

Non-Consolidated Financial Statements

Year ended March 31, 2026

Sumitomo Mitsui Construction Co., Ltd.

Non-Consolidated Balance Sheet

As of March 31, 2026

Subjects	Millions of yen	Thousands of U.S. dollars
Assets		
Current assets	¥ 237,575	\$ 1,485,958
Cash and cash equivalents	39,427	246,603
Trade notes receivable	2,649	16,568
Accounts receivable on completed construction contracts	130,776	817,963
Securities <i>(Note 6-1)</i>	186	1,163
Inventories	14,819	92,688
Raw materials and supplies	13,155	82,280
Short-term loans receivable	16,404	102,601
Advances paid	14,724	92,094
Other current assets	6,714	41,993
Allowance for doubtful receivables	(1,281)	(8,012)
Non-current assets	45,607	285,257
Property and equipment, net <i>(Notes 6-2)</i>	12,204	76,332
Buildings and structures <i>(Notes 6-1)</i>	3,184	19,914
Machinery, equipment and vehicles	2,482	15,524
Tools, furniture and fixtures	933	5,835
Land <i>(Note 6-1)</i>	5,139	32,142
Construction in progress	463	2,895
Intangible fixed assets	1,652	10,332
Investments and other assets	31,750	198,586
Investments in securities	3,868	24,193
Investments in subsidiaries and affiliates <i>(Notes 6-1)</i>	16,577	103,684
Long-term loans receivable	2,331	14,579
Distressed receivables	613	3,834
Long-term prepaid expenses	947	5,923
Deferred tax assets <i>(Note 10)</i>	5,405	33,806
Other	2,839	17,757
Allowance for doubtful receivables	(833)	(5,210)
Total assets	¥ 283,183	\$ 1,771,222

Non-Consolidated Balance Sheet

As of March 31, 2026

Subjects	Millions of yen	Thousands of U.S. dollars
Liabilities		
Current liabilities	¥ 194,374	\$ 1,215,749
Trade notes payable	622	3,890
Electronically recorded payable	17,592	110,032
Accounts payable on construction contracts	43,484	271,978
Short-term bank loans and current portion of long-term debt <i>(Note 6-6)</i>	72,530	453,652
Lease obligations	190	1,188
Income taxes payable	681	4,259
Advances received on construction contracts in progress	20,015	125,187
Deposits received	19,068	119,264
Provision for warranties for completed construction	472	2,952
Provision for loss on construction contracts <i>(Note 6-5)</i>	2,915	18,232
Provision for contingent loss <i>(Note 5-1)</i>	2,159	13,503
Other current liabilities	14,642	91,581
Long-term liabilities	32,752	204,853
Long-term debt <i>(Note 6-6)</i>	21,500	134,475
Lease obligations	466	2,914
Long-term income taxes payable	29	181
Retirement benefit obligation	10,604	66,324
Other long-term liabilities	152	950
Total liabilities	227,127	1,420,609
Net assets		
Shareholders' equity	55,351	346,203
Capital stock	12,003	75,075
Retained earnings	43,347	271,122
Legal retained earnings	2,901	18,144
Other retained earnings	40,445	252,970
Earned surplus carried forward	40,445	252,970
Valuation, translation adjustments and other	704	4,403
Unrealized holding gain on securities	704	4,403
Total net assets	56,055	350,606
Total liabilities and net assets	¥ 283,183	\$ 1,771,222

Non-Consolidated Statement of Income

As of March 31, 2026

Subjects	Millions of yen		Thousands of U.S. dollars	
Net sales (Note 12)				
Completed construction	¥ 264,377		\$ 1,653,596	
Others	578	¥ 264,955	3,615	\$ 1,657,211
Cost of sales				
Completed construction	233,193		1,458,550	
Others	443	233,637	2,770	1,461,327
Gross profit				
Completed construction	31,183		195,040	
Others	134	31,318	838	195,884
Selling, general and administrative expenses		18,776		117,438
Operating profit		12,541		78,440
Non-operating income				
Interest and dividend income	2,667		16,681	
Exchange gain, net	223		1,394	
Royalty income	484		3,027	
Others	705	4,081	4,409	25,525
Non-operating expenses				
Interest expense	2,333		14,592	
Others	978	3,312	6,117	20,715
Ordinary profit		13,310		83,249
Extraordinary income				
Gain on sales of property and equipment	0		0	
Gain on sales of investments in securities	41		256	
Others	19	60	118	375
Extraordinary losses				
Loss on disposal of property and equipment	30		187	
Impairment losses	253		1,582	
Loss on valuation of investments in securities	92		575	
Others	15	391	93	2,445
Profit before income taxes		12,978		81,173
Income taxes (current)	529		3,308	
Deferred income taxes	(1,310)	(780)	(8,193)	(4,878)
Profit		¥ 13,759		\$ 86,058

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026

(Millions of yen)

	Shareholders' equity						
	Capital stock	Additional paid-in capital	Retained earnings			Treasury stock, at cost	Total shareholders' equity
		Other capital surplus	Earned reserve	Other retained earnings	Total retained earnings		
				Earned surplus carried forward			
Balance at the beginning of the period	¥ 12,003	¥ 200	¥ 2,682	¥ 32,445	¥ 35,127	¥ (3,540)	¥ 43,791
Changes in items during the period							
Dividends from surplus				(2,196)	(2,196)		(2,196)
Provision of legal retained earnings			219	(219)	–		–
Profit				13,759	13,759		13,759
Purchases of treasury stock						(11)	(11)
Disposition of treasury stock				0	0	8	8
Retirement of treasury stock		(200)		(3,342)	(3,342)	3,543	–
Net changes in items other than shareholders' equity							
Total changes in items during the period	–	(200)	219	8,000	8,219	3,540	11,560
Balance at the end of the period	¥ 12,003	¥ –	¥ 2,901	¥ 40,445	¥ 43,347	¥ –	¥ 55,351

