Electronic Provision Measures Commencement Date: May 24, 2024

To Our Shareholders

Other matters to be provided through measures for the electronic provision for the 164th Regular General Meeting of Shareholders (The matters for which the delivery of documents is omitted)

(From April 1, 2023 to March 31, 2024)

TAISEI CORPORATION
Securities Code: 1801

Important note:
This document is English translation of "Other matters to be provided through measures for the electronic provision for the 164th Regular General Meeting of Shareholders (The matters for which the delivery of documents is omitted)."
In the event that any of the information contained in these English translations is inconsistent with the information contained in the Japanese original document, the Japanese original document shall prevail.

Systems and Policies of the Company

In order to secure a system for properly and efficiently executing business and to ensure the reliability of financial reporting, the Company set out its "Fundamental Policy to Enhance Operational Compliance Systems" at the Board as follows:

Fundamental Policy to Enhance Operational Compliance Systems

(1) Systems to ensure that Members of the Board and the employees carry out their duties in compliance with laws and regulations and the Articles of Incorporation

(a) Members of the Board shall recognize that compliance is at the core of good management and shall faithfully comply with all compliance-related regulations, including the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole.

(b) The Company shall ensure that all the executives and employees recognize their compliance-related obligations:

- by implementing programs recommended by the Compliance Committee, such as strict disciplinary punishments for the executives and employees found to have violated a law or regulation, enhancement of systems to prevent collusive bidding practices, and ensuring the effective operation of the corporate ethics helpline system; and
- by promoting compliance education and encouraging internal audits (self-audits) at the department level.

(c) The General Affairs Department shall guide the compliance-related activities of individual corporate bodies, and the Auditing Department shall ensure the effectiveness of internal audits by working closely with the individual corporate bodies.

(2) Systems to retain and manage information regarding the performance of duties by Members of the Board

(a) The Company shall codify the rules and procedures concerning information and shall develop systems to properly manage all information belonging to the Company in order to duly record and retain information relating to the performance of Members of the Board of their duties, to prevent any leakage or unauthorized use of such information, and to effectively use such information.

(3) Systems and provisions for the management of risk of loss

(a) The Company shall develop systems to properly manage primary risks, including those relating to quality, safety, environment, compliance, information and profit and loss, in accordance with the Company's fundamental policy for development of risk management system.

(b) The Company shall develop systems to manage the risks in the event of an emergency or a large disaster, including arrangements to ensure the continuation of business operations.

(c) Each corporate body shall enhance its risk management capacity in an organized manner by providing its members with risk management education and other programs.

(d) The General Affairs Department will promote proper management of company-wide risks, and the Auditing Department will promote endeavors to continually improve the risk management system through internal audits.

(4) **Systems to ensure the efficient performance of duties by Members of the Board**

(a) The Company shall establish the Management Committee as a decision-making body and adopt the executive officer system that enables the Company to operate its business in a swift manner. In addition, the Company shall make the decision-making function more vivid and fruitful and enhance the supervisory function of the Board by utilizing the committees within the Board and consulting the External Members of the Board.

(b) The Company shall develop and enhance the rules and procedures regarding the delegation of decision making and other powers to managers and the execution of the duties, to facilitate more efficient decision making and management processes, responding to changes in the managerial environment.

(5) **Systems to ensure proper operation of Group companies**

(a) The Company shall promote to establish internal rules in each Group company regarding reporting requirements to the Company in accordance with the Company's fundamental policy and operational guidelines concerning the Group operation.

(b) The Company shall establish a risk management system in each group company to promote establishment of internal rules in each Group company for its risk management with respect to quality, safety, environment, compliance, information, profit and loss and large-scale disaster and other major risks in accordance with the business characteristics of each Group company.
In addition, the Company shall ensure the effectiveness of Group company's risk management system, not only through an internal audit by the Auditing Department and a Group liaison meeting held by the Legal Department and other departments of each Group company, but also through promotion of risk management education in each Group company and provision of the Group helpline.

(c) The Company shall assist, advise and collaborate in the business of each Group company by clarifying the functions and roles of each company in the Group, assisting each Group company to implement an organizational structure appropriate for its business characteristics and size and utilizing the management resources in the Group.
In addition, the Company shall conduct inspections to Group companies by the President and Chief Executive Officer of the Company from time to time to facilitate communication among its Group companies and to promote mutual understanding and cooperation with respect to issues related to technology, production, marketing and sales, transaction and other issues surrounding the Group.

(d) While the Company shall share within the Group its philosophy (objectives and goals to be pursued), spirit (key concepts all the executives and employees in our Group must adhere to), and code of conduct (the fundamental principles of conduct for the organization and standards of behavior and decisions criteria which the executives and employees in our Group shall adopt and strictly comply with), it shall also promote implementation of internal rules appropriate for the business characteristics of each Group company to establish a compliance system.
In addition, the Company shall ensure the effective operation of the compliance system of each Group company through internal audits conducted by the Auditing Department and Group liaison meetings held by the Legal Department and other departments of each Group company, including the promotion of compliance education for each Group company, and provision of the Group helpline.

(6) Systems regarding the employees supporting Audit & Supervisory Board Members, the independence of such employees from Members of the Board and ensuring effective instructions from Audit & Supervisory Board Members to such employees

(a) Audit & Supervisory Board Members and General Manager of Human Resources Department shall discuss in advance assignments, transfers, evaluations and other issues regarding the staff of the Audit & Supervisory Board Members' Department, whose primary role is to assist the performance of duties by Audit & Supervisory Board Members.

(b) Each department shall properly perform its duties in order to ensure that staff of the Audit & Supervisory Board Members' Department shall effectively follow the instructions from Audit & Supervisory Board Members.

(7) Systems for reporting to Audit & Supervisory Board Members and preventing the adverse treatment of persons who make reports

(a) For the purpose of auditing the internal controls of the Company and each Group company by Audit & Supervisory Board Members, the Company shall determine the matters that the executives and employees of the Company and each Group company, or any recipient of a report from such executive or employee of the Company, should report to Audit & Supervisory Board Members, and shall establish the following systems:

1) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of the Company at any time;

2) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of each Group company or a recipient of a report from such executive or employee; and

3) A system in which Audit & Supervisory Board Members shall receive reports of any violation of law or regulation by any executive or employee of the Company through the corporate ethics helpline and the Group helpline.

(b) The Company shall establish a system to prevent any adverse treatment of a person who makes a report under the preceding paragraph based on the fact that he/she made such report.

(8) Systems to ensure that Audit & Supervisory Board Members can effectively conduct the audit of the Company in relation to the matters concerning policies regarding the allocation of costs arising from the performance of duties by Audit & Supervisory Board Members

(a) If an Audit & Supervisory Board Member claims costs arising from the performance of its duties, Members of the Board shall properly correspond to such claim in order to ensure that the audit is effectively conducted.

