Matters Omitted from the Notice of the 102nd Annual General Meeting of Shareholders

System to Ensure the Appropriateness of Business Activities

Outline of the operating status of the System to Ensure the Appropriateness of Business Activities

Consolidated Statement of Changes in Equity

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Non-consolidated Statement of Changes in Equity

Notes to Non-consolidated Financial Statements

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

TOYO CONSTRUCTION CO., LTD.

Pursuant to the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, the above matters are omitted from the document (document containing electronic provision measures matters) that is delivered to shareholders who request it.

1 System to Ensure the Appropriateness of Business Activities

The matters resolved by the Board of Directors as a system to ensure the appropriateness of business activities are as follows.

Internal Control System

(1) System to ensure that the execution of duties of directors and employees is in compliance with the laws and regulations, and the Articles of Association

(i) Directors, executive officers and employees shall execute their duties with the "Management Philosophy," the "Code of Conduct" and the "Conduct Guidelines" as the top priority basic judgment standards.

(ii) The Risk Management Committee shall "develop the compliance policy," "determine a policy so that employees are aware of risk management," and "select key risks of the whole group," and shall report their activities to the Executive Committee and the Board of Directors while instructing pertinent departments.

(iii) The Legal Dept. shall provide education, guidance etc. necessary for compliance by each department.

(iv) If the Legal Dept. manager becomes aware of a questionable act pertaining to compliance with laws and regulations, the manager shall report its investigation to the Risk Management Committee in a timely and appropriate manner, and provide necessary guidance.

(v) The Audit Dept. shall verify the status of execution of duties, and the effectiveness and appropriateness of internal control for each department to ensure the adequate execution of duties.

(vi) A whistle-blowing system with internal and external contacts for report has been established as an internal report system.

(2) System to ensure that directors' duties are executed in an efficient manner

(i) A system for proper execution of directors' duties shall be established pursuant to the Basic Management Rules, the Organizational Rules etc.

(ii) By introducing an executive officer system, the number of directors shall be reduced in an effort to speed up the business decision-making process.

(3) Rules and other systems for management of risk of loss

(i) Each competent department shall manage predetermined day-to-day risks in accordance with the Risk Management Rules and the Disaster Prevention Rules.

(ii) In the event of a large-scale disaster or any other event requiring emergency response, in order to minimize damage and loss, an emergency control headquarters with President as the general manager shall be set up.

(iii) A BCP (business continuation plan) has been formulated under assumption of an earthquake occurring directly beneath the Tokyo Metropolitan Area.

(4) System for retaining and controlling information on the execution of directors' duties

(i) Important meeting minutes, requests for managerial decision for important matters, contracts, and materials relating thereto shall be properly retained in accordance with laws and regulations, and the assorted rules for document management and information security.

(ii) The documents administrator pursuant to the document rules shall properly manage documents.

(5) System to ensure the appropriateness of business activities of the corporate group consisting of the Company and its subsidiaries

(i) Pursuant to the Affiliated Company Management Rules, the Affiliated Business Strategy Dept., the Civil Planning & Administrative Dept. and the Architectural Planning & Administrative Dept. shall formulate a management plan for the corporate group consisting of the Company and its subsidiaries, provide consultation and guidance prior to important decision-making, and summon subsidiary presidents on a regular basis to hear the status of management including progress in the management plan in which the Company was involved in formulating.

(ii) The Audit Dept. shall verify the status of execution of duties, and the effectiveness and appropriateness of internal control at the corporate group consisting of the Company and its subsidiaries to ensure the adequate execution of duties, and the efficiency and soundness of management.

(iii) The Legal Dept. shall provide education, guidance, support etc. necessary for compliance by the corporate group consisting of the Company and its subsidiaries.

(iv) The whistle-blowing system's contacts for report have been set at the corporate group consisting of the Company and its subsidiaries to enhance the effectiveness of compliance at the corporate group level.

(6) System for the Company's and subsidiaries' directors and employees to report to corporate auditors, and any other system for report to corporate auditors

(i) Corporate auditors can attend the Company's Board of Directors meetings and other important meetings, and if necessary, request the Company's and subsidiaries' directors and employees to allow the viewing of and submit documents concerning execution of duties.

(ii) If there is a likelihood of violation of laws and regulations or the Articles of Association, or of significant disrepute or damage to any of the companies, the Company's and subsidiaries' directors and employees shall report to corporate auditors without delay.

(iii) If a corporate auditor requests a report on business and business activities, the Company's and subsidiaries' directors and employees shall quickly comply with such request in an appropriate manner.

(7) System to ensure that a person who reports pursuant to (6) above will not be treated unfavorably on the grounds of such report

Persons who provide information to corporate auditors shall not be treated unfavorably on the grounds of such provision of information.

(8) Other systems to ensure effective audit by corporate auditors

(i) Directors, executive officers and employees shall cooperate so that audits by corporate auditors in accordance with the Board of Auditors rules and Board of Auditors bylaws shall be carried out in an effective manner.

(ii) Corporate auditors shall cooperate with accounting auditors, the Audit Dept. and subsidiaries' corporate auditors to enhance the effectiveness of audits.

(iii) If a corporate auditor makes request to the Company for advance payment of expenses for execution of its duties, such expenses or obligations shall be promptly settled.

(9) Matters regarding employees assisting corporate auditors, matters regarding the independence of such employees from directors, and matters to ensure the effectiveness of instructions to such employees

If a corporate auditor or the Board of Auditors requests to have an assistant to help execute its duties, such assistant shall be appointed. Such assistant shall comply with directions and orders from the corporate auditor, and shall not receive directions from directors.

(10) System to ensure the reliability of financial reports

(i) As internal control of financial reports, related rules etc. shall be established and properly operated to prepare financial reports with reliability.

(ii) The Audit Dept. shall carry out internal control audits pertaining to financial reports, and enhance the reliability of financial reports by detecting any insufficiencies in internal control and having the relevant departments correct them.

Elimination of Anti-social Forces

(1) Basic approach

The Company shall take a firm stand against anti-social forces which threaten the order and safety of civil society, and any relationship with them shall be blocked as a company-wide effort.

(2) Efforts to eliminate anti-social forces

(i) The Administration Dept., Business Administration Div. shall be the governing department.

(ii) The head office shall cooperate with the National Center for Removal of Criminal Organizations, the Federation for Special Violence Prevention Measures under the jurisdiction of the Metropolitan Police Department and the Kanda District Special Violence Prevention Measures Council, and each branch shall also cooperate with councils and other external bodies in its area of operation, to consult and collect information, and strive to eliminate anti-social forces.

(iii) The Compliance Manual specifies the guidelines for conduct against anti-social forces, and such guidelines shall be thoroughly disseminated by providing training on a regular basis.

(iv) For the purpose of eradicating transactions with anti-social forces, a clause for elimination of anti-social forces shall be stipulated in any contracts used for transaction between the Company and vendors.

