable-completed operations and contract assets", contract assets are included in "Accounts receivable-completed operations and contract assets," and contract liabilities are included in "Advances received on uncompleted contracts" and "Other."

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Accounts receivable-trade	7,729	6,818
Contract assets	29,115	36,308
Contract liabilities	728	1,032

The change in contract assets was primarily due to revenue recognition (increase in contract assets) and reclassification to trade receivables (decrease in contract assets).
The change in contract liabilities was primarily due to advances received (an increase in contract liabilities) and revenue recognition (decrease in contract liabilities).
Of the revenue recognized during the current fiscal year, the amount, which was included in contract liabilities as of the beginning of the current fiscal year, was 656 million yen and the amount related to performance obligations satisfied in prior periods was not material.

② Transaction price allocated to the remaining performance obligations

Outstanding performance obligations as of the end of the fiscal year are as follows:

(Millions of yen)

	Due in 1 year or less	Due after 1 year	Total
Current fiscal year	23,898	11,272	35,171

Current fiscal year (From January 1, 2025 to December 31, 2025)
(1) Disaggregation of revenue from contracts with customers

The Group consists of three reportable segments: “Disaster Prevention and Infrastructure”, “Environment and Energy”, and “International”.

Revenue of the Group is divided into and recognized within four categories; “Government,” “Local government,” and “Private and other” for each customer classification in Japan, and “Overseas”" for sales outside Japan.

The relationship between revenues from goods or services broken down by classification of customers in Japan and overseas sales and the three reportable segments is as follows:

(Millions of yen)

Revenue from contracts with customers	74,444
Other revenue	1,840
Total	76,285

(Millions of yen)

		Disaster Prevention and Infrastructure	Environment and Energy	International	Internal elimination	Total
Japan	Government	9,917	6,450	-	-	16,367
	Local government	8,977	5,392	-	-	14,369
	Private and other	9,291	18,001	604	(449)	27,448
Overseas		259	-	16,048	(48)	16,259
Total		28,445	29,844	16,653	(498)	74,444

(2) Information to understand revenues

As the same information has been described in “Significant accounting policies, 4. Accounting policies, (5) Accounting for significant revenues and expenses,” this note has been omitted.

(3) Information to understand the amount of revenues for the current and following fiscal year.

(a)Balance of Contract Assets and Contract Liabilities

The beginning and ending balances of trade receivables, contract assets and contract liabilities recorded from contracts with customers of the Company and its consolidated subsidiaries for the current fiscal year are as follows:
In the consolidated balance sheet, trade receivables are included in “Notes and accounts receivable-trade” and “Accounts receivable-completed operations and contract assets”, contract assets are included in “Accounts receivable-completed operations and contract assets,” and contract liabilities are included in “Advances received on uncompleted contracts” and “Other.”

(Millions of yen)

	Current fiscal year (From January 1, 2025 to December 31, 2025)	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Accounts receivable-trade	6,818	7,353
Contract assets	36,308	34,961
Contract liabilities	1,032	1,000

The change in contract assets was primarily due to revenue recognition (increase in contract assets) and reclassification to trade receivables (decrease in contract assets).
The change in contract liabilities was primarily due to advances received (an increase in contract liabilities) and revenue recognition (decrease in contract liabilities).
Of the revenue recognized during the current fiscal year, the amount, which was included in contract liabilities as of the beginning of the current fiscal year, was 859 million yen and the amount related to performance obligations satisfied in prior periods was not material.

(b)Transaction price allocated to the remaining performance obligations
Outstanding performance obligations as of the end of the fiscal year are as follows:

(Millions of yen)

	Due in 1 year or less	Due after 1 year	Total
Current fiscal year	23,768	12,452	36,221

(Segment information)

【Segment information】

1. Outline of reportable segments

The reportable segments of the Company are, among the Group's business units, those for which separate financial information can be obtained and that are regularly reviewed by the Board in order to decide the distribution of resources and to assess business performance.

An outline of the segments is as follows.

<Disaster Prevention and Infrastructure>

Provision of solution services and systems that support the resilience of society against natural disasters (earthquakes/tsunami, volcanic disasters, heavy rainfall, landslides, and others), and solution services and systems that support the development and maintenance of social infrastructure. The main business contents are surveying and restoration design of areas damaged by natural disasters, forecasting damage such as earthquakes, tsunamis, fires, etc. related to national and local governments disaster prevention plans, consulting on natural disaster risk surveys, loss forecasting, and countermeasures related to corporate business continuity plans, and building, installing, and updating monitoring systems related to natural disasters such as seismometer networks and volcano monitoring systems. In addition to inspection, diagnosis, and maintenance services for social infrastructure managed by the national and local governments, survey, design, and measurement services for the development of resilient infrastructure, development, sales, and construction, installation, and renewal of non-destructive testing products used for various inspections and diagnoses, etc., and the construction, installation, and renewal of monitoring systems, etc.

<Environment and Energy>

Provision of solution services and systems that support the conservation of the global environment and measures to reduce the burden of the global environment, as well as solution services and systems that support the development, conservation, and effective use of resources and energy. The Company's main business is consulting on surveys and countermeasures in the social and environmental fields targeting soil and groundwater contamination, asbestos, waste, etc. In addition to surveys and consulting in the field of the natural environment, such as global warming countermeasures and biodiversity conservation, advanced geological survey consulting related to the construction, installation, and renewal of environmental monitoring systems, and the location of various power generation facilities, methane hydrate development research, and support for the commercialization of renewable energy such as offshore wind, geothermal, and geothermal heat. Undersea 3D resource exploration services, development and sales of resource exploration equipment and systems, etc.