(b) Members of the Board representing the Company and Audit & Supervisory Board Members shall facilitate their mutual understanding through periodic meetings, regarding the status of the audits conducted by Audit & Supervisory Board Members, and other important issues.

(c) The relationship amongst Audit & Supervisory Board Members shall be strengthened by measures such as:

- Audit & Supervisory Board Members and General Manager of Auditing Department shall exchange documents regarding the cooperation between Audit & Supervisory Board Members and the Auditing Department; and
- The Auditing Department and Accounting Auditor shall have regular meetings with Audit & Supervisory Board Members.

(9) Systems to ensure appropriateness of financial reports

(a) The Company shall develop internal controls sufficient to ensure the appropriateness of all financial reports.

Summary of Our Efforts under the Fundamental Policy to Enhance Operational Compliance Systems

(1) Efforts related to "Systems to ensure that Members of the Board and the employees carry out their duties in compliance with laws and regulations and the Articles of Incorporation"

The Board has established its internal compliance-related rules, including the "Group Action Guidelines," taking account of enactments and revisions of laws and regulations, changes in social circumstances, compliance issues that actually occurred in the Group, and so forth, and Members of the Board are taking the initiative to faithfully comply with these rules.

In order to enhance compliance awareness on a company-wide scale, the Company provides all the executives and employees with the training through e-learning and issues "Compliance News" periodically, which covers typical compliance issues.

In addition, while the Company's internal rules are strictly applied in order to thoroughly prevent the Company's executives and employees from engaging in bid rigging, the Company also provides the "training seminars for compliance with Anti-Monopoly Act" instructed by an external lawyer every year mainly to the executives and employees who belong to the marketing and sales divisions.

Furthermore, the Company conducts compliance questionnaire surveys to all the executives and employees every year to identify issues relating to compliance to be grasped in the Company and addresses various improvement measures.

Regarding the corporate ethics helpline system (whistleblowing system), the Company distributes "helpline cards" describing the outline of the system and listing contacts for reporting to all the executives, employees, etc. In addition, the Company makes continuous efforts to ensure that the executives and employees are aware of and understand the system through "Compliance News," etc., and regularly reports the status of its compliance through the system to the management.

In order to make such measures for promoting compliance more effective, the Compliance Committee headed by an external lawyer reviews and verifies the status of implementing such measures and enhances them as appropriate.

(2) Efforts related to "Systems to retain and manage information regarding the performance of duties by Members of the Board"

The Company has established its internal information-related rules, including the "Fundamental Policy on Information Management," to ensure the proper storage and management of corporate information.

In addition, the Company takes various information security measures appropriately as required to deal with such risks as data breaches, computer virus infections, and makes continuous efforts to ensure that the executives and employees understand information security rules and measures through periodical education using systems such as e-learning.

In the fiscal year 2023, we developed an environment where generated AI, such as ChatGPT, can securely be utilized internally. In order to accelerate DX efforts, we further launched DX Academy, an educational program for all employees with an aim to raise their security awareness and help them acquire digital literacy.

(3) Efforts related to “Systems and provisions for the management of risk of loss”

The Company has established its internal risk management-related rules including the “Risk Management Policy”, under the risk management system headed by the President as the “chief executive” and the Chief of Business Administration Division as the “CRO (Chief Risk management Officer)”, and classified operational risks according to their levels of importance. It also has established a company-wide risk management system while clarifying the departments in charge, and reviewed the system every year. In addition, regarding risk events that may have significant impacts on our Group’s business activities, we have centralized information and have continuously followed up in determining the response policy and measures to prevent recurrence.

With regard to quality and construction schedule management, which is the cornerstone of the Group’s business, we have strengthened our quality control system, initiated with the independence of the quality control department, and implemented measures such as reenforcing the allocation of human resources in consideration of the specific features of each construction work.

In order to respond to emergencies and large-scale disasters, the Company has established its internal risk management-related rules including the “Policy on Business Continuity in Times of Disaster” and annually conducts drills for responding to disasters and e-leaning in accordance with these rules. In the training drill for a large-scale disaster (Business Continuity Plan) conducted in the fiscal year 2023, the Company reinforced its company-wide support systems and alternating of head office functions assuming situations where means of communication are limited, in preparation to the earthquake directly beneath the capital.

With respect to working environment improvement, various initiatives are introduced by the Company as a whole, as attempts to comply with the maximum limit on overtime hours under the governmental regulation that has as well been applied to the construction industry from the fiscal year 2024, including “ensuring appropriate human resources allocation and construction schedule”, “strengthening the support system of the head office and branches”, and “active utilization of ICT and DX promotion”. In addition, the Auditing Department conducts internal audits and promotes to continuously improve the risk management system.

(4) Efforts related to “Systems to ensure the efficient performance of duties by Members of the Board”

In order to make the decision-making function more vivid and fruitful and furthermore enhance the supervisory function of the Board, the Company has reviewed the scope of the Board’s business execution function, introduced swift decision-making by delegating substantial authority to the management (business execution side) since the fiscal year 2020, and promoted our measures for continuous improvement of the operation of the Board.

In the fiscal year 2023, in the aim of further enhancement of the Board’s deliberation, the Company attempted delegation of its authority to the executive side through implementing re-evaluation of the agenda structure of the Board and revisions in its corporate regulations, based on agenda analysis and effectiveness evaluation of the Board, the same approach practiced in the previous fiscal year. In addition, the Company appropriately reported the matters such as important management issues and specific implementation status thereof, based on the discussions in management meetings and President’s inspection, and carried out periodic monitoring on the execution status.

Furthermore, the Company organized the “meetings for exchange of opinions” among Members of the Board and Audit & Supervisory Members, reviewed the matters to be brought before the Board based on the analysis of the Board’s agenda, and held meetings of the Board utilizing online meeting systems.

(5) Efforts related to "Systems to ensure proper operation of Group companies"

On the basis of our structure of values and policies including the "Taisei Group Philosophy," the Company has been promoting the establishment of systems for reporting from Group companies to the Company, risk management systems, and compliance systems in accordance with its internal rules such as the "Fundamental Policy Concerning Group Operation" and the "Operational Guidelines Concerning Group Operation."

In order to ensure the effectiveness of its risk management system, the Company conducts internal audits on the Group companies by its Auditing Department and provides support and guidance to the Group companies by its risk management related departments. With regard to the Group helpline system (whistleblowing system), the Company regularly monitors operation status of the system with its major domestic Group companies and makes continuous efforts to ensure that the executives and employees of such Group companies are aware of and understand the system.