2 Outline of the operating status of the System to Ensure the Appropriateness of Business Activities

(1) With the "Basic Policy on Structure of Internal Control" as resolved by the Board of Directors as the basic policy to be consistently applied, the Company carries out review of such policy as appropriate and ensures that the policy is thoroughly disseminated throughout the Company and its subsidiaries.

(2) The "Risk Management Committee" is convened twice a year to consider and implement compliance- and risk-related issues, and details thereof are periodically reported to the Board of Directors.

(3) The Audit Dept. audits business activities of the head office, as well as the ten branches and sales offices of the Company, and four subsidiaries, and audit results are periodically reported to the Board of Directors.

Consolidated Statement of Changes in Equity

(April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,049	6,074	48,701	(145)	68,680
Changes during the consolidated fiscal year					
Dividends of surplus			(2,358)		(2,358)
Profit attributable to owners of parent			7,016		7,016
Purchase of treasury shares				(444)	(444)
Disposal of treasury shares				100	100
Changes resulting from merger of consolidated and unconsolidated subsidiaries			3		3
Reversal of revaluation reserve for land			3		3
Net changes in items other than shareholders' equity during the consolidated fiscal year					–
Total changes during the consolidated fiscal year	–	–	4,665	(343)	4,322
Balance at ending of period	14,049	6,074	53,367	(488)	73,002

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	576	–	3,070	35	(543)	3,138	2,165	73,984
Changes during the consolidated fiscal year								
Dividends of surplus								(2,358)
Profit attributable to owners of parent								7,016
Purchase of treasury shares								(444)
Disposal of treasury shares								100
Changes resulting from merger of consolidated and unconsolidated subsidiaries								3
Reversal of revaluation reserve for land								3
Net changes in items other than shareholders' equity during the consolidated fiscal year	443	1,087	(3)	64	409	2,000	492	2,493
Total changes during the consolidated fiscal year	443	1,087	(3)	64	409	2,000	492	6,815
Balance at ending of period	1,019	1,087	3,066	99	(134)	5,139	2,658	80,800

Notes to Consolidated Financial Statements

(Notes Regarding Assumption of Going Concern)

Not applicable.

(Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(i) Number of consolidated subsidiaries

6

Names of major consolidated subsidiaries

TOMAC Corporation, Ltd., Tachibana Kogyo Co., Ltd., Kusakabe Maritime Engineering Co., Ltd., TECOS Co., Ltd., CCT CONSTRUCTORS CORPORATION, Token Shoji Co., Ltd.

(ii) Names of major unconsolidated subsidiaries

Names of major unconsolidated subsidiaries

PFI-Sawara-River Co., Ltd.

Reasons for exclusion from scope of consolidation

All of the unconsolidated subsidiaries are small in scale, and their combined total assets, net sales, profit (loss) (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material effect on the Company's consolidated financial statements.

2. Application of Equity Method

(i) Number of unconsolidated subsidiaries or associates accounted for using equity method

0

(ii) Names of major unconsolidated subsidiaries or associates not accounted for using equity method

Names of major unconsolidated subsidiaries or associates

PFI-Sawara-River Co., Ltd.

Reasons for not applying equity method

The exclusion from the scope of equity method accounting of the unconsolidated subsidiaries or associates not accounted for using equity method has a negligible effect on the Company's consolidated financial statements in terms of profit (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc., and they also are not significant in total.

3. Fiscal Years of Consolidated Subsidiaries

The fiscal year-end of the following consolidated subsidiary differs from the Company's fiscal year-end.

Name	Fiscal year-end
CCT CONSTRUCTORS CORPORATION	December 31

The financial statements as of the day of the consolidated subsidiary's fiscal year-end were used; provided, however, that adjustments were made as necessary for significant transactions made with the consolidated subsidiary during the period between the close of the two companies' fiscal years.

4. Accounting Policies

(1) Basis and method for valuation of important assets

A. Securities

(i) Securities to be held to maturity

The amortized cost method (straight-line method) is applied.

(ii) Available-for-sale securities

Securities other than shares that do not have a market value

The fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method) based on market value, etc. on the last day of the period is applied.

Shares that do not have a market value

The moving average cost method is applied.

B. Derivatives

The fair value method is applied.

C. Inventories

(i) Costs on construction contracts in progress

The cost method based on the specific identification method is applied.

(ii) Current assets and others (real property for sale)

The cost method based on the specific identification method (with amount shown on the consolidated balance sheet written down as profitability declines) is applied.

(iii) Current assets and others (materials and supplies)

The cost method based on the first-in-first-out method (with amount shown on the consolidated balance sheet written down as profitability declines) is applied.

(2) Depreciation method for major depreciable assets

A. Property, plant and equipment (excluding leased assets)

The straight-line method is applied. Major service lives are 15-50 years for buildings and structures, and 6-20 years for machinery, vehicles, tools, furniture and fixtures.

B. Intangible assets (excluding leased assets)

The straight-line method is applied. Software for internal use is based on the available period for internal use (5 years).

C. Leased assets

Leased assets related to finance lease transactions with the right of ownership transferred

The depreciation method is the same as that applied for owned non-current assets.

Leased assets related to finance lease transactions with the right of ownership not transferred

The straight-line method is applied using the lease term as service life and a residual value of zero.

(3) Recognition criteria for important provisions

A. Allowance for doubtful accounts

To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, for general receivables the historical default rate is used, and for certain receivables designated as potentially irrecoverable are determined using actual default rates on an individual claim basis, and an allowance is made for the amounts deemed irrecoverable.

B. Provision for warranties for completed construction

To make allowances for expenses in cases of contract non-conformity of completed construction, an allowance is made for an estimated future indemnity amount with respect to net sales of completed construction contracts in the consolidated fiscal year under review and future indemnity expenses for specified construction.

C. Provision for loss on construction contracts

To make allowances for construction in hand on the last day of the consolidated fiscal year under review for which losses are expected to occur and the amount of which can be reasonably estimated, an allowance is made for the amount of the future loss.

D. Provision for bonuses

To make provisions for bonuses to be paid to employees, the Company and consolidated domestic subsidiaries make an allowance for the amount expected to be paid in the consolidated fiscal year under review.

E. Provision for retirement benefits for directors (and other officers)

To make allowances for the payment of retirement benefits to directors (and other officers), consolidated domestic subsidiaries make an allowance for the amount of payment due on the last day of the period based on the internal rules.

F. Provision for share-based compensation

To make allowances for the delivery of the Company’s shares through the officer remuneration BIP trust, an allowance is made for the expected amount of delivery of shares in accordance with points assigned to directors etc. pursuant to the rules for the delivery of shares.

5. Other important items for the preparation of consolidated financial statements

(1) Accounting treatment related to retirement benefits

(i) Attribution method for the expected amounts of retirement benefits

When calculating retirement benefit liabilities, the method for attributing expected benefit payments for the period until the end of the consolidated fiscal year under review is as per the benefit formula basis.