	Valuation, translation adjustments and other			Total net assets
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the beginning of the period	¥ 363	¥ 40	¥ 403	¥ 44,194
Changes in items during the period				
Dividends from surplus				(2,196)
Provision of legal retained earnings				–
Profit				13,759
Purchases of treasury stock				(11)
Disposition of treasury stock				8
Retirement of treasury stock				–
Net changes in items other than shareholders' equity	341	(40)	300	300
Total changes in items during the period	341	(40)	300	11,860
Balance at the end of the period	¥ 704	¥ –	¥ 704	¥ 56,055

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026

(Thousands of U.S. dollars)

	Shareholders' equity						
	Capital stock	Additional paid-in capital		Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Other capital surplus	Earned reserve	Other retained earnings	Total retained earnings		
				Earned surplus carried forward			
Balance at the beginning of the period	\$ 75,075	\$ 1,250	\$ 16,775	\$ 202,933	\$ 219,708	\$ (22,141)	\$ 273,899
Changes in items during the period							
Dividends from surplus				(13,735)	(13,735)		(13,735)
Provision of legal retained earnings			1,369	(1,369)	–		–
Profit				86,058	86,058		86,058
Purchases of treasury stock						(68)	(68)
Disposition of treasury stock				0	0	50	50
Retirement of treasury stock		(1,250)		(20,903)	(20,903)	22,160	–
Net changes in items other than shareholders' equity							
Total changes in items during the period	–	(1,250)	1,369	50,037	51,407	22,141	72,304
Balance at the end of the period	\$ 75,075	\$ –	\$ 18,144	\$ 252,970	\$ 271,122	\$ –	\$ 346,203

	Valuation, translation adjustments and other			Total net assets
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the beginning of the period	\$ 2,270	\$ 250	\$ 2,520	\$ 276,419
Changes in items during the period				
Dividends from surplus				(13,735)
Provision of legal retained earnings				–
Profit				86,058
Purchases of treasury stock				(68)
Disposition of treasury stock				50
Retirement of treasury stock				–
Net changes in items other than shareholders' equity	2,132	(250)	1,876	1,876
Total changes in items during the period	2,132	(250)	1,876	74,180
Balance at the end of the period	\$ 4,403	\$ –	\$ 4,403	\$ 350,606

Sumitomo Mitsui Construction Co., Ltd.

Notes to Non-Consolidated Financial Statements

March 31, 2026

1. Basis of Preparation

The accompanying non-consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. (the “Company”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the non-consolidated financial statements prepared by the Company as required by the Companies Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

1) Asset valuation criteria and valuation methods

(1) Valuation criteria and valuation methods for securities

- Bonds to maturity : Amortized cost method (straight-line method)
- Investments in subsidiaries and affiliates : Cost method by moving average method
- Other securities
 - Anything other than stocks without market price : Market value method
(all valuation differences are accounted for by direct entry to net assets, and the cost of sales is calculated using the moving average method.)
 - Securities without market prices, etc. : Cost method by moving average method

(2) Derivatives valuation criteria and valuation methods

- Derivatives : Market value method

(3) Inventory valuation criteria and valuation methods

- Unfinished construction expenditure : Cost method based on the individual method
- Raw materials and supplies : Cost method based on the total average method
(The balance sheet value is calculated by write-down based on reduced profitability)

2) Method of depreciation of fixed assets

(1) Property and equipment

- (excluding leased assets) : Declining-balance method
(However, the declining-balance method is adopted for buildings (excluding ancillary equipment) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.)
The useful lives and residual value are based on the same standards as those stipulated in the Corporate Tax Act.

(2) Intangible fixed assets

- (excluding leased assets) : Straight-line method
The useful life is based on the same standards as the method stipulated in the Corporate Tax Act. (However, for software used in-house, a straight-line method is adopted based on the period of use within the Company (5 years).)

(3) Leased assets

- : For leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessees, the Company adopts the straight-line method in which the lease period is the useful life and the residual value is zero.

3) Basis for recording provisions

(1) Allowance for doubtful receivables

- : An allowance for doubtful receivables has been provided for future losses on general receivables at an amount calculated by applying the percentage of actual losses on collection experienced in the past, and an uncollectible amount for doubtful receivables estimated based on an individual assessment of each receivable and probability of collection.

(2) Provision for warranties for completed construction

- : A provision has been provided based on the estimated future compensation for sales for the current fiscal year in order to cover the liability for future costs of defects of the completed construction projects.

(3) Provision for loss on construction contracts

- : A provision has been provided based on the estimated amount for the future losses on construction projects in progress at the fiscal year end which are anticipated to be substantial losses in the future.