In order to ensure the effectiveness of its compliance system, the Company carries out Group compliance questionnaire surveys to the executives and employees, etc. at all Group companies every year to grasp compliance issues to be addressed by the Group, and provides assistance and guidance to the Group companies so as to strive to promote compliance.

In addition, the Company provides assistance on structuring organizations and effective use of management resources of the Group companies and also conducts the inspection towards the CEO of the Group companies twice a year to share management goals of the whole Group, and by holding Group company liaison meetings whose themes including technology, production, and sales, the Company promotes smooth communication and mutual understanding among the Group companies and works on challenges shared by them.

In the fiscal year 2023, the Management Committee and the Governance System Review Committee conducted monitoring on correspondence situation of personnel exchange system between the Company and its Group companies, and delegation of its authority to the management (executive officers) of major Group companies through the setup of a management committee thereof, the measures institutionalized in the fiscal year 2022 as a part of the Group-governance reconstruction, and further proceeded with deliberations regarding the arising issues, etc.

Additionally, in consequence of mergers of P.S. Mitsubishi Construction Co., Ltd. and Satohide Corporation to the Group, the Company has built a management system and carried out its group management in the fiscal year 2023, taking account of the characteristics of each Group company, while organizing regulations regarding group administration to achieve integrated management as the Group, highly regarding the management autonomy of these two companies.

Following the fiscal year 2022, the Company continued to strive to propagate our structure of values and policies to all executives and employees of the Group companies by taking various measures in the fiscal year 2023, and confirmed the level of their awareness through questionnaire surveys.

(6) Efforts related to "Systems regarding the employees supporting Audit & Supervisory Board Members, the independence of such employees from Members of the Board and ensuring effective instructions from Audit & Supervisory Board Members to such employees"

Audit & Supervisory Board Members and General Manager of Human Resources Department discuss in advance and determine assignments, transfers, evaluations and other issues regarding the staff of Audit & Supervisory Board Members' Department whose primary role is to assist the performance of duties by Audit & Supervisory Board Members and allocate appropriate personnel. In addition, each department properly performs its duties such as provision of the required information so that Audit & Supervisory Board Members' Department is able to properly perform duties instructed by Audit & Supervisory Board Members.

(7) Efforts related to "Systems for reporting to Audit & Supervisory Board Members and preventing the adverse treatment of persons who make reports"

The Company has established its system to provide information with Audit & Supervisory Board Members in accordance with "Matters to Be Reported to the Audit & Supervisory Board/Audit & Supervisory Board Members" and "Documents to Be Made Available to Audit & Supervisory Board Members." Members of the Board and other managers in charge of the business line take actions such as timely and periodical report and provision of documents to Audit & Supervisory Board Members, and arrangement for Audit & Supervisory Board Members to attend important meetings, in accordance with its standards of application for or at the request of Audit & Supervisory Board Members.

In addition, operation status of the corporate ethics helpline system and the Group helpline system is regularly reported to meetings of the Management Committee and the Board which are attended by Audit & Supervisory Board Members.

The Company ensures that those who report or request for consultation are not treated in a disadvantageous manner by operating the systems and stipulating the provisions in its internal rules to that effect.

(8) Efforts related to "System to ensure that Audit & Supervisory Board Members can effectively conduct audits of the Company in relation to the matters concerning policies regarding the allocation of costs arising from the performance of duties by Audit & Supervisory Board Members"

Costs arising from the performance of duties by Audit & Supervisory Board Members, including expenses incurred for auditing and obtaining opinions from external specialists, are treated properly to ensure the effectiveness of audits.

In addition, Members of the Board who are Representative Directors exchange opinions with Audit & Supervisory Board Members periodically, and the Auditing Department and the Accounting Auditor hold regular meetings and coordinate with Audit & Supervisory Board Members, to facilitate their mutual understanding and enhance the effectiveness of audits.

(9) Efforts related to "Systems to ensure appropriateness of financial reports"

The Company formulates evaluation policies in consultation with accounting auditors every year and conducts internal evaluation according to such policies. Through monitoring on a regular basis, the Company continuously studies and evaluates whether the procedures for reducing risks of false financial reporting are effective.

To ensure that the internal control systems for financial reporting are continuously effective, messages from President and Chief Executive Officer of the Company are posted on the Company's intranet towards the executives and employees, and educational activities by e-learning are also provided to them.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Year ended March 31, 2024)

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	122,742	30,382	562,774	(906)	714,992
Changes during the period					
Dividends			(24,384)		(24,384)
Profit attributable to owners of parent			40,272		40,272
Acquisition of treasury stock				(20,010)	(20,010)
Disposal of treasury stock		0		18	18
Cancellation of treasury stock		(19,999)		19,999	—
Transfer from retained earnings to capital surplus		19,999	(19,999)		—
Reversal of revaluation reserve for land			58		58
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Changes other than shareholders' equity, net (*1)					
Total changes during the period	—	(0)	(4,052)	7	(4,045)
Balance as of March 31, 2024	122,742	30,382	558,721	(898)	710,947

	Millions of Yen							
	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2023	97,090	(6)	1,235	237	15,638	114,194	4,756	833,944
Changes during the period								
Dividends								(24,384)
Profit attributable to owners of parent								40,272
Acquisition of treasury stock								(20,010)
Disposal of treasury stock								18
Cancellation of treasury stock								—
Transfer from retained earnings to capital surplus								—
Reversal of revaluation reserve for land			(58)			(58)		—
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Changes other than shareholders' equity, net (*1)	57,205	5		2,293	44,747	104,250	26,909	131,160
Total changes during the period	57,205	5	(58)	2,293	44,747	104,192	26,909	127,056
Balance as of March 31, 2024	154,295	(1)	1,176	2,530	60,385	218,387	31,666	961,000

(*1) Excluding the reversal of revaluation reserve for land.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Consolidated Financial Statements:

The accompanying consolidated financial statements of Taisei Corporation (the “Company”) and its consolidated subsidiaries (collectively the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Companies Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

1. Principal Accounting Policies

(1) Consolidation

① The number of consolidated subsidiaries 59 companies

Main consolidated subsidiaries	TAISEI YURAKU REAL ESTATE Co., Ltd. TAISEI ROTEC CORPORATION P.S. MITSUBISHI CONSTRUCTION Co., Ltd.
② Main non-consolidated subsidiaries	EHIME HOSPITAL PARTNERS Ltd. OMIYA CROSS POINT Co., Ltd.

(The reason for excluding these subsidiaries from consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because these companies are small companies and the sums of each of the total assets, sales, net income (equal to share interest) and retained earnings (equal to share interest) of these companies have not had any significant impacts on the consolidated financial statements.

