

# *ANNUAL REPORT* *2025*



**SUMITOMO MITSUI  
CONSTRUCTION CO.,LTD.**

---

## CONTENTS

---

PROFILE	1
THE MESSAGE FROM THE PRESIDENT	2
CONSOLIDATED BALANCE SHEETS	8
CONSOLIDATED STATEMENTS OF INCOME	10
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	11
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	12
CONSOLIDATED STATEMENTS OF CASH FLOWS	15
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	17
INDEPENDENT AUDITOR'S REPORT	83
NON-CONSOLIDATED BALANCE SHEETS	91
NON-CONSOLIDATED STATEMENTS OF INCOME	93
NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	94
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS	97
INDEPENDENT AUDITOR'S REPORT	128
CORPORATE OUTLINE	132
CORPORATE DATA	133

---

**Disclaimer for Forward-Looking Statements:**

*This document contains forward-looking statements about the performance and management plans of SMCC Group based on available information and management's assumptions in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and various economic and other factors could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document.*

---

## PROFILE

---

Sumitomo Mitsui Construction Co., Ltd. (SMCC) is a leading Japanese construction company with operations that span the globe. The company was created in 2003 through the merger of two long established and experienced companies, Sumitomo Construction Co., Ltd and Mitsui Construction Co., Ltd.

Since its formation, SMCC has risen to the challenge of providing flexible and adaptable solutions to the varying demands of customers, with a management philosophy that emphasizes pursuing total customer satisfaction, increasing shareholder value, respect for the efforts of its employees, and contributing both to society and the environment.

The company is a leading proponent of many cutting edge technologies which are utilized in the erection of skyscrapers, the seismic reinforcement of buildings, the pre-stressed concrete structures and underground structures.

The key strength of experience combined with a proactive attitude allows SMCC to aggressively develop new technological applications. The company will continue to actively pursue the future, specializing and focusing on these core areas and thereby ensuring that Sumitomo Mitsui Construction Co., Ltd maintains its position as one of the leading Japanese construction companies operating around the world.

## THE MESSAGE FROM THE PRESIDENT

### I. Review of Fiscal Year ended March 31, 2025

In the fiscal year ended on March 31, 2025, Japan's economy continued to show a moderate recovery due to improvements in the employment and income environments and the effects of various policies. On the other hand, there are still notable downside factors, including uncertainty in the global economy due to the impact of U.S. trade policy, and the impact of continued inflation on consumer spending.

In regard to the domestic construction market, although public-sector investments were consistent, and there were some signs of recovery in private-sector investments as well, the business climate continues to be severe, partly due to the impact of consistently high prices of building materials and tightness of labor demand and supply.

Against this background, based on its "Mid-term Management Plan 2022-2024," which had entered its final year, the SMCC Group worked on the basic policies of that plan, namely "Improve Earning Power," "Foray into Growth Areas," and "Enhance Human Resource Base." By business segment, the domestic civil engineering business worked to improve quality, relying on superior technologies, the domestic building construction business focused on performance reforms and the establishment of high-production construction systems, and the overseas building construction business worked on the expansion of business, aided by the tailwind of recovery from the COVID-19 pandemic, as well as the creation and expansion of new businesses, including the renewable energy business.

The consolidated results of the SMCC Group for this fiscal year are as follows:

Net sales for the year were 463.0 billion yen, a 16.5 billion yen decrease over the previous fiscal year. In profit/loss figures, although a loss of 13.1 billion yen was recorded including provision for loss on construction contracts for large construction projects currently underway in Japan, operating profit was 7.6 billion yen (a decrease of 0.9 billion yen from the previous fiscal year), ordinary profit was 3.7 billion yen (a decrease of 2.6 billion yen from the previous fiscal year), and net profit attributable to the shareholders of the parent company was 0.9 billion yen (a decrease of 3.2 billion yen from the previous fiscal year) due to the improved profitability of other construction works.

[Consolidated results]

(Unit: billion yen)

	FY2023	FY2024	Increase/(decrease)	Ratio (%)
Net sales	479.5	463.0	(16.5)	(3.4)
Operating profit	8.5	7.6	(0.9)	(10.7)
Ordinary profit	6.3	3.7	(2.6)	(40.8)
Net profit attributable to the shareholders of the parent company	4.0	0.9	(3.2)	(78.6)

## II. Management Strategy, Business Environment and Company Issues

### <Basic management policy and business environment>

The Company is striving to realize a safe and comfortable society based on its Corporate Principles of “Pursuit of Client Satisfaction,” “Enhancement of Shareholder Value,” “Respect for Employees’ Vitality,” “Social Emphasis,” and “Contribution to Global Environment.” In October 2023, the Company revised the SMCC Group Charter of Corporate Behavior to provide guidelines for the actions that officers and employees of the SMCC Group companies should take in order to fulfill their social responsibilities toward the realization of a sustainable society.

### Structure of Corporate Principles and Management Plan



### <SMCC’s mid-term management strategy>

The Company and INFRONEER Holdings Inc. (hereinafter referred to as “INFRONEER”) decided to pursue a business integration through a tender offer (hereinafter referred to as “the Tender Offer”) by INFRONEER for the common shares of the Company. This integration aims to create an integrated infrastructure services company that will grow through the dual pillars of construction and construction services (maintenance management and operation).

At a meeting of its Board of Directors held on May 14, 2025, the Company resolved to express its support for the Tender Offer, should it be initiated, and to recommend that our shareholders tender their shares in response to the Tender Offer.

#### (1) Understanding the environmental landscape of the construction industry

The Company and Maeda Corporation (hereinafter referred to as “Maeda”), one of INFRONEER’s core companies, are both major general contractors in Japan. They share a largely similar perspective on the following market environment in the construction industry.

In the construction industry, the challenges of labor shortages caused by an aging and declining population, coupled with the application of overtime work limits under what is commonly referred to as the “2024 Problem for the Construction Industry,” have already become evident. Meanwhile, in Japan, much of the vast network of social infrastructure developed during the period of rapid economic growth has now aged beyond 50 years since its construction, leading to



widespread deterioration.

In the short to medium term, public investment in Japan is expected to remain robust, driven by considerations such as disaster prevention and mitigation, national resilience, and efforts toward carbon neutrality. Additionally, the maintenance and renewal of domestic infrastructure are on a growth trajectory. However, in the long term, declining tax revenues due to population decline and increased social insurance costs driven by an aging population are expected to worsen fiscal conditions, leading to reduced investments, particularly in new public construction projects. As competition is anticipated to intensify in the future, there is a pressing need to strengthen engineering capabilities—the ability to efficiently and safely manage projects through technical knowledge and skills from design and planning to construction management—as a key source of competitive advantage.

Internationally, particularly in emerging markets such as Southeast Asia, South Asia and Africa, rapid economic growth is expected to drive strong demand for infrastructure.

In response to these significant structural changes in the industry, it is imperative for construction companies to enhance their competitiveness. This requires fundamental reforms, including a reevaluation of key management factors such as corporate scale, engineering capabilities and earning power.

## (2) The vision aimed through the Tender Offer.

Through the Tender Offer, the Company and INFRONEER aim to establish a capital relationship, maximizing the business connections, business foundations, and customer contacts that both companies have built in growth markets thus far. This strategic alliance is intended to ensure the steady acquisition of infrastructure projects from government agencies, private enterprises, and emerging markets, leveraging their strength in these areas, even amidst the anticipated rapid changes in the construction industry.

Infrastructure services in Japan, in particular, are recognized as essential to supporting society, both from the perspective of disaster prevention, mitigation, and national resilience, and in their role as the foundation for a prosperous quality of life. The combined annual revenue from the construction businesses of both companies is expected to exceed 1 trillion yen. With a full lineup of capabilities ranging from upstream to downstream operations, including tunnels, bridges, river improvements, land development, water and sewage facilities, and roads, the integrated entity is anticipated to become a unique presence in the industry, especially when including its infrastructure management businesses.

The Company operates in two key segments: civil engineering and building construction. In the civil engineering sector, particularly in the field of bridge construction, the Company boasts industry leading design and construction achievements. It actively promotes technological advancements such as new structural formats that enable shorter construction periods and labor-saving techniques, delivering high quality, durable bridges that are designed with maintenance considerations in mind. In building construction, the Company has established a strong track record in high-rise residential projects and possesses a wide range of precast technologies. Furthermore, in its overseas operations, the Company excels in ODA projects and infrastructure development within the civil engineering sector, primarily in Southeast Asia and South Asia, as well as in the construction of factory facilities for Japanese companies within the building construction sector.

INFRONEER operates across a broad range of fields, including building construction

business, civil engineering business, road civil engineering business, machinery business, and infrastructure management businesses. Aiming to establish a business model that ensures sustainable growth regardless of external factors, the company has positioned itself as an “integrated infrastructure service company” as its group wide strategy. Through the business integration with the Company, INFRONEER seeks to rapidly maximize its competitiveness by consolidating the engineering capabilities of group companies and expanding its business domains through proactive M&A and global alliances. The goal is to establish and expand a highly profitable and stable revenue base.

Through this business integration, Maeda, one of INFRONEER’s core companies, and the Company will become sister companies within the construction division. By complementing each other’s strengths, we will establish a solid presence across all areas of infrastructure. This marks a significant step forward in our evolution as an “integrated infrastructure service company.”

Depending on the results of the Tender Offer, the Company’s shares may be delisted in accordance with the delisting criteria of the Tokyo Stock Exchange. Further, even if the shares do not meet those criteria at the time of completion of the Tender Offer, they will be delisted from the Tokyo Stock Exchange once the Company becomes a wholly owned subsidiary of INFRONEER. The future schedule for this matter is provided below; however, it may be subject to change depending on the period required to complete the procedures pursuant to competition legislation in the Philippines.

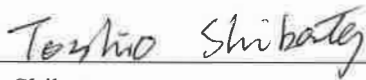
Until around early August 2025 (tentative)	Philippine Competition Act Procedures
Early August 2025 (tentative)	Commencement of the Tender Offer
Mid to late September 2025 (tentative)	Completion and announcement of the results of the Tender Offer
December 2025 (tentative)	Procedures for business integration
From January 2026 (tentative)	Participation in the INFRONEER Group

#### <Issues for the Company>

- (1) Regarding the case involving the construction of an apartment building located in Yokohama City, on November 28, 2017, Mitsui Fudosan Residential Co., Ltd. (hereinafter “MFR”), which is one of the developers of the apartment building, initiated a lawsuit against the Company and two piling companies, claiming approximately 45.9 billion yen (subsequently 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 the alleged rebuilding cost for the entire apartment building, and this lawsuit is ongoing. The lawsuit and related legal proceedings (hereinafter collectively referred to as the “Lawsuits”) were referred to mediation, and on May 13, 2025, the Tokyo District Court made an order in lieu of mediation under Article 17 of the Civil Mediation Act (“hereinafter, “Article 17 Order”). However, another party filed a lawful objection under Article 18, Paragraph 1 of the Civil Mediation Act, and the Article 17 Order lost its effect. The Article 17 Order primarily stated that (a) the Company shall pay MFR 3,075 million yen as a settlement payment, and (b) the Company, MFR, and the two piling companies shall mutually confirm that they have no other claims against or obligations toward each other. The hearing and adjudication of the Lawsuits will continue; however, we consider

that MFR's claim lacks a legal foundation and factual reasons, and we will continue to make appropriate arguments in that court proceeding.

- (2) Regarding the large construction projects currently underway in Japan, upon the reinforcement of project and quality control frameworks, assistance and technical guidance for the projects overall by the head office and branches, and the thorough implementation of measures to prevent recurrence that have been formulated on the basis of recommendations of the investigation committee, which external experts participated in, construction is proceeding and is scheduled for completion in August 2025. Moreover, in terms of improving the performance of the building construction business overall, in addition to steadily implementing three measures, namely the improvement of project structure constraints and rebuilding of work site support systems, the strengthening of governance in the contract acceptance process and building of optimal contract portfolio, and the thorough management of targets with emphasis on profit, we are proceeding with our shift toward projects for which risk countermeasures have been taken, and we will continue to work to improve the performance of the building construction business.
- (3) In April 2025, SMCR Co., Ltd., a subsidiary of the Company, was subjected to an on-site inspection by the Japan Fair Trade Commission on suspicion of violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, in connection with the awarding of a large-scale renovation project at a condominium located in the Kanto district. SMCR Co., Ltd. is taking the situation of being subject to such an investigation very seriously and will cooperate fully with the investigation conducted by the Japan Fair Trade Commission. The Group has long been committed to the eradication of such misconduct across the entire organization.



Toshio Shibata  
Representative Director,  
President



**Consolidated Financial Statements**

**Sumitomo Mitsui Construction Co., Ltd.  
and Consolidated Subsidiaries**

*Year ended March 31, 2025  
with Independent Auditor's Report*

## Consolidated Balance Sheets

March 31, 2025

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Assets</b>			
Current assets:			
Cash and deposits (Notes 11-(a) and 12)	¥ 72,668	¥ 96,677	\$ 486,008
Trade notes receivable, accounts receivable on completed construction contracts and other (Notes 7-(a), 7-(j), 12 and 18)	179,578	192,691	1,201,029
Inventories (Notes 7-(b) and 7-(g))	42,093	37,098	281,520
Other current assets (Note 7-(c))	44,632	29,529	298,501
Allowance for doubtful receivables	(1,449)	(2,619)	(9,691)
Total current assets	337,524	353,377	2,257,383
Non-current assets:			
Property and equipment, at cost:			
Land (Notes 7-(c) and 7-(d))	16,195	16,095	108,313
Buildings and structures (Notes 7-(c) and 7-(i))	19,549	19,410	130,745
Machinery, equipment and vehicles (Notes 7-(c) and 7-(i))	44,453	43,136	297,304
Construction in progress	1,215	1,806	8,126
Accumulated depreciation	(44,791)	(43,633)	(299,565)
Property and equipment, net	36,622	36,815	244,930
Intangible fixed assets	4,945	5,945	33,072
Investments and other assets:			
Investments in securities (Notes 7-(c), 12 and 13)	3,653	4,922	24,431
Deferred tax assets (Note 16)	4,947	5,032	33,085
Investments in unconsolidated subsidiaries and affiliates	96	724	642
Asset for retirement benefits (Note 15)	26	34	173
Other (Note 7-(c))	6,553	5,579	43,826
Allowance for doubtful receivables	(895)	(830)	(5,985)
Total investments and other assets	14,382	15,463	96,187
Total non-current assets	55,950	58,224	374,197
 Total assets	 ¥393,474	 ¥411,601	 \$2,631,581

## Consolidated Balance Sheets

March 31, 2025

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Liabilities and net assets</b>			
Current liabilities:			
Trade notes payable, accounts payable on construction contracts and other (Notes 7-(j) and 12)	¥ 82,370	¥ 89,203	\$ 550,896
Electronically recorded payable (Notes 7-(j) and 12)	29,339	39,119	196,221
Short-term bank loans and current portion of long-term debt (Notes 7-(c), 7-(k), 12 and 23)	31,530	21,221	210,874
Current portion of corporate bond payable (Notes 12 and 22)	5,000	—	33,440
Lease obligations (Note 23)	655	685	4,380
Accrued expenses	6,878	6,863	46,000
Income taxes payable	870	929	5,818
Advances received on construction contracts in progress (Notes 7-(h) and 18)	62,336	35,847	416,907
Provision for warranties for completed construction	401	463	2,681
Provision for loss on construction contracts (Note 7-(g))	13,020	30,040	87,078
Provision for contingent loss	2,159	2,159	14,439
Other current liabilities	20,377	27,830	136,282
Total current liabilities	254,940	254,365	1,705,056
Long-term liabilities:			
Corporate bond payable (Notes 12 and 22)	5,000	10,000	33,440
Long-term debt (Notes 7-(c), 7-(k), 12 and 23)	35,432	48,995	236,971
Lease obligations (Note 23)	1,377	1,635	9,209
Deferred tax liability on land revaluation (Note 7-(d))	583	574	3,899
Provision for share-based payments	67	55	448
Long-term income taxes payable	490	—	3,277
Liability for retirement benefits (Note 15)	16,989	17,678	113,623
Other long-term liabilities (Note 16)	1,278	1,131	8,547
Total long-term liabilities	61,219	80,070	409,436
Contingent liabilities (Note 7-(e))			
Net assets:			
Shareholders' equity:			
Capital stock:	12,003	12,003	80,276
Common stock:			
Authorized:			
533,892,994 shares in 2025 and 2024			
Issued and outstanding:			
162,673,321 shares in 2025 and 2024			
Additional paid-in capital	525	568	3,511
Retained earnings	57,363	58,701	383,647
Treasury stock, at cost:			
5,788,439 shares in 2025 and 5,961,510 shares in 2024	(3,540)	(3,647)	(23,675)
Total shareholders' equity	66,351	67,626	443,760
Accumulated other comprehensive income:			
Unrealized holding gain on securities	366	618	2,447
Deferred gain (loss) on hedging instruments, net of taxes (Note 14)	40	(1)	267
Land revaluation (Note 7-(d))	66	70	441
Translation adjustments	3,585	2,085	23,976
Retirement benefits liability adjustment (Note 15)	(299)	(611)	(1,999)
Total accumulated other comprehensive income	3,759	2,161	25,140
Non-controlling interests	7,204	7,377	48,180
Total net assets	77,315	77,165	517,088
Total liabilities and net assets	¥393,474	¥411,601	\$2,631,581

The accompanying notes are an integral part of these statements.