<International>

Provision of products and solution services related to infrastructure development and maintenance, disaster prevention, and resource and energy development overseas. The Company's main businesses include the development, manufacture, and sale of non-destructive testing equipment and seismic observation systems that support the longevity and resilience of infrastructure overseas, the development, manufacture, and sale of geophysical exploration equipment that supports safe offshore infrastructure overseas, and survey, design, construction, and construction management services that support infrastructure in overseas regions.

2. Calculation method of net sales, income and loss, assets and other items

The accounting method for reportable business segments is the same as is described in "Significant accounting policies." Segment income is based on operating income. Segment assets are not disclosed since they are not subject to a determination of management resource allocation or evaluation of business results. Inter-segment sales or transfers are based on actual market prices.

3. Information on net sales, income or loss, assets and other items per reportable segment
Prior fiscal year (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Book value on consolidated financial statements (Note 2)
	Disaster Prevention and Infrastructure	Environment and Energy	International	Total		
Net sales						
Sales to third parties	26,894	28,658	18,532	74,085	-	74,085
Inter-segment sales or transfer	260	46	334	640	(640)	-
Total	27,154	28,704	18,866	74,725	640	74,085
Segment income	1,069	2,909	402	4,382	(1)	4,380
Other items						
Depreciation and amortization	521	731	534	1,787	(0)	1,787
Amortization of goodwill	22	124	119	265	-	265
Equity in earnings (loss) of affiliates	2	-	117	120	-	120

(Notes) 1. An adjustment of (1) million yen in the segment income was due to the elimination of inter-segment revenues.
2. Segment income was adjusted by the amount of operating income as stated on the consolidated statements of income.
3. Segment assets are not disclosed since they are not subject to a determination of management resource allocation or evaluation of business results. However, depreciation is allocated to each business segment based on a reasonable distribution basis.

Current fiscal year (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Book value on consolidated financial statements (Note 2)
	Disaster Prevention and Infrastructure	Environment and Energy	International	Total		
Net sales						
Sales to third parties	30,015	29,759	16,511	76,285	-	76,285
Inter-segment sales or transfer	271	84	142	498	(498)	-
Total	30,286	29,844	16,653	76,783	(498)	76,285
Segment income (loss)	1,508	3,073	(513)	4,068	39	4,108
Other items						
Depreciation and amortization	504	765	524	1,794	(1)	1,793
Amortization of goodwill	99	124	39	263	-	263
Equity in earnings (losses) of affiliates	8	-	130	138	-	138

(Notes) 1. An adjustment of 39 million yen in the segment income (loss) was due to the elimination of inter-segment revenues.
2. Segment income (loss) was adjusted by the amount of operating income as stated on the consolidated statements of income.
3. Segment assets are not disclosed since they are not subject to a determination of management resource allocation or evaluation of business results. However, depreciation is allocated to each business segment based on a reasonable distribution basis.

【Related information】

Prior fiscal year (From January 1, 2024 to December 31, 2024)

1. Breakdown by product and service

   Details are omitted because identical information is disclosed in the segment information section.

2. Breakdown by geographic area

(1) Net sales

(Millions of yen)

Japan	the United States	Others	Total
55,827	6,480	11,777	74,085

(Note) Net sales are based on the location of customers and are classified by geographic proximity.

(2) Property, plant and equipment

(Millions of yen)

Japan	the United States	Others	Total
13,360	2,383	605	16,350

3. Breakdown by major customer

(Millions of yen)

Name of the customer	Net sales	Relevant segment
Ministry of Land, Infrastructure, Transport and Tourism	6,439	Disaster Prevention and Infrastructure

Current fiscal year (From January 1, 2025 to December 31, 2025)

1. Breakdown by product and service
   Details are omitted because identical information is disclosed in the segment information section.

2. Breakdown by geographic area

(1) Net sales

(Millions of yen)

Japan	the United States	Others	Total
60,064	5,540	10,680	76,285

(Note) Net sales are based on the location of customers and are classified by geographic proximity.

(2) Property, plant and equipment

(Millions of yen)

Japan	the United States	Others	Total
12,974	2,132	1,003	16,110

3. Breakdown by major customer

(Millions of yen)

Name of the customer	Net sales	Relevant segment
Ministry of Land, Infrastructure, Transport and Tourism	7,830	Disaster Prevention and Infrastructure, Environment and Energy

【Information about impairment loss of noncurrent assets per reportable segment】

Prior fiscal year (From January 1, 2024 to December 31, 2024)

Not applicable.

Current fiscal year (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Disaster Prevention and Infrastructure	Environment and Energy	International	Eliminations or corporate	Total
Impairment loss	-	624	488	-	1,113

【Information about amortization of goodwill and unamortized balance per reportable segment】

Prior fiscal year (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Disaster Prevention and Infrastructure	Environment and Energy	International	Eliminations or corporate	Total
Amortization during the year	22	124	119	-	265
Balance at the end of the year	66	1,063	422	-	1,552

Current fiscal year (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Disaster Prevention and Infrastructure	Environment and Energy	International	Eliminations or corporate	Total
Amortization during the year	99	124	39	-	263
Balance at the end of the year	189	939	-	-	1,128

【Information about gain on negative goodwill per reportable segment】

Not applicable.

【Related-party information】

Related-party transactions

Prior fiscal year (From January 1, 2024 to December 31, 2024)

Not applicable.

Current fiscal year (From January 1, 2025 to December 31, 2025)

Not applicable.

(Per share information)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Net assets per share	3,336.66 yen	3,419.42 yen
Earnings per share	170.39 yen	189.21 yen

(Notes) 1. Fully diluted net income per share is not stated as no residual securities exist.