- (4) Provision for contingent losses : The provision for contingent loss related to the defective piling work at a condominium in Yokohama, which was constructed by the Company, has been provided based on the reasonably estimated amount necessary for payments to be borne as the contractor in accordance with defect liability applicable to the construction contract.
- (5) Retirement benefit obligation : In order to prepare for retirement benefits for employees, an allowance has been provided based on the estimated amount of retirement benefit obligations at the end of the current fiscal year. In calculating the retirement benefit obligation, the benefit formula method is applied to attribute the expected retirement benefits to the periods up to the end of the current fiscal year. Prior service cost is being amortized as incurred by the straight-line method over periods (11 years), which are shorter than the average remaining years of service of the employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods (11 years), which are shorter than the average remaining years of service of the employees when the actuarial gain or loss is recognized in each fiscal year.

4) Recognition of revenues and costs

Recognition of sales and costs of the completed construction

The Company is primarily engaged in civil construction and building construction, providing construction design and construction work services as well as other related services to its domestic and overseas customers.

In civil and building construction, the Company primarily enters into long-term construction contracts. For such contracts, the completion and delivery of construction work is identified as a performance obligation. Performance obligations are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation. The progress toward complete satisfaction of a performance obligation is measured based on the proportion of construction costs incurred by the end of the reporting period to the total expected construction costs. When the progress toward complete satisfaction of a performance obligation cannot be reasonably estimated, but the costs to be incurred are expected to be recovered, revenue is recognized only to the extent of the costs incurred, except for those contracts that are in the initial stages of construction contracts. For construction contracts whose period between the date of commencement of the transaction and the point in time when the performance obligation is expected to be fully satisfied is very short, an alternative treatment is applied, whereby revenue is not recognized over time, but is recognized when the performance obligation is fully satisfied.

5) Other important items that are basic for preparing financial statements

(1) Method of hedge accounting

Derivative financial instruments are measured at the market value method. Derivative financial instruments are mainly stated at fair value except those accounted for under deferred hedge accounting.

(2) Accounting method of joint ventures for construction project

Assets, liabilities, revenues and costs for a joint venture project are mainly recognized on pro-rata basis of investment ratio of each members.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥159.88 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2026. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

4. Notes on changing the display method

Balance sheet

In the previous fiscal year, "Short-term loans receivable", which was included in "Other current assets" in "Current assets", has increased in materiality, so it has been separately classified since the current fiscal year.

In the previous fiscal year, "Advances paid", which was included in "Other current assets" in "Current assets", has increased in materiality, so it has been separately classified since the current fiscal year.

In the previous fiscal year, "Deposits received", which was included in "Other current liabilities" in "Current assets", has increased in materiality, so it has been separately classified since the current fiscal year.

Statement of income

Since the "Commitment line fee" listed in the previous fiscal year have become less material, it has been included in the "Others" section of "Non-operating expenses" since the current fiscal year.

In the previous fiscal year, "Royalty income", which was included in "Others" of "Non-operating income", has increased in materiality, so it has been separately classified since the current fiscal year.

5. Significant Accounting Estimates

1) Provision for contingent loss

(1) Amounts recognized on the financial statements for this fiscal year

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
Provision for contingent loss	¥2,159	\$13,503

(2) Information on significant accounting estimates for the item above

The provision for contingent loss related to the defective piling work at a condominium in Yokohama, which was constructed by the Company, has been provided based on the reasonably estimated amount necessary for payments to be borne as the contractor in accordance with defect liability applicable to the construction contract.

As of November 28, 2017, Mitsui Fudosan Residential Co., Ltd. (hereinafter as "MFR"), which is one of the clients of the apartment, has filed a lawsuit against the Company and two piling companies seeking compensation for a total of approximately 45.9 billion yen (which amount increased to approximately 51.0 billion yen on July 11, 2018, and decreased from approximately 51.0 billion yen to approximately 50.6 billion yen on September 30, 2022) as alleged rebuilding cost for the entire buildings of the apartment. The matter is still pending. This lawsuit and related litigation (hereinafter referred to as the "Lawsuit") were referred to mediation and on March 13, 2025, the Tokyo District Court issued a decision in lieu of mediation pursuant to Article 17 of the Civil Mediation Act (hereinafter referred to as the "Article 17 Decision"). However, an objection was filed by another party based on Article 18, Paragraph 1 of the Civil Mediation Act, and the Article 17 Decision ceased to be effective. After that period, the Tokyo District Court separated the related litigation arguments on December 25, 2025, concluded the preparatory procedures and arguments. The judgment is scheduled to be delivered in due course. The Company will continue to make appropriate arguments in that court proceeding. However, the Company's results may fluctuate due to the review of the estimated incurred costs depending on the outcome of this trial.

2) Recognition of Revenues from Construction Contracts

(1) Amounts recognized on the financial statements for this fiscal year

	Year ended March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
Net sales of construction contracts, etc. related to performance obligations to be satisfied over time	¥ 233,899	\$ 1,462,965

(2) Information on accounting estimates for the item above

For construction contracts, etc. whose performance obligations are satisfied over time, the progress toward complete satisfaction of a performance obligation is measured and net sales of completed construction contracts are recognized over time based on such progress toward satisfaction of the performance obligation.

It is necessary to estimate total revenues and costs of a project reasonably upon recognition. The Company's results may fluctuate due to changes in total revenues and total costs of completed construction contracts as a result of negotiations with clients, unanticipated incurrence of costs, or other reasons.