(ii) Treatment of actuarial gains and losses, and past service costs

Past service costs are recorded as expenses using the straight-line method over a fixed number of years (in 10 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.

Actuarial gains and losses are primarily treated as expenses in the consolidated fiscal year following the consolidated fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (in 10 years) that is within the average number of years of remaining service of employees at the time the differences emerge in each consolidated fiscal year.

(iii) Accounting for unrecognized actuarial gains and losses, and unrecognized past service costs

Unrecognized actuarial gains and losses and unrecognized past service costs are adjusted for tax effect, and recorded under net assets as remeasurements of defined benefit plans in accumulated other comprehensive income.

(2) Recognition criteria for material revenue and expenses

The particulars of the primary obligations in key businesses relating to revenue generated from contracts with customers of the Group, and the standard point in time at which such obligations are fulfilled (the standard point in time to recognize revenue) are as follows.

(i) Construction contracts (domestic civil engineering business, domestic construction business, and overseas construction business)

Regarding construction contracts, it is judged that the obligations are fulfilled over a certain period of time, and revenue is recognized in accordance with the degree of progress in the fulfillment of the obligations. By accounting for the particulars and the nature of obligations under construction contracts, it can be concluded that the status of occurrence of costs appropriately shows degree of progress in construction; therefore, progress is measured on the basis of the proportion of costs incurred against the total estimated cost for construction. Regarding contracts for which progress cannot be reasonably estimated, an amount equal to costs incurred that are expected to be recovered is recognized as revenue. However, regarding construction contracts, etc. with an extremely short construction period, an alternative treatment under which revenue is recognized at the time of complete fulfillment of obligations is applied.

(ii) Contracts other than construction contracts (real property business)

For real property sale contracts and other contracts other than construction contracts, revenue is recognized at the time of handover of the relevant article for sale etc. However, for real property lease contracts, revenue is recognized as lease transactions within the scope of the accounting standards for lease transactions.

(3) Translation of material foreign currency assets and liabilities to Japanese yen

Foreign currency monetary assets and liabilities are translated to Japanese yen at the spot exchange rate on the day of consolidated fiscal year-end, and any translation difference is recorded as profit or loss, as the case may be. Assets and liabilities of overseas subsidiaries etc. are translated to Japanese yen at the spot exchange rate as of the settlement date, revenue and expenses are translated to Japanese yen at the average exchange rate during the term, and any translation difference is included in foreign currency translation adjustment and non-controlling interests under net assets.

(4) Material hedge accounting

(i) Hedge accounting

Deferred hedge accounting is applied. Special treatment is used for interest rate swaps that meet the requirements for special treatment.

(ii) Means and subject of the hedge

Means of the hedge

Interest rate swaps transaction and forward foreign exchange contracts

Subject of the hedge

Borrowings, foreign currency anticipated transactions, and accounts payable for construction contracts

(iii) Hedge policy

Pursuant to the Company's "Derivative Management Rules," the interest rate risk and the exchange fluctuation risk are hedged.

(iv) Evaluation of hedge effectiveness

The cumulative total of market fluctuations or cash flow changes of the hedge subject and the cumulative total of market fluctuations or cash flow changes of the hedge means are compared, and hedge effectiveness is evaluated by the resulting ratio.

However, the evaluation of effectiveness is omitted for interest rate swaps to which special treatment is applied.

(5) Accounting for consumption taxes, etc.

The tax-excluding method is used for accounting for consumption tax and local consumption tax, and non-recoverable consumption tax and local consumption tax are recorded as expenses during the consolidated fiscal year under review.

(6) Principles and procedures applied in a case where the relevant accounting standards etc. are not clear

Accounting for construction joint ventures

Assets, liabilities, revenues and expenses are recognized principally in proportion to each member's contribution.

(Notes Regarding Changes in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)

Changes in depreciation method for property, plant and equipment

While both the Company and consolidated domestic and overseas subsidiaries ("Corporate Group") had previously adopted the declining balance method as the depreciation method for property, plant and equipment (excluding part of property, plant and equipment), the method was changed to the straight-line method from the consolidated fiscal year under review.

The Corporate Group has positioned the offshore wind power construction business as a strategic growth driver in the mid-term business plan (fiscal 2023 to fiscal 2027), and is planning to build and procure larger vessels, including a cable-laying vessel, compared to before. Additionally, we anticipate related capital investment from a medium- to long-term perspective while progressing in the offshore wind power construction business.

In this environment, the Corporate Group analyzed and examined the actual usage of property, plant and equipment and the content of capital investment in the course of formulating the mid-term business plan, which reflects initiatives in the offshore wind power construction business and the relevant plan of investing in large work vessels. As a result, because the equalized operation of property, plant and equipment is expected, it is determined that the straight-line method, which evenly distributes costs based on service life, better reflects expense consumption patterns.

In addition, we investigated accounting treatment at the time of retirement of property, plant and equipment whose service life has elapsed, and changed the residual value of property, plant and equipment to 1 yen, the memorandum value. As a result of these changes, operating profit, ordinary profit, and profit before income taxes for the consolidated fiscal year under review each decreased by 1,061 million yen compared to the amount calculated by the previous method.

(Notes Regarding Accounting Estimates)

Net sales of completed construction contracts for which obligations are fulfilled over a certain period of time and revenue is recognized

(i) Amounts recorded in the consolidated financial statements of the consolidated fiscal year under review	180,577 million yen

(ii) Information on material accounting estimates of identified items

In order to record the net sales of completed construction contracts, it is necessary to make a reasonable estimate of the total revenue generated from construction, the total cost of construction, and the progress in construction as of the consolidated settlement date.

Because each construction is unique due to its specifications and work descriptions, and there are uncertainties such as design changes, unexpected costs, and changes in the construction period while the work is underway, such estimates are continuously reviewed.

Therefore, if there is a change to such estimates, such change may have a material effect on the net sales of completed construction contracts and the cost of completed construction contracts in the following consolidated fiscal year.

(Notes Regarding Consolidated Balance Sheet)

1. Pledged assets and collateral-related liabilities
   Pledged assets are as follows.

Buildings and structures	1,195 million yen
Land	16,657 million yen
Investment securities	41 million yen
Total	17,894 million yen

   Collateral-related liabilities are as follows.

Short-term borrowings (including transferred long-term borrowings)	840 million yen
Long-term borrowings	1,120 million yen
Total	1,960 million yen

   The following assets are pledged as a substitute etc. for a business security deposit.

Investment securities	18 million yen

2. Items concerning unconsolidated subsidiaries and associates are as follows.

Investment securities (shares)	33 million yen

3. Costs of construction contracts in progress corresponding to provision for loss on construction contracts –

4. Land for business is revaluated pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998). An amount equal to taxes on any valuation difference is recorded under liabilities as "deferred tax liabilities for land revaluation," and an amount of the valuation difference subtracting such amount is recorded under assets as "revaluation reserve for land."