③ Changes in scope of consolidation

P.S. MITSUBISHI CONSTRUCTION Co., Ltd. and 10 other companies were included in the scope of consolidation due to the acquisition of shares by the Group.
TAISEI CLEAN ENERGY CORPORATION and 3 other companies were included in the scope of consolidation due to new establishment.
HOTEL PRECEDE KORIYAMA Co., Ltd. was excluded from the scope of consolidation due to liquidation.

(2) Equity method

① The number of companies accounted for using the equity method.

Non-consolidated subsidiaries	16 companies
Affiliates	47 companies

Main affiliates accounted for using the equity method
CSCEC-TAISEI CONSTRUCTION, LTD.
P.T. INDOTAISEI INDAH DEVELOPMENT

② Main non-consolidated subsidiaries and affiliates that have not been accounted for using the equity method

TOYO MANUFACTURING Co., Ltd

(The reason for excluding these subsidiaries and affiliates from scope of the equity method)

Non-consolidated subsidiaries and affiliates are excluded from scope of the equity method because not only each company’s net income (equal to share interest) and retained earnings (equal to share interest) but also sums of each of these figures have no significant impact on the consolidated financial statements.

③ Changes in scope of equity method

2 companies newly established and 2 companies whose shares were acquired by the Group were included in the scope of equity method.
1 company whose shares were sold by the Company and 2 liquidated companies were excluded from the scope of equity method.

(3) Summary of accounting policies

① Valuation of principal assets

【Securities】

・Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

・Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter "available-for-sale securities")

Available-for-sale securities

Other than equity securities without market prices

Available-for-sale securities with market prices are stated at fair value as of the balance sheet date. The difference between the acquisition costs and the fair value is not reflected in income, but included directly in the net assets. Cost of selling available-for-sale securities is calculated by the moving-average method.

Equity securities without market prices

Available-for-sale securities with no market prices are stated at cost based on the moving-average method.

【Inventories】

・Cost on uncompleted contracts

Cost on uncompleted contracts is mainly stated at the specific-identification cost method.

・Real estate for sale and development project in progress

Real estate for sale and development project in progress are mainly stated at the specific-identification cost method or net realizable value.

・Other inventories

Cost on other inventories

Cost on other inventories is mainly stated at the specific identification cost method or net realizable value.

Raw materials and supplies

Raw materials and supplies are mainly stated at cost based on the moving-average method or net realizable value.

【Derivative transactions】

Derivative transactions are stated at fair value.

② Depreciation method of principal depreciable assets

【Buildings and structures】

Buildings and structures are depreciated mainly using the straight-line method.

【Other tangible fixed assets】

Other tangible fixed assets are depreciated mainly using the declining-balance method.

③ Allowance and provision

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to reserve probable losses from bad debt. It consists of the estimated uncollectible amount of certain identified doubtful receivables and the amount estimated on the basis of the past default ratio for normal receivables.

【Provision for warranties on completed contracts】

Provision for warranties on completed contracts is provided as the amount estimated using an actual ratio of related losses during the past certain period.

【Provision for losses on construction contracts】

Provision for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

【Allowance for losses on order received】

Allowance for losses on order received is provided with respect to orders (excluding construction contracts) for which eventual losses are reasonably estimated.

【Retirement benefits for directors and corporate auditors】

In the Company's certain consolidated subsidiaries, retirement benefits for directors, corporate auditors, and executive officers are provided of the amount that would be required to be paid under assumption that all directors, corporate auditors, and executive officers retired at the balance sheet date in accordance with relevant internal rules.

【Provision for share-based remuneration for directors】

In the Company and some of its consolidated subsidiaries, provision for share-based remuneration for directors (including executive officers in the Company's certain consolidated subsidiaries) is provided based on estimated amounts of share-based remuneration obligation at the end of the consolidated fiscal year in accordance with "Officers' Share Benefit Regulation".

④ Other accounting policies on the consolidated financial statements

【Recognition of retirement benefit】

Net defined benefit liability is provided for severance and retirement benefits for employees and executive officers of the Company's certain consolidated subsidiaries based on estimated amounts of projected benefit obligations and plan assets at the year-end.
In calculating projected benefit obligations, the method of attributing estimated amounts of retirement benefits to the period until this consolidated fiscal year is based on the benefit formula basis.
Past service costs are amortized using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.
Actuarial gains and losses are amortized from the subsequent consolidated fiscal year (some consolidated subsidiaries amortize actuarial gains and losses from the current consolidated fiscal year) using the straight-line method (some consolidated subsidiaries use the declining balance method) over 1-12 years, which is not longer than an estimated average remaining service period of the employees when the gains or losses are incurred.

【Revenue recognition of construction】

The main details of performance obligations related to revenue from contracts with customers in the Group's main projects and the ordinary timing of satisfaction of these performance obligations (i.e., ordinary timing of revenue recognition) are as follows.
Since the performance obligations under construction contracts in the Building Construction Business and the Civil Engineering Business are satisfied over time as the construction progress, revenue associated with construction contracts is recognized based on the progress towards satisfaction of performance obligations except that the contract amount is small or the period is very short. The progress is estimated by the percentage-of-completion method and the percentage at the end of the consolidated fiscal year is determined by the percentage of the cost incurred to the estimated total costs.
In addition, except the initial stages of the contracts, revenue is recognized by the cost recovery method when it is not possible to reasonably estimate the progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered. Regarding the construction projects of which the contract amount is small or the period is very short, revenue is recognized at the time of completion of construction.
In the current consolidated fiscal year, there are no construction contracts with a significant financing component in the transaction price, although the timing of receipt of the consideration for the transaction varies depending on the terms of the contracts.

【Hedge accounting】

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For interest rate swap contracts which meet certain conditions, net amount to be paid or received under the contract is added to or deducted from interest on liabilities when the swap contract has been concluded.

【Amortization of goodwill】

Goodwill, which is the excesses of investment cost over net equity of consolidated subsidiaries and affiliates accounted for using the equity method, is amortized over the period within 20 years for which the goodwill is expected to contribute to consolidated net income, using the straight-line method, or is charged to income in the year incurred if the amount of goodwill is immaterial.

【Accounting for corporate tax, local corporate tax and tax effect accounting】

The Company and some of its domestic consolidated subsidiaries have applied the Group Tax Sharing System and corporate tax and local corporate tax, as well as their tax effects, are accounted for and disclosed under the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42, August 12, 2021).

2. Matters on Accounting Estimates

Net sales of construction business recognized over time

① Carrying amounts in the current year’s consolidated financial statements ¥ 1,357,698 Million

② Information on the nature of significant accounting estimates for identified items

Net Sales of construction business recognized over time on the percentage of completion are based on reasonable estimates of total revenue, total construction costs and the progress towards satisfaction of performance obligations at the end of the consolidated fiscal year. Since the estimates involve a high degree of uncertainty, in the case that estimates need to be revised, net sales may change and affect the results of following accounting periods.