6. Notes to Non-Consolidated Balance Sheets

1) Pledged assets and pledged liabilities

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
(1) Assets pledged principally as collateral for guarantees:		
Buildings and structures, net of accumulated depreciation	¥ 1,113	\$ 6,961
Land	1,366	8,543
Investments in subsidiaries and affiliates	379	2,370
Total	¥ 2,859	\$ 17,882
(2) Pledged liabilities	¥ –	\$ –
(3) Pledged assets as collateral for business security deposits:		
Securities	¥186	\$1,163
2) Accumulated depreciation of property and equipment	¥12,503	\$78,202
3) Contingent Liabilities		

At March 31, 2026, the Company was contingently liable for the bank loans, etc. of the following:

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
PT. SMCC Utama Indonesia	¥ 2,900	\$ 18,138
As guarantors for performance guarantee insurance policy for Ishinomaki School Lunch Partners Co., Ltd.	415	2,595
SMCC (Thailand) Co., Ltd.	331	2,070
SMCC Malaysia Sdn. Bhd.	319	1,995
SMCC Overseas Singapore Pte. Ltd.	294	1,838

SOYOKAZE Co., Ltd.	203	1,269
Antara Koh Private Limited	199	1,244
As guarantors for performance guarantee insurance policy for Horonobe Geo Frontier 3rd PFI Co., Ltd.	96	600
SMC Co., Ltd.	43	268
Antara Koh (M) Sdn Rhd	24	150
Total	<u>¥ 4,828</u>	<u>\$ 30,197</u>

The Company's affiliated companies, Ishinomaki School Lunch Partners Co., Ltd., a special purpose company, and Horonobe Geo Frontier 3rd PFI Co., Ltd., a special purpose company, have concluded performance guarantee insurance contracts with guarantor organizations, and the Company provides joint guarantee for the compensation debt to be borne in the event of a claim based on the contracts.

4) Monetary receivables and monetary liabilities to affiliated companies

	<u>As of March 31, 2026</u>	
	(Millions of yen)	(Thousands of U.S. dollars)
Short-term monetary receivables	¥25,796	\$161,346
Long-term monetary receivables	2,672	16,712
Short-term monetary liabilities	62,388	390,217

5) Unfinished Construction Expenditure and Provision for Loss on Construction Contracts

Unfinished construction expenditure and provision for loss on construction contracts that were expected to incur loss were not offset against the amount but presented gross on the balance sheet. The portion of unfinished construction expenditure corresponding to the provision for loss on construction contracts amounted to ¥1 million (\$6 thousand) as of March 31, 2026.

6) Financial Covenants

- (1) The Company has entered into a change agreement dated December 26, 2025 regarding a committed syndicated loan contract dated March 30, 2018 with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the maximum limit under the committed syndicated loan contract is ¥2,500 million (\$15,636 thousand) and the balance of bank borrowings under the contract is ¥2,500 million (\$15,636 thousand) as long-term debt as of March 31, 2026.

- (2) The Company has entered into a change agreement dated December 26, 2025 regarding a committed syndicated loan contract dated December 26, 2019 with its four banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the maximum limit under the committed syndicated loan contract is ¥4,000 million (\$25,018 thousand) and the balance of bank borrowings under the contract is ¥4,000 million (\$25,018 thousand) as long-term debt as of March 31, 2026.

- (3) The Company has entered into a change agreement dated December 26, 2025 regarding a syndicated loan contract dated March 29, 2021 with its six banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$62,546 thousand) as long-term debt (including the current portion) as of March 31, 2026.

- (4) The Company has entered into a change agreement dated December 26, 2025 regarding a syndicated loan contract dated March 28, 2022 with its five banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the balance of bank borrowings under this syndicated loan contract is ¥5,000 million (\$31,273 thousand) as long-term debt as of March 31, 2026.

- (5) The Company has entered into a change agreement dated December 26, 2025 regarding a committed syndicated loan contract dated March 28, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the maximum limit under the committed syndicated loan contract is ¥3,915 million (\$24,487 thousand) and the balance of bank borrowings under the contract is ¥3,915 million (\$24,487 thousand) as long-term debt as of March 31, 2026.

- (6) The Company has entered into a change agreement dated December 26, 2025 regarding a general syndicated loan contract dated September 27, 2022 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Operating profit (loss) in the borrower's consolidated statement of income at the end of each fiscal year beginning March 31, 2026 shall not be loss.

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$62,546 thousand) as long-term debt as of March 31, 2026.

7. Notes to Non-Consolidated Statements of Income

	Years ended March 31, 2026	
	(Millions of yens)	(Thousands of U.S. dollars)
1) Provision for Loss on Construction Contracts Included in Cost of Sales	¥ 1,911	\$ 11,952
2) Transactions with Subsidiaries and Affiliates		
Sales to affiliates	¥ 5,635	\$ 35,245
Purchase from affiliates	25,792	161,320
Non-operating income from affiliates	2,243	14,029
Non-operating expense to affiliates	245	1,532
3) Income taxes relative to the international minimum tax amount	¥ 29	\$ 181

8. Notes to Non-consolidated Statements of Changes in Net Assets

1) Issued stock

Type of shares	Balance at April 1, 2025	Increase	Decrease	Balance at March 31, 2026
Common Stock	162,673,321 shares	–	162,373,318 shares	3 shares

Summary of Reasons for Change:

The Company carried out a share consolidation of 50,000,000 shares into one share as of December 23, 2025.

2) Treasury Stock

Type of shares	Balance at April 1, 2025	Increase	Decrease	Balance at March 31, 2026
Common Stock	5,788,439 shares	18,621 shares	5,807,060 shares	–

Summary of Reasons for Change:

The increase in common stock was due to the purchase of 18,621 shares of less than one unit.