2. With respect to the remaining shares of the Company held by the trust, which are recorded as treasury stock in shareholders' equity, the shares included in treasury stock are deducted in determining the average number of shares during the period in the calculation of net income per share. Also, the shares included in treasury stock are deducted from the total number of outstanding shares at the end of the fiscal year in the calculation of net assets per share.
The number of outstanding shares of treasury stock at the end of the fiscal year that were deducted in the calculation of net assets per share was 517,520 shares in the prior fiscal year and 508,936 shares in the current fiscal year. The average number of shares of the treasury stock during the period that was deducted in the calculation of net income per share was 421,403 shares in the prior fiscal year and 511,523 shares in the current fiscal year.

3. The basis for the calculation of net income per share is as follows:

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	4,010	4,331
Net income not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common stock (Millions of yen)	4,010	4,331
Average number of shares outstanding (share)	23,536,485	22,892,182

(Significant subsequent events)

Not applicable.

⑤【Consolidated supplementary schedules】

【Schedule of corporate bonds】

Not applicable.

【Schedule of borrowings】

Classification	Balance at January 1, 2025 (Millions of yen)	Balance at December 31, 2025 (Millions of yen)	Average interest rate (%)	Period of repayment
Short-term loans payable	739	1,335	3.27	-
Long-term loans due for repayment within one year	935	852	1.22	-
Lease obligations due for repayment within one year	1,945	1,975	1.81	-
Long-term loans (excluding those due for repayment within one year)	2,449	1,547	1.24	2027-2028
Lease obligations (excluding those due for repayment within one year)	3,863	3,311	1.83	2027-2033
Other interest-bearing liabilities	-	-	-	-
Total	9,932	9,021	-	-

(Notes) 1. The average interest rate is calculated on the basis of year-end interest rate and balance.

2. The following table shows the aggregate amounts of scheduled repayment of long term loans and lease obligations (excluding the ones due for repayment within one year) for 5 years subsequent to December 31, 2025.

	Due after 1 year but within 2 years (Millions of yen)	Due after 2 years but within 3 years (Millions of yen)	Due after 3 years but within 4 years (Millions of yen)	Due after 4 years but within 5 years (Millions of yen)
Long-term loans payable	801	745	-	-
Lease obligations	1,509	1,167	492	123

【Schedule of asset retirement obligations】

Disclosure is omitted because the amount of asset retirement obligations is immaterial.

(2) 【Other】

Quarterly information for the fiscal year ended December 31, 2025

Cumulative	1st quarter of the current fiscal year	Interim consolidated accounting period	3rd quarter of the current fiscal year	Current fiscal year
Net sales (Millions of yen)	20,335	36,806	55,858	76,285
Profit before income taxes (Millions of yen)	3,572	3,923	4,935	6,716
Interim (Quarterly) (Current) profit attributable to owners of parent	2,401	2,600	3,191	4,331
Interim (Quarterly) (Current) earnings per share	103.66	113.06	139.19	189.21

Each quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Quarterly earnings per share (Yen)	103.66	8.68	25.94	50.03

(NOTE) Review of the financial information for the first three months and nine months: Not reviewed

2. 【Non-consolidated financial statements】

(1) 【Non-consolidated financial statements】

① 【Non-consolidated balance sheet】

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	1,900	7,105
Notes receivable-trade	19	128
Accounts receivable-completed operations and contract assets	32,463	29,591
Accounts receivable-trade	323	250
Merchandise and finished goods	535	604
Work in process	237	277
Raw materials and supplies	319	334
Prepaid expenses	258	336
Other	412	780
Total current assets	36,471	39,409
Noncurrent assets		
Property, plant and equipment		
Buildings	2,757	2,774
Structures	79	99
Machinery and equipment	772	592
Vehicles	0	1
Tools, furniture and fixtures	61	122
Land	3,789	3,789
Lease assets	179	141
Construction in progress	-	96
Total property, plant and equipment	7,641	7,617
Intangible assets		
Software	435	335
Software in progress	13	-
Goodwill	-	97
Other	8	8
Total intangible assets	458	441
Investments and other assets		
Investment securities	4,218	2,555
Stocks of subsidiaries and affiliates	17,546	17,022
Long-term loans receivable	168	154
Other	2,806	3,064
Allowance for doubtful accounts	(210)	(180)
Total investments and other assets	24,530	22,616
Total noncurrent assets	32,630	30,675
Total assets	69,102	70,085

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-operating	2,222	2,011
Accounts payable-trade	34	39
Accounts payable-other	4,274	5,134
Income taxes payable	448	1,811
Accrued expenses	409	442
Long-term loans payable due for repayment within one year	700	700
Advances received on uncompleted contracts	380	425
Deposits payable	401	322
Provision for bonuses	134	328
Provision for loss on orders received	-	1
Provision for product warranties	16	13
Other	76	90
Total current liabilities	9,098	11,320
Noncurrent liabilities		
Long-term loans payable	2,100	1,400
Provision for retirement benefits	1,943	1,992
Provision for stock benefits	336	585
Deferred tax liabilities	632	42
Deferred tax liabilities for land revaluation	227	233
Other	262	274
Total noncurrent liabilities	5,501	4,528
Total liabilities	14,599	15,849

(Millions of yen)

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus		
Legal capital surplus	4,043	4,043
Other capital surplus	5,972	4,714
Total capital surplus	10,016	8,758
Retained earnings		
Legal retained earnings	488	488
Other retained earnings		
General reserve	23,307	23,307
Retained earnings brought forward	8,713	10,673
Total retained earnings	32,509	34,469
Treasury stock	(3,018)	(3,246)
Total shareholders' equity	55,681	56,155
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,841	1,108
Revaluation reserve for land	(3,021)	(3,028)
Total valuation and translation adjustments	(1,179)	(1,919)
Total net assets	54,502	54,235
Total liabilities and net assets	69,102	70,085