3. Matters on Consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Investment securities	¥ 1,110 Million
Other assets (Investments and other assets)	659 Million
Total	¥ 1,769 Million

② Debt related to the assets ¥ − Million

The above assets are pledged as collateral for borrowings and others of subsidiaries and affiliates.

(2) Accumulated depreciation of tangible fixed assets ¥ 160,351 Million

(3) Contingent liabilities

・Guarantee obligations

The Company and its consolidated subsidiaries are contingently liable as the guarantors for borrowings of the following companies that are not consolidated.

FUKUSHIMA-KORIYAMA MIRAI ENERGY LLC	¥ 3,783 Million
KAGA ASCON Co., Ltd.	227 Million
Others	546 Million
Total	¥ 4,557 Million

(4) Revaluation reserve for Land

Some of its domestic consolidated subsidiaries revaluated their land in accordance with the Act on Revaluation of Land (the “Act”). As a result, differences between book values before and after revaluation and net income taxes were stated as “Revaluation reserve for land” in the net assets on the consolidated balance sheet.

・Revaluation method

The revaluation was executed in accordance with the method prescribed in Article 2, Items 3, 4 and 5 of the Act.

・Revaluation date

On November 30, 2001 and March 31, 2002

・Excess amount of book values of the revaluated land over fair values as of March 31, 2024 (including the excess amount of ¥ 263 million related to investment and rental property.)

¥ 3,544 Million

(5) Cost of uncompleted contracts in relation to provision for losses on construction contracts ¥ 3,802 Million

(6) Amount of notes receivable and notes payable with maturity on the balance sheet date (the "Date") and the day before the Date (the bank holidays)

Notes receivable trade	¥ 199 Million
Electronically recorded monetary claims	¥ 12,114 Million
Non-operating notes receivable	¥ 88 Million
Non-operating electronically recorded monetary claims	¥ 33 Million
Notes payable trade	¥ 4,922 Million
Electronically recorded obligations	¥ 42,003 Million
Non-operating electronically recorded obligations	¥ 2 Million

The accounting for the bills with maturity on the Date and the day before the Date is processed on the clearing date or the settlement date due to bank holidays.

4. Matters on Consolidated Statement of Income

(1) Provision for losses on construction contracts included in cost of sales	¥ 63,549 Million
(2) Research and development expenses	¥ 18,646 Million

5. Matters on Consolidated Statement of Changes in Net Assets

(1) Number of outstanding shares 184,795 thousand shares

(2) Dividends

① Dividends paid

Resolution	Type of stocks	Total amount of dividends	Dividends per share	Record date	Effective date
June 27, 2023 General Meeting of Shareholders	Common stock	¥ 12,250 Million	¥ 65.00	March 31, 2023	June 28, 2023
November 13, 2023 Board meeting	Common stock	¥ 12,134 Million	¥ 65.00	September 30, 2023	December 4, 2023

Note1: Total amount of dividends in accordance with the resolution of the General Meeting of Shareholders on June 27, 2023 includes ¥ 6 million which are dividends for the shares held by the Board Benefit Trust (BBT).
Note2: Total amount of dividends in accordance with the resolution of the Board on November 13, 2023 includes ¥ 6 million which are dividends for the shares held by the Board Benefit Trust (BBT).

② Dividends of the record date in the consolidated fiscal year ended March 31, 2024, which the effective date comes in the subsequent consolidated fiscal year

The Company will propose the policy of dividends on the common stocks at the General Meeting of Shareholders on June 20, 2024 as follows:

・Total amount of dividends	¥ 11,991 Million
・Dividends per share	¥ 65.00
・Record date	March 31, 2024
・Effective date	June 21, 2024

The dividends will be allocated from retained earnings.

Note: Total amount of dividends in accordance with the resolution of the General Meeting of Shareholders on June 20, 2024 includes ¥ 6 million which are dividends for the shares held by the Board Benefit Trust (BBT).

6. Matters on Financial Instruments

(1) Policies for using Financial Instruments

The Group restricts investments to low risk assets such as deposits, and raise funds by indirect finance such as borrowings from bank as well as by direct finance such as issuing corporate bonds and commercial papers.
Derivative transactions are employed mainly for hedging of the fluctuation of interest rate and foreign currency exchange, not for speculation.

(2) Fair Value of Financial Instruments

Millions of Yen

	Book value	Fair value	Difference
〔ASSETS〕			
Notes and accounts receivable trade	864,694	864,694	–
Investment securities			
Debt securities intended to be held to maturity	198	198	0
Available-for-sale securities	362,886	362,886	–
〔LIABILITIES〕			
Short-term borrowings	110,530	110,658	(127)
Short-term non-recourse loans payable	261	262	(1)
Straight bonds	50,000	49,505	495
Long-term borrowings	142,787	143,092	(305)
Long-term non-recourse loans payable	72,686	73,932	(1,245)
〔Derivative transactions〕	–	–	–

Note: Descriptions of Cash and time deposits, Notes and accounts payable trade and deposit received are omitted because these financial instruments are cash and the fair values of them are almost equivalent to their book value due to the short term settlements.
Note: Equity securities without market prices (book value ¥ 109,267 million) and the investments in partnerships with a net equity interest (book value ¥ 5,840 million) are not included in the above 〔ASSETS〕 Investment securities – Available-for-sale securities.

(3) Fair value information of financial instruments by level of inputs

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

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

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

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

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

① Financial instruments of which fair value is recognized in the consolidated balance sheet

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
〔ASSETS〕				
Investment securities				
Available-for-sale securities				
Stocks	360,147	–	–	360,147
Government bonds, etc.	–	113	–	113
Others	389	2,235	–	2,625

② Financial instruments of which fair value is not recognized in the consolidated balance sheet

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
〔ASSETS〕				
Notes and accounts receivable trade	–	864,694	–	864,694
Investment securities				
Debt securities intended to be held to maturity				
Government bonds, etc.	198	–	–	198
〔LIABILITIES〕				
Short-term borrowings	–	110,658	–	110,658
Short-term non-recourse loans payable	–	262	–	262
Straight bonds	–	49,505	–	49,505
Long-term borrowings	–	143,092	–	143,092
Long-term non-recourse loans payable	–	73,932	–	73,932

Note: The calculation methods of the fair value and the inputs

・Notes and accounts receivable trade

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although, the fair value of notes and accounts receivable, trade due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated collection terms and credit risks, with respect to each receivable categorized by collection terms. These financial instruments are classified as Level 2.