・Revaluation method: The prices officially published pursuant to the Public Notice of Land Prices Act set forth in Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998) (in some cases, the standard price for benchmark lots determined pursuant to the Order for Enforcement of the National Land Use Planning Act set forth in Article 2, Item 2 of the Order for Enforcement of the Act on Revaluation of Land, the price calculated with the method set forth and published by the Commissioner of the National Tax Agency for calculation of land value as the foundation of calculation of taxable value of land value tax set forth in the Land Value Tax Act set forth in Item 4 of said article, or the appraisal value by a real estate appraiser set forth in Item 5 of said article) are reasonably adjusted for revaluation.

・Revaluation date: March 31, 2000

Difference between the market value as of the year-end and the post-revaluation book value of the revaluated land	(5,754 million yen)
Difference between the market value as of the year-end and the post-revaluation book value of rental properties of said land	(1,324 million yen)

5. The Company has concluded commitment line (specified commitment line) contracts with seven main financial institutions for efficient financing of operating capital. The balance of the unused portions, etc. under such contracts as of the consolidated closing date of the fiscal year is as follows.

Total amount of the commitment line contracts	15,000 million yen
Balance of used portion	4,000 million yen
Difference	11,000 million yen

6. The reduction entry is made due to the receipt of insurance proceeds. The accumulated reduced-value entry due to the receipt of insurance proceeds for property, plant and equipment is as follows.

Machinery, vehicles, tools, furniture and fixtures	44 million yen

(Notes Regarding Consolidated Statement of Income)

1. Provision for reserve for loss on construction contracts included in the cost of sales of completed construction contracts	46 million yen
2. Total amount of the sales, general and administrative expenses and R&D expenses included in the cost of completed construction contracts	2,264 million yen

3. Impairment losses

(Unit: million yen)

Use	Class	Location	Impairment losses
Idle assets	Intangible assets (Telephone subscription right)	Tokyo	14

The Group uses a system of grouping its leased assets, idle assets, and assets to be disposed of by individual property, and shared assets by company or by head office, branch office, and business division, based on the management accounting categories (company, branch office, and business division) for which income and expenditure are continuously monitored.

The book value of telephone subscription rights, which are idle assets, was reduced to the recoverable amount because they are not expected to be used in the future due to the spread of fiber optic lines, and the amount of the reduction was recorded as an impairment loss under extraordinary losses.

The recoverable amount was measured based on the net selling price. The net selling price was calculated to be 0 yen, and the memorandum value was changed to 1 yen.

(Notes Regarding Consolidated Statement of Changes in Equity)

1. Class and total number of outstanding shares and class and number of treasury shares

(Unit: 1,000 shares)

	Number of shares at beginning of period	Increase during the consolidated fiscal year under review	Decrease during the consolidated fiscal year under review	Number of shares at end of period
Issued shares				
Ordinary shares	94,371	–	–	94,371
Total	94,371	–	–	94,371
Treasury shares				
Ordinary shares	351	336	239	448
Total	351	336	239	448

Notes: 1. The number of treasury shares includes the Company's shares held by the officer remuneration BIP trust (307,000 shares at the beginning of the consolidated fiscal year under review, and 404,000 shares at the end of the consolidated fiscal year under review).

2. An increase of 336,000 shares in ordinary share of the treasury shares is due to the purchase of shares less than one unit of 0 thousand shares, and 336,000 shares held by the officer remuneration BIP trust.

3. A decrease of 239,000 shares in ordinary share of the treasury shares is due to shares held by the officer remuneration BIP trust.

2. Matters regarding dividends

(i) Dividend payment amounts

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2023 Annual general meeting of shareholders	Ordinary shares	2,358	25.0	March 31, 2023	June 28, 2023

Note: The total amount of dividends approved by resolution at the annual general meeting of shareholders held on June 27, 2023 includes the dividends of 7 million yen on the Company's shares held by the officer remuneration BIP trust.

(ii) Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the subsequent period

The Company proposed matters regarding a dividend on ordinary shares as a proposal at the annual general meeting of shareholders held on June 26, 2024, as follows.

Resolution	Class of shares	Total amount of dividends (million yen)	Source of funds for the dividend	Dividend per share (yen)	Record date	Effective date
June 26, 2024 Annual general meeting of shareholders	Ordinary shares	6,980	Retained earnings	74.0	March 31, 2024	June 27, 2024

Note: The total amount of dividends approved by resolution at the annual general meeting of shareholders held on June 26, 2024 includes the dividends of 29 million yen on the Company's shares held by the officer remuneration BIP trust.

(Notes Regarding Financial Instruments)

1. Matters regarding the status of financial instruments

The Group procures funds through borrowings from banks and other financial institutions, and limits funds management to short-term deposits.

For customer credit risk pertaining to notes receivable - trade and accounts receivable from completed construction contracts, efforts are made to reduce the risk by applying strict screening to customer credit management, including the collection of information. Also, the investment securities are mostly shares, and the fair values of listed shares are grasped each quarter.

The borrowings are used for operating capital (mostly short-term) and as funds for capital investment (long-term). Interest-rate swap trading as a means of hedge is used to avoid the interest-rate fluctuation risk on some long-term borrowings.

Derivatives are applied to avoid the exchange fluctuation risk and the interest-rate fluctuation risk in the future, the execution and management of which comply with the Derivative Management Rules, and derivatives for speculative purposes will not be conducted.

2. Matters regarding the fair values of financial instruments

The carrying amounts, the fair values, and the differences between them are as follows.

(Unit: million yen)

	Carrying amount	Fair value	Difference
(i) Investment securities (*2)	2,067	2,067	–
Total assets	2,067	2,067	–
(ii) Long-term borrowings	1,615	1,614	(0)
Total liabilities	1,615	1,614	(0)
Derivatives (*3)	1,567	1,567	–

(*1) "Cash and deposits," "notes receivable - trade and accounts receivable from completed construction contracts, etc.," "JV business receivables," "notes payable - trade and accounts payable for construction contracts, etc." and "short-term borrowings" are omitted because the fair values approach the book values since they are settled in the short term.

(*2) The following financial instrument that does not have a market price is not included in "(i) Investment securities." The carrying amounts of this financial instrument are as follows.

(Unit: million yen)

Unlisted shares, etc.	Current assets and others (securities)	216
	Investment securities	1,123

(*3) Net receivables and payables generated from derivatives are presented.

Notes: 1. Scheduled redemption amounts of monetary claims and securities with maturity dates after the end of the Company's fiscal year.

(Unit: million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and deposits	23,575	–	–	–
Notes receivable - trade and accounts receivable from completed construction contracts	73,749	1,106	–	–
JV business receivables	9,218	–	–	–
Securities and investment securities				
Available-for-sale securities with maturity dates				
Others	216	–	–	–
Total	106,759	1,106	–	–

2. Scheduled repayment amounts of long-term borrowings and other interest bearing liabilities after the end of the Company's fiscal year

(Unit: million yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	5,500	–	–	–	–	–
Long-term borrowings	1,034	745	480	190	200	–

3. Matters regarding the breakdown of financial instruments by each fair value level

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs regarding fair value calculation.