The decrease in common stock includes the cancellation of 5,792,948 shares as of December 22, 2025.

The Company carried out a share consolidation of 50,000,000 shares into one share as of December 23, 2025.

3) Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2025	Common stock	¥ 2,196	¥ 14.00	\$ 13,735	\$ 0.087	March 31, 2025	June 27, 2025

9. Financial Instruments

1) Overview

The Company limits investments of surplus funds to short-term bank deposits and raises funds through INFRONEER Holdings Group Cash Management Services (CMS) and borrowings from financial institutions. In addition, the Company only uses derivatives for hedging risk of fluctuation of interest rates, not for speculative transactions.

The Company intends to reduce the credit risk of its customers related to trade notes receivable, accounts receivable on completed construction contracts through its credit and receivables management programs. In addition, investments in securities are mainly shares, and the market value of listed shares is assessed on a quarterly basis.

Loan payables are mainly used for operating funds. The Company manages loan payables by flexibly preparing or revising its fund management plans and conducts interest rate swap transactions to fix interest expense in response to the risk of interest rate fluctuations on some long-term loans.

Derivatives are interest rate swaps held for the purpose of hedging future risk of fluctuation of interest rates on loan payables. Derivative transactions are carried out in accordance with the Company's internal rules on transactions, and with highly rated financial institutions used as counter parties to reduce the risk of default.

2) Fair Value of Financial Instruments

Carrying values recognized in the non-consolidated balance sheet, fair value, and their differences at March 31, 2026 were as shown below. Shares and other securities without market prices are not included in the table below (note *3).

(Millions of yen)

	Carrying value (*1)	Fair value (*1)	Difference
(1) Trade notes receivable	¥ 2,649	¥ 2,649	¥ –
(2) Accounts receivable on completed construction contracts	34,203	34,131	(71)
(3) Securities and investments in securities	1,840	1,843	3
Held-to-maturity securities	186	189	3
Other securities	1,654	1,654	–
(4) Trade notes payable	(622)	(622)	(–)
(5) Accounts payable on construction contracts	(43,484)	(43,484)	(–)
(6) Electronically recorded payable	(17,592)	(17,592)	(–)
(7) Short-term bank loans and current portion of long-term debt	(72,530)	(72,325)	(205)
(8) Long-term debt	(21,500)	(20,761)	(738)

(Thousands of U.S. dollars)

	Carrying value (*1)	Fair value (*1)	Difference
(1) Trade notes receivable	\$ 16,568	\$ 16,568	\$ –
(2) Accounts receivable on completed construction contracts	213,929	213,478	(444)
(3) Securities and investments in securities	11,508	11,527	18
Held-to-maturity securities	1,163	1,182	18
Other securities	10,345	10,345	–
(4) Trade notes payable	(3,890)	(3,890)	(–)
(5) Accounts payable on construction contracts	(271,978)	(271,978)	(–)
(6) Electronically recorded payable	(110,032)	(110,032)	(–)
(7) Short-term bank loans and current portion of long-term debt	(453,652)	(452,370)	(1,282)
(8) Long-term debt	(134,475)	(129,853)	(4,615)

(*1): Amounts in liabilities is shown as “().”

(*2): Since “cash and deposits” are cash and deposits are settled in a short period of time, their fair value approximates their book value. Therefore, information on “cash and deposits” is omitted.

(*3): Shares and other securities without market prices are not included in “Securities and investments in securities.” The non-consolidated balance sheet amount of such financial instruments (unlisted stocks) is as follows.

Distinguish	Carrying value (Millions of yen)	Carrying value (Thousands of U.S. dollars)
Unlisted stocks	2,274	14,223

3) Fair Value Information by Level within the Fair Value Hierarchy

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

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

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

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

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

(1) Financial assets and liabilities measured at fair value

(Millions of yen)

Distinguish	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Other securities				
Stock	¥ 1,654	¥ –	¥ –	¥ 1,654
Total assets	¥ 1,654	¥ –	¥ –	¥ 1,654

(Thousands of U.S. dollars)

Distinguish	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Other securities				
Stock	\$ 10,345	\$ –	\$ –	\$ 10,345
Total assets	\$ 10,345	\$ –	\$ –	\$ 10,345

(2) Financial assets and liabilities other than those measured at fair value

(Millions of yen)

Distinguish	Fair Value			
	Level 1	Level 2	Level 3	Total
Trade notes receivable	¥ –	¥ 2,649	¥ –	¥ 2,649
Accounts receivable on completed construction contracts		34,131		34,131
Securities and investments in securities				
Held-to-maturity securities				
Bonds	189	–	–	189
Total assets	¥ 189	¥ 36,780	¥ –	¥ 36,970
Trade notes payable	¥ –	¥ 622	¥ –	¥ 622
Accounts payable on construction contracts	–	43,484	–	43,484
Electronically recorded payable	–	17,592	–	17,592
Short-term bank loans and current portion of long-term debt	–	72,325	–	72,325
Long-term debt	–	20,761	–	20,761
Total liabilities	¥ –	¥ 154,785	¥ –	¥ 154,785