・Investment securities

The fair values of the stocks are based on the quoted market prices, and the stocks are traded in active markets. Therefore, these financial instruments are classified as Level 1. The bonds based on the quoted market prices are classified as Level 1, and the bonds based on the net asset value or the present value of discounted future cash flows are classified as Level 2.

・Short-term borrowings

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although the fair value of long-term borrowings due within one year are based on the same method for long-term borrowings.

・Short-term non-recourse loans payable, Long-term borrowings and Long-term non-recourse loans payable

The fair values of these loans and borrowings are based on the present value of discounted cash flows using the supposed interest rate which may be applicable to the same kind of loans and borrowings. These financial instruments are classified as Level 2.

・Straight bonds

The fair values of the marketable bonds are based on the quoted market prices, otherwise the fair values of the bonds without the quoted market prices are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated redemption terms and issuer’s credit risk. These financial instruments are classified as Level 2.

7. Matters on Investment and Rental Property

(1) Context of investment and rental property

The Company and certain consolidated subsidiaries hold some office buildings for rent in Tokyo and other areas.

(2) Fair value of investment and rental property

Millions of Yen

Book value	Fair value
194,886	225,308

Note1: The book value is the amount after accumulated depreciation and impairment losses on fixed assets are deducted from the cost of acquisition.

Note2: The book value includes asset retirement obligations (¥360 million).

Note3: The fair value of investment and rental property as of March 31, 2024 is mainly calculated by the Company according to the Japanese Real Estate Appraisal Standards. (it may include adjustments using official indices.)

8. Matters on Per Share Data

(1) Net assets per share ¥ 5,039.98

(2) Net income per share ¥ 215.75

Note: The treasury shares held by the Board Benefit Trust (BBT) in the net assets are included in the number of treasury stock, which is excluded from the number of outstanding shares at the end of the consolidated fiscal year and the average number of shares during the period for calculating the net assets per share and the net income per share.
The number of treasury stock held by BBT at the end of the consolidated fiscal year excluded for calculation of net assets per shares was 99 thousand shares, and the number of treasury stock held by BBT during the period excluded for the calculation of net income per shares was 100 thousand shares.

9. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

Millions of Yen

	Civil engineering		Building construction		Real estate develop-ment	Subtotal	Others (Note)	Total
	Domestic	Overseas	Domestic	Overseas				
Revenue from contracts with customers	483,812	21,692	1,053,074	64,205	112,457	1,735,242	11,813	1,747,055
Other revenue	–	–	–	–	17,269	17,269	698	17,967
Sales on third party	483,812	21,692	1,053,074	64,205	129,726	1,752,511	12,512	1,765,023

Note: "Others" includes the incidental business of construction business such as cooperative research, technical service, environmental measurement, and logistics business, and also, leisure-related business and other service business.

(2) Information to understand the amount of revenues for the current and subsequent consolidated fiscal years

① Balances of contract assets and contract liabilities

Millions of Yen

	Balance as of April 1, 2023	Balance as of March 31, 2024
Receivable from contracts with customers	278,072	342,801
Contract assets	410,562	521,696
Contract liabilities	180,620	214,443

Contract assets are unbilled rights to the consideration for revenue recognized as construction progresses and are transferred to receivables from contracts with customers when the rights to the consideration become billable.
Contract liabilities consist mainly of advances received from customers, which are reversed as revenue is recognized as construction progresses.
Balance of the contract liability at the beginning of the current consolidated fiscal year is mostly recognized as revenue in the current consolidated fiscal year, and therefore the amount carried forward to the subsequent consolidated fiscal years is not material.
In addition, the amount of revenue recognized in the current consolidated fiscal year for performance obligations that were satisfied (or partially satisfied) in the past consolidated fiscal years is not material.

② Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations in the current consolidated fiscal year is ¥ 3,160,556 million. These remaining performance obligations are expected to be recognized as revenue generally within five years.

10. Matters on Significant Subsequent Events

Acquisition of treasury stock

The Company resolved the item related to the acquisition of treasury stock at the Board of Directors Meeting held on April 26, 2024, in accordance with the Article 156 of the Companies Act, which is applicable as the replacement of Article 165, Paragraph 3 of the said Act, as detailed below.

① Reason of acquisition of treasury stock

The Company decided to acquire its treasury stock in order to enhance the shareholders' value per share and to improve the capital efficiency.

② Type of stock to be acquired

Common stock of the Company

③ Number of stocks to be acquired

Up to 2,500 thousand shares (1.36% of the total outstanding shares excluding treasury stock)

④ Total cost of acquisition

Up to ¥10,000 million

⑤ Period of acquisition

From May 14, 2024 to September 30, 2024

⑥ Other

All shares of common stock to be repurchased in accordance with this resolution are expected to be canceled by a resolution of the Board of Directors based on the provision of Article 178 of the Companies Act.

11. Others

Performance-based share remuneration plan for directors

① Overview

The Company introduced the performance-based share remuneration plan "Board Benefit Trust (the "BBT")" for directors.
The Company's common stock are acquired through the BBT with money contributed by the Company (the "Stock"). The directors will have the Stock and the amounts converted at fair value of the Stock which are provided through the BBT when directors retire in accordance with "Officers' Share Benefit Regulation".

② Treasury stock held by the BBT

The shares held by the BBT are reported by the book value of the BBT (excluding the incidental expenses) as part of the treasury stock in the net assets. At the end of the consolidated fiscal year, the book value of treasury stock held by the BBT was ¥ 367 million and the number of the shares was 99 thousand shares.

Business Combinations

(Business Combination through acquisition)

(1) Overview of Business Combination

① Name and business description of acquired company

Name of acquired company: P.S. MITSUBISHI CONSTRUCTION Co., Ltd.

Businesses:

・Contract, planning, design and construction management of prestressed concrete construction works
・Contract, planning, design and construction management of civil engineering and building construction works
・Business concerning maintenance and repair of civil engineering and building structures
・Manufacture and sales of prestressed concrete products, pre-cast concrete products, production and sales of their manufacturing tools and attachments
・Purchase, sales, leasing, brokerage, ownership and management of real estate

② Main reason for the business combination

By building capital relationships with the acquired company that has high technological capabilities in the fields of expressway renewal, prestressed concrete and pre-cast concrete and bringing new approaches, we expect to achieve “preparing environment to establish the solid foundation in the domestic civil engineering business”, “establishing the competitive advantage in the domestic construction business” (they are the key priorities in the Medium-Term Management Plan (2021-2023)), and enhancing the corporate value of both companies, therefore we acquired the shares of the acquired company through the takeover bid.

③ Date of the business combination

December 18, 2023 (deemed acquisition date: December 31, 2023)

④ Legal form of the business combination

Acquisition of shares with cash as consideration

⑤ Name of the acquired company after the business combination

PS CONSTRUCTION Co., Ltd. (scheduled to change on July 1, 2024)

Note: Changing the name is subject to approval of the General Meeting of Shareholders of the acquired company scheduled to be held in June 2024.