Level 1 fair value: Fair value calculated using observable inputs regarding fair value calculation which are market prices in an active market for assets or liabilities subject of the calculation of such fair value.

Level 2 fair value: Fair value calculated using observable inputs regarding fair value calculation other than the Level 1 inputs.

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

In cases where multiple inputs which have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

(i) Financial instruments with the carrying amount recorded using the fair value

(Unit: million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	2,067	–	–	2,067
Derivatives				
Currency-related	–	1,567	–	1,567
Total assets	2,067	1,567	–	3,635

(ii) Financial instruments with the carrying amount not recorded using the fair value

(Unit: million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	–	1,614	–	1,614
Total liabilities	–	1,614	–	1,614

Note: Explanation of the valuation methods and inputs used in calculating fair values

Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value.

Derivatives

Fair values of interest-rate swaps and exchange contracts are calculated using the discounted cash flow method by interest rates, exchange rates or any other observable inputs, and these are categorized as level 2 fair values.

Long-term borrowings

The fair value of long-term borrowings is calculated using the discounted cash flow method based on interest rates considering the total amount of the sum of principal and interest, the remaining period of the concerned obligation, and the credit risk for each obligation, and this is categorized as a level 2 fair value.

(Notes Regarding Investment and Rental Property)

The Company and some of its consolidated subsidiaries own land and buildings for lease in Hyogo Prefecture and other areas. The rental income from such investment and rental property during the consolidated fiscal year under review is 172 million yen (rental revenue is recorded as net sales of side line business, and rental expenses are recorded as net cost of sales side line business).

The carrying amount, increase/decrease during the period, and fair value of such investment and rental property are as follows.

Carrying amount	
Beginning balance	10,749 million yen
Increase/Decrease during the period	(598) million yen
Ending balance	10,151 million yen
Fair value at the end of the fiscal year	9,252 million yen

Notes: 1. The carrying amount is the amount of the acquisition cost minus the accumulated depreciation.

2. The decrease during the period was due to the change of use from rental assets to the Group's internal use (473 million yen) and depreciation (124 million yen).

3. The fair value at the end of the fiscal year is mostly based on the real estate appraisals by an external real estate appraiser (including those adjusted using indices).

(Notes Regarding Per Share Information)

Net assets per share	831.98 yen
Earnings per share	74.51 yen

(Notes Regarding Significant Subsequent Events)

Borrowing of funds through a green loan

At the meeting of the Board of Directors held on April 25, 2024, the Company resolved to borrow funds through a "green loan," the first of its kind in the Group, as described below.

Contract conclusion schedule	May 2024
Use of funds	Construction of a self-propelled cable-laying vessel
Loan amount	20,000 million yen
Loan interest	Basic interest + spread
Loan execution date	June 2024 onward (Note: Term loan with drawdown period)
Repayment method	Three-monthly fixed repayments starting on June 30, 2027, with balance to be repaid on the repayment date
Final repayment deadline	March 31, 2034
Security	Yes (vessel as security)
Arranger	MUFG Bank, Ltd.
Co-arranger	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation
Participating Financial Institutions (in Japanese phonetic alphabetical order)	Aozora Bank, Ltd., The Senshu Ikeda Bank, Ltd., THE SHIZUOKA CHUO BANK, LTD., The Chiba Bank, Ltd., THE TOKUSHIMA TAISHO BANK, LTD., The Norinchukin Bank, The Hyakujushi Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited
Rating agency	Rating and Investment Information, Inc.

Note: This loan has been reflected in the mid-term business plan announced on March 23, 2023, and its impact on the consolidated financial results will be negligible.

(Notes Regarding Revenue Recognition)

1. Information on the breakdown of revenue generated from contracts with customers

(Unit: million yen)

		Domestic civil engineering	Domestic construction	Overseas construction	Real property	Other	Total
Revenue generated from contracts with customers	Goods or services transferred at a point in time	3,962	1,107	251	3	379	5,704
	Goods or services transferred over a certain period of time	91,354	62,116	27,106	–	–	180,577
	Subtotal	95,316	63,224	27,357	3	379	186,281
Other revenue		–	–	–	441	58	500
	Total	95,316	63,224	27,357	445	437	186,781

2. Basic information for understanding revenue generated from contracts with customers

(i) Information on contacts with customers and obligations

Information on the point in time of fulfillment of obligation is included in "Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements 5. Other important items for the preparation of consolidated financial statements (2) Recognition criteria for material revenue and expenses."

The Company has an obligation under construction contracts to repair free of charge the construction defects, etc. that occurred during the contract non-conformity warranty period after handover. The purpose of this obligation is to provide to customers a guarantee that the relevant work will function as intended in accordance with the specifications in the contracts with customers, and it is recognized as a provision for compensation for completed construction.

Each construction contract is unique, and thus, there is no payment due date that is considered typical.

(ii) Information on the calculation of transaction price

Transaction price is the amount of consideration received under contracts with customers. However, if the amount of consideration is not decided due to any addition to the relevant construction contract or design change, etc., a reasonable estimate of such consideration is included in the total construction revenue.

Regarding construction contracts that are considered to include material financial elements are adjusted for calculation of a transaction price by using the discount rate expected to apply in a case of an independent financial transaction with a customer on the date of the relevant agreement, and by removing the impact of an amount equal to interest from the sale price of the relevant construction.

Under normal circumstances, the Group provides material services that are integrated with final subject matters under contracts with customers, and transaction prices are not distributed, because the Group recognizes all of the promised services as one obligation.

(iii) Information on the point in time of fulfillment of obligation

Information on the point in time of fulfillment of obligation is included in "Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements 5. Other important items for the preparation of consolidated financial statements (2) Recognition criteria for material revenue and expenses."

3. Matters regarding the relationship between the fulfillment of obligations under contracts with customers and cash flow generated from such contracts, and the amount and timing of revenue generated from contracts with customers existing on the last day of the consolidated fiscal year under review and expected to be recognized in the following consolidated fiscal year onward

(i) Balance of contract assets and contract liabilities, etc.

Claims generated from contracts with customers (Balance at the beginning of period)	29,316 million yen
Claims generated from contracts with customers (Balance at the end of period)	27,761 million yen
Contract assets (Balance at the beginning of period)	29,906 million yen
Contract assets (Balance at the end of period)	43,612 million yen
Contract liabilities (Balance at the beginning of period)	12,537 million yen
Contract liabilities (Balance at the end of period)	15,353 million yen

Contract assets mainly concern the Group's right with respect to consideration for completed works for which obligations under construction contracts with customers have been fulfilled on the last day of the period, but which have not been invoiced to customers. Contract assets will be transferred to claims generated from contracts with customers at the time when the Group's right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances for unmet (or partially unmet) obligations received from customers in accordance with the payment terms under construction contracts with customers, the revenue from which is recognized as obligations are fulfilled or at the time of fulfillment. Contract liabilities are liquidated as revenue is recognized.