② 【Non-consolidated statement of income】

(Millions of yen)

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Net sales	38,380	40,960
Cost of sales	28,341	29,309
Gross profit	10,039	11,650
Selling, general and administrative expenses	*1 8,412	*1 9,525
Operating income	1,626	2,124
Non-operating income		
Interest and dividends income	*2 3,165	*2 1,526
Insurance and dividends income	88	109
Rent of real estate	*2 66	*2 66
Other	*2 69	*2 20
Total non-operating income	3,389	1,723
Non-operating expenses		
Interest expenses	27	46
Foreign exchange losses	-	1
Provision of allowance for doubtful accounts	2	3
Rent cost of real estate	24	27
Loss on retirement of noncurrent assets	11	16
Loss on sales of noncurrent assets	-	30
Other	11	7
Total non-operating expenses	77	133
Ordinary income	4,939	3,714
Extraordinary income		
Gain on extinguishment of tie-in shares	35	-
Gain on sales of noncurrent assets	*3 0	-
Gain on sales of investment securities	78	2,868
Total extraordinary income	114	2,868
Extraordinary loss		
Loss on valuation of stock of subsidiaries and affiliates	-	644
Loss on sales of noncurrent assets	*4 6	-
Total extraordinary loss	6	644
Profit before income taxes	5,048	5,937
Income taxes-current	550	1,902
Income taxes-deferred	20	(284)
Total income taxes	571	1,617
Profit	4,477	4,320

【Breakdown of cost of sales】

A. Cost of sales for geo-engineering services

Classification	Notes	Prior fiscal year (From January 1, 2024 to December 31, 2024) Amount (Millions of yen)		Prior fiscal year Ratio (%)	Current fiscal year (From January 1, 2025 to December 31, 2025) Amount (Millions of yen)		Current fiscal year Ratio (%)
Materials cost			568	2.1		1,115	4.0
Labor cost			7,227	26.5		7,227	25.7
Subcontract cost			15,468	56.7		15,710	55.8
Overhead cost							
Transportation expenses			1,291			1,373	
Report preparation cost			34			35	
Depreciation			382			338	
Other			2,315	14.7		2,363	14.6
Total cost for geo-engineering services			27,288	100.0		28,162	100.0
Total			27,288			28,162	
Cost of sales for geo-engineering services			27,288			28,162	
Provision for loss on orders received			-			1	
Reversal of provision for loss on orders received			-			-	
Cost of sales for geo-engineering services during the year			27,288			28,163	

(Notes) 1. Method of cost accounting is Job order cost accounting.

B. Cost of sales for measuring instruments

Classification	Note	Prior fiscal year (From January 1, 2024 to December 31, 2024) Amount (Millions of yen)		Ratio (%)	Current fiscal year (From January 1, 2025 to December 31, 2025) Amount (Millions of yen)		Ratio (%)
Finished goods at beginning of the year			524			535	
Cost of purchased goods during the year			642			785	
Cost of products manufactured during the year							
Materials cost		435		59.4	453		59.2
Labor cost		199		27.2	225		29.4
Overhead cost		97		13.3	87		11.5
Total manufacturing costs		732		100.0	766		100.0
Work in process at the beginning of the year		159			237		
Total		891			1,004		
Transfer to other accounts	※2	107			140		
Work in process at the end of the year		237	546		277	585	
Total			1,713			1,906	
Transfer to other accounts	※3		125			156	
Finished goods at the end of the year			535			604	
Cost of sales for measuring instruments during the year			1,052			1,145	

(Notes) 1. Method of cost accounting is group process costing

	Prior fiscal year	Current fiscal year
※2. Transfer to other accounts		
Research and development expenses (Selling, general and administrative expenses)	6 million yen	17 million yen
※3. Transfer to other accounts		
Transfer to cost of geo-engineering services	125 million yen	156 million yen

C. Reconciliation of cost of sales for geo-engineering services, cost of sales for measuring instruments and cost of sales

Classification	Note	Prior fiscal year (From January 1, 2024 to December 31, 2024) Amount (Millions of yen)	Current fiscal year (From January 1, 2025 to December 31, 2025) Amount (Millions of yen)
Cost of sales for geo-engineering services		27,288	28,163
Cost of sales for measuring instruments		1,052	1,145
Cost of sales		28,341	29,309

③【Non-consolidated statement of changes in net assets】
Prior fiscal year (From January 1, 2024, to December 31, 2024)

(Millions of yen)

	Shareholders' equity							
						Other retained earnings		Total retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	
Balance at the beginning of the year	16,174	4,043	7,612	11,656	488	23,307	5,741	29,536
Changes during the year								
Dividends from surplus							(1,501)	(1,501)
Net income							4,477	4,477
Purchase of treasury stock								
Disposal of treasury stock			50	50				
Cancellation of treasury stock			(1,690)	(1,690)				
Reversal of revaluation reserve for land							(2)	(2)
Net changes in items other than shareholders' equity								
Total changes during the year	-	-	(1,639)	(1,639)	-	-	2,972	2,972
Balance at the end of year	16,174	4,043	5,972	10,016	488	23,307	8,713	32,509