⑥ Ratio of voting rights acquired

Before the acquisition:	−%
After the acquisition:	50.20%

⑦ Main grounds for determining the acquirer

The Company acquired the shares with cash as consideration.

(2) Period for which the business results of the acquired company are included in the consolidated financial statements

From January 1, 2024 to March 31, 2024

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition : Cash	¥ 24,028 million
Acquisition cost	¥ 24,028 million

(4) Major acquisition-related costs

Advisory fees, etc.	¥ 605 million

(5) Amount and cause of gain on negative goodwill

① Amount of gain on negative goodwill ¥ 1,094 million

② Cause

Since the acquisition cost fell below the fair value of net assets at the date of the business combination, the difference was recognized as gain on negative goodwill.

(6) Amount of assets acquired and liabilities assumed on the date of business combination and their major breakdown

Current assets	¥ 89,146 million
Fixed assets	25,772 million
Total assets	¥ 114,919 million

Current liabilities	¥ 48,647 million
Long-term liabilities	16,225 million
Total liabilities	¥ 64,873 million

(7) Effect of the business combination on the consolidated statement of income for the current consolidated fiscal year assuming the business combination had been completed on the first day of the consolidated fiscal year:

Net sales	¥ 90,068 million
Operating income	¥ 5,336 million
Ordinary income	¥ 5,245 million
Income before income taxes	¥ 5,238 million
Net income attributable to owners of parent	¥ 1,753 million

Method of calculating the estimated amount

The difference between the net sales and profit/loss information calculated as if the business combination had been completed on the first day of the consolidated fiscal year and the net sales and profit/loss information of the acquired company in the consolidated statement of income for the current consolidated fiscal year is the estimated amount of impact.
This note is unaudited.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Year ended March 31, 2024)

	Millions of Yen			
	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in-capital	Other capital surplus	Total capital surplus
Balance as of April 1, 2023	122,742	30,686	–	30,686
Changes during the period				
Reversal of other reserve				
Dividends				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			0	0
Cancellation of treasury stock			(19,999)	(19,999)
Transfer from retained earnings to capital surplus			19,999	19,999
Provision of reservation for specific stocks				
Changes other than shareholders' equity, net				
Total changes during the period	–	–	–	–
Balance as of March 31, 2024	122,742	30,686	–	30,686

	Millions of Yen						
	Shareholders' equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Other retained earnings				Total retained earnings		
	Reserve for tax deferment on replacement of fixed assets	Reserve for specific stocks	Other reserve	Retained earnings carried forward			
Balance as of April 1, 2023	1,414	–	338,500	48,949	388,863	(906)	541,386
Changes during the period							
Reversal of other reserve			(8,000)	8,000	–		–
Dividends				(24,384)	(24,384)		(24,384)
Net income				22,643	22,643		22,643
Acquisition of treasury stock						(20,010)	(20,010)
Disposal of treasury stock						18	18
Cancellation of treasury stock						19,999	–
Transfer from retained earnings to capital surplus				(19,999)	(19,999)		–
Provision of reservation for specific stocks		250		(250)	–		–
Changes other than shareholders' equity, net							
Total changes during the period	–	250	(8,000)	(13,990)	(21,740)	7	(21,733)
Balance as of March 31, 2024	1,414	250	330,500	34,958	367,123	(898)	519,652

	Millions of Yen			
	Accumulated gains from valuation			Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total accumulated gains from valuation	
Balance as of April 1, 2023	94,450	(4)	94,445	635,831
Changes during the period				
Reversal of other reserve				–
Dividends				(24,384)
Net income				22,643
Acquisition of treasury stock				(20,010)
Disposal of treasury stock				18
Provision of reservation for specific stocks				–
Transfer from retained earnings to capital surplus				–
Provision of reservation for specific stocks				–
Changes other than shareholders’ equity, net	55,543	4	55,547	55,547
Total changes during the period	55,543	4	55,547	33,814
Balance as of March 31, 2024	149,993	–	149,993	669,646

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Non-consolidated Financial Statements:

The accompanying Non-consolidated financial statements of Taisei Corporation (the “Company”) has been prepared in accordance with the provisions set forth in the Japanese Companies Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

1. Principal Accounting Policies

(1) Valuation of assets

【Securities】

・Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

・Equity securities of the Company’s subsidiaries and affiliates

Equity securities of the Company’s subsidiaries and affiliates are stated at cost based on the moving-average method.

・Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter, “available-for-sale securities”)

Available-for-sale securities

Other than equity securities without market prices

Available-for-sale securities with market prices are stated at fair value as of the balance sheet date. The difference between the acquisition costs and the fair value is not reflected in income, but included directly in net assets. Cost of selling available-for-sale securities is calculated by the moving-average method.

Equity securities without market prices

Available-for-sale securities with no market prices are stated at cost based on the moving-average method.

【Inventories】

・Real estates for sale

Real estates for sale are stated at the specific-identification cost method or net realizable value.

・Cost on uncompleted contracts

Cost on uncompleted contracts is stated at the specific-identification cost method.

・Cost on development projects in progress

Cost on development projects in progress is stated at the specific-identification cost method or net realizable value.

・Raw materials and supplies

Raw materials and supplies are stated at cost based on the moving-average method or net realizable value.

【Derivative transactions】

Derivative transactions are stated at fair value.

(2) Depreciation method of fixed assets

【Tangible fixed assets】

・Buildings and structures

Buildings and structures are depreciated using the straight-line method.

・Other tangible fixed assets

Other tangible fixed assets are depreciated using the declining-balance method.

(3) Allowance and provision

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to reserve probable losses from bad debt. It consists of the estimated uncollectible amount of certain identified doubtful receivables and the amount estimated on the basis of the past default ratio for normal receivables.

【Provision for warranties on completed contracts】

Provision for warranties on completed contracts is provided as the amount estimated using an actual ratio of related losses during the past certain period.

【Provision for losses on construction contracts】

Provision for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

【Provision for retirement benefits】

Provision for retirement benefits are provided for their severance and retirement benefits based on estimated amounts of projected benefit obligations and plan assets at the year-end.
Past service costs are amortized using the straight-line method over 10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.
Actuarial gains and losses are amortized from the subsequent fiscal year using the straight-line method over 10 years, which is not longer than an average remaining service period of the employees when the gains and losses are incurred.

【Provision for share-based remuneration for directors】

Provision for share-based remuneration for directors is provided based on estimated amounts of share-based remuneration obligation at the end of the fiscal year, in accordance with "Officers' Share Benefit Regulation".