The amount of revenue recognized in the consolidated fiscal year under review which is included in the balance of contract liabilities at the beginning of the period was 12,410 million yen.

The amount of revenue recognized in the consolidated fiscal year under review on the basis of the obligations fulfilled (or partially fulfilled) in a past period is 1,357 million yen.

(ii) Transaction prices distributed to the remaining obligation

Unmet (or partially unmet) obligations are 177,008 million yen as of March 31, 2024. Such obligations concern the domestic civil engineering business, the domestic construction business and the overseas construction business, approximately 70% of which is expected to be recognized as revenue within one year from the last day of the period, and the rest of which is expected to be recognized as revenue largely within three years.

Non-consolidated Statement of Changes in Equity

(April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of period	14,049	5,840	5,840	195	3,000	40,028	43,224	(145)	62,969
Changes during the fiscal year									
Dividends of surplus						(2,358)	(2,358)		(2,358)
Profit						6,533	6,533		6,533
Purchase of treasury shares								(444)	(444)
Disposal of treasury shares								100	100
Reversal of revaluation reserve for land						3	3		3
Net changes in items other than shareholders' equity									
Total changes during the fiscal year	–	–	–	–	–	4,179	4,179	(343)	3,836
Balance at ending of period	14,049	5,840	5,840	195	3,000	44,208	47,403	(488)	66,805

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	462	–	3,070	3,533	66,502
Changes during the fiscal year					
Dividends of surplus					(2,358)
Profit					6,533
Purchase of treasury shares					(444)
Disposal of treasury shares					100
Reversal of revaluation reserve for land					3
Net changes in items other than shareholders' equity	298	1,087	(3)	1,381	1,381
Total changes during the fiscal year	298	1,087	(3)	1,381	5,218
Balance at ending of period	761	1,087	3,066	4,915	71,720

Notes to Non-consolidated Financial Statements

(Notes Regarding Assumption of Going Concern)

Not applicable.

(Notes Regarding Significant Accounting Policies)

1. Basis and method for valuation of assets

A. Securities

(i) Securities to be held to maturity

The amortized cost method (straight-line method) is applied.

(ii) Subsidiaries and associates

The moving average cost method is applied.

(iii) Available-for-sale securities

Securities other than shares that do not have a market value

The fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method) based on market value, etc. on the last day of the period is applied.

Shares that do not have a market value

The moving average cost method is applied.

B. Derivatives

The fair value method is applied.

C. Inventories

(i) Cost on construction contracts in progress

The cost method based on the specific identification method is applied.

(ii) Current assets and others (real property for sale)

The cost method based on the specific identification method (with amount shown on the balance sheet written down as profitability declines) is applied.

(iii) Current assets and others (materials and supplies)

The cost method based on the first-in-first-out method (with amount shown on the balance sheet written down as profitability declines) is applied.

2. Depreciation method for non-current assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is applied. Major service lives are 15-50 years for buildings and structures, and 6-20 years for machinery, vehicles, tools, furniture and fixtures.

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied. Software for internal use is based on the available period for internal use (5 years).

(iii) Leased assets

Leased assets related to finance lease transactions with the right of ownership not transferred

The straight-line method is applied using the lease term as service life and a residual value of zero.

3. Recognition criteria for provisions

(i) Allowance for doubtful accounts

To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, for general receivables the historical default rate is used, and for certain receivables designated as potentially irrecoverable are determined using actual default rates on an individual claim basis, and an allowance is made for the amounts deemed irrecoverable.

(ii) Provision for warranties for completed construction

To make allowances for expenses in cases of contract non-conformity of completed construction, an allowance is made for an estimated future indemnity amount with respect to net sales of completed construction contracts in the fiscal year under review and future indemnity expenses for specified construction.

(iii) Provision for loss on construction contracts
To make allowances for construction in hand on the last day of the fiscal year under review for which losses are expected to occur and the amount of which can be reasonably estimated, an allowance is made for the amount of the future loss.

(iv) Provision for bonuses
To make provisions for bonuses to be paid to employees, an allowance is made for the amount expected to be paid in the fiscal year under review.

(v) Provision for retirement benefits
To make allowances for the payment of retirement benefits to employees, this is recorded based on the amount of projected retirement benefit liabilities and pension assets as of the end of the fiscal year under review.
Past service costs are recorded as expenses using the straight-line method over a fixed number of years (in 10 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.
Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (in 10 years) that is within the average number of years of remaining service of employees at the time the differences emerge in each fiscal year.

(vi) Provision for share-based compensation
To make allowances for the delivery of the Company's shares through the officer remuneration BIP trust, an allowance is made for the expected amount of delivery of shares in accordance with points assigned to directors etc. pursuant to the rules for the delivery of shares.

4. Recognition criteria for revenue and expenses
The particulars of the primary obligations in key businesses relating to revenue generated from the contracts with customers of the Company and the standard point in time at which such obligations are fulfilled (the standard point in time to recognize revenue) are as follows.

(i) Construction contracts (domestic civil engineering business, domestic construction business, and overseas construction business)
Regarding construction contracts, it is judged that the obligations are fulfilled over a certain period of time, and revenue is recognized in accordance with the degree of progress in the fulfillment of the obligations. By accounting for the particulars and the nature of obligations under construction contracts, it can be concluded that the status of occurrence of costs appropriately shows degree of progress in construction; therefore, progress is measured on the basis of the proportion of costs incurred against the total estimated cost for construction. Regarding contracts for which progress cannot be reasonably estimated, an amount equal to costs incurred that are expected to be recovered is recognized as revenue. However, regarding construction contracts, etc. with an extremely short construction period, an alternative treatment under which revenue is recognized at the time of complete fulfillment of obligations is applied.

(ii) Contracts other than construction contracts (real property business)
For real property sale contracts and other contracts other than construction contracts, revenue is mostly recognized at the time of handover of the relevant article for sale, etc. However, for real property lease contracts, revenue is recognized as lease transactions within the scope of the accounting standards for lease transactions.

5. Other basic important items for the preparation of financial statements

A. Translation of foreign currency assets and liabilities to the Japanese yen
Foreign currency monetary assets and liabilities are translated to the Japanese yen at the spot exchange rate on the last day of the term, and any translation difference is recorded as profit or loss, as the case may be.

B. Hedge accounting

(i) Hedge accounting
Deferred hedge accounting is applied. Special treatment is used for interest rate swaps that meet the requirements for special treatment.

(ii) Means and subject of the hedge
Means of the hedge
Interest rate swaps transaction and forward foreign exchange contracts
Subject of the hedge
Borrowings, foreign currency anticipated transactions, and accounts payable for construction contracts

(iii) Hedge policy
Pursuant to the Company's "Derivative Management Rules," the interest rate risk and the exchange fluctuation risk are hedged.