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of the year	(2,860)	54,506	1,574	(3,024)	(1,450)	53,056
Changes during the year						
Dividends from surplus		(1,501)				(1,501)
Net income		4,477				4,477
Purchase of treasury stock	(2,365)	(2,365)				(2,365)
Disposal of treasury stock	517	567				567
Cancellation of treasury stock	1,690	-				-
Reversal of revaluation reserve for land		(2)				(2)
Net changes in items other than shareholders' equity			267	2	270	270
Total changes during the year	(157)	1,175	267	2	270	1,445
Balance at the end of year	(3,018)	55,681	1,841	(3,021)	(1,179)	54,502

Current fiscal year (From January 1, 2025, to December 31, 2025)

(Millions of yen)

	Shareholders' equity							
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the year	16,174	4,043	5,972	10,016	488	23,307	8,713	32,509
Changes during the year								
Dividends from surplus							(2,360)	(2,360)
Net income							4,320	4,320
Purchase of treasury stock								
Disposal of treasury stock								
Cancellation of treasury stock			(1,257)	(1,257)				
Reversal of revaluation reserve for land								
Net changes in items other than shareholders' equity								
Total changes during the year	-	-	(1,257)	(1,257)	-	-	1,959	1,959
Balance at the end of year	16,174	4,043	4,714	8,758	488	23,307	10,673	34,469

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the year	(3,018)	55,681	1,841	(3,021)	(1,179)	54,502
Changes during the year						
Dividends from surplus		(2,360)				(2,360)
Net income		4,320				4,320
Purchase of treasury stock	(1,500)	(1,500)				(1,500)
Disposal of treasury stock	14	14				14
Cancellation of treasury stock	1,257	-				-
Reversal of revaluation reserve for land		-				-
Net changes in items other than shareholders' equity			(733)	(6)	(740)	(740)
Total changes during the year	(228)	473	(733)	(6)	(740)	(266)
Balance at the end of year	(3,246)	56,155	1,108	(3,028)	(1,919)	54,235

【Notes】

(Significant accounting policies)

1. Valuation method and standards for securities

(1) Stocks of subsidiaries and affiliates

Stated at cost determined by the moving average method.

(2) Available-for-sale securities

Securities other than stocks, etc. without market price

Stated at fair value (unrealized gains or losses are included directly in net assets, net of the applicable taxes. Cost of securities sold is determined by the moving average method).

Stocks, etc. without market price

Stated at cost determined by the moving average method.

2. Valuation method and standards for derivatives

Stated at fair value.

3. Valuation method and standards for inventories

(1) Merchandise/products/raw materials/work in process

Stated at cost using weighted-average method (balance sheet amounts are determined by writing down the book values based on decrease in profitability).

(2) Supplies

Last cost method (balance sheet amounts are determined by writing down the book values based on decreased profitability).

4. Depreciation method of noncurrent assets

(1) Property, plant and equipment (excluding lease assets) and real estate for investment

The straight-line method is used for buildings (except structures attached to buildings), and the declining balance method is used for other property, plant and equipment.

Major useful lives are defined as follows:

Buildings:	2 – 50 years
Machinery and equipment:	2 – 7 years

(2) Intangible assets (excluding lease assets)

Straight-line method

Software for internal use is amortized over the expected available period (5 -10 years).

(3) Lease assets

The straight-line method is adopted mainly with a residual value of zero and the lease period deemed equal to the service life of the asset.

(4) Long-term prepaid expenses

Straight-line method

5. Accounting standards for provisions

(1) Allowance for doubtful accounts

To prepare for expected losses from bad debts, the Company estimates uncollectible amounts for normal receivables based on the historical experience and for certain specific receivables, such as doubtful accounts receivables, based on the individual probability of recovery.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, a provision for bonuses is provided based on the expected amount of payment.

(3) Provision for retirement benefits

To prepare for payment of employees' retirement allowances, a provision is provided based on the anticipated projected benefit obligation and pension assets at the end of the current fiscal year.

Actuarial gain or loss is amortized in the fiscal year following the year in which the gain or loss is incurred by the straight-line method over periods (5 years) which are shorter than the average remaining period of the employees. Prior service cost is amortized in the fiscal year following the year in which the gain or loss is incurred by the straight-line method over periods (5 years) which are shorter than the average remaining period of the employees.

(4) Provision for loss on orders received

To prepare for future losses on contracts for orders received, a provision for losses on orders received is provided based on the future losses anticipated at the end of the current fiscal year and the amount of foreseeable losses that can reasonably be estimated.

(5) Provision for product warranties

To prepare for estimated warranty costs, a provision for product warranties is provided based on historical experience of free-of-charge repairs of products.

(6) Provision for stock benefits

In order to provide for grant of shares of the company to employees according to the stock benefits regulations, it is provided based on the estimated stock benefit obligations as of the end of the current fiscal year.

6. Accounting standards for revenue and expenses

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (Implementation Guidance No. 30, March 26, 2021) have been applied.

The following summarizes the major performance obligations of the Company’s principal businesses and the time at which revenue is recognized. For any business, the Company allocates the transaction price to performance obligations based on the independent sales price calculated using an adjusted market valuation approach, an approach that adds margins to expected costs, and other factors. Consideration for the transaction does not include a significant financing component as it is primarily received by within one year after satisfaction of performance obligations. In addition, there is no material variable consideration for which the amount of consideration could change.

Details of major performance obligations in major businesses and the time at which revenue is recognized are as follows.

(1) Revenue Recognition for Geo-engineering Services Contracts

In Geo-engineering Service Contracts, the Company conducts machine boring, road facilities inspection (tunnels, etc.), slope observation, landslide countermeasure design, analysis of water quality, soil and odor, marine surveys such as offshore boring associated with the installation of offshore wind power plant, data collection, analysis, design, consulting.