Distinguish	Fair Value			
	Level 1	Level 2	Level 3	Total
Trade notes receivable	\$ –	\$ 16,568	\$ –	\$ 16,568
Accounts receivable on completed construction contracts		213,478		213,478
Securities and investments in securities				
Held-to-maturity securities				
Bonds	1,182	–	–	1,182
Total assets	\$ 1,182	\$ 230,047	\$ –	\$ 231,235
Trade notes payable	\$ –	\$ 3,890	\$ –	\$ 3,890
Accounts payable on construction contracts	–	271,978	–	271,978
Electronically recorded payable	–	110,032	–	110,032
Short-term bank loans and current portion of long-term debt	–	452,370	–	452,370
Long-term debt	–	129,853	–	129,853
Total liabilities	\$ –	\$ 968,132	\$ –	\$ 968,132

Note 1: Description of the valuation techniques and inputs used in the fair value measurements

Trade notes receivable, accounts receivable on completed construction contracts and other

The fair value of these receivables is calculated for each receivable classified by a certain period using the discounted present value method based on the amount of the receivables, the period to maturity, and an interest rate that takes into account credit risk, and is classified as Level 2 fair value.

Securities and investments in securities

Listed stocks and bonds are valued using quoted market prices. Since listed stocks and bonds are traded in active markets, their fair value is classified as Level 1 fair value.

Trade notes payable, accounts payable on construction contracts and other, and electronically recorded payable

The fair value of these payables is based on their book value as most of them are settled within one year, and is classified as Level 2 fair value.

Short-term bank loans and current portion of long-term debt

For the current portion of long-term debt, the fair value is calculated in the same manner as for long-term debt. Since other short-term bank loans are settled in a short period of time, their fair value is almost equal to their book value, and is therefore recorded at the book value and classified as Level 2 fair value.

Long-term debt

The fair value of long-term debt is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applicable to a new similar borrowing, and is classified as Level 2 fair value. The fair value of long-term debt with floating interest rates that is subject to the short-cut method is calculated by discounting the total amount of principal and interest treated together with the interest rate swaps by the reasonably estimated interest rate that would be applicable to a new similar borrowing.

10. Income Taxes

- 1) The breakdown of the main causes of the occurrence of the Company's deferred tax assets and liabilities as of March 31, 2026

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets:		
Retirement benefit obligation	¥ 3,342	\$ 20,903
Tax loss carried forward	7,995	50,006
Account payable and accrued expenses	2,009	12,565
Allowance for bad debts	667	4,171
Loss on valuation of investments in subsidiaries and affiliates	1,099	6,873
Provision for warranties for completed construction	148	925
Provision for loss on construction contracts	944	5,904
Other	1,148	7,180
Gross deferred tax assets	17,355	108,550
Valuation allowance for tax loss carried forward	(6,489)	(40,586)
Valuation allowance for total deductible temporary differences, etc.	(5,113)	(31,980)
Gross valuation allowance	(11,602)	(72,566)
Total deferred tax assets	5,753	35,983
Deferred tax liabilities:		
Unrealized holding gain on securities	(324)	(2,026)
Removal costs corresponding to asset retirement obligations	(23)	(143)
Total deferred tax liabilities	(347)	(2,170)
Net deferred tax assets	¥ 5,405	\$ 33,806

The accounting treatment of corporate and local income taxes, and related tax effect accounting

Until February 1, 2026, the Company had applied a group tax sharing system in which the Company is the parent company. From February 2, 2026, the group tax sharing system has been applied, with the parent company, INFRONEER Holdings Inc., as the parent company.

Along with this, the Company conducts accounting treatment of corporate and local income taxes, or accounting treatment and disclosure of related tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42 issued on August 12, 2021).

- 2) The breakdown of the main items of cause of significant differences between the statutory tax rates and the effective tax rates

Statutory tax rates	30.6%
(Adjustments)	
Non-deductible expenses	1.5
Non-taxable income	(3.2)
Per capita inhabitants' taxes, etc.	1.0
Increase or decrease in valuation allowance	(38.4)
Income taxes, etc. relative to the international minimum tax amount	0.2
Total tax effect	1.4
Other, net	0.9
Effective tax rate	(6.0)%

11. Related party transaction

Subsidiaries and affiliates, etc.

Types	Name of Company, etc.	Location	Capital or Contribution (Millions of yen)	Voting rights, etc. Ownership (Owned) Percentage (%)	Related parties Transactions	Transaction details	Transaction Amount (Note 8) (Millions of yen)	subjects	Balance at March 31, 2026 (Note 8) (Millions of yen)
Parent	INFRONEER Holdings Inc.	Chiyoda-ku, Tokyo	20,000	(owned) Direct 100%	CMS Trading Business Consignment Trading	CMS Trading Interest expense (Note 1) Share sales Absorption-type company split (Note 2)	¥ 19,432 155 8 5,005	Short-term borrowing	¥ 44,127
Subsidiary	DPS Bridge Works Co., Ltd.	Sapporo, Hokkaido	300	All Direct 100%	Ordering construction work Fund Loan	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	802 4,000 150	Construction payables Loan receivable	750 8,600
Subsidiary	Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd.	Chiba City, Chiba Prefecture	400	All Direct 100%	Ordering construction work Fund Loan	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	322 6,400 90	Construction payables Loan receivable	246 4,600
Subsidiary	SMC Preconcrete Co., Ltd.	Chuo-ku, Tokyo	100	All Direct 100%	Ordering construction work Fund Loan	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	1,741 1,700 75	Construction payables Loan receivable	145 3,793
Subsidiary	SMC Co., Ltd.	Chuo-ku, Tokyo	100	All Direct 100%	Purchase of construction materials, etc Warranty Borrowing funds	Purchase of construction materials, etc (Note 3) Debt guarantee (Note 5) Borrowing funds (Note 6) Interest Payments	11,695 43 7,320 90	Loan Construction payables Loan payable	2,396 2,553 5,653
Subsidiary	PT. SMCC Utama Indonesia	Republic of Indonesia Jakarta	35,189 million IDR	All Direct 70%	Warranty	Guarantee of Contract Performance (Note 7)	2,900		

11. Related party transaction (continued)

Subsidiaries and affiliates, etc.