(iv) Evaluation of hedge effectiveness
The cumulative total of market fluctuations or cash flow changes of the hedge subject and the cumulative total of market fluctuations or cash flow changes of the hedge means are compared, and hedge effectiveness is evaluated by the resulting ratio.
However, the evaluation of effectiveness is omitted for interest rate swaps to which special treatment is applied.

C. Accounting for retirement benefits
Accounting for unrecognized actuarial differences and past service costs relating to retirement benefits differs from accounting for those in the consolidated financial statements.

D. Accounting for consumption taxes, etc.
The tax-excluding method is used for accounting for consumption tax and local consumption tax, and non-recoverable consumption tax and local consumption tax are recorded as expenses during the fiscal year under review.

E. Principles and procedures applied in a case where the relevant accounting standards etc. are not clear
Accounting for construction joint ventures
Assets, liabilities, revenues and expenses are recognized principally in proportion to each member's contribution.

(Notes Regarding Changes in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)

Changes in depreciation method for property, plant and equipment

While the Company had previously adopted the declining balance method as the depreciation method for property, plant and equipment (excluding part of property, plant and equipment), the method was changed to the straight-line method from the fiscal year under review.

The Company has positioned the offshore wind power construction business as a strategic growth driver in the mid-term business plan (fiscal 2023 to fiscal 2027), and is planning to build and procure larger vessels, including a cable-laying vessel, compared to before. Additionally, we anticipate related capital investment from a medium- to long-term perspective while progressing in the offshore wind power construction business.

In this environment, the Company analyzed and examined the actual usage of property, plant and equipment and the content of capital investment in the course of formulating the mid-term business plan, which reflects initiatives in the offshore wind power construction business and the relevant plan of investing in large work vessels. As a result, because the equalized operation of property, plant and equipment is expected, it is determined that the straight-line method, which evenly distributes costs based on service life, better reflects expense consumption patterns.

In addition, we investigated accounting treatment at the time of retirement of property, plant and equipment whose service life has elapsed, and changed the residual value of property, plant and equipment to 1 yen, the memorandum value. As a result of these changes, operating profit, ordinary profit, and profit before income taxes for the fiscal year under review each decreased by 873 million yen compared to the amount calculated by the previous method.

(Notes Regarding Accounting Estimates)

Net sales of completed construction contracts for which obligations are fulfilled over a certain period of time and revenue is recognized

(i) Amounts recorded in the financial statements of the fiscal year under review	157,656 million yen

(ii) Information on material accounting estimates of identified items

In order to record the net sales of completed construction contracts, it is necessary to make a reasonable estimate of the total revenue generated from construction, the total cost of construction, and the progress in construction as of the settlement date.

Because each construction is unique due to its specifications and work descriptions, and there are uncertainties such as design changes, unexpected costs, and changes in the construction period while the work is underway, such estimates are continuously reviewed.

Therefore, if there is a change to such estimates, such change may have a material effect on the net sales of completed construction contracts and the cost of sales of completed construction contracts in the following fiscal year.

(Notes Regarding Non-consolidated Balance Sheet)

(1) Pledged assets and collateral-related liabilities

Pledged assets are as follows.

Buildings and structures	1,130 million yen
Land	16,532 million yen
Total	17,663 million yen

Collateral-related liabilities are as follows.

Short-term borrowings (including transferred long-term borrowings)	840 million yen
Long-term borrowings	1,120 million yen
Total	1,960 million yen

The following assets are pledged as a substitute etc. for a business security deposit.

Investment securities	18 million yen

2. Guarantee obligations

Not applicable.

3. Monetary claims and obligations to subsidiaries and associates

Short-term monetary claims	1,542 million yen
Long-term monetary claims	140 million yen
Short-term monetary obligations	1,419 million yen

4. Costs of construction contracts in progress corresponding to provision for loss on construction contracts	–

5. The Company has concluded commitment line (specified commitment line) contracts with seven main financial institutions for efficient financing of operating capital. The balance of the unused portions, etc. under such contracts at the end of the fiscal year is as follows.

Total amount of the commitment line contracts	15,000 million yen
Balance of used portion	4,000 million yen
Difference	11,000 million yen

6. The reduction entry is made due to the receipt of insurance proceeds. The accumulated reduced-value entry due to the receipt of insurance proceeds for property, plant and equipment is as follows.

Tools, furniture and fixtures	44 million yen

(Notes to Non-consolidated Statement of Income)

1. The following items relating to transactions with subsidiaries and associates are included.

Portions of net sales to subsidiaries and associates	288 million yen
Portions of purchases from subsidiaries and associates	5,839 million yen
Amount of transactions from transactions other than operating transactions	368 million yen

2. Provision for reserve for loss on construction contracts included in the cost of sales of completed construction contracts	21 million yen
3. Total amount of the sales, general and administrative expenses and R&D expenses included in the cost of completed construction contracts	2,264 million yen

(Notes Regarding Non-consolidated Statement of Changes in Equity)

1. Class and total number of outstanding shares and class and number of treasury shares

(Unit: 1,000 shares)

	Number of shares at beginning of period	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at end of period
Issued shares				
Ordinary shares	94,371	–	–	94,371
Total	94,371	–	–	94,371
Treasury shares				
Ordinary shares	351	336	239	448
Total	351	336	239	448

Notes: 1. The number of treasury shares includes the Company's shares held by the officer remuneration BIP trust (307,000 shares at the beginning of the fiscal year under review, and 404,000 shares at the end of the fiscal year under review).
2. An increase of 336,000 shares in ordinary share of the treasury shares is due to the purchase of shares less than one unit of 0 thousand shares, and 336,000 shares held by the officer remuneration BIP trust.
3. A decrease of 239,000 shares in ordinary share of the treasury shares is due to shares held by the officer remuneration BIP trust.

2. Matters regarding dividends

(i) Dividend payment amounts

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2023 Annual general meeting of shareholders	Ordinary shares	2,358	25.0	March 31, 2023	June 28, 2023

Note: The total amount of dividends approved by resolution at the annual general meeting of shareholders held on June 27, 2023 includes the dividends of 7 million yen on the Company's shares held by the officer remuneration BIP trust.

(ii) Among dividends with a record date that falls under the fiscal year, for those with an effective date in the subsequent period

The Company proposed matters regarding a dividend on ordinary shares as a proposal at the annual general meeting of shareholders held on June 26, 2024, as follows.

Resolution	Class of shares	Total amount of dividends (million yen)	Source of funds for the dividend	Dividend per share (yen)	Record date	Effective date
June 26, 2024 Annual general meeting of shareholders	Ordinary shares	6,980	Retained earnings	74.0	March 31, 2024	June 27, 2024

Note: The total amount of dividends approved by resolution at the annual general meeting of shareholders held on June 26, 2024 includes the dividends of 29 million yen on the Company's shares held by the officer remuneration BIP trust.