The Company has identified these services provided by the Company in this area as performance obligations. Geo-engineering Services are based on a method in which revenue is recognized over time as the Company satisfies the performance obligations to transfer the goods or services to the customer, as the Company transfers control over the goods or services to the customer over a period of time. The method used to estimate the degree of progress related to the satisfaction of performance obligations is primarily based on the cost-based input method. In addition, if the Company is unable to reasonably estimate the degree of progress related to the satisfaction of performance obligations, the Company applies the cost-recovery method.

(2) Revenue Recognition for Merchandise Sales (Mainly Measuring Instrument Sales)

In merchandise sales, the Company manufactures, sells, and provides maintenance services for geophysical survey equipment such as seismic observation and monitoring equipment and non-destructive inspection equipment, as well as monitoring systems using equipment. The Company has identified the operations provided by the Company with respect to these operations as performance obligations.

Of merchandise sales, domestic sales are recognized at the time of delivery because control over the goods is transferred to the customer at the time of delivery. In addition, revenue from overseas sales is recognized at a point in time when performance obligations are satisfied.

(3) Revenue recognition for license sales

In license sales, the Company sells licenses for land information systems, operational management systems, various analysis software, and other products, and conducts consignment sales of systems. The Company has identified the operations it provides as performance obligations.

Revenue from license sales is recognized over a certain period of time when the nature of the license, such as cloud services, represents access rights, and revenue is recognized upon delivery, if the nature of the license, such as software delivery, is a right of use.

7. Hedge accounting method

(1) Hedge accounting method

Deferral hedge accounting is adopted.

(2) Hedging instruments and hedged items

Hedging instruments: forward-exchange contracts

Hedged items: accounts payable-trade

(3) Hedging policy

In order to reduce risks of exchange rate fluctuations, hedges are used to cover liabilities.

(4) Method of assessing hedge effectiveness

An assessment of hedge effectiveness is omitted because the relationship between the hedging instruments and hedged items is direct.

8. Amortization of goodwill

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

9. Other significant accounting policies

Not applicable.

(Significant accounting estimates)

(Revenue recognition by estimating the degree of progress related to the satisfaction of performance obligations of Geo-engineering Services Contracts)

(1) Amount recorded in financial statements for the current fiscal year

(Millions of yen)

	Prior fiscal year	Current fiscal year
Net sales	22,122	24,580

(Note) The above amount includes the Geo-engineering Service Contracts for which the degree of progress related to the satisfaction of performance obligations of the Geo-engineering Service Contracts can be reasonably estimated, and for which the full performance obligation has not been satisfied as of the end of the current fiscal year.

(2) Other information that helps users of the financial statements understand the contents of accounting estimates

As the same information has been described in "5. Financial information, 1. Consolidated Financial Statements,

(1) Consolidated financial statements, Notes (Significant Accounting Estimates) (Revenue Recognition by estimating the degree of progress related to the satisfaction of performance obligations of Geo-engineering Services Contracts of the Company) (2) Other information to help users of the consolidated financial statements understand the contents of accounting estimates", this note has been omitted.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes, etc.")

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and related standards have been applied from the beginning of the current fiscal year.

The application of these standards had no material impact on the financial statements.

Also, there is no impact on the financial statements resulting from this change in accounting policy.

(Change in presentation)

(Non-consolidated statement of income)

"Commission fee for purchase of treasury stock" under "Non-operating expenses" was presented separately in the prior fiscal year, but it has been included in "Other" from the current fiscal year due to its immateriality. To reflect this change in presentation, the non-consolidated financial statements for the prior fiscal year were reclassified. As a result, "Commission fee for purchase of treasury stock" under "Non-operating expenses" in the amount of 5 million yen, "Other" in the amount of 5 million yen in the non-consolidated statement of income for the prior fiscal year was reclassified as 11 million yen in "Other".

(Additional information)

As the same information has been described in "5. Financial information, 1. Consolidated Financial Statements, (1) Consolidated financial statements, Notes (Additional information)", this note has been omitted.

(Non-consolidated balance sheet)

Guarantee obligation

Consolidated subsidiaries' guarantee of debt and contract guarantee as follows.

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
FONG CONSULT PTE. LTD.	387 million yen	684 million yen
GEOSMART INTERNATIONAL PTE.LTD.	309 million yen	557 million yen

(Non-consolidated statement of income)

※1. Among selling expenses and general and administrative expenses, major cost items, amounts and their approximate ratios are as follows.

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Salaries and allowances	3,938 million yen	4,009 million yen
Provision for bonuses	54 million yen	133 million yen
Retirement benefit expenses	95 million yen	80 million yen
Depreciation	292 million yen	296 million yen
Approximate ratio		
Selling expenses	48 %	50 %
General and administrative expenses	52 %	50 %

※2. Income or loss related to transactions with subsidiaries and affiliates

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Dividends income	3,030 million yen	1,356 million yen
Other non-operating income including real estate rent	37 million yen	41 million yen

※3. The components of gain on sales of noncurrent assets are as follows

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Buildings and structures	0 million yen	- million yen

※4. The components of loss on sales of noncurrent assets are as follows

	Prior fiscal year (From January 1, 2024 to December 31, 2024)	Current fiscal year (From January 1, 2025 to December 31, 2025)
Land	6 million yen	- million yen

(Securities)

Prior fiscal year (As of December 31, 2024)

Stocks of subsidiaries or affiliates (17,497 million yen of subsidiary stocks and 49 million yen of affiliate stocks on the balance sheets) are Stocks, etc. without market price. Therefore, disclosure is omitted.