Types	Name of Company, etc.	Location	Capital or Capital contribution (Millions of yen)	Voting rights, etc. Ownership (Owned) Percentage (%)	Related parties Transactions	Transaction details	Transaction Amount (Note 8) (Thousands of U.S. dollars)	subjects	Balance at March 31, 2026 (Note 8) (Thousands of U.S. dollars)
Parent	INFRONEER Holdings Inc.	Chiyoda-ku, Tokyo	20,000	(owned) Direct 100%	CMS Trading Business Consignment Trading	CMS Trading Interest expense (Note 1) Share sales Absorption-type company split (Note 2)	\$ 121,541 969 50 31,304	Short-term borrowing	\$ 276,000
Subsidiary	DPS Bridge Works Co., Ltd.	Sapporo, Hokkaido	300	All Direct 100%	Ordering construction work Fund Loan	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	5,016 25,018 938	Construction payables Loan receivable	4,691 53,790
Subsidiary	Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd.	Chiba City, Chiba Prefecture	400	All Direct 100%	Ordering construction work Fund Loan	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	2,014 40,030 562	Construction payables Loan receivable	1,538 28,771
Subsidiary	SMC Preconcrete Co., Ltd.	Chuo-ku, Tokyo	100	All Direct 100%	Ordering construction work	Ordering Construction Work (Note 3) Loans (Note 4) Receiving Interest	10,889 10,632 469	Construction payables Loan receivable	906 23,724
Subsidiary	SMC Co., Ltd.	Chuo-ku, Tokyo	100	All Direct 100%	Fund Loan Warranty Borrowing funds	Purchase of construction materials, etc (Note 3) Debt guarantee (Note 5) Borrowing funds (Note 6) Interest Payments	73,148 268 45,784 562	Loan Construction payables Loan payable	14,986 15,968 35,357
Subsidiary	PT. SMCC Utama Indonesia	Republic of Indonesia Jakarta	35,189 million IDR	All Direct 70%	Warranty	Guarantee of Contract Performance (Note 7)	18,138		

Terms and Policies for Transactions

*1 CMS (Cash Management Services) transactions centrally manage the funds of group companies. The average balance during the period is listed. Interest rates are reasonably determined taking into account market interest rates.

*2 The absorption-type company split took over the management business of corporate bonds related to the Company to INFRONEER Holdings Inc.

*3 The purchase price of products and construction materials is determined through negotiations after receiving an estimate and taking into account the market price.

*4 The interest rate for loans is determined by taking into account market interest rates.

*5 Regarding debt guarantees, we guarantee purchase obligations to suppliers.

*6 The transaction amount of funds borrowed is shown as the average balance during the period due to the repeated repayment of funds borrowed.

In addition, the interest rate for borrowing funds is determined by taking into account market interest rates.

*7 The Company provides guarantees against financial institutions involved in construction contracting, guarantees for contract fulfillment, etc.

*8 The transaction amount does not include consumption tax. The balance at the end of the period includes consumption tax, etc.

12. Revenue Recognition

1) Information on the Disaggregation of Revenue from Contracts with Customers

Information on the Disaggregation of Revenue by Reportable Segment

(Millions of yen)

	Reportable operating segments			Others (Note)	Total
	Civil	Building	Total		
Japan	¥ 102,882	¥ 134,379	¥ 237,261	¥ 578	¥ 237,839
Asia	19,233	1,901	21,134	–	21,134
Others	3,687	2,294	5,981	–	5,981
Revenue from contracts with customers	¥ 125,802	¥ 138,574	¥ 264,377	¥ 578	¥ 264,955

(Thousands of U.S. dollars)

	Reportable operating segments			Others (Note)	Total
	Civil	Building	Total		
Japan	\$ 643,495	\$ 840,499	\$ 1,483,994	\$ 3,615	\$ 1,487,609
Asia	120,296	11,890	132,186	–	132,186
Others	23,061	14,348	37,409	–	37,409
Revenue from contracts with customers	\$ 786,852	\$ 866,737	\$ 1,653,596	\$ 3,615	\$ 1,657,211

Note: "Others" which includes the Company's business of solar power and insurance agent, does not qualify as a reportable operating segment.

2) Useful Information in Understanding Revenue from Contracts with Customers

The Company is primarily engaged in civil construction and building construction, providing construction design and construction work services as well as other related services to its domestic and overseas customers.

In civil and building construction, the Company primarily enters into long-term construction contracts. For such contracts, the completion and delivery of construction work is identified as a performance obligation. Performance obligations are deemed to be satisfied over time, and revenue is recognized based on progress toward complete satisfaction of a performance obligation. The progress toward complete satisfaction of a performance obligation is measured based on the proportion of construction costs incurred by the end of the reporting period to the total expected construction costs. When the progress toward complete satisfaction of a performance obligation cannot be reasonably estimated, but the costs to be incurred are expected to be recovered, revenue is recognized only to the extent of the costs incurred, except for those contracts that are in the initial stages of construction contracts. For construction contracts whose period between the date of commencement of the transaction and the point in time when the performance obligation is expected to be fully satisfied is very short, an alternative treatment is applied, whereby revenue is not recognized over time, but is recognized when the performance obligation is fully satisfied.