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales (Notes 8-(a), 18 and 19)	¥462,982	¥479,488	\$3,096,455
Cost of sales (Note 8-(b) and 8-(d) )	429,770	444,392	2,874,331
Gross profit	33,211	35,095	222,117
Selling, general and administrative expenses (Notes 8-(c), 8-(d) and 15)	25,624	26,595	171,375
Operating profit	7,587	8,500	50,742
Other income (expenses):			
Interest and dividend income	1,795	1,453	12,005
Compensation received	739	—	4,942
Interest expense	(3,401)	(1,662)	(22,746)
Exchange (loss) gain, net	(477)	993	(3,190)
Commission for loan commitment agreement	(1,688)	(1,172)	(11,289)
Gain on sales of property and equipment (Note 8-(e))	266	178	1,779
Gain on sales of shares of subsidiaries and affiliates (Note 17)	1,560	—	10,433
Impairment loss (Note 8-(g))	(5)	(47)	(33)
Loss on sales and disposal of property and equipment (Note 8-(f))	(77)	(196)	(514)
Loss on valuation of investments in securities	(912)	(0)	(6,099)
Other, net	(836)	(589)	(5,591)
Profit before income taxes	4,550	7,457	30,430
Income taxes (Note 16):			
Current (Note 8-(h))	3,224	2,966	21,562
Deferred	141	538	943
Profit	1,185	3,951	7,925
Profit (loss) attributable to:			
Non-controlling interests	329	(54)	2,200
Owners of parent	¥ 855	¥ 4,006	\$ 5,718
	(Yen)		(U.S. dollars) (Note 3)
Profit per share (Note 20)	¥ 5.46	¥ 25.58	\$ 0.036

The accompanying notes are an integral part of these statements.

**Consolidated Statements of Comprehensive Income**

March 31, 2025

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Profit	¥1,185	¥3,951	\$7,925
Other comprehensive income:			
Unrealized holding (loss) gain on securities	(251)	2,799	(1,678)
Deferred gain on hedging instruments, net of taxes	42	38	280
Land revaluation	(8)	—	(53)
Translation adjustments	1,528	1,342	10,219
Retirement benefits liability adjustments	362	166	2,421
Total other comprehensive income (Note 9)	1,672	4,346	11,182
Comprehensive income	¥2,858	¥8,298	\$19,114
Comprehensive income attributable to:			
Owners of the parent	¥2,453	¥8,297	\$16,405
Non-controlling interests	404	1	2,701

The accompanying notes are an integral part of these statements.



## Consolidated Statements of Changes In Net Assets

March 31, 2025

	Year ended March 31, 2025				
	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Millions of yen)				
Balance at the beginning of the period	¥12,003	¥568	¥58,701	¥(3,647)	¥67,626
Changes in items during the period:					
Change in a parent's ownership interest due to transaction with non-controlling interests		(5)			(5)
Dividends from surplus			(2,193)		(2,193)
Profit attributable to owners of the parent			855		855
Purchases of treasury stock				(1)	(1)
Disposition of treasury stock		(37)		107	69
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	(43)	(1,338)	106	(1,274)
Balance at the end of the period	¥12,003	¥525	¥57,363	¥(3,540)	¥ 66,351

	Year ended March 31, 2025							
	Accumulated other comprehensive income							
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	(Millions of yen)							
Balance at the beginning of the period	¥618	¥(1)	¥70	¥2,085	¥(611)	¥2,161	¥7,377	¥77,165
Changes in items during the period:								
Change in a parent's ownership interest due to transaction with non-controlling interests								(5)
Dividends from surplus								(2,193)
Profit attributable to owners of the parent								855
Purchases of treasury stock								(1)
Disposition of treasury stock								69
Net changes in items other than shareholders' equity	(251)	42	(4)	1,499	311	1,597	(173)	1,424
Total changes in items during the period	(251)	42	(4)	1,499	311	1,597	(173)	149
Balance at the end of the period	¥366	¥ 40	¥66	¥3,585	¥(299)	¥3,759	¥7,204	¥ 77,315

## Consolidated Statements of Changes In Net Assets

March 31, 2025

	Year ended March 31, 2025				
	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	<i>(Thousands of U.S. dollars) (Note 3)</i>				
Balance at the beginning of the period	\$80,276	\$3,798	\$392,596	\$(24,391)	\$452,287
Changes in items during the period:					
Change in a parent's ownership interest due to transaction with non-controlling interests		(33)			(33)
Dividends from surplus			(14,666)		(14,666)
Profit attributable to owners of the parent			5,718		5,718
Purchases of treasury stock				(6)	(6)
Disposition of treasury stock		(247)		715	461
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	(287)	(8,948)	708	(8,520)
Balance at the end of the period	\$80,276	\$3,511	\$383,647	\$(23,675)	\$443,760

	Year ended March 31, 2025							
	Accumulated other comprehensive income							
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	<i>(Thousands of U.S. dollars) (Note 3)</i>							
Balance at the beginning of the period	\$4,133	\$(6)	\$468	\$13,944	\$(4,086)	\$14,452	\$49,337	\$516,084
Changes in items during the period:								
Change in a parent's ownership interest due to transaction with non-controlling interests								(33)
Dividends from surplus								(14,666)
Profit attributable to owners of the parent								5,718
Purchases of treasury stock								(6)
Disposition of treasury stock								461
Net changes in items other than shareholders' equity	(1,678)	280	(26)	10,025	2,079	10,680	(1,157)	9,523
Total changes in items during the period	(1,678)	280	(26)	10,025	2,079	10,680	(1,157)	996
Balance at the end of the period	\$2,447	\$ 267	\$441	\$ 23,976	\$(1,999)	\$25,140	\$48,180	\$517,088

**Consolidated Statements of Changes In Net Assets**

March 31, 2025

	Year ended March 31, 2024				
	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Millions of yen)				
Balance at the beginning of the period	¥12,003	¥641	¥56,886	¥(3,782)	¥65,748
Changes in items during the period:					
Change in a parent's ownership interest due to transaction with non-controlling interests		(18)			(18)
Dividends from surplus			(2,190)		(2,190)
Profit attributable to owners of the parent			4,006		4,006
Purchases of treasury stock				(1)	(1)
Disposition of treasury stock		(54)		136	81
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	(72)	1,815	134	1,877
Balance at the end of the period	¥12,003	¥568	¥58,701	¥(3,647)	¥ 67,626

	Year ended March 31, 2024							
	Accumulated other comprehensive income							
	Unrealized holding gain (loss) on securities	Deferred loss on hedging instruments, net of taxes	Land revaluation	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	(Millions of yen)							
Balance at the beginning of the period	¥(2,180)	¥(40)	¥70	¥799	¥(778)	¥(2,130)	¥7,519	¥71,137
Changes in items during the period:								
Change in a parent's ownership interest due to transaction with non-controlling interests								(18)
Dividends from surplus								(2,190)
Profit attributable to owners of the parent								4,006
Purchases of treasury stock								(1)
Disposition of treasury stock								81
Net changes in items other than shareholders' equity	2,799	38	0	1,286	167	4,291	(141)	4,150
Total changes in items during the period	2,799	38	0	1,286	167	4,291	(141)	6,027
Balance at the end of the period	¥618	¥ (1)	¥70	¥2,085	¥(611)	¥2,161	¥7,377	¥ 77,165

The accompanying notes are an integral part of these statements.

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Operating activities</b>			
Profit before income taxes	¥4,550	¥7,457	\$30,430
Depreciation and amortization	4,001	4,514	26,758
Impairment loss	5	47	33
Amortization on goodwill	506	441	3,384
(Decrease) increase in allowance for doubtful receivables	(1,194)	288	(7,985)
Decrease in provision for warranties for completed construction	(69)	(54)	(461)
Decrease in provision for loss on construction contracts	(17,055)	(8,490)	(114,065)
Increase in provision for share-based payments	18	17	120
Decrease in liability for retirement benefits	(708)	(325)	(4,735)
(Gain) loss on sales and disposal of property and equipment	(176)	17	(1,177)
Loss (gain) on sales of investments in securities	11	(1,310)	73
Loss on valuation of investments in securities	912	0	6,099
Gain on sales of shares of subsidiaries and affiliates	(1,560)	—	(10,433)
Interest and dividend income	(1,795)	(1,453)	(12,005)
Interest expense	3,401	1,662	22,746
Exchange loss (gain), net	515	(786)	3,444
Decrease in trade notes receivable, accounts receivable on completed construction contracts and other	12,793	23,419	85,560
Increase in inventories	(4,789)	(6,520)	(32,029)
Increase in other assets	(14,517)	(1,951)	(97,090)
Increase in retirement benefits liability adjustments included in accumulated other comprehensive income	421	150	2,815
(Decrease) increase in trade notes payable, accounts payable on construction contracts and other	(16,340)	6,719	(109,283)
Increase in advances received on construction contracts in progress	25,823	138	172,705
(Decrease) increase in other liabilities	(7,179)	1,114	(48,013)
Other	41	(103)	274
Subtotal	(12,384)	24,991	(82,825)
Interest and dividends received	1,712	1,586	11,449
Interest paid	(3,345)	(1,651)	(22,371)
Income taxes paid	(2,689)	(3,473)	(17,984)
Net cash (used in) provided by operating activities	(16,707)	21,452	(111,737)
<b>Investing activities</b>			
Purchases of securities	(277)	—	(1,852)
Decrease (increase) in fixed deposits	4,157	(2,427)	27,802
Purchases of property and equipment	(2,609)	(3,011)	(17,449)
Proceeds from sales of property and equipment	323	343	2,160
Purchases of intangible fixed assets	(367)	(858)	(2,454)
Purchases of investments in securities	(0)	(1)	(0)
Proceeds from sales of investments in securities	1	19,343	6
Disbursements for loans receivable	(37)	(73)	(247)
Proceeds from collection of loans receivable	118	137	789
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 11-(b))	1,320	—	8,828
Other	6	12	40
Net cash provided by investing activities	2,634	13,465	17,616

Sumitomo Mitsui Construction Co., Ltd.  
**Consolidated Statements of Cash Flows**  
March 31, 2025

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Financing activities</b>			
Increase in short-term bank loans	¥ 8,545	¥ 154	\$ 57,149
Proceeds from long-term debt	9,353	—	62,553
Payments of long-term debt	(21,197)	(4,197)	(141,766)
Decrease in deposits from employees	(317)	(134)	(2,120)
Increase in treasury stock	(1)	(1)	(6)
Cash dividends paid	(2,194)	(2,187)	(14,673)
Cash dividends paid for non-controlling shareholders	(210)	(178)	(1,404)
Repayments of lease obligations	(816)	(965)	(5,457)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(77)	—	(514)
Net cash used in financing activities	(6,916)	(7,510)	(46,254)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	285	1,388	1,906
<b>Net (decrease) increase in cash and cash equivalents</b>	(20,703)	28,796	(138,463)
<b>Cash and cash equivalents at beginning of the year</b>	89,625	60,828	599,418
<b>Cash and cash equivalents at end of the year (Note 11-(a))</b>	¥68,921	¥89,625	\$460,948

The accompanying notes are an integral part of these statements.



## **1. Basis of Preparation**

The accompanying consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. (the “Company”) and consolidated subsidiaries (collectively the “Group”) 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 consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan. In addition, certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

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

## **2. Summary of Significant Accounting Policies**

### **(a) Basis of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates**

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The excess of the cost over the underlying net assets at fair value at the respective dates of acquisition of the consolidated subsidiaries (goodwill) or the excess of fair value of the net assets acquired over cost (negative goodwill) is charged or credited to income in the year of acquisition.

Investments in affiliates not accounted for by the equity method are principally stated at cost.

The Company had 21 consolidated subsidiaries and no affiliate accounted for by the equity method as of March 31, 2025.

Name of major consolidated subsidiaries

Sumiken Mitsui Road Co., Ltd., Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd., DPS Bridge Works Co., Ltd., SMCR Co., Ltd., SMCC Construction India Ltd., Antara Koh Private Limited, SMCC Philippines, Inc., SMCC Overseas Singapore Pte. Ltd. and PT. SMCC Utama Indonesia

Aseismic Devices Co., Ltd. has been excluded from the scope of consolidation due to the transfer of shares on January 31, 2025. In preparing the consolidated financial statements, the company's income statements up to the date of the transfer of shares (the date of the deemed transfer) of December 31, 2024 are consolidated.

Name of major non-consolidated subsidiary

SMC Cosmo Solutions Co., Ltd.

Non-consolidated subsidiaries have been excluded from the scope of consolidation because they are small companies and their total assets, net sales, net profit (loss) (amounts commensurate with equity) and retained earnings (amounts commensurate with equity) do not have a material impact on the consolidated financial statements.

Application of equity method

Not applicable.

Name of major non-consolidated subsidiaries that are not accounted for by the equity method

SMC Cosmo Solutions Co., Ltd.

Name of major affiliates that are not accounted for by the equity method

Fibex Co., Ltd.

One non-consolidated subsidiary and eight affiliated companies that are not accounted for by the equity method have been excluded from the scope of application of equity method because their impact on net profit (loss) and retained earnings, etc., are minor and not significant as a whole.

Regarding Fibex Co., Ltd., an affiliated company, a share transfer agreement was concluded on March 3, 2025, and its shares were transferred on April 1, 2025.

(b) Fiscal Year of Consolidated Subsidiaries

The consolidated subsidiaries whose balance sheet dates are different from the consolidated balance sheet date are as follows:

All foreign consolidated subsidiaries (11 companies) have a fiscal year that ends on December 31. The accompanying consolidated financial statements were prepared based on the financial statements as of the same date. Necessary adjustments for consolidation were made on significant transactions that took place during the period between the fiscal year-end of the subsidiaries and the fiscal year-end of the Company.

(c) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. For other securities, securities other than stock, etc. with no market value are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Stocks, etc. with no market value are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Inventories

Inventories other than materials and supplies are stated at cost determined by the specific identification method. Materials and supplies are mainly valued at cost determined by the weighted average method. Balance sheet amounts of real estate for sale and materials and supplies are calculated by writing down their carrying amounts based on declines in profitability.