Current fiscal year (As of December 31, 2025)

Stocks of subsidiaries or affiliates (16,972 million yen of subsidiary stocks and 49 million yen of affiliate stocks on the balance sheets) are Stocks, etc. without market price. Therefore, disclosure is omitted.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Deferred tax assets		
Provision for bonuses	46 million yen	115 million yen
Enterprise tax payable	47 million yen	104 million yen
Loss on valuation of securities	12 million yen	- million yen
Provision for retirement benefits	550 million yen	581 million yen
Revaluation reserve for land	1,082 million yen	1,113 million yen
Valuation differences on assets received by merger	46 million yen	46 million yen
Other	427 million yen	825 million yen
Deferred tax assets: Subtotal	2,212 million yen	2,787 million yen
Valuation provision	(1,320) million yen	(1,532) million yen
Deferred tax assets: Total	892 million yen	1,254 million yen
Deferred tax liabilities		
Valuation difference on available-for-sale	(793) million yen	(488) million yen
Prepaid pension cost	(536) million yen	(608) million yen
Revaluation reserve for land	(227) million yen	(233) million yen
Valuation differences on assets received by merger	(133) million yen	(136) million yen
Other	(60) million yen	(62) million yen
Deferred tax liabilities: Total	(1,751) million yen	(1,530) million yen
Net deferred tax liabilities	(859) million yen	(275) million yen

2. The reconciliation between the effective tax rate reflected in the non-consolidated statements of income and the statutory tax rate is as follows:

	Prior fiscal year (As of December 31, 2024)	Current fiscal year (As of December 31, 2025)
Statutory effective tax rate in Japan	30.6 %	30.6 %
(Reconciliation)		
Permanently non-deductible entertainment and other expenses	0.1 %	0.1 %
Dividends and other income permanently included in gross profit	(17.9) %	(7.0) %
Per-capita inhabitants tax	1.6 %	1.4 %
Valuation provision	(1.8) %	2.8 %
Tax deduction	(3.0) %	(0.3) %
Other	1.7 %	(0.4) %
Effective tax rates after adoption of tax-effect accounting	11.3 %	27.2 %

3. Revision of deferred tax assets and deferred tax liabilities due to changes in tax rates

Following the enactment on March 31, 2025 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025), a special defense corporate tax will be imposed for fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after January 1, 2027 have been measured using a revised statutory effective tax rate of 31.5%, instead of 30.6%.

As a result of this change in tax rates, deferred tax assets (net of deferred tax liabilities) increased by 2 million yen, and income taxes—deferred decreased by 2 million yen for the current fiscal year.

Also, deferred tax liabilities related to revaluation increased by 6 million yen, and revaluation reserve for land decreased by the same amount.

(Business combinations)

(Acquisition of Shares)

Disclosure is omitted because it is immaterial.

(Revenue Recognition)

Notes are omitted because the information necessary to understand revenue from contracts with customers is the same as that disclosed in "Revenue recognition" in the notes to 5. Financial Information (1) Consolidated Financial Statements.

(Significant subsequent events)

Not applicable.

④【Non-consolidated supplementary schedules】

【Schedule of tangible non-current assets】

Type of assets	Balance at January 1, 2025 (Millions of yen)	Increase in the current fiscal year (Millions of yen)	Decrease in the current fiscal year (Millions of yen)	Depreciation / amortization for the current fiscal year (Millions of yen)	Balance at December 31, 2025 (Millions of yen)	Accumulated depreciation or amortization for the current fiscal year (Millions of yen)
Property, plant and equipment						
Buildings	2,757	188	3	167	2,774	7,380
Structures	79	29	0	9	99	726
Machinery and equipment	772	134	53	262	592	3,520
Vehicles	0	1	0	0	1	79
Tools, furniture and fixtures	61	87	0	26	122	361
Land	3,789 [(2,865)]	-	- [-]	-	3,789 [(2,865)]	-
Lease assets	179	5	-	42	141	89
Construction in progress	-	105	8	-	96	-
Total property, plant and equipment	7,641	552	65	509	7,617	12,158
Intangible assets						
Software	435	68	-	169	335	1,852
Software in progress	13	-	13	-	-	-
Goodwill	-	102	-	5	97	5
Other	8	-	-	-	8	-
Total intangible assets	458	170	13	174	441	1,858

(Note) From current fiscal year, figures in square brackets in the “Balance at January 1, 2025” “Decrease in the current fiscal year” and “Balance at December 31, 2025” columns indicate amounts outstanding as a revaluation reserve for land (before tax).

【Schedule of provisions】

Classification	Balance at January 1, 2025 (Millions of yen)	Increase in the current fiscal year (Millions of yen)	Decrease in the current fiscal year (Millions of yen)	Balance at December 31, 2025 (Millions of yen)
Allowance for doubtful accounts	210	2	31	180
Provision for bonuses	134	328	134	328
Provision for loss on orders received	-	1	-	1
Provision for product warranties	16	-	3	13
Provision for stock benefits	336	267	18	585

(2)【Details of major assets and liabilities】

Statement has been omitted since consolidated financial statements are prepared.

(3)【Other】

① Events arising after the balance sheet date

Not applicable.

② Lawsuits

Not applicable.

Independent Auditor's Report

The Board of Directors
OYO Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of OYO Corporation(the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

<table>
<tr><td colspan="2">Revenue recognized over time as performance obligations are satisfied for Geo-engineering Services in OYO Corporation</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in Significant accounting policies to the consolidated financial statements in the notes to the consolidated financial statements, 4. Accounting policies, (5) Accounting for significant revenues and expenses, the Company and its consolidated subsidiaries apply a method of recognizing revenue over time as performance obligations are satisfied for Geo-engineering Services. The cost-based input method is primarily used as the method for estimating progress towards satisfaction of a performance obligation.