Some construction contracts include variable consideration as they contain sliding clauses (overall sliding, single item sliding, or inflationary sliding) or clauses related to penalties for delays in construction. Variable consideration is estimated using the mode method based on contract terms and past performance.

Consideration for transactions related to construction contracts is generally received within approximately one year after the performance obligation is satisfied (in some cases, advance payments are received based on the contract). However, when the period between the satisfaction of the performance obligation and the customer's payment of the consideration is expected to be long, and the related market interest rate is expected to be considerably high and the impact on the financial component is expected to be significant, then the receivables are considered to contain a significant financial component. The financial component of the receivables based on the contract with the customer is adjusted accordingly.

3) Useful Information in Understanding the Amount of Revenue in current and subsequent consolidated fiscal years

(1) Balances of contract assets and contract liabilities

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
Receivables from contracts with customers (beginning balance)	¥ 31,110	\$ 194,583
Receivables from contracts with customers (ending balance)	36,852	230,497
Contract assets (beginning balance)	102,427	640,649
Contract assets (ending balance)	96,572	604,028
Contract liabilities (beginning balance)	52,826	330,410
Contract liabilities (ending balance)	20,015	125,187

Contract assets relate to the rights of the Company to consideration for the completion and delivery of construction contracts with customers that have been completed but unbilled as of the end of the fiscal year. Contract assets are reclassified to receivables from contracts with customers when the Company's rights to the consideration become unconditional. Consideration for such construction is billed and received in accordance with the payment terms of the construction contracts.

Contract liabilities mainly relate to advances received from customers in accordance with the payment clauses of construction contracts. The contract liabilities are reversed upon recognition of revenue.

The portion of revenue recognized in the current fiscal year and included in the beginning balance of contract liabilities amounted to ¥33,100 million (\$207,030 thousand).

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior years was ¥4,024 million (\$25,168 thousand).

(2) Transaction price allocated to the remaining performance obligations

For the Company and its consolidated subsidiaries, the total transaction price allocated to the remaining performance obligations as of March 31, 2026 was as follows.

	As of March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
Total transaction price allocated to the remaining performance obligations	¥508,985	\$3,183,543

The transaction price allocated to the remaining performance obligations represents the aggregate amount of the transaction price of contracts for which the Company has been awarded as of the end of the current fiscal year, but for which no revenue is recognized because the performance obligations have not been satisfied as of that date. The Company expects to recognize revenue from such transaction prices within approximately two years as performance obligations are satisfied.

13. Per Share Information

	Year ended March 31, 2026	
	(Millions of yen)	(Thousands of U.S. dollars)
1) Net assets per share	¥ 18,685	\$ 116,868
2) Profit per share – basic	4,586	28,684

Note: Net assets per share and profit per share - basic are calculated separately assuming that the stock consolidation in the current fiscal year was carried out at the beginning of the current fiscal year.

14. Subsequent Event

Tender Offer for Shares of Sumiken Mitsui Road Co., Ltd.

In order to turn Sumiken Mitsui Road Co., Ltd. (hereinafter referred to as “Sumiken Mitsui Road”), a subsidiary of the Company, into a wholly owned subsidiary, the Company decided at a meeting of its Board of Directors on March 9, 2026 to acquire common shares of Sumiken Mitsui Road (hereinafter referred to as the “Shares of Sumiken Mitsui Road”), which are listed on the Standard Market of the Tokyo Stock Exchange. The Company decided to carry out a tender offer in accordance with the Financial Instruments and Exchange Act (hereinafter referred to as the “Tender Offer.”) As a result of the Tender Offer, the Company held 95.38% total number of shares of Sumiken Mitsui Road as of April 28, 2026. The Company also notified Sumiken Mitsui Road on May 8, 2026 that it would request all shareholders of Sumiken Mitsui Road to sell all of their shares to the Company (hereinafter referred to as the “Demand for a Share Cash-Out”) pursuant to Article 179, Paragraph 1 of the Companies Act of Japan.

As a result of the Company’s Demand for a Share Cash-Out, the Shares of Sumiken Mitsui Road met the delisting criteria set by the Tokyo Stock Exchange. The Shares of Sumiken Mitsui Road were delisted on May 29, 2026, and Sumiken Mitsui Road became a wholly owned subsidiary of the Company on June 2, 2026.

1. Overview of the Tender Offeror

- (1) Name : Sumiken Mitsui Road Co., Ltd.
- (2) Description of business : Construction business, manufacturing and sales business
- (3) Capital : ¥ 1,329 million (\$ 8,312 thousand)

2. Results of the Tender Offer

- (1) Period of Purchase : From March 10, 2026 to April 21, 2026
- (2) Purchase price : 2,000 yen per common share
- (3) Number of shares : 3,867,498 shares
- (4) Purchase price : ¥ 7,734 million (\$ 48,373 thousand)
- (5) Settlement start date : April 28, 2026

3. Financing in connection with the Tender Offer

Own funds

15. Other notes

The listed amount is rounded down to less than one million yen.