(e) Depreciation and Amortization

(1) Property and equipment (except leased assets) and investments in real estate

Depreciation of property and equipment (except leased assets) and investments in real estate is calculated primarily by the declining-balance method based on the useful lives and the residual value of the respective assets as prescribed in the Corporation Tax Law of Japan except that the straight-line method is applied to office buildings (except facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

Depreciation at all overseas subsidiaries is calculated by the straight-line method or by the declining-balance method based on the estimated useful lives of the respective assets.

(2) Intangible fixed assets (except leased assets)

Amortization of intangible fixed assets (except leased assets) is calculated by the straight-line method based on the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. Amortization of computer software for internal use is calculated by the straight-line method over the estimated useful lives of 5 years.

(3) Leased assets

Depreciation of leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessees is calculated by the straight-line method over the lease term with a residual value of zero.

(f) 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.

(g) 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.

(h) 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.

(i) Provision for Contingent Loss

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.

(j) Provision for Share-based Payments

A provision has been provided based on the estimated amount for share-based payment liability as of March 31, 2025 in order to cover payments of share to directors based on a share-based payment rule for the Company's consolidated subsidiaries.

(k) Accounting for Retirement Benefits

(1) Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligation, the benefit formula method is applied to attribute the expected retirement benefits to the periods up to year ended March 31, 2025.

(2) Amortization of actuarial gain or loss and prior service cost

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 (mainly 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.

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 11 years), which are shorter than the average remaining years of service of the employees.

(3) Adoption of the simplified method at consolidated subsidiaries

Some consolidated subsidiaries have adopted a simplified method for calculating liability for retirement benefits and retirement benefit expense.

(l) Recognition of Revenues and Costs

The Group 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 Group 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 measured, 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. 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.

(m) Derivatives and Hedge Accounting

(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.

Interest rate swaps qualifying for hedge accounting and meeting specific matching criteria are not re-measured at market value, but the differential paid or received under the swap agreements is charged or credited to income (short-cut method).

(2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on debt

(3) Hedging policy

The Company utilizes interest rate swaps only for the purpose of hedging future risks of fluctuation of interest rates.

(4) Assessment of hedge effectiveness

An evaluation of hedge effectiveness for interest rate swaps by principle method is performed on a quarterly basis to confirm that there is a strong correlation between hedged items and hedging instruments by comparing accumulated amount of the change of cash flows of hedged items and accumulated amount of the change of cash flows of hedging instruments to assess whether the forward contract qualifies for hedge accounting. However, the evaluation of hedge effectiveness is omitted in case of interest rate swaps meeting specific matching criteria.

(n) Method and Period of Amortization of Goodwill

In principle, goodwill is amortized on a straight-line basis over the period for which goodwill is expected to have an effect, which shall not exceed 20 years.

(o) Scope of Funds in the Consolidated Statements of Cash Flows

It consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are readily convertible into cash and are due within three months from the date of acquisition with little risk of fluctuations in value.

(p) 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 ¥149.52 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2025. 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. Significant Accounting Estimates

For the year ended March 31, 2025

#### (a) Provision for Contingent Loss

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

	<b>As of March 31, 2025</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Provision for contingent loss	¥2,159	\$14,439

- (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. The main contents of the Article 17 Decision related to the Company were (1) to pay 3,075 million yen as a settlement fee to MFR, and (2) mutually confirm that the Company and either MFR or two piling companies do not have any other claims or liabilities. While the Lawsuit will continue to be heard and tried, the Company considers that MFR’s claim lacks legal foundation and reason, and 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.

(b) Recognition of Revenues from Construction Contracts

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

	<b>Year ended March 31, 2025</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net sales of construction contracts, etc. related to performance obligations to be satisfied over time	¥407,869	\$2,727,855

(2) Information on significant 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 Group'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.

For the year ended March 31, 2024

(a) Provision for Contingent Loss

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

	<b>As of March 31, 2024</b>
	<i>(Millions of yen)</i>
Provision for contingent loss	¥2,159

(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.

Mitsui Fudosan Residential Co., Ltd. (hereinafter as "MFR"), which is one of the clients of the apartment, initiated a lawsuit against the Company and two piling companies on November 28, 2017, claiming about 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 Company considers that MFR's claim lacks legal foundation and reason, and 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.

#### 4. Significant Accounting Estimates (continued)

For the year ended March 31, 2024

##### (b) Recognition of Revenues from Construction Contracts

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

	Year ended March 31, 2024
	<i>(Millions of yen)</i>
Net sales of construction contracts, etc. related to performance obligations to be satisfied over time	¥423,455

###### (2) Information on significant 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 Group'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.

#### 5. Changes in Accounting Policies

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 issued on October 28, 2022. Hereinafter referred to as the "2022 Revised Accounting Standard") from the beginning of the current fiscal year.

Regarding the revision of the classification of corporate income tax (taxation on other comprehensive income), the Company has followed the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 issued on October 28, 2022. Hereinafter referred to as the "2022 Revised Guidance"). There is no impact on the consolidated financial statements.

In addition, the 2022 Revised Guidance has been applied from the beginning of the current fiscal year with regard to revisions related to the revision of the treatment in the consolidated financial statements in case of tax deferral of gains and losses on sales of shares of subsidiaries between consolidated companies. The change in the accounting policy has been applied retroactively, and the consolidated financial statements for the previous fiscal year has been applied retroactively. There is no impact on the consolidated financial statements for the previous fiscal year.

## 6. Unapplied Accounting Standard and Implementation Guidance

Accounting Standard for Leases, etc.

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

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

In addition, revisions to related Accounting Standards, Implementation Guidances, Practical Solutions, and Transferred Guidances

### (1) Outline

As part of its efforts to make Japanese GAAP internationally consistent, the Accounting Standards Board of Japan has conducted a review based on international accounting standards for the development of accounting standards for leases that recognize the assets and liabilities of all leases of lessees. The basic policy is based on a single accounting model of IFRS 16, however, by incorporating only the main standards rather than adopting all the standards of IFRS 16, the Accounting Standard for Leases, etc. were published with the aim of making them simple and convenient, and basically eliminating the need for revisions even if the provisions of IFRS 16 are used in non-consolidated financial statements.

As with IFRS 16, as the accounting treatment for the lessee, a single accounting model applies to the method of allocating costs for the lessee’s leases, recording depreciation on right-of-use assets and interest on lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

### (2) Scheduled Date of Application

The Company will apply the accounting standard and the implementation guidance from the beginning of the year ending March 31, 2028.

### (3) Impact of the Application of the Unapplied Accounting Standard and the Implementation Guidance

The Company is currently assessing the effects of application of the Accounting Standard for Leases, etc. on its consolidated financial statements.

## 7. Notes to Consolidated Balance Sheets

### (a) Receivables and Contract Assets from Contracts with Customers

Receivables and contract assets from contracts with customers included in trade notes receivable, accounts receivable on completed construction contracts and other as of March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Trade notes receivable	¥ 1,906	¥ 3,493	\$ 12,747
Accounts receivable on completed construction contracts and other	56,728	53,599	379,400
Contract assets	120,944	135,598	808,881
	¥179,578	¥192,691	\$1,201,029

(b) Inventories

The components of inventories as of March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Merchandise and finished goods	¥ 26	¥ 28	\$ 173
Materials and supplies	16,324	12,814	109,176
Costs on uncompleted construction contracts	25,742	24,255	172,164
	<u>¥42,093</u>	<u>¥37,098</u>	<u>\$281,520</u>

(c) Pledged Assets

The following assets were pledged at March 31, 2025 and 2024 principally as collateral for short-term bank loans, long-term debt, and guarantees (such as guarantees for the completion of construction contracts):

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Trade notes receivable, accounts receivable on completed construction contracts and other	¥1,486	¥—	\$9,938
Land	11,237	5,853	75,153
Buildings and structures, net of accumulated depreciation	3,140	1,601	21,000
Machinery, equipment and vehicles, net of accumulated depreciation	—	87	—
Investments in securities	10	10	66
Others (Current assets)	278	—	1,859
Others (Investments and other assets)	10	10	66
	<u>¥16,163</u>	<u>¥7,563</u>	<u>\$108,099</u>

In addition to the assets pledged as collateral above, ¥717 million (\$4,795 thousand) of shares of affiliated companies (subsidiary shares) that have been offset and eliminated from the consolidated financial statements are pledged as collateral.

Of the above property and equipment, mortgaged assets for factory foundations at March 31, 2025 and 2024 were summarized as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Land	¥832	¥1,258	\$5,564
Buildings and structures, net of accumulated depreciation	59	264	394
Machinery, equipment and vehicles, net of accumulated depreciation	—	87	—
	<u>¥891</u>	<u>¥1,610</u>	<u>\$5,959</u>

The secured liabilities as of March 31, 2025 and 2024 were summarized as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term bank loans	¥ 1,499	¥ 12	\$ 10,025
[Including current portion of long-term debt]	[13]	[12]	[86]
Long-term debt	17	30	113

There are no liabilities corresponding to the factory foundation mortgage in the above secured liabilities.

(d) Land Revaluation

Land for operations was revalued by two consolidated subsidiaries under the Law for Land Revaluation during the year ended March 31, 2001. Land for operations was revalued by consolidated subsidiaries under the Law for Land Revaluation during the year ended March 31, 2002. The revaluation amounts are shown as a separate component of net assets.

The market value of the land was less than the revalued book amount by ¥640 million (\$4,280 thousand) and ¥683 million at March 31, 2025 and 2024, respectively.

(e) Contingent Liabilities

At March 31, 2025 and 2024, the Company and its consolidated subsidiaries were contingently liable for the following:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
As guarantors for performance guarantee insurance policy for Sakai School Lunch Partners Co., Ltd.	¥819	¥819	\$5,477
As guarantors for performance guarantee insurance policy for Ishinomaki School Lunch Partners Co., Ltd.	415	—	2,775
As guarantors for obligation to return the lump-sum move-in payment for SOYOKAZE Co., Ltd.	286	379	1,912
As guarantors for performance guarantee insurance policy for Horonobe Geo Frontier 3rd PFI Co., Ltd.	96	96	642

The Company's affiliated companies, Sakai School Lunch Partners Co., Ltd., a special purpose company, 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.

The Company provides a guarantee against SOYOKAZE Co., Ltd.'s obligation to return the lump-sum move-in payment.

(f) Discounts and Endorsements on Trade Notes Receivable

There were no discounts or endorsements on trade notes receivable as of March 31, 2025. Discounts on trade notes receivable has been recorded in the amount of ¥79 million as of March 31, 2024.

(g) Estimated Loss on Uncompleted Construction Contracts

An estimated loss on uncompleted construction contracts was recognized and included as part of inventories but was not offset against the amount on the balance sheet. It has been recorded as a provision for loss on construction contracts in the amounts of ¥2 million (\$13 thousand) and ¥1 million as of March 31, 2025 and 2024, respectively.

(h) Contract Liabilities

Advances received on construction contracts in progress included contract liabilities in the amounts of ¥62,336 million (\$416,907 thousand) and ¥35,847 million as of March 31, 2025 and 2024, respectively.

(i) Amount of Reduction Entries

The amount of reduction entries deducted from the acquisition cost of property and equipment through government subsidies, etc., and the breakdown thereof as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
The amount of reduction entries	¥450	¥450	\$3,009
(Of which, buildings and structures)	5	5	33
(Of which, machinery, vehicles, tools, furniture and fixtures)	445	445	2,976

(j) Trade Notes Receivable Maturing at the End of the Fiscal Year

Accounting for trade notes receivable maturing at the end of the fiscal year is treated as if the settlement was made on the maturity date. Since the end of the fiscal year ended March 31, 2024 was a holiday for financial institutions, next trade notes receivable maturing on the following fiscal year are treated as if they were settled on the maturity date.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Trade notes receivable	¥—	¥63	\$—
Electronically recorded receivable	—	54	—
Trade notes payable	—	1	—
Electronically recorded payable	—	90	—



(k) Financial Covenants

As of March 31, 2025

- (1) The Company has entered into a loan commitment agreement dated on March 31, 2016 with its seven banks (subsequently changed to Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd. dated on May 25, 2023) with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on July 9, 2024 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥15,000	¥15,000	\$100,321
Loan balance outstanding	—	—	—
Difference (unused portion)	¥15,000	¥15,000	\$100,321

- (2) The Company has entered into a committed syndicated loan contract dated on March 30, 2018 with its seven banks (subsequently changed to six banks dated on March 26, 2024) with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(k) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2025: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2026: ¥68,961 million (\$461,215 thousand)  
 At the end of March, 2027: ¥75,819 million (\$507,082 thousand)  
 At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥9,000 million (\$60,192 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the contract	¥9,000	¥9,000	\$60,192
Loan balance outstanding	9,000	9,000	60,192
Difference (unused portion)	¥ —	¥ —	\$ —

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

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2025: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2026: ¥68,961 million (\$461,215 thousand)  
 At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the contract	¥10,000	¥10,000	\$66,880
Loan balance outstanding	10,000	10,000	66,880
Difference (unused portion)	¥ —	¥ —	\$ —

(k) Financial Covenants (continued)

- (4) The Company has entered into a syndicated loan contract dated on September 29, 2020 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 and 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥65 million (\$434 thousand) in the current portion of long-term debt as of March 31, 2025.

- (5) The Company has entered into a syndicated loan contract dated on March 29, 2021 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt as of March 31, 2025.

- (6) The Company has entered into a syndicated loan contract dated on March 28, 2022 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(k) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2025: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2026: ¥68,961 million (\$461,215 thousand)  
 At the end of March, 2027: ¥75,819 million (\$507,082 thousand)  
 At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥9,500 million (\$63,536 thousand) in long-term debt (including the current portion) as of March 31, 2025.

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

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2025: ¥66,226 million (\$442,924 thousand)  
 At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥4,615 million (\$30,865 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥7,000	¥7,000	\$46,816
Loan balance outstanding	7,000	7,000	46,816
Difference (unused portion)	¥ —	¥ —	\$ —

(k) Financial Covenants (continued)

- (8) The Company has entered into a loan commitment agreement dated on May 24, 2022 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥27,200	¥27,200	\$181,915
Loan balance outstanding	—	—	—
Difference (unused portion)	¥27,200	¥27,200	\$181,915

(k) Financial Covenants (continued)

- (9) The Company has entered into a loan commitment agreement dated on June 27, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥20,000	¥20,000	\$133,761
Loan balance outstanding	—	—	—
Difference (unused portion)	¥20,000	¥20,000	\$133,761

- (10) The Company has entered into a general syndicated loan contract dated on September 27, 2022 with its twenty-one banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

(k) Financial Covenants (continued)

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt as of March 31, 2025.

- (11) The Company has entered into a syndicated loan contract dated on March 26, 2025 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥4,853 million (\$32,457 thousand) in short-term bank loans as of March 31, 2025.

- (12) The Company has entered into a loan commitment agreement dated on March 26, 2025 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.



(k) Financial Covenants (continued)

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥35,000	¥—	\$234,082
Loan balance outstanding	—	—	—
Difference (unused portion)	¥35,000	¥—	\$234,082

As of March 31, 2024

- (1) The Company has entered into a loan commitment agreement dated on March 31, 2016 with its seven banks (subsequently changed to Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd. dated on May 25, 2023) with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2016 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2014 or of total consolidated net assets at the end of the most recent fiscal year, whichever is greater.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	As of March 31,	
	2024	2023
	(Millions of yen)	
Maximum limit under the agreement	¥15,000	¥20,000
Loan balance outstanding	—	—
Difference (unused portion)	¥15,000	¥20,000

(k) Financial Covenants (continued)

- (2) The Company has entered into a committed syndicated loan contract dated on March 30, 2018 with its seven banks (subsequently changed to six banks dated on March 26, 2024) with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥9,000 million in long-term debt as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥9,000	¥10,000
Loan balance outstanding	9,000	10,000
Difference (unused portion)	¥ —	¥ —

(k) Financial Covenants (continued)

- (3) The Company has entered into a committed syndicated loan contract dated on December 26, 2019 with its ten banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥10,000	¥10,000
Loan balance outstanding	10,000	10,000
Difference (unused portion)	¥ —	¥ —

- (4) The Company has entered into a general syndicated committed loan contract dated on June 25, 2020 with its twenty-five banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 shall be equal to or exceed ¥66,226 million.