In addition, as described in Significant accounting estimates in the notes to the consolidated financial statements, among the Geo-engineering Services contracts in which progress towards the satisfaction of performance obligations under such contracts can be reasonably estimated, OYO Corporation’s Net sales related to Geo-engineering Services Contracts wherein performance obligations were not completely satisfied as of the end of the current fiscal year were 24,560 million yen, accounting for 32% of Net sales of 76,285 million yen for the current fiscal year.

Among revenue recognized using the method of recognizing revenue over time as performance obligations are satisfied, revenue from Geo-engineering Services contracts for which progress towards the satisfaction of performance obligations under such contracts can be reasonably estimated is measured based on the progress towards the satisfaction of the performance obligation, and such progress is determined based on the ratio of actual costs incurred to the estimated total costs of Geo-engineering Services up to the end of the fiscal year.</td><td>We mainly performed the following audit procedures in considering the adequacy of estimates of the total cost of Geo-engineering Services using the method of recognizing revenue over time as performance obligations are satisfied for Geo-engineering Services in OYO Corporation.

(1) Evaluation of internal controls

We evaluated the Company’s following internal controls related to estimates of the total cost of Geo-engineering Services.

・Control to ensure reliability of profit plans by requiring that profit plans (plan to manage profits of each contract) upon which estimates of the total cost of Geo-engineering Services are based are prepared by personnel in charge with specialized knowledge, and that necessary approvals have been obtained for the profit plans

・System to confirm that labor costs and subcontract costs, among others, are accumulated and calculated in detail based on objective prices such as internally approved standard unit prices and quotes obtained from third parties

・System for revising estimates of the total cost of Geo-engineering Services in a timely manner in accordance with factors such as the status of implementation of the Geo-engineering Services and actual costs incurred, or changes in specifications as instructed by customers

・System through which the personnel in charge of profit management, who are responsible for the reliability of costs, can monitor both the management of profit and loss on Geo-engineering Services and progress towards completion in a timely and appropriate manner

(2) Evaluation of the adequacy of estimates of the total cost of Geo-engineering Services</td></tr>
</table>

Geo-engineering Services are highly individual in nature and carried out in accordance with fundamental specifications and work details instructed by customers. Estimates of the total cost of Geo-engineering Services require judgment based on specialized knowledge of and experience in Geo-engineering Services, and estimates of work-hours for labor cost and subcontract cost are key assumptions. Further, the content of Geo-engineering Services Contracts may potentially be modified based on agreement with the customer throughout the work period and there may be changes in work-hours estimates and fluctuations in components such as subcontract costs due to certain facts coming to light after the start of implementation, thus making timely and appropriate revisions of the total cost of Geo-engineering Services highly complex. Based on the above, we determined the estimates of the total cost of Geo-engineering Services in calculating Net sales and progress towards the satisfaction of performance obligations are of most significance for the fiscal year ended December 31, 2025 and, accordingly, that this is a key audit matter.	We identified Geo-engineering Services involving a relatively high degree of uncertainty over estimates of the total cost of Geo-engineering Services in light of factors such as Net sales of Geo-engineering Services and the status of implementation, and performed the following procedures. ・We agreed estimates of the total cost of Geo-engineering Services to the profit plan upon which the estimates are based, and considered whether the total cost of Geo-engineering Services was calculated by accumulating each of the elements of the total cost and whether the profit plan includes adjustment items that were inconsistent with the content of the Geo-engineering Services on the grounds of addressing future uncertainties such as cost reductions. ・We considered whether the impact of changes to the content of the Geo-engineering Services were reflected in estimates of the total cost of Geo-engineering Services in a timely manner by inspecting profit plans and documents that could confirm whether there were changes to the content of the Geo-engineering Services and making inquiries of relevant personnel as necessary. ・We inspected the profit plans to evaluate whether estimates of work-hours for labor costs, which are a key assumption, were calculated on an employee-by-employee basis, and compared the trend of labor costs incurred with the work schedule. We also agreed the basis for calculating subcontract costs to quotes and other supporting documents. ・We evaluated the process for estimating the total cost of Geo-engineering Services by comparing advance estimates of the total cost of Geo-engineering Services with the actual amounts or revised estimates.

Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon.

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

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the 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

The fees for the audits of the financial statements of OYO Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended December 31, 2025 are 92 million yen and 3 million yen, 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2026

Kyoji Ito
Designated Engagement Partner
Certified Public Accountant

Makie Suzuki
Designated Engagement Partner
Certified Public Accountant

(Notes) 1. The original copy of the above Independent Auditor’s Report is in the custody of the Company—the submitter of this Securities Report.
2. The XBRL data is not included in the scope of Audit.

Independent Auditor's Report

The Board of Directors
OYO Corporation

The Audit of the Non-Consolidated Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of OYO Corporation, which comprise the non-consolidated balance sheet as at December 31, 2025, and the non-consolidated statements of income and changes in net assets for the year then ended, and notes to the non-consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognized over time as performance obligations are satisfied for Geo-engineering Services

Description is omitted because it is the same as the description of key audit matter stated in the auditor's report of the consolidated financial statements.

Other Information

Other information comprises the information included in disclosure documents that contain audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management, the Audit and Supervisory Committee for the Non-consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the entity's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

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 the ethical requirements regarding independence that are relevant to our audit of the non-consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Fee-related Information

Fee-related information is described in the independent auditor's report of the consolidated financial statements.

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 entity which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2026

Kyoji Ito
Designated Engagement Partner
Certified Public Accountant

Makie Suzuki
Designated Engagement Partner
Certified Public Accountant

(Notes) 1. The original copy of the above Independent Auditor's Report is in the custody of the Company—the submitter of this Securities Report.
2. The XBRL data is not included in the scope of Audit.