(Notes Regarding Tax Effect Accounting)

The breakdown of the main causes of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Provision for retirement benefits	945 million yen
Impairment of land for business	727 million yen
Provision for bonuses	342 million yen
Provision for warranties for completed construction	272 million yen
Excess of depreciation	209 million yen
Other	311 million yen
Subtotal deferred tax assets	2,810 million yen
Valuation allowance	(947 million yen)
Total deferred tax assets	1,863 million yen
Deferred tax liabilities	
Deferred gains or losses on hedges	(479 million yen)
Valuation difference on available-for-sale securities	(335 million yen)
Total deferred tax liabilities	(815 million yen)
Net deferred tax assets	1,047 million yen

(Notes Regarding Investment and Rental Property)

The Company owns land and buildings for lease in Hyogo Prefecture and other areas. The rental income from such investment and rental property during the fiscal year under review is 140 million yen (rental revenue is recorded as net sales of side line business, and rental expenses are recorded as net cost of side line business).

The carrying amount, increase/decrease during the period, and fair value of such investment and rental property are as follows.

Carrying amount	
Beginning balance	11,235 million yen
Increase/Decrease during the period	(56 million yen)
Ending balance	11,178 million yen
Fair value at the end of the fiscal year	10,122 million yen

Notes: 1. The carrying amount is the amount of the acquisition cost minus accumulated depreciation.

2. The increase during the period is capital expenditures, etc. (112 million yen), and the decrease during the period is depreciation (169 million yen).

3. The fair value at the end of the fiscal year is mostly based on the real estate appraisals by an external real estate appraiser (including those adjusted using indices).

(Notes Regarding Transactions with Related Parties)

There are no material matters to be noted.

(Notes Regarding Per Share Information)

Net assets per share	763.62 yen
Earnings per share	69.38 yen

(Notes Regarding Significant Subsequent Events)

Borrowing of funds through a green loan

At the meeting of the Board of Directors held on April 25, 2024, the Company resolved to borrow funds through a “green loan” the first of its kind in the Group, as described below.

Contract conclusion schedule	May 2024
Use of funds	Construction of a self-propelled cable-laying vessel
Loan amount	20,000 million yen
Loan interest	Basic interest + spread
Loan execution date	June 2024 onward (Note: Term loan with drawdown period)
Repayment method	Three-monthly fixed repayments starting on June 30, 2027, with balance to be repaid on the repayment date
Final repayment deadline	March 31, 2034
Security	Yes (vessel as security)
Arranger	MUFG Bank, Ltd.
Co-arranger	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation
Participating Financial Institutions (in Japanese phonetic alphabetical order)	Aozora Bank, Ltd., The Senshu Ikeda Bank, Ltd., THE SHIZUOKA CHUO BANK, LTD., The Chiba Bank, Ltd., THE TOKUSHIMA TAISHO BANK, LTD., The Norinchukin Bank, The Hyakujushi Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited
Rating agency	Rating and Investment Information, Inc.

Note: This loan has been reflected in the mid-term business plan announced on March 23, 2023, and its impact on the financial results will be negligible.

(Notes Regarding Revenue Recognition)

1. Information on the breakdown of revenue generated from contracts with customers

(Unit: million yen)

		Domestic civil engineering	Domestic construction	Overseas construction	Real property	Total
Revenue generated from contracts with customers	Goods or services transferred at a point in time	3,199	412	290	2	3,904
	Goods or services transferred over a certain period of time	83,976	61,877	11,802	–	157,656
	Subtotal	87,175	62,289	12,093	2	161,561
Other revenue		–	–	–	449	449
	Total	87,175	62,289	12,093	452	162,010

2. Basic information for understanding revenue generated from contracts with customers

(i) Information on contacts with customers and obligations

Information on the point in time of fulfillment of obligation is included in "Notes Regarding Significant Accounting Policies for Preparation of Financial Statements 4. Recognition criteria for material revenue and expenses."

The Company has an obligation under construction contracts to repair free of charge the construction defects, etc. that occurred during the contract non-conformity warranty period after handover. The purpose of this obligation is to provide to customers a guarantee that the relevant work will function as intended in accordance with the specifications in the contracts with customers, and it is recognized as a provision for compensation for completed construction.

Each construction contract is unique, and thus, there is no payment due date that is considered typical.

(ii) Information on the calculation of transaction price

Transaction price is the amount of consideration received under contracts with customers. However, if the amount of consideration is not decided due to any addition to the relevant construction contract or design change, etc., a reasonable estimate of such consideration is included in the total construction revenue.

Regarding construction contracts that are considered to include material financial elements are adjusted for calculation of a transaction price by using the discount rate expected to apply in a case of an independent financial transaction with a customer on the date of the relevant agreement, and by removing the impact of an amount equal to interest from the sale price of the relevant construction.

Under normal circumstances, the Company provides material services that are integrated with final subject matters under contracts with customers and transaction prices are not distributed, because the Group recognizes all of the promised services as one obligation.

(iii) Information on the point in time of fulfillment of obligation

Information on the point in time of fulfillment of obligation is included in "Notes Regarding Significant Accounting Policies for Preparation of Financial Statements 4. Recognition criteria for material revenue and expenses."

3. Matters regarding the relationship between the fulfillment of obligations under contracts with customers and cash flow generated from such contracts, and the amount and timing of revenue generated from contracts with customers existing on the last day of the fiscal year under review and expected to be recognized in the following fiscal year onward

(i) Balance of contract assets and contract liabilities, etc.

Claims generated from contracts with customers (Balance at the beginning of period)	25,951 million yen
Claims generated from contracts with customers (Balance at the end of period)	25,616 million yen
Contract assets (Balance at the beginning of period)	29,170 million yen
Contract assets (Balance at the end of period)	39,438 million yen
Contract liabilities (Balance at the beginning of period)	11,935 million yen
Contract liabilities (Balance at the end of period)	14,713 million yen

Contract assets mainly concern the Company's right with respect to consideration for completed works for which obligations under construction contracts with customers have been fulfilled on the last day of the period, but which have not been invoiced to customers. Contract assets will be transferred to claims generated from contracts with customers at the time when the Company's right with respect to consideration becomes unconditional. Consideration for the net sales of such completed construction is invoiced and received in accordance with the payment terms under construction contracts.

Contract liabilities mainly concern advances for unmet (or partially unmet) obligations received from customers in accordance with the payment terms under construction contracts with customers, the revenue from which is recognized as obligations are fulfilled or at the time of fulfillment. Contract liabilities are liquidated as revenue is recognized.

The amount of revenue recognized in the fiscal year under review which is included in the balance of contract liabilities at the beginning of the period was 11,808 million yen.

The amount of revenue recognized in the fiscal year under review on the basis of obligations fulfilled (or partially unfilled) in a past period is 1,107 million yen.

(ii) Transaction prices distributed to the remaining obligation

Unmet (or partially unmet) obligations are 167,745 million yen as of March 31, 2024. Such obligations concern the domestic civil engineering business, the domestic construction business and the overseas construction business, approximately 70% of which is expected to be recognized as revenue within one year from the last day of the period, and the rest of which is expected to be recognized as revenue largely within three years.