(k) Financial Covenants (continued)

In calculating total of the consolidated net assets at the end of March, 2024, in the borrower's consolidated statements of income as of the end of March, 2024, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥15,000 million in the current portion of long-term debt as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥15,000	¥15,000
Loan balance outstanding	15,000	15,000
Difference (unused portion)	¥ —	¥ —

- (5) The Company has entered into a syndicated loan contract dated on September 29, 2020 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 and 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥265 million in long-term debt (including the current portion) as of March 31, 2024.

(k) Financial Covenants (continued)

- (6) The Company has entered into a syndicated loan contract dated on March 29, 2021 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

(k) Financial Covenants (continued)

- (7) The Company has entered into a syndicated loan contract dated on March 28, 2022 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt (including the current portion) as of March 31, 2024.

- (8) The Company has entered into a committed syndicated loan contract dated on March 28, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

(k) Financial Covenants (continued)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥5,600 million in long-term debt (including the current portion) as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	As of March 31,	
	2024	2023
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥7,000	¥7,000
Loan balance outstanding	7,000	7,000
Difference (unused portion)	¥ —	¥ —

- (9) The Company has entered into a loan commitment agreement dated on May 24, 2022 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on September 26, 2023 and the following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.



(k) Financial Covenants (continued)

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥27,200	¥30,000
Loan balance outstanding	—	—
Difference (unused portion)	<u>¥27,200</u>	<u>¥30,000</u>

(10) The Company has entered into a loan commitment agreement dated on June 27, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on September 26, 2023 and the following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.

(k) Financial Covenants (continued)

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥20,000	¥20,000
Loan balance outstanding	—	—
Difference (unused portion)	<u>¥20,000</u>	<u>¥20,000</u>

- (11) The Company has entered into a general syndicated loan contract dated on September 27, 2022 with its twenty-one banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

## 8. Notes to Consolidated Statements of Income

### (a) Revenue from Contracts with Customers

Net sales are not presented separately for revenues from contracts with customers and other revenues. The amounts of revenues from contracts with customers are presented in “Notes to the Consolidated Financial Statements (Segment Information, etc.).”

### (b) Provision for Loss on Construction Contracts Included in Cost of Sales

The provision for loss on construction contracts was included in cost of sales in the amounts of ¥1,263 million (\$8,447 thousand) and ¥1,326 million for the years ended March 31, 2025 and 2024, respectively.

### (c) Selling, General and Administrative Expenses

The significant components of selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Salaries and wages	¥12,387	¥12,102	\$ 82,845
Retirement benefit expenses	825	728	5,517
Provision of allowance for doubtful receivables	(1,141)	0	(7,631)
Other	13,553	13,763	90,643
Total	¥25,624	¥26,595	\$171,375

### (d) Research and Development Expenses

Research and development costs included in selling, general and administrative expenses and manufacturing costs amounted to ¥1,727 million (\$11,550 thousand) and ¥1,620 million for the years ended March 31, 2025 and 2024, respectively.

### (e) Gain on Sales of Property and Equipment

The significant components of gain on sales of property and equipment for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥248	¥139	\$1,658
Machinery, equipment and vehicles	18	7	120
Land	—	31	—
Total	¥266	¥178	\$1,779

(f) Loss on Sales and Disposal of Property and Equipment

The significant components of loss on sales and disposal of property and equipment for the years ended March 31, 2025 and 2024 were as follows:

		Years ended March 31,		
		2025	2024	2025
		(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	Loss on disposal	¥38	¥15	\$254
Machinery, equipment and vehicles	Loss on disposal	21	26	140
Intangible fixed assets	Loss on disposal	16	154	107
Buildings and structures	Loss on sales	0	0	0
Machinery, equipment and vehicles	Loss on sales	0	0	0
Total		¥77	¥196	\$514

(g) Impairment loss

For the year ended March 31, 2025

The note is omitted because it is not important.

For the year ended March 31, 2024

The Group recorded impairment losses on the following asset groups.

Location	Usage	Classification	Year ended March 31, 2024 (Millions of yen)
Nishiyodogawa-ku, Osaka-shi, Osaka	Business assets (asphalt composite materials plant)	Buildings and structures	¥27
The Company, etc.	Idle assets (telephone subscription rights)	Intangible fixed assets, etc.	19

As a general rule, the Group groups business assets based on business units under management accounting, which continuously keep track of income and expenditure. In addition, idle assets are grouped for each individual property.

With regard to business assets, the Company have determined to close the factory in this fiscal year and the carrying value of the assets group was reduced to recoverable value, and the decrease was recorded as impairment loss that amounted to ¥27 million under other expenses for the year ended March 31, 2024.

The recoverable value of such assets group is measured by value in use and is calculated as zero as future cash flows will no longer be expected. .

With regard to idle assets, in light of the current usage of telephone subscription rights, the total amount of lines for telephone subscription rights that are not expected to be used in the future is recorded as an impairment loss.

(h) Income taxes relative to the international minimum tax amount

Income taxes, etc. relative to the international minimum tax amount included in the income taxes amounted to ¥490 million (\$3,277 thousand) for the year ended March 31, 2025.

## 9. Notes to Consolidated Statements of Comprehensive Income

Amount of recycling and amount of income tax and income tax effects associated with other comprehensive income for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Unrealized holding (loss) gain on securities:			
Changes in items during the period	¥(355)	¥4,291	\$(2,374)
Amount of recycling	—	(1,215)	—
Income tax and before income tax effect adjustment	(355)	3,076	(2,374)
Income tax and income tax effect adjustment	104	(276)	695
Unrealized holding (loss) gain on securities	(251)	2,799	(1,678)
Deferred gain on hedging instruments, net of taxes:			
Changes in items during the period	61	38	407
Amount of recycling	—	—	—
Income tax and before income tax effect adjustment	61	38	407
Income tax and income tax effect adjustment	(18)	—	(120)
Deferred gain on hedging instruments, net of taxes	42	38	280
Land revaluation:			
Income tax and income tax effect adjustment	(8)	—	(53)
Translation adjustments:			
Changes in items during the period	1,528	1,342	10,219
Amount of recycling	—	—	—
Income tax and before income tax effect adjustment	1,528	1,342	10,219
Income tax and income tax effect adjustment	—	—	—
Translation adjustments	1,528	1,342	10,219
Retirement benefits liability adjustments:			
Changes in items during the period	166	(21)	1,110
Amount of recycling	254	171	1,698
Income tax and before income tax effect adjustment	421	150	2,815
Income tax and income tax effect adjustment	(59)	16	(394)
Retirement benefits liability adjustments	362	166	2,421
Total other comprehensive income	¥ 1,672	¥4,346	\$ 11,182

## 10. Notes to Consolidated Statements of Changes in Net Assets

### (a) Type and Number of Shares Issued and Treasury Stock

For the year ended March 31, 2025

	Balance at April 1, 2024	Increase	Decrease	Balance at March 31, 2025
		<i>(Number of shares)</i>		
Shares issued:				
Common stock	162,673,321	—	—	162,673,321
	Balance at April 1, 2024	Increase	Decrease	Balance at March 31, 2025
		<i>(Number of shares)</i>		
Treasury stock:				
Common stock	5,961,510	3,017	176,088	5,788,439

Note 1: Increase of common stock is due to the purchase of fractional 3,017 shares.

Note 2: Decrease of common stock is due to the disposition of treasury stock of 176,088 shares as the compensation of restricted stocks based on the resolution of the board of directors held on July 17, 2024.

For the year ended March 31, 2024

	Balance at April 1, 2023	Increase	Decrease	Balance at March 31, 2024
		<i>(Number of shares)</i>		
Shares issued:				
Common stock	162,673,321	—	—	162,673,321
	Balance at April 1, 2023	Increase	Decrease	Balance at March 31, 2024
		<i>(Number of shares)</i>		
Treasury stock:				
Common stock	6,180,515	3,778	222,783	5,961,510

Note 1: Increase of common stock is due to the purchase of fractional 3,778 shares.

Note 2: Decrease of common stock is due to the sale of fractional 316 shares in response to shareholder requests and the disposition of treasury stock of 222,467 shares as the compensation of restricted stocks based on the resolution of the board of directors held on July 14, 2023.



(b) Dividends

(1) Dividends paid

For the year ended March 31, 2025

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 27, 2024	Common stock	¥2,193	¥14.00	\$14,666	\$0.093	March 31, 2024	June 28, 2024

For the year ended March 31, 2024

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 29, 2023	Common stock	¥2,190	¥14.00	March 31, 2023	June 30, 2023

(2) Dividends with the cut-off date in the year ended March 31, 2025 and the effective date in the year ending March 31, 2026 were as follows:

Resolution	Type of shares	Source of dividends	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	Retained earnings	¥2,196	¥14.00	\$14,686	\$0.093	March 31, 2025	June 27, 2025

Dividends with the cut-off date in the year ended March 31, 2024 and the effective date in the year ending March 31, 2025 were as follows:

Resolution	Type of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2024	Common stock	Retained earnings	¥2,193	¥14.00	March 31, 2024	June 28, 2024

## 11. Notes to Consolidated Statements of Cash Flows

### (a) Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥72,668	¥96,677	\$486,008
Time deposits with maturities of over three months	(3,747)	(7,052)	(25,060)
Cash and cash equivalents	¥68,921	¥89,625	\$460,948

### (b) Main breakdown of assets and liabilities of a company that ceased to be a consolidated subsidiary due to the sale of shares

As a result of the sale of shares, which excluded Aseismic Devices Co., Ltd. from the scope of consolidation, the breakdown of assets and liabilities at the time of the sale, as well as the sale price of the shares and the income from the sale for the year ended March 31, 2025, were as follows.

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	¥3,094	\$20,692
Non-current assets	121	809
Current liabilities	(1,312)	(8,774)
Long-term liabilities	(23)	(153)
Non-controlling interests	(375)	(2,508)
Incidental expenses associated with the sale of shares	136	909
Gain on sales of shares	1,560	10,433
Sales price of shares	3,200	21,401
Incidental expenses associated with the sale of shares	(136)	(909)
Cash and cash equivalents	(1,743)	(11,657)
Deduction: Proceeds from the sales	1,320	8,828

## 12. Financial Instruments

### (a) Overview

#### (1) Policy for financial instruments

The Group limits investments of surplus funds to short-term bank deposits and raises necessary funds through bank loans and issuance of corporate bonds.

In addition, the Group only uses derivatives for hedging risk of fluctuation of foreign currency exchange rates or interest rates, not for speculative transactions.

#### (2) Types of financial instruments and related risk and risk management system

Trade notes receivable, accounts receivable on completed construction contracts and other are exposed to credit risk in relation to customers and trading partners. Also, the Group's main investments in securities are shares of companies, and they are exposed to market price fluctuation risk.

##### *Management of credit risks (Risks of default by customers and trading partners)*

The Company manages due dates and balances of trade notes receivable, accounts receivable on completed construction contracts and other for individual customers and trading partners through its internal systems and monitors their credit status. These systems enable the Group to identify any concerns for doubtful receivables at an early stage and reduce risks of uncollectible amounts. Consolidated subsidiaries also manage credit risks in the same manner as the Company. The Company minimizes credit risks by mainly holding held-to-maturity securities with high credit ratings.

##### *Management of market risks (Risks of fluctuations in currency exchange and interest rates)*

The Company and certain consolidated subsidiaries hold trade receivables in foreign currencies. However, the risk of fluctuations in the currency exchange rate is not significant because a similar amount of trade payables is also constantly held, and the Company utilizes foreign exchange forward contracts to hedge the risk of changes in the foreign currency exchange rate.

Loan payables and corporate bonds are mainly used for operating funds. The Group manages loan payables by flexibly preparing or revising its fund management plans.

Derivatives are foreign currency exchange forward contracts held for the purpose of hedging future risk of fluctuation of foreign currency exchange rate of the monetary liabilities denominated in foreign currencies, and 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 Companies' internal rules on transactions, and with highly rated financial institutions used as counter parties to reduce the risk of default.

Information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and assessment of hedge effectiveness is found in Note 2-(m).

#### (3) Supplementary explanation of the fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, applying different assumptions may result in different fair values.

In addition, the amounts of derivatives in Note 14 "Derivatives and Hedge Accounting" are not necessarily indicative of the actual market risk involved in the derivative transactions.

(b) Fair Value of Financial Instruments

Amounts recognized in the consolidated balance sheets, fair value, and the difference at March 31, 2025 and 2024, were as shown below.

	As of March 31, 2025					
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
Trade notes receivable, accounts receivable on completed construction contracts and other	¥58,634	¥58,535	¥(99)	\$392,148	\$391,486	\$ (662)
Securities and investments in securities (*2)	1,469	1,473	3	9,824	9,851	20
Held-to-maturity securities	278	281	3	1,859	1,879	20
Other securities	1,191	1,191	—	7,965	7,965	—
Total assets	¥60,104	¥60,008	¥(96)	\$401,979	\$401,337	\$ (642)
Trade notes payable, accounts payable on construction contracts and other	¥ 82,370	¥ 82,370	¥ —	\$ 550,896	\$550,896	\$ —
Electronically recorded payable	29,339	29,339	—	196,221	196,221	—
Short-term bank loans and current portion of long-term debt	31,530	31,001	(529)	210,874	207,336	(3,537)
Corporate bonds	10,000	9,717	(282)	66,880	64,987	(1,886)
Long-term debt	35,432	32,573	(2,858)	236,971	217,850	(19,114)
Total liabilities	¥188,672	¥185,002	¥(3,669)	\$1,261,851	\$1,237,306	\$(24,538)
Derivative transactions (*3)	¥ 59	¥ 59	¥ —	\$ 394	\$ 394	\$ —

(\*1): 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.

(\*2): Shares, etc. with no market value are not included in “Securities and investments in securities.” The consolidated balance sheet amount of such financial instruments (unlisted stocks) was ¥2,558 million (\$17,108 thousand).

(\*3): Assets and liabilities arising from derivative transactions are shown at net value. If total is liabilities, amounts is shown as “( ).”

(b) Fair Value of Financial Instruments (continued)

	As of March 31, 2024		
	Carrying value	Fair value	Difference
	(Millions of yen)		
Trade notes receivable, accounts receivable on completed construction contracts and other	¥57,093	¥57,078	¥ (14)
Securities and investments in securities (*2)			
Other securities	1,546	1,546	—
Total assets	<u>¥58,639</u>	<u>¥58,624</u>	<u>¥ (14)</u>
Trade notes payable, accounts payable on construction contracts and other	¥ 89,203	¥ 89,203	¥ —
Electronically recorded payable	39,119	39,119	—
Short-term bank loans and current portion of long-term debt	21,221	21,170	(51)
Corporate bonds	10,000	9,877	(122)
Long-term debt	48,995	45,204	(3,790)
Total liabilities	<u>¥208,540</u>	<u>¥204,576</u>	<u>¥(3,964)</u>
Derivative transactions (*3)	¥ (1)	¥ (1)	¥ —

(\*1): 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.

(\*2): Shares, etc. with no market value are not included in “Securities and investments in securities.” The consolidated balance sheet amount of such financial instruments (unlisted stocks) was ¥3,940 million.

(\*3): Assets and liabilities arising from derivative transactions are shown at net value. If total is liabilities, amounts is shown as “( ).”