(4) Revenue and cost recognition

【Revenue recognition of construction】

The main details of performance obligations related to revenue from contracts with customers in the main projects and the ordinary timing of satisfaction of these performance obligations (i.e., ordinary timing of revenue recognition) are as follows.
Since the performance obligations under construction contracts in the Building Construction Business and the Civil Engineering Business are satisfied over time as the construction progress, revenue associated with construction contracts is recognized based on the progress towards satisfaction of performance obligations except that the contract amount is small or the period is very short. The progress is estimated by the percentage-of-completion method and the percentage at the end of the fiscal year is determined by the percentage of the cost incurred to the estimated total costs.
In addition, except the initial stages of the contracts, revenue is recognized by the cost recovery method when it is not possible to reasonably estimate the progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered. Regarding the construction projects of which the contract amount is small or the period is very short, revenue is recognized at the time of completion of construction.
In the current fiscal year, there are no construction contracts with a significant financing component in the transaction price, although the timing of receipt of the consideration for the transaction varies depending on the terms of a contracts.

(5) Other accounting policies on the non-consolidated financial statements

【Retirement benefits for employees】

The accounting treatment on unrecognized actuarial gains and losses and unrecognized past service cost with respect to retirement benefits is different from that applied in the consolidated financial statements.

【Hedge accounting】

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For interest rate swap contracts which meet certain conditions, net amount to be paid or received under the contract is added to or deducted from interest on liabilities when the swap contract has been concluded.

【Accounting for corporate tax, local corporate tax and tax effect accounting】

The Company has applied the Group Tax Sharing System and corporate tax and local corporate tax, as well as their tax effects, are accounted for and disclosed under the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42, August 12, 2021).

2. Matters on Accounting Estimates

Net sales of construction business recognized over time

① Carrying amounts in the current year's financial statements ¥ 1,199,342 Million

② Information on the nature of significant accounting estimates for identified items

The disclosure is omitted since the same information is included in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 2. Matters on Accounting Estimates".

3. Matters on Non-consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Investments to subsidiaries and affiliates	¥ 706 Million
Long-term loans receivable	650 Million
Total	¥ 1,356 Million

② Debt related to the assets ¥ − Million

The above assets are pledged as collateral for borrowings and others of subsidiaries and affiliates.

(2) Accumulated depreciation of tangible fixed assets ¥ 73,536 Million

(3) Contingent liabilities

・Guarantee obligations

The Company is contingently liable as the guarantor for borrowings of the following companies.

FUKUSHIMA-KORIYAMA MIRAI ENERGY LLC	¥ 3,783 Million
Others	502 Million
Total	¥ 4,286 Million

(4) Receivables from and payables to subsidiaries and affiliates

Receivables from subsidiaries and affiliates:

Short-term	¥ 13,250 Million
Long-term	¥ 6,741 Million

Payables to subsidiaries and affiliates:

Short-term	¥ 110,997 Million
Long-term	¥ 14 Million

(5) Cost of uncompleted contracts in relation to

provision for losses on construction contracts ¥ 3,312 Million

(6) Amount of notes receivable and notes payable with maturity on the balance sheet date (the "Date") and the day before the Date (the bank holidays)

Notes receivable trade	¥ 19 Million
Electronically recorded monetary claims	¥ 11,913 Million
Notes payable trade	¥ 4,513 Million
Electronically recorded obligations	¥ 41,398 Million

The accounting for the bills with maturity on the Date and the day before the Date is processed on the clearing date or the settlement date due to bank holidays.

4. Matters on Non-consolidated Statement of Income

(1) Sales to subsidiaries and affiliates	¥ 31,372 Million
(2) Purchase from subsidiaries and affiliates included in cost of sales	¥ 71,534 Million
(3) Provision for losses on construction contracts included in cost of sales	¥ 62,208 Million
(4) Transactions other than operating transactions with subsidiaries and affiliates	¥ 1,474 Million
(5) Research and development expenses	¥ 18,197 Million

5. Matters on Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stock at the end of the fiscal year — Common stock 403 thousand shares

Note: The number of treasury shares of common stock at the end of the fiscal year includes 99 thousand shares held by the Board Benefit Trust (BBT)

6. Matters on Deferred Income Taxes

Significant components of deferred income tax assets and liabilities

Deferred income tax assets:	
Disallowed portion of expenses and losses	
Inventories	¥ 38,244 Million
Retirement benefits for employees	34,746 Million
Investments in subsidiaries and affiliates	10,945 Million
Accrued bonuses	4,588 Million
Bad debt losses and allowance for doubtful accounts	2,303 Million
Advances received	2,115 Million
Others	6,069 Million
Subtotal	99,013 Million
Valuation allowance	(14,290) Million
Total deferred income tax assets	¥ 84,722 Million
Deferred income tax liabilities:	
Unrealized gains on available-for-sale securities	¥ (66,135) Million
Gains on securities contribution to employee retirement benefit trust	(10,895) Million
Prepaid pension costs	(2,846) Million
Others	(644) Million
Total deferred income tax liabilities	¥ (80,522) Million
Net deferred income tax assets and liabilities	¥ (4,200) Million

7. Matters on Per Share Data

(1) Net assets per share	¥ 3,631.64
(2) Net income per share	¥ 121.30

Note: The treasury shares held by the Board Benefit Trust (BBT) in the net assets are included in the number of treasury stock, which is excluded from the number of outstanding shares at the end of the fiscal year and the average number of shares during the period for calculating the net assets per share and the net income per share.
The number of treasury stock held by BBT at the end of the fiscal year excluded for the calculation of net assets per share was 99 thousand shares, and the number of treasury stock held by BBT during the period excluded for the calculation of net income per share was 100 thousand shares.

8. Matters on Significant Subsequent Events

Acquisition of treasury stock

The Company resolved the item related to the acquisition of treasury stock at the Board of Directors Meeting held on April 26, 2024, in accordance with the Article 156 of the Companies Act, which is applicable as the replacement of Article 165, Paragraph 3 of the said Act, as detailed below.

① Reason of acquisition of treasury stock

The Company decided to acquire its treasury stock in order to enhance the shareholders' value per share and to improve the capital efficiency.

② Type of stock to be acquired

Common stock of the Company

③ Number of stocks to be acquired

Up to 2,500 thousand shares (1.36% of the total outstanding shares excluding treasury stock)

④ Total cost of acquisition

Up to ¥10,000 million

⑤ Period of acquisition

From May 14, 2024 to September 30, 2024

⑥ Other

All shares of common stock to be repurchased in accordance with this resolution are expected to be canceled by a resolution of the Board of Directors based on the provision of Article 178 of the Companies Act.

9. Others

Business Combinations

(Business Combinations through additional acquisition of shares)

The disclosure is omitted since the same information is included in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 11. Others".