(b) Fair Value of Financial Instruments (continued)

Note 1: The redemption schedule for monetary claims and held-to-maturity debt securities with maturity dates subsequent to March 31, 2025 and 2024

	<b>As of March 31, 2025</b>							
	Within	Over	Over	Over	Within	Over	Over	Over
	1 year	1 year	5 years	10 years	1 year	1 year	5 years	10 years
		and within	and within			and within	and within	
		5 years	10 years			5 years	10 years	
	<i>(Millions of yen)</i>				<i>(Thousands of U.S. dollars)</i>			
Deposits	¥ 72,633	¥ –	¥–	¥–	\$485,774	\$ –	\$–	\$–
Trade notes receivable, accounts receivable on completed construction contracts and other	54,613	4,021	–	–	365,255	26,892	–	–
Securities and investments in securities								
Held-to-maturity securities (bonds)	278	–	–	–	1,859	–	–	–
	<u>¥127,525</u>	<u>¥4,021</u>	<u>¥–</u>	<u>¥–</u>	<u>\$852,895</u>	<u>\$26,892</u>	<u>\$–</u>	<u>\$–</u>
<b>As of March 31, 2024</b>								
	Within	Over	Over	Over				
	1 year	1 year	5 years	10 years				
		and within	and within					
		5 years	10 years					
	<i>(Millions of yen)</i>							
Deposits	¥ 96,651	¥ –	¥–	¥–				
Trade notes receivable, accounts receivable on completed construction contracts and other	55,729	1,363	–	–				
Securities and Investments in securities								
Held-to-maturity securities (bonds)	–	–	–	–				
	<u>¥152,380</u>	<u>¥1,363</u>	<u>¥–</u>	<u>¥–</u>				

Note 2: The redemption schedule for corporate bonds, long-term debt and other interest bearing debt with maturity dates subsequent to March 31, 2025 and 2024. See Notes 22 and 23.

(c) 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.

(c) Fair Value Information by Level within the Fair Value Hierarchy (continued)

(1) Financial assets and liabilities measured at fair value

	As of March 31, 2025							
	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Millions of yen)				(Thousands of U.S. dollars)			
Securities and investments in securities								
Other securities								
Stock	¥1,191	¥ –	¥–	¥1,191	\$7,965	\$ –	\$–	\$7,965
Derivative transactions								
Hedge accounting is applied	–	59	–	59		394		394
Total assets	¥1,191	¥59	¥–	¥1,250	\$7,965	\$ 394	\$–	\$8,360

	As of March 31, 2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
Securities and investments in securities				
Other securities				
Stock	¥1,546	¥–	¥–	¥1,546
Total assets	¥1,546	¥–	¥–	¥1,546
Derivative transactions				
Hedge accounting is applied	¥ –	¥1	¥–	¥ 1
Total liabilities	¥ –	¥1	¥–	¥ 1

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

	As of March 31, 2025							
	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Millions of yen)				(Thousands of U.S. dollars)			
Trade notes receivable, accounts receivable on completed construction contracts and other	¥ –	¥58,535	¥–	¥58,535	\$–	\$391,486	\$–	\$391,486
Securities and investments in securities								
Held-to-maturity securities								
Bonds	281	–	–	281	1,879	–	–	1,879
Total assets	¥281	¥58,535	¥–	¥58,816	\$1,879	\$391,486	\$–	\$393,365
Trade notes payable, accounts payable on construction contracts and other	¥ –	¥ 82,370	¥–	¥ 82,370	\$–	\$ 550,896	\$–	\$ 550,896
Electronically recorded payable	–	29,339	–	29,339	–	196,221	–	196,221
Short-term bank loans and current portion of long-term debt	–	31,001	–	31,001	–	207,336	–	207,336
Corporate bonds	–	9,717	–	9,717	–	64,987	–	64,987
Long-term debt	–	32,573	–	32,573	–	217,850	–	217,850
Total liabilities	¥ –	¥185,002	¥–	¥185,002	\$–	\$1,237,306	\$–	\$1,237,306

(c) Fair Value Information by Level within the Fair Value Hierarchy (continued)

	As of March 31, 2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Millions of yen)			
Trade notes receivable, accounts receivable on completed construction contracts and other	¥–	¥57,078	¥–	¥57,078
Total assets	¥–	¥57,078	¥–	¥57,078
Trade notes payable, accounts payable on construction contracts and other	¥–	¥ 89,203	¥–	¥ 89,203
Electronically recorded payable	–	39,119	–	39,119
Short-term bank loans and current portion of long-term debt	–	21,170	–	21,170
Corporate bonds	–	9,877	–	9,877
Long-term debt	–	45,204	–	45,204
Total liabilities	¥–	¥204,576	¥–	¥204,576

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.



(c) Fair Value Information by Level within the Fair Value Hierarchy (continued)

Corporate bonds

The fair value of bonds issued by the Company is calculated by discounting the total amount of principal and interest at an interest rate that takes into account the remaining term of the bonds and credit risk. The fair value of bonds is classified as Level 2 fair value because they have a quoted market price but are not traded in an active market.

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.

Derivative transactions

The fair value of interest rate swaps is based on the price quoted by the counterparty financial institutions and is classified as Level 2 fair value. The fair value of interest rate swaps accounted for using the short-cut method is included in the fair value of the relevant long-term debt because they are accounted for as an integral part of the long-term debt that is hedged.

### 13. Securities

Securities at March 31, 2025 and 2024 were summarized as follows:

#### (a) Held-to-maturity Securities

As of March 31, 2025

	As of March 31, 2025					
	Carrying value	Fair value	Unrealized gain	Carrying value	Fair value	Unrealized gain
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose fair value exceeds their carrying value:						
Bonds	¥278	¥281	¥3	\$1,859	\$1,879	\$20

As of March 31, 2024

Not applicable.

#### (b) Other Securities

	As of March 31, 2025					
	Balance sheet amount	Cost	Unrealized gain (loss)	Balance sheet amount	Cost	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Unrealized gain:						
Stock	¥1,191	¥640	¥550	\$7,965	\$4,280	\$3,678
Unrealized loss:						
Stock	—	—	—	—	—	—
Total	¥1,191	¥640	¥550	\$7,965	\$4,280	\$3,678

	As of March 31, 2024		
	Balance sheet amount	Cost	Unrealized gain (loss)
	(Millions of yen)		
Unrealized gain:			
Stock	¥1,546	¥639	¥906
Unrealized loss:			
Stock	—	—	—
Total	¥1,546	¥639	¥906

#### (c) Sales of Other Securities

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Sales proceeds	¥1	¥18,764	\$6
Total gain on sales of security	0	2,244	0
Total loss on sales of security	—	(933)	—

### 13. Securities (continued)

#### (d) Securities which were impaired

The Company have impaired ¥912 million (\$6,099 thousand) (¥912 million (\$6,099 thousand) in other securities) on securities for the year ended March 31, 2025.

For shares that do not have a market price, the acquisition cost and the net asset value per share as of the last date of the company's most recent accounting period are compared, and if the decline rate exceeds 50%, the amount deemed necessary in consideration of the possibility of recovery is treated as an impairment loss.

### 14. Derivatives and Hedge Accounting

Derivative transactions for the years ended March 31, 2025 and 2024 were summarized as follows:

#### (a) Derivative Transactions to which the Hedge Accounting is Applied

##### (1) Currency-related transactions

Not applicable.

##### (2) Interest-related transactions

As of March 31, 2025								
Method of hedge accounting	Transaction type	Hedged item	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value
			(Millions of yen)			(Thousands of U.S. dollars)		
Fair value	Interest-rate swaps: Pay fixed/ Receive floating	Long-term debt	¥ 2,500	¥ 2,500	¥ 59	\$16,720	\$16,720	\$ 394
Total			¥ 2,500	¥ 2,500	¥ 59	\$16,720	\$16,720	\$ 394

As of March 31, 2025								
Method of hedge accounting	Transaction type	Hedged item	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value
			(Millions of yen)			(Thousands of U.S. dollars)		
Short-cut method	Interest-rate swaps: Pay fixed/ Receive floating	Long-term debt	¥ 6,000	¥ —	(Note)	\$40,128	\$ —	(Note)
	Pay fixed/ Receive floating	Long-term debt	4,000	4,000	(Note)	26,752	26,752	(Note)
Total			¥ 10,000	¥ 4,000		\$66,880	\$26,752	

Note: Since these interest rate swaps accounted for by short-cut method are included in that of the long-term debt as the hedged item, the fair values of the contracts are included in the long-term debt.

(a) Derivative Transactions to which the Hedge Accounting is Applied (continued)

As of March 31, 2024					
Method of hedge accounting	Transaction type	Hedged item	Contract amount	Over 1 year	Fair value
<i>(Millions of yen)</i>					
Fair value	Interest-rate swaps: Pay fixed/ Receive floating	Long-term debt	¥ 2,500	¥ 2,500	¥ (1)
Total			<u>¥ 2,500</u>	<u>¥ 2,500</u>	<u>¥ (1)</u>

As of March 31, 2024					
Method of hedge accounting	Transaction type	Hedged item	Contract amount	Over 1 year	Fair value
<i>(Millions of yen)</i>					
Short-cut method	Interest-rate swaps: Pay fixed/ Receive floating	Long-term debt	¥ 6,000	¥ 6,000	(Note)
	Pay fixed/ Receive floating	Long-term debt	4,000	4,000	(Note)
Total			<u>¥10,000</u>	<u>¥10,000</u>	

Note: Since these interest rate swaps accounted for by short-cut method are included in that of the long-term debt as the hedged item, the fair values of the contracts are included in the long-term debt.

## 15. Retirement Benefit Plans

For the year ended March 31, 2025, the Group has either funded or unfunded defined benefit and defined contribution plans to fund employees' retirement benefits.

The Group has a defined benefits pension plan, i.e. defined benefit company pension plan and lump-sum retirement benefit plans. Certain consolidated domestic subsidiaries participate in the Small and Medium Enterprise Retirement Allowance Mutual Aid Scheme. Certain foreign consolidated subsidiaries have an employee pension trust. The Company and certain consolidated subsidiaries have a defined contribution pension plan.

In addition, for certain defined benefit company pension plan and lump-sum retirement benefit plans and the defined contribution pension plan of a part of the Company and certain consolidated subsidiaries, the simplified method is applied to calculate their liability for retirement benefits and retirement benefits expenses.

The changes in the retirement benefit obligation during the years ended March 31, 2025 and 2024 were as follows (excluding plans for which the simplified method is applied):

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of year	¥15,974	¥16,294	\$106,835
Service cost	911	922	6,092
Interest cost	94	91	628
Actuarial (gain) loss	(180)	50	(1,203)
Retirement benefit paid	(1,627)	(1,419)	(10,881)
Foreign currency translation	42	33	280
Other	—	1	—
Balance at the end of year	¥15,214	¥15,974	\$101,752

The changes in plan assets during the years ended March 31, 2025 and 2024 were as follows (excluding plans for which the simplified method is applied):

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of year	¥482	¥470	\$3,223
Expected return on plan assets	11	12	73
Actuarial (loss) gain	(13)	30	(86)
Contribution of the employer	99	17	662
Retirement benefit paid	(72)	(50)	(481)
Foreign currency translation	1	1	6
Balance at the end of year	¥509	¥482	\$3,404

# 15. Retirement Benefit Plans (continued)

The changes in liability for retirement benefits based on the simplified method during the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at the beginning of year	¥2,152	¥2,059	\$14,392
Retirement benefit expense	234	281	1,565
Retirement benefit paid	(91)	(162)	(608)
Contribution to defined benefit plan	(15)	(25)	(100)
Decrease due to out of scope of consolidation	(21)	—	(140)
Balance at the end of year	¥2,257	¥2,152	\$15,094

A reconciliation of the funded retirement benefit obligation and plan assets and the net liability for retirement benefits recognized in the consolidated balance sheet at March 31, 2025 and 2024 is as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 1,569	¥ 1,647	\$ 10,493
Plan assets at fair value	(1,315)	(1,367)	(8,794)
	254	279	1,698
Unfunded retirement benefit obligation	16,709	17,364	111,750
Net liability for retirement benefits in the consolidated balance sheet	16,963	17,644	113,449
Liability for retirement benefits	16,989	17,678	113,623
Assets for retirement benefits	(26)	(34)	(173)
Net liability for retirement benefits in the consolidated balance sheet	¥16,963	¥17,644	\$113,449

Note: Including plans for which the simplified method is applied.

**15. Retirement Benefit Plans (continued)**

The components of retirement benefit expense during the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 911	¥ 922	\$ 6,092
Interest cost	94	91	628
Expected return on plan assets	(11)	(12)	(73)
Amortization of actuarial loss	252	210	1,685
Amortization of prior service cost	2	(38)	13
Retirement benefit expense calculated by the simplified method	234	281	1,565
Total retirement benefit expense	¥1,483	¥1,454	\$9,918

The components of retirement benefit liability adjustments included in other comprehensive income (before income tax and tax effect) during the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Actuarial loss	¥419	¥190	\$2,802
Prior service cost	2	(40)	13
Total	¥421	¥150	\$2,815

The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before income tax and tax effect) as of March 31, 2025 and 2024 were follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Unrecognized actuarial loss	¥252	¥672	\$1,685
Unrecognized prior service cost	16	18	107
Total	¥269	¥690	\$1,799

## 15. Retirement Benefit Plans (continued)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2025 and 2024 were follows:

	As of March 31,	
	2025	2024
Bonds	64%	52%
Stocks	18%	21%
Cash and deposits	10%	18%
Other	8%	9%
Total	100%	100%

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The principal assumptions used for above plans were as follows:

	Years ended March 31,	
	2025	2024
Discount rate	Principally 0.3%	Principally 0.3%
Expected rate of return on plan assets	Principally 4.5%	Principally 1.8%
Expected rate of increase in salaries	Principally 4.8%	Principally 4.9%

The contribution to defined contribution plans in the company and consolidated subsidiaries were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Contribution to defined contribution plans	¥743	¥760	\$4,969



## 16. Income Taxes

The breakdown of the main causes of the occurrence of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Tax loss carried forward	¥ 9,772	¥ 3,352	\$65,355
Liability for retirement benefits	5,304	5,390	35,473
Accounts payable and accrued expenses	2,756	2,588	18,432
Impairment loss	92	84	615
Loss on valuation of investments in securities	295	7	1,972
Provision for loss on construction contracts	4,184	10,292	27,982
Provision for contingent loss	680	661	4,547
Other	1,380	1,999	9,229
Gross deferred tax assets	24,467	24,375	163,636
Valuation allowance for tax loss carried forward (Note 2)	(9,772)	(3,352)	(65,355)
Valuation allowance for total deductible temporary differences, etc.	(8,470)	(14,611)	(56,647)
Gross valuation allowance (Note 1)	(18,242)	(17,963)	(122,003)
Total deferred tax assets	6,224	6,411	41,626
Deferred tax liabilities:			
Retained earnings of foreign consolidated subsidiaries	(958)	(962)	(6,407)
Unrealized holding gain on securities	(173)	(277)	(1,157)
Removal costs corresponding to asset retirement obligations	(362)	(274)	(2,421)
Valuation difference from business combinations	(265)	(292)	(1,772)
Other	(44)	(33)	(294)
Total deferred tax liabilities	(1,805)	(1,840)	(12,071)
Net deferred tax assets	¥4,418	¥4,571	\$29,547

Note 1: Valuation allowance increased by ¥279 million (\$1,865 thousand). The main reason for this increase was the recognition of an additional ¥6,016 million (\$40,235 thousand) in valuation allowance for tax loss carried forward and a decrease of ¥6,010 million (\$40,195 thousand) in valuation allowance for provision for loss on construction contracts.

Note 2: The amount of tax loss carried forward and the amount of the deferred tax assets by carryforward deadlines

As of March 31, 2025							
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years	Total
	(Millions of yen)						
Tax loss carried forward	¥ 37	¥ 14	¥ 19	¥ 127	¥ 61	¥ 9,510	¥ 9,772
Valuation allowance	(37)	(14)	(19)	(127)	(61)	(9,510)	(9,772)
Deferred tax assets	—	—	—	—	—	—	—

**16. Income Taxes (continued)**

<b>As of March 31, 2025</b>							
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years	Total
<i>(Thousands of U.S. dollars)</i>							
Tax loss carried forward	\$ 247	\$ 93	\$ 127	\$ 849	\$ 407	\$ 63,603	\$ 65,355
Valuation allowance	(247)	(93)	(127)	(849)	(407)	(63,603)	(65,355)
Deferred tax assets	—	—	—	—	—	—	—
<b>As of March 31, 2024</b>							
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years	Total
<i>(Millions of yen)</i>							
Tax loss carried forward	¥ —	¥ 33	¥ 13	¥ 20	¥ 146	¥ 3,138	¥ 3,352
Valuation allowance	—	(33)	(13)	(20)	(146)	(3,138)	(3,352)
Deferred tax assets	—	—	—	—	—	—	—

Changes in presentation

In the previous fiscal year, “Removal costs corresponding to asset retirement obligations,” which were included in “Other,” have increased in materiality and have been presented separately from the current fiscal year. In order to reflect this change in presentation, the notes for the previous fiscal year have been reclassified.

As a result, ¥(307) million of “Other” under “Deferred tax liabilities” in the previous fiscal year was reclassified as ¥(274) million of “Removal costs corresponding to asset retirement obligations” and ¥(33) million of “Other.”

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

	<b>As of March 31,</b>	
	<b>2025</b>	<b>2024</b>
Statutory tax rates	30.6%	30.6%
(Adjustments)		
Non-deductible expenses	11.8	6.1
Non-taxable income	(25.8)	(12.3)
Per capita inhabitants’ taxes, etc.	4.7	2.9
Tax credit	(0.7)	—
Increase or decrease in valuation allowance	42.9	15.4
Difference in statutory effective tax rates between the Company and its consolidated subsidiaries	(7.0)	—
Income taxes, etc. relative to the international minimum tax amount	10.8	—
Total tax effect	7.6	4.2
Consolidation adjustment, etc.	(1.3)	—
Other, net	0.4	0.1
Effective tax rate	<u>74.0%</u>	<u>47.0%</u>

## 16. Income Taxes (continued)

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

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system. In addition, 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).

Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in income tax rates, etc.

With the enactment of the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 13, 2025) by the Diet on March 31, 2025, the “Defense Special Corporate Tax” will be levied from the fiscal year beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate has been changed from 30.62% to 31.52% for deferred tax assets and liabilities related to temporary differences, etc., which are expected to be resolved in the fiscal year beginning on or after April 1, 2026.

The impact of this tax rate change is immaterial.

## 17. Business Combinations

For the year ended March 31, 2025

Sale of Shares of a Consolidated Subsidiary

The Company entered into a share transfer agreement with SENQCIA CORPORATION on January 8, 2025 and completed the share transfer on January 31, 2025, with respect to the share transfer of the Company’s consolidated subsidiary, Aseismic Devices Co., Ltd.

As a result of the share transfer, Aseismic Devices Co., Ltd. has been excluded from the scope of consolidation of the Company as of the fiscal year ended March 31, 2025.

### (a) Outline of the share transfer

(1) Name of the transferee company:  
SENQCIA CORPORATION

(2) Details of the transferred business  
Name of consolidated subsidiary: Aseismic Devices Co., Ltd.  
Contents of business: Sales of seismic isolation devices

(3) Reason for share transfer  
While considering business synergies with the Group, the market environment, and the selection and concentration of management resources, we considered the transfer of shares and came to the conclusion that SENQCIA CORPORATION was the most suitable transfer destination.

(4) Date of share transfer  
January 31, 2025 (date of deemed transfer: December 31, 2024)

(5) Outline of the transaction, including legal form  
Transfer of shares in which the consideration received is only cash or other property

**17. Business Combinations (continued)**

(b) Summary of accounting procedures implemented

(1) Amount of capital gains and losses

Gain on sales of shares of subsidiaries and affiliates: ¥1,560 million (\$10,433 thousand)

(2) Appropriate book value of assets and liabilities at the date of deemed transfer related to the transferred business and its main breakdown

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Current assets	¥3,094	\$20,692
Non-current assets	121	809
<hr/> Total assets	<hr/> 3,215	<hr/> 21,502
Current liabilities	1,312	8,774
Long-term liabilities	23	153
<hr/> Total liabilities	<hr/> 1,336	<hr/> 8,935

(3) Accounting treatment

The difference between the sale price of the transferred shares and the consolidated book value is recorded as “gain on sales of shares of subsidiaries and affiliates” as extraordinary income.

(c) Name of the reporting segment in which the transferred business was included

Building Construction

(d) Gains and losses related to transferred businesses recorded at the date of deemed transfer in the consolidated statements of income for the current fiscal year

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net sales	¥2,433	\$16,272
Operating profit	205	1,371

## 18. Revenue Recognition

### (a) Information on disaggregation of Revenue from Contracts with Customers

Information on the disaggregation of revenue from contracts with customers is presented in “19. Segment Information, etc.”

### (b) Useful Information in Understanding Revenue from Contracts with Customers

The Group 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 Group 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.

### (c) Balance of Contract Assets and Liabilities and the Transaction Price Allocated to the Remaining Performance Obligations

For the year ended March 31, 2025

#### (1) Balances of contract assets and contract liabilities

	<b>Year ended March 31,</b>	
	<b>2025</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Receivables from contracts with customers (beginning balance)	¥57,093	\$381,841
Receivables from contracts with customers (ending balance)	58,634	392,148
Contract assets (beginning balance)	135,598	906,888
Contract assets (ending balance)	120,944	808,881
Contract liabilities (beginning balance)	35,847	239,747
Contract liabilities (ending balance)	62,336	416,907

## 18. Revenue Recognition (continued)

Contract assets relate to the rights of the Group 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 Group'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 ¥30,286 million (\$202,554 thousand).

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior years was ¥4,959 million (\$33,166 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, 2025 amounted to ¥634,727 million (\$4,245,097 thousand).

The transaction price allocated to the remaining performance obligations represents the aggregate amount of the transaction price of contracts for which the Group 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 Group expects to recognize revenue from such transaction prices within approximately two years as performance obligations are satisfied.

For the year ended March 31, 2024

### (1) Balances of contract assets and contract liabilities

	<b>Year ended March 31,</b>
	<b>2024</b>
	<i>(Millions of yen)</i>
Receivables from contracts with customers (beginning balance)	¥90,777
Receivables from contracts with customers (ending balance)	57,093
Contract assets (beginning balance)	124,443
Contract assets (ending balance)	135,598
Contract liabilities (beginning balance)	35,262
Contract liabilities (ending balance)	35,847

Contract assets relate to the rights of the Group 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 Group'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 ¥26,476 million.

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior years was ¥4,300 million.

**18. Revenue Recognition (continued)**

(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, 2024 amounted to ¥749,657 million.

The transaction price allocated to the remaining performance obligations represents the aggregate amount of the transaction price of contracts for which the Group 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 Group expects to recognize revenue from such transaction prices within approximately two years as performance obligations are satisfied.

**19. Segment Information, etc.**

*Segment Information*

(a) Outline of Segments

The Company's reportable operating segments are components for which separate financial information is available and that are evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Company currently divides its operations into Civil Construction and Building Construction, managed by the Civil Engineering Division and the Building Administration Division, respectively. Business strategies are formulated by each segment.

Accordingly, the Company divides its operations into two reportable operating segments on the same basis as it uses internally; Civil Construction and Building Construction.

Civil Construction consists mainly of governmental public works like bridge construction. Building Construction is awarded by private sector companies for things like high rise apartment buildings.

(b) Accounting Methods Used to Calculate Segment Income (Loss), Segment Assets and Other Items for Reportable Segments

Accounts for reportable segments are for the most part calculated in line with the generally accepted standards used for the preparation of the consolidated financial statements.

Segment income for reportable segments is based on gross profit on the Consolidated Statements of Income.

Sales amounts for intersegment transactions or transfers are based on the market prices determined by third party transactions.

The Company does not allocate any assets to reportable operating segments.

**19. Segment Information, etc. (continued)**

(c) Sales, Segment Income (Loss), Segment Assets, Segment Liabilities and Other Items for Reportable Segments

	Year ended March 31, 2025						
	Reportable operating segments			Others		Adjustments	Consolidated
	Civil	Building	Total	(Note 1)	Total	(Note 2)	(Note 3)
	(Millions of yen)						
Sales							
External customers	¥212,896	¥249,613	¥462,510	¥471	¥462,982	¥ —	¥462,982
Intersegment transactions or transfers	729	0	730	169	899	(899)	—
Net sales	¥213,626	¥249,614	¥463,240	¥641	¥463,882	¥(899)	¥462,982
Segment income	¥ 27,633	¥ 5,451	¥ 33,084	¥186	¥ 33,271	¥ (59)	¥ 33,211

	Year ended March 31, 2025						
	Reportable operating segments			Others		Adjustments	Consolidated
	Civil	Building	Total	(Note 1)	Total	(Note 2)	(Note 3)
	(Thousands of U.S. dollars)						
Sales							
External customers	\$1,423,863	\$1,669,428	\$3,093,298	\$3,150	\$3,096,455	\$ –	\$3,096,455
Intersegment transactions or transfers	4,875	0	4,882	1,130	6,012	(6,012)	–
Net sales	<u>\$1,428,745</u>	<u>\$1,669,435</u>	<u>\$3,098,180</u>	<u>\$4,287</u>	<u>\$3,102,474</u>	<u>\$(6,012)</u>	<u>\$3,096,455</u>
Segment income	\$ 184,811	\$ 36,456	\$ 221,268	\$1,243	\$ 222,518	\$ (394)	\$ 222,117

Note 1: “Others” which includes the Company’s business of solar power and insurance agent, does not qualify as a reportable operating segment.

Note 2: Adjustment for segment income is the reduction of income recognized between reportable operating segments.

Note 3: Segment income corresponds to gross profit in the consolidated statement of income.

	Year ended March 31, 2024						
	Reportable operating segments			Others		Adjustments	Consolidated
	Civil	Building	Total	(Note 1)	Total	(Note 2)	(Note 3)
	(Millions of yen)						
Sales							
External customers	¥215,405	¥263,655	¥479,061	¥427	¥479,488	¥ –	¥479,488
Intersegment transactions or transfers	1,252	89	1,341	136	1,478	(1,478)	–
Net sales	¥216,657	¥263,744	¥480,402	¥564	¥480,967	¥(1,478)	¥479,488
Segment income	¥ 33,221	¥ 1,821	¥ 35,042	¥187	¥ 35,229	¥(133)	¥ 35,095

Note 1: “Others” which includes the Company’s business of solar power and insurance agent, does not qualify as a reportable operating segment.

Note 2: Adjustment for segment income is the reduction of income recognized between reportable operating segments.

Note 3: Segment income corresponds to gross profit in the consolidated statement of income.



**19. Segment Information, etc. (continued)**

(d) Information on Disaggregation of Revenue by Reportable Segment

	Year ended March 31, 2025				
	Reportable operating segments			Others	Total
	Civil	Building	Total	(Note)	
	(Millions of yen)				
Japan	¥171,317	¥194,737	¥366,054	¥471	¥366,526
Asia	37,654	50,948	88,602	—	88,602
Others	3,460	3,284	6,744	—	6,744
Revenue from contracts with customers	212,431	248,970	461,402	471	461,874
Other revenue	465	643	1,108	—	1,108
Sales to external customers	¥212,896	¥249,613	¥462,510	¥471	¥462,982

	Year ended March 31, 2025				
	Reportable operating segments			Others	
	Civil	Building	Total	(Note)	Total
	(Thousands of U.S. dollars)				
Japan	\$1,145,779	\$1,302,414	\$2,448,194	\$3,150	\$2,451,350
Asia	251,832	340,743	592,576	—	592,576
Others	23,140	21,963	45,105	—	45,104
Revenue from contracts with customers	1,420,753	1,665,128	3,085,888	3,150	3,089,044
Other revenue	3,109	4,300	7,410	—	7,410
Sales to external customers	\$1,423,863	\$1,669,428	\$3,093,298	\$3,150	\$3,096,455

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

	Year ended March 31, 2024				
	Reportable operating segments			Others	Total
	Civil	Building	Total	(Note)	
	(Millions of yen)				
Japan	¥171,497	¥202,516	¥374,013	¥427	¥374,440
Asia	41,238	56,648	97,887	—	97,887
Others	1,802	3,273	5,075	—	5,075
Revenue from contracts with customers	214,537	262,437	476,975	427	477,403
Other revenue	867	1,217	2,085	—	2,085
Sales to external customers	¥215,405	¥263,655	¥479,061	¥427	¥479,488

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

**19. Segment Information, etc. (continued)**

*Related Information*

For the year ended March 31, 2025

(a) Product and Service Information

See “Sales, segment income (loss), segment assets, segment liabilities and other items for reportable segments.”

(b) Geographical Segment Information

(1) Sales

Year ended March 31, 2025							
Japan	Asia	Others	Total	Japan	Asia	Others	Total
(Millions of yen)				(Thousands of U.S. dollars)			
¥367,635	¥88,602	¥6,744	¥462,982	\$2,458,768	\$592,576	\$45,104	\$3,096,455

Note: Geographical segments are determined based on the country/region of domicile of customers.

(2) Property and equipment

As of March 31, 2025							
Japan	Asia	Others	Total	Japan	Asia	Others	Total
(Millions of yen)				(Thousands of U.S. dollars)			
¥30,566	¥5,722	¥333	¥36,622	\$204,427	\$38,269	\$2,227	\$244,930

Note 1: Countries and regions are classified according to geographical proximity.

Note 2: Asia includes Singapore, amounting to ¥4,865 million (\$32,537 thousand).

(c) Major Customer Information

Information on major customers has been omitted as there were no sales to a single customer constituting over 10% of net sales on the Consolidated Statements of Income for the year ended March 31, 2025.

For the year ended March 31, 2024

(a) Product and Service Information

See “Sales, segment income (loss), segment assets, segment liabilities and other items for reportable segments.”

(b) Geographical Segment Information

(1) Sales

Year ended March 31, 2024			
Japan	Asia	Others	Total
(Millions of yen)			
¥376,526	¥97,887	¥5,075	¥479,488

Note: Geographical segments are determined based on the country/region of domicile of customers.

**19. Segment Information, etc. (continued)**

(b) Geographical Segment Information (continued)

(2) Property and equipment

<b>As of March 31, 2024</b>			
Japan	Asia	Others	Total
<i>(Millions of yen)</i>			
¥31,309	¥5,251	¥254	¥36,815

Note 1: Countries and regions are classified according to geographical proximity.

Note 2: Asia includes Singapore, amounting to ¥4,551 million.

(c) Major Customer Information

Information on major customers has been omitted as there were no sales to a single customer constituting over 10% of net sales on the Consolidated Statements of Income for the year ended March 31, 2024.

*Information on losses on impairment for fixed assets by reportable segment*

	<b>Year ended March 31, 2025</b>				
	Reportable operating segments			Corporate and elimination	Total
	Civil	Building	Total	(Note)	
	<i>(Millions of yen)</i>				
Losses on impairment	¥4	¥—	¥4	¥0	¥5

	<b>Year ended March 31, 2025</b>				
	Reportable operating segments			Corporate and elimination	Total
	Civil	Building	Total	(Note)	
	<i>(Thousands of U.S. dollars)</i>				
Losses on impairment	\$26	\$—	\$26	\$0	\$33

Note: The amounts in “Corporate and elimination” are losses on impairment relating to corporate assets that are not attributable to segments.

	<b>Year ended March 31, 2024</b>				
	Reportable operating segments			Corporate and elimination	Total
	Civil	Building	Total	(Note)	
	<i>(Millions of yen)</i>				
Losses on impairment	¥27	¥—	¥27	¥19	¥47

Note: The amounts in “Corporate and elimination” are losses on impairment relating to corporate assets that are not attributable to segments.

*Information on amortization of goodwill and unamortized balance by reportable segment*

	<b>Year ended March 31, 2025</b>				
	Reportable operating segments			Others	Total
	Civil	Building	Total		
	<i>(Millions of yen)</i>				
Amortization for the year	¥506	¥—	¥506	¥—	¥506
Balance at the end of the year	2,438	—	2,438	—	2,438

**19. Segment Information, etc. (continued)**

(c) Major Customer Information (continued)

	Year ended March 31, 2025				
	Reportable operating segments				
	Civil	Building	Total	Others	Total
	(Thousands of U.S. dollars)				
Amortization for the year	\$3,384	\$—	\$3,384	\$—	\$3,384
Balance at the end of the year	16,305	—	16,305	—	16,305
	Year ended March 31, 2024				
	Reportable operating segments				
	Civil	Building	Total	Others	Total
	(Millions of yen)				
Amortization for the year	¥441	¥—	¥441	¥—	¥441
Balance at the end of the year	2,647	—	2,647	—	2,647

*Information on gain on negative goodwill by reportable segment*

For the years ended March 31, 2025 and 2024, there were no gain on negative goodwill by reportable segment.

**20. Per Share Information**

Net assets and basic profit per share as of and for the years ended March 31, 2025 and 2024 were as follows:

	<b>Year ended March 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2025</b>
	<i>(Yen)</i>		<i>(U.S. dollars)</i>
Net assets per share	¥446.89	¥445.33	\$2.99
Profit per share – basic	5.46	25.58	0.037

Note: For the years ended March 31, 2025 and 2024, Profit per share – diluted was omitted as there were no diluted shares.

## 20. Per Share Information (continued)

The basis of calculation for net assets per share at March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Total net assets	¥77,315	¥77,165	\$517,088
Amounts deducted from total net assets	7,204	7,377	48,180
[Including non-controlling interests]	[7,204]	[7,377]	[48,180]
Total net assets attributable to common stock	¥70,110	¥69,788	\$468,900
	(Thousands of shares)		
Number of shares of common stock used to determine net assets per share	156,884	156,711	

The basis for calculating basic profit per share for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Profit per share – basic:			
Profit attributable to owners of parent	¥855	¥4,006	\$5,718
Amount not available to common shareholders	—	—	—
Profit attributable to owners of parent	¥855	¥4,006	\$5,718
	(Thousands of shares)		
Average number of shares of common stock outstanding	156,821	156,633	

## 21. Subsequent Event

### Tender Offer for the Shares of the Company

The Company, at its Board of Directors' meeting held on May 14, 2025, adopted a resolution to express its current opinion in support of the tender offer for shares of the Company's common stock (the "Company Shares") by INFRONEER Holdings Inc. (the "Tender Offeror") (the "Tender Offer") and to recommend that its shareholders tender their shares in the Tender Offer if the Tender Offer is commenced. The above resolution was adopted on the assumption that the Tender Offeror will make the Company a wholly owned subsidiary and the Company Shares will be delisted as a result of the Tender Offer and the series of procedures that follow.

## 21. Subsequent Event (continued)

### (1) Overview of the Tender Offeror

(a) Name	INFRONEER Holdings Inc.	
(b) Location	2-10-2, Fujimi, Chiyoda-ku, Tokyo	
(c) Name and title of representative	Kazunari Kibe, Representative Executive Officer and President	
(d) Description of business	Business management of the subsidiaries under its umbrella and the group as well as businesses incidental or related thereto	
(e) Capital	¥20,000 million (\$133,761 thousand), as of March 31, 2025	
(f) Date of incorporation	October 1, 2021	
(g) Major shareholders and shareholding ratios (As of March 31, 2025) (Note)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.10%
	Hikarigaoka Corporation	9.46%
	Custody Bank of Japan, Ltd. (Trust Account)	6.39%
	INFRONEER Employees Shareholding Association	3.36%
	Sumitomo Realty & Development Co., Ltd.	3.09%
	Custody Bank of Japan, Ltd. (Trust E Account)	2.33%
	STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.37%
	MAEDA CORPORATION Business Partner Shareholding Association	1.09%
	Sumitomo Mitsui Banking Corporation	1.09%
	Kyoei Fire & Marine Insurance Co., Ltd.	1.01%
(h) Relationship between the Company and the Tender Offeror		
Capital relationship		The Tender Offeror owns 100 Company Shares as of May 14, 2025.
Personnel relationship		N/A
Business relationship		Maeda Corporation, which is a wholly-owned subsidiary of the Tender Offeror, and the Company have been receiving joint orders for private construction. In addition, Maeda Road Construction Co., Ltd., which is a wholly-owned subsidiary of the Tender Offeror, has transactions under which it receives orders for civil engineering and the like from the Company.
Status as related party		N/A

Note: Information in this section is cited from “(6) Status of Major Shareholders” in “1. Status of Shares, Etc.” in “Part IV Status of the Filing Company” in the Annual Report for the 4th term submitted by the Tender Offeror on June 23, 2025.

### (2) Purchase Price

¥600 (\$4.01) per share of common stock

In determining the tender offer price, the Tender Offeror obtains a calculation statement for share value from Daiwa Securities Co., Ltd., a third-party accounting organization independent of the Tender Offeror and the Company.

### (3) Period of the Purchase

According to the Tender Offeror, the Tender Offer is intended to be commenced around early August 2025, but because it is difficult to accurately predict the period of time required for procedures, etc. with competition authorities in the Philippines, notice of the details of the schedule for the Tender Offer will be given promptly once decided. Notice will also be given promptly if the expected timing of the commencement of the Tender Offer has changed.

## 21. Subsequent Event (continued)

### (4) Number of Shares to be Purchased

Number of shares to be purchased: 156,884,882 shares

Minimum number of shares to be purchased: 104,589,800 shares

Maximum number of shares to be purchased: – shares

## 22. Corporate Bond

Corporate bonds at March 31, 2025 was summarized as follows:

<b>As of March 31, 2025</b>							
Company	Bond	Issued Date	Balance at April 1, 2024	Balance at March 31, 2025	Interest Rate	Collateral	Redemption Deadline
<i>(Millions of yen)</i>							
The Company	1st Unsecured Bond (with inter-bond pari passu clause)	October 22, 2020	¥5,000	¥5,000 (¥5,000)	0.30%	Nil	October 22, 2025
The Company	2nd Unsecured Bond (with inter-bond pari passu clause)	June 14, 2022	5,000	5,000	0.52%	Nil	June 14, 2027
				¥10,000			
Total	–	–	¥10,000	(¥5,000)	–	–	–

<b>As of March 31, 2025</b>							
Company	Bond	Issued Date	Balance at April 1, 2024	Balance at March 31, 2025	Interest Rate	Collateral	Redemption Deadline
<i>(Thousands of U.S. dollars)</i>							
The Company	1st Unsecured Bond (with inter-bond pari passu clause)	October 22, 2020	\$33,440	\$33,440	0.30%	Nil	October 22, 2025
The Company	2nd Unsecured Bond (with inter-bond pari passu clause)	June 14, 2022	33,440	33,440	0.52%	Nil	June 14, 2027
Total	–	–	\$66,880	\$66,880	–	–	–

The amount in parentheses in the “Balance at March 31, 2025” column is the amount scheduled to be redeemed within one year.

Scheduled redemption of corporate bonds are summarized as follows:

Year ended March 31, 2025	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Within 1 year	¥5,000	\$33,440
Over 1 year and within 2 years	–	–
Over 2 years and within 3 years	5,000	33,440
Over 3 years and within 4 years	–	–
Over 4 years and within 5 years	–	–

### 23. Short-Term Debt and Long-Term Debt

Short-term debt at March 31, 2025 and 2024 were summarized as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term bank loans (at weighted-average interest rates of 3.9% at 2025 and 5.4% at 2024)	¥ 13,752	¥ 308	\$ 91,974
Deposits from employees (at interest rates of 1.0% at 2025 and 2024)	¥3,845	¥4,163	\$25,715

Long-term debt at March 31, 2025 and 2024 were summarized as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Debt with collateral (at weighted-average interest rates of 2.5% at 2025 and 2024)	¥30	¥43	\$200
Debt without collateral (at weighted-average interest rates of 2.9% at 2025 and 2.4% at 2024)	53,180	69,865	355,671
Lease obligations	2,033	2,320	13,596
Current portion (excluding lease obligations)	(17,778)	(20,912)	(118,900)
Current portion of lease obligations	(655)	(685)	(4,380)

The aggregate annual maturities of long-term debt subsequent to March 31, 2025 were summarized as follows:

Year ending March 31,	(Thousands of U.S. dollars)	
	(Millions of yen)	dollars)
2026	¥ 17,778	\$ 118,900
2027	13,928	93,151
2028	14,003	93,653
2029	7,500	50,160
2030	—	—
2031 and thereafter	—	—
	¥53,210	\$355,872



**23. Short-Term Debt and Long-Term Debt (continued)**

The aggregate annual maturities of lease obligations subsequent to March 31, 2025 were summarized as follows:

Year ending March 31,	<i>(Thousands of U.S.</i>	
	<i>(Millions of yen)</i>	<i>dollars)</i>
2026	¥ 655	\$ 4,380
2027	479	3,203
2028	208	1,391
2029	116	775
2030	90	601
2031 and thereafter	481	3,216
	¥2,033	\$13,596

## Independent Auditor's Report

The Board of Directors  
Sumitomo Mitsui Construction Co., Ltd.

### *The Audit of the Consolidated Financial Statements*

#### **Opinion**

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

As described in "Subsequent Event" the Notes to Consolidated Financial Statements, at the Board of Directors' meeting held on May 14, 2025, the Company adopted a resolution to express its opinion in support of the tender offer for shares of the Company's common stock by INFRONEER Holdings Inc. and to recommend that its shareholders tender their shares in the Tender Offer.

This matter does not affect our opinion.

#### **Key Audit Matters**

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

Estimates of total construction costs under the method of recognizing revenue as performance obligations are satisfied over time	
Description of Key Audit Matter	Auditor's Response
<p>Sumitomo Mitsui Construction Co., Ltd. (the "Company") and its consolidated subsidiaries are engaged in the civil construction business and building construction business, as well as other businesses related to thereto. As described in "(1) Recognition of Revenues and Costs" of "2. Summary of Significant Accounting Policies" under Notes to Consolidated Financial Statements, in recording net sales (net sales on construction contracts) and cost of sales (cost of sales of completed construction contracts), the Company and its consolidated subsidiaries mainly use the method of recognizing revenue as performance obligations are satisfied over time (cost-based input method is applied for estimates of progress towards satisfaction of the performance obligation) for construction that is deemed to satisfy performance obligations for the portion of work completed up to the end of the fiscal year ended March 31, 2025. Additionally, as described in "(b). Recognition of Revenues from Construction Contracts" of "4. Significant Accounting Estimates" under Notes to Consolidated Financial Statements, net sales of 462,982 million yen were recorded using the method of recognizing revenue as performance obligations are satisfied over time in the consolidated financial statements, accounting for approximately 88% of net sales of 407,869 million yen for the fiscal year ended March 31, 2025.</p> <p>Revenue recognition using the method of recognizing revenue as performance obligations are satisfied over time is measured based on the progress towards the satisfaction of the performance obligation, and such progress is determined based on the ratio of actual incurred costs up to the end of the fiscal year to total construction costs.</p> <p>Considering that construction is highly individual in nature, and fundamental</p>	<p>We mainly performed the following procedures to evaluate the reasonableness of estimates of total construction costs under the method of recognizing revenue as performance obligations are satisfied over time.</p> <p>(1) Assessment of internal controls In considering the system for estimating total construction costs, we obtained an understanding of the Company's company-level internal controls and evaluated the design and performance of internal controls related to approval of initially estimated total construction costs, and verification of final expected profit (loss) on construction.</p> <p>(2) Evaluation of the reasonableness of estimates of total construction costs We mainly performed the following procedures for material construction works, construction works with other characteristics, and construction works extracted using sampling methods, including large-scale building construction in Japan in which significant losses are recognized.</p> <ul style="list-style-type: none"> <li>• We mainly performed the following procedures to evaluate the reasonableness of initially estimated total construction costs. <ul style="list-style-type: none"> <li>-We considered whether construction difficulty, specialized construction methods, and instructions from ordering parties were reflected in initial estimates of costs for each type of work by inspecting overviews of construction projects, floor plans, and architectural renderings and making inquiries of managers in construction management departments.</li> <li>-We considered whether total construction costs are estimated based on realistic construction plans by inspecting work schedules and making inquiries of managers in construction management departments.</li> </ul> </li> </ul>

<p>specifications and work details are determined based on instructions from customers throughout the construction process, it is difficult to apply a uniform rule for making determinations in estimating such amounts. Accordingly, estimates of total construction costs are based on certain assumptions and determinations, and are subject to uncertainty. Further, given that construction work generally spans long periods of time, unanticipated costs may arise as a result of changes in work details due to unforeseen changes in social, economic, and political conditions overseas, natural disasters, certain facts coming to light after the start of construction, and changes in conditions at construction sites, thus making timely and appropriate revisions of total construction costs complex.</p> <p>Based on the above, we have determined that estimates of total construction costs made in calculating construction revenue and progress towards the satisfaction of the performance obligation are of particular significance in the current period and, accordingly, that estimates of total construction costs under the method of recognizing revenue as performance obligations are satisfied over time is a key audit matter.</p>	<p>-We considered estimates of total construction costs by each individual cost type by comparing such costs to budgets prepared upon order receipt, making inquiries of managers in construction management departments, and reconciling, as necessary, costs to quotations and other documentation received from subcontractors.</p> <ul style="list-style-type: none"> <li>• We mainly performed the following procedures to evaluate the reasonableness of total construction costs estimated at fiscal year-end. <ul style="list-style-type: none"> <li>-We considered whether there are any future concerns about matters such as construction period extensions, inflation, and changes in work details, and whether such concerns are reflected in total construction costs in a timely manner by inspecting materials used to calculate total construction costs and making inquiries of managers in construction management departments.</li> <li>-We considered whether current construction details deviate from the status of costs incurred and whether the necessity of revising such deviations are reflected in total construction costs. This was done by inspecting construction management materials, comparing these materials to work schedules, making inquiries of managers in construction management departments, and reconciling, as necessary, these materials to quotations received from subcontractors, personnel allocation plans, actual performance data, minutes of discussions with ordering parties, and other supporting documentation.</li> <li>-We performed on-site observations for a portion of construction projects and considered whether the actual status of construction work was consistent with estimates of total construction costs. We also made inquiries of multiple members of management and assessed the consistency of the information provided.</li> </ul> </li> </ul>
---	---

	<ul style="list-style-type: none"> <li>We compared estimates of total construction costs from prior fiscal years to actual costs incurred or the estimates of total construction costs at fiscal year-end. This comparison was made to evaluate the effectiveness of the process for estimating total construction costs as well as to consider the timeliness of revisions to those costs.</li> </ul>
--	--

Amount recorded for allowance for contingency loss	
Description of Key Audit Matter	Auditor's Response
<p>In response to defective piling work performed by the Company at a condominium in Yokohama, Mitsui Fudosan Residential Co., Ltd. filed a lawsuit on November 28, 2017 seeking damages of approximately 45.9 billion yen and subsequently changed the amount of its compensation claim to approximately 51.0 billion yen on July 11, 2018. A lawsuit to change the compensation claim to approximately 50.6 billion yen was then filed on September 30, 2022.</p> <p>The relevant litigation and related lawsuit have been referred to conciliation, and on March 13, 2025, the Tokyo District Court issued an order in lieu of conciliation in accordance with Article 17 of the Civil Conciliation Act. However, due to an objection filed by other parties based on Article 18 (1) of the Civil Conciliation Act, the order in lieu of conciliation under Article 17 of the same Act is no longer in effect.</p> <p>As described in “(i) Provision for Contingent Loss” in “2. Summary of Significant Accounting Policies” under Notes to Consolidated Financial Statements, the Company recorded an allowance for contingency loss of 2,159 million yen that was deemed necessary as a result of determining the amount to be borne as the contractor in accordance with the defect liability applicable to construction contracts to which the Company was a party.</p> <p>The significant assumption forming the basis for the amount of the loss contingency arising as a result of the aforementioned lawsuit is the scope of the defect liability, and given that this assumption is subject to uncertainty and the judgment of management since the outcome of the lawsuit has yet to be determined, we have determined that the amount recorded for allowance for contingency loss is a key audit matter.</p>	<p>We mainly performed the following procedures to consider the assessment of the amount recorded for allowance for contingency loss and evaluate the completeness of the scope of the defect liability as well as the reasonableness of disclosures.</p> <ul style="list-style-type: none"> <li>We mainly performed the following procedures to evaluate the impact of the lawsuit on the scope of the defect liability. <ul style="list-style-type: none"> <li>-We inspected, complaints, hearing reports and internal reporting materials, and held discussions with management.</li> <li>-We evaluated the ability and independence of the attorney retained by the Company.</li> <li>-We considered the attorney's professional opinion received from the Company and obtained a confirmation letter directly from the attorney.</li> </ul> </li> <li>We inspected minutes of board meetings, made inquiries of management, and obtained a management representation letter to confirm that the Company does not accept liabilities for any amount beyond the scope of the defect liability that it had anticipated.</li> <li>We held discussions with management to assess the reasonableness of financial statement disclosures.</li> </ul>

## **Other Information**

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements**

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

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

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

### ***Fee-related Information***

The fees for the audits of the financial statements of Sumitomo Mitsui Construction Co., Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 166 million yen and 63 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 30, 2025

鈴木 理

---

Makoto Suzuki  
Designated Engagement Partner  
Certified Public Accountant



**Non-Consolidated Financial Statements**

**Sumitomo Mitsui Construction Co., Ltd.**

*Year ended March 31, 2025  
with Independent Auditor's Report*

## Non-Consolidated Balance Sheets

March 31, 2025

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
<b>Assets</b>			
Current assets:			
Cash and deposits	¥ 45,903	¥ 53,257	\$ 307,002
Trade notes receivable (Note 5-(d))	206	1,037	1,377
Accounts receivable on completed construction contracts (Note 5-(b))	133,331	144,952	891,726
Securities (Note 5-(b))	278	—	1,859
Inventories	21,622	21,094	144,609
Raw materials and supplies	15,842	12,245	105,952
Other current assets	53,068	40,971	354,922
Allowance for doubtful receivables	(1,760)	(2,842)	(11,771)
Total current assets	268,493	270,716	1,795,699
Non-current assets:			
Property and equipment, at cost:			
Land (Note 5-(b))	5,109	5,109	34,169
Buildings (Notes 5-(b) and 5-(e))	6,788	6,758	45,398
Structures (Notes 5-(b) and 5-(e))	948	944	6,340
Machinery and equipment (Note 5-(e))	5,815	5,561	38,891
Vehicles	387	326	2,588
Tools, furniture and fixtures	4,322	4,408	28,905
Construction in progress	652	627	4,360
Accumulated depreciation	(12,068)	(11,787)	(80,711)
Property and equipment, net	11,954	11,949	79,949
Intangible fixed assets	1,874	2,566	12,533
Investments and other assets:			
Investments in securities	3,475	4,741	23,241
Investments in subsidiaries and affiliates (Notes 5-(b) and 7)	19,931	22,594	133,299
Long-term loans receivable	73	73	488
Long-term loans to employees	206	242	1,377
Distressed receivables	579	579	3,872
Long-term prepaid expenses	922	145	6,166
Deferred tax assets (Note 8)	4,234	4,359	28,317
Other	2,519	2,836	16,847
Allowance for doubtful receivables	(845)	(898)	(5,651)
Total investments and other assets	31,097	34,673	207,978
Total non-current assets	44,926	49,189	300,468
Total assets	¥313,420	¥319,905	\$2,096,174

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
<b>Liabilities and net assets</b>			
Current liabilities:			
Trade notes payable (Note 5-(a))	¥ 884	¥ 4,578	\$ 5,912
Electronically recorded payable (Note 5-(a))	23,563	24,755	157,590
Accounts payable on construction contracts (Note 5-(a))	57,971	65,048	387,714
Short-term bank loans and current portion of long-term debt (Notes 5-(b) and 5-(f))	36,192	21,306	242,054
Current portion of corporate bond payable	5,000	–	33,440
Lease obligations	71	97	474
Income taxes payable	156	242	1,043
Advances received on construction contracts in progress	52,826	24,514	353,303
Provision for warranties for completed construction	312	348	2,086
Provision for loss on construction contracts	12,398	29,088	82,918
Provision for contingent loss	2,159	2,159	14,439
Other current liabilities	24,572	30,624	164,339
Total current liabilities	216,108	202,763	1,445,345
Long-term liabilities:			
Corporate bond payable	5,000	10,000	33,440
Long-term debt (Note 5-(f))	35,415	48,965	236,857
Lease obligations	148	107	989
Long-term income taxes payable	490	–	3,277
Accrued retirement benefits	11,920	12,313	79,721
Other long-term liabilities	142	141	949
Total long-term liabilities	53,116	71,527	355,243
Contingent liabilities (Note 5-(c))			
Net assets:			
Shareholders' equity:			
Capital stock:	12,003	12,003	80,276
Common stock:			
Authorized:			
533,892,994 shares in 2025 and 2024			
Issued and outstanding:			
162,673,321 shares in 2025 and 2024			
Capital surplus:			
Other capital surplus	200	238	1,337
Total capital surpluses	200	238	1,337
Retained earnings:			
Legal retained earnings	2,682	2,462	17,937
Earned surplus carried forward	32,445	33,946	216,994
Total retained earnings	35,127	36,409	234,931
Treasury stock, at cost:			
5,788,439 shares in 2025 and 5,961,510 shares in 2024	(3,540)	(3,647)	(23,675)
Total shareholders' equity	43,791	45,003	292,877
Valuation, translation adjustments and other:			
Unrealized holding gain on securities	363	612	2,427
Deferred gain (loss) on hedging instruments, net of taxes	40	(1)	267
Total valuation, translation adjustments and other	403	610	2,695
Total net assets	44,194	45,614	295,572
Total liabilities and net assets	¥313,420	¥319,905	\$2,096,174

See accompanying notes to non-consolidated financial statements.

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Net sales (Note 10):			
Completed construction	¥319,735	¥336,922	\$2,138,409
Others	349	303	2,334
	320,084	337,225	2,140,743
Cost of sales:			
Completed construction	302,760	316,990	2,024,879
Others	253	222	1,692
	303,013	317,213	2,026,571
Gross profit			
Completed construction	16,974	19,931	113,523
Others	96	81	642
	17,071	20,012	114,172
Selling, general and administrative expenses (Note 6-(d))	15,837	16,642	105,918
Operating profit	1,234	3,369	8,253
Other income (expenses):			
Interest and dividend income (Note 6-(a))	5,169	4,099	34,570
Interest expense	(3,429)	(1,772)	(22,933)
Exchange (loss) gain, net	(725)	1,119	(4,848)
Commission for loan commitment agreement	(1,688)	(1,172)	(11,289)
Gain on sales of property and equipment (Note 6-(b))	0	33	0
Gain on sales of investments in securities	-	2,090	-
Gain on sales of shares of subsidiaries and affiliates (Note 9)	3,015	-	20,164
Loss on disposal of property and equipment (Note 6-(c))	(16)	(147)	(107)
Impairment losses	-	(14)	-
Loss on valuation of shares of subsidiaries and affiliates	(206)	(170)	(1,377)
Loss on sales of investments in securities	-	(933)	-
Loss on valuation of investments in securities	(912)	(0)	(6,099)
Other, net	(744)	(1,095)	(4,975)
	461	2,035	3,083
Profit before income taxes	1,695	5,405	11,336
Income taxes (Note 8):			
Current (Note-6(e))	573	249	3,832
Deferred	210	650	1,404
	783	899	5,236
Profit	¥ 912	¥ 4,505	\$ 6,099
	(Yen)		(U.S. dollars) (Note 2)
Profit per share – basic	¥5.82	¥28.76	\$0.038

See accompanying notes to non-consolidated financial statements.

## Non-Consolidated Statements of Changes In Net Assets

March 31, 2025

	Year ended March 31, 2025						
	Shareholders' equity						
	Additional paid-in capital		Retained earnings				Total shareholders' equity
	Capital stock	Other capital surplus	Earned reserve	Earned surplus carried forward	Total retained earnings	Treasury stock, at cost	
	(Millions of yen)						
Balance at the beginning of the period	¥12,003	¥238	¥2,462	¥33,946	¥36,409	¥(3,647)	¥45,003
Changes in items during the period							
Dividends from surplus				(2,193)	(2,193)		(2,193)
Provision of legal retained earnings			219	(219)	—		—
Profit				912	912		912
Purchases of treasury stock						(1)	(1)
Disposition of treasury stock		(37)				107	69
Net changes in items other than shareholders' equity							
Total changes in items during the period	—	(37)	219	(1,500)	(1,281)	106	(1,212)
Balance at the end of the period	¥12,003	¥200	¥2,682	¥32,445	¥35,127	¥(3,540)	¥43,791

	Year ended March 31, 2025			
	Valuation, translation adjustments and other			
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation, translation adjustments and other	Total net assets
	(Millions of yen)			
Balance at the beginning of the period	¥612	¥(1)	¥610	¥45,614
Changes in items during the period				
Dividends from surplus				(2,193)
Provision of legal retained earnings				—
Profit				912
Purchases of treasury stock				(1)
Disposition of treasury stock				69
Net changes in items other than shareholders' equity	(249)	42	(207)	(207)
Total changes in items during the period	(249)	42	(207)	(1,420)
Balance at the end of the period	¥363	¥40	¥403	¥44,194

**Non-Consolidated Statements of Changes In Net Assets**

March 31, 2025

	Year ended March 31, 2025						
	Shareholders' equity						
	Additional paid-in capital		Retained earnings				
	Capital stock	Other capital surplus	Earned reserve	Earned surplus carried forward	Total retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Thousands of U.S. dollars) (Note 2)						
Balance at the beginning of the period	\$80,276	\$1,591	\$16,466	\$227,033	\$243,505	\$(24,391)	\$300,983
Changes in items during the period							
Dividends from surplus				(14,666)	(14,666)		(14,666)
Provision of legal retained earnings			1,464	(1,464)	—		—
Profit				6,099	6,099		6,099
Purchases of treasury stock						(6)	(6)
Disposition of treasury stock		(247)				715	461
Net changes in items other than shareholders' equity							
Total changes in items during the period	—	(247)	1,464	(10,032)	(8,567)	708	(8,105)
Balance at the end of the period	\$80,276	\$1,337	\$17,937	\$216,994	\$234,931	\$(23,675)	\$292,877

	Year ended March 31, 2025			
	Valuation, translation adjustments and other			
	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments, net of taxes	Total valuation, translation adjustments and other	Total net assets
	(Thousands of U.S. dollars) (Note 2)			
Balance at the beginning of the period	\$4,093	\$(6)	\$4,079	\$305,069
Changes in items during the period				
Dividends from surplus			(14,666)	
Provision of legal retained earnings			—	
Profit			6,099	
Purchases of treasury stock			(6)	
Disposition of treasury stock			461	
Net changes in items other than shareholders' equity	(1,665)	280	(1,384)	(1,384)
Total changes in items during the period	(1,665)	280	(1,384)	(9,497)
Balance at the end of the period	\$2,427	\$267	\$2,695	\$295,572

**Non-Consolidated Statements of Changes In Net Assets**

March 31, 2025

	Year ended March 31, 2024						
	Shareholders' equity						
		Additional paid-in capital	Retained earnings				
	Capital stock	Other capital surplus	Earned reserve	Earned surplus carried forward	Total retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Millions of yen)						
Balance at the beginning of the period	¥12,003	¥293	¥2,243	¥31,850	¥34,094	¥(3,782)	¥42,608
Changes in items during the period							
Dividends from surplus				(2,190)	(2,190)		(2,190)
Provision of legal retained earnings			219	(219)	—		—
Profit				4,505	4,505		4,505
Purchases of treasury stock						(1)	(1)
Disposition of treasury stock		(54)				136	81
Net changes in items other than shareholders' equity							
Total changes in items during the period	—	(54)	219	2,095	2,314	134	2,394
Balance at the end of the period	¥12,003	¥238	¥2,462	¥33,946	¥36,409	¥(3,647)	¥45,003
	Year ended March 31, 2024						
	Valuation, translation adjustments and other						
	Unrealized holding gain (loss) on securities	Deferred loss on hedging instruments, net of taxes	Total valuation, translation adjustments and other	Total net assets			
	(Millions of yen)						
Balance at the beginning of the period	¥(2,180)	¥(40)	¥(2,220)	¥40,388			
Changes in items during the period							
Dividends from surplus				(2,190)			
Provision of legal retained earnings				—			
Profit				4,505			
Purchases of treasury stock				(1)			
Disposition of treasury stock				81			
Net changes in items other than shareholders' equity	2,792	38	2,831	2,831			
Total changes in items during the period	2,792	38	2,831	5,226			
Balance at the end of the period	¥612	¥(1)	¥610	¥45,614			

See accompanying notes to non-consolidated financial statements.

**1. Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

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 Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying financial statements in a format which is familiar to readers outside Japan. In addition, certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

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

**(b) Securities and Investments in Subsidiaries and Affiliates**

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Under this standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. For other securities, securities other than stocks, etc. with no market value are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Stocks, etc. with no market value are carried at cost. Cost of securities sold is determined by the moving average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

**(c) Inventories**

Inventories other than materials and supplies are stated at cost determined by the specific identification method. Materials and supplies are valued at cost determined by the weighted average method. Balance sheet amounts of materials and supplies are calculated by writing down their carrying amounts based on declines in profitability.



(d) Depreciation and Amortization

(1) Property and equipment (except leased assets)

Depreciation of property and equipment (except leased assets) is calculated by the declining-balance method based on the useful lives and the residual value of the respective assets as prescribed in the Corporation Tax Law of Japan except that the straight-line method is applied to office buildings (except facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

(2) Intangible fixed assets (except leased assets)

Amortization of intangible fixed assets (except leased assets) is calculated by the straight-line method based on the useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. Amortization of computer software for internal use is calculated by the straight-line method over the estimated useful lives of 5 years.

(3) Leased assets

Depreciation of leased assets under finance leases other than those that transfer the ownership of the leased assets to the lessees is calculated by the straight-line method over the lease term with a residual value of zero.

(4) Long-term prepaid expenses

Amortization of long-term prepaid expenses is calculated by the straight-line method based on the useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan.

Small amount depreciable assets

Assets with an acquisition cost of 100,000 yen or more and less than 200,000 yen are accounted for as lump sum costs at the time of acquisition.

(e) 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.

(f) 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.

(g) 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.

(h) Provision for Contingent Loss

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.

(i) Allowance for Employees' Retirement Benefits

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.

(1) Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligation, the benefit formula method is applied to attribute the expected retirement benefits to the periods up to year ended March 31, 2025.

(2) Amortization of actuarial gain or loss and prior service cost

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.

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.

(j) 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.

(k) Derivatives and Hedge Accounting

(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.

Interest rate swaps qualifying for hedge accounting and meeting specific matching criteria are not re-measured at market value, but the differential paid or received under the swap agreements is charged or credited to income (short-cut method).

(2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on debt

(3) Hedging policy

The Company utilizes interest rate swaps only for the purpose of hedging future risks of fluctuation of interest rates.

(4) Assessment of hedge effectiveness

An evaluation of hedge effectiveness for interest rate swaps by principle method is performed on a quarterly basis to confirm that there is a strong correlation between hedged items and hedging instruments by comparing accumulated amount of the change of cash flows of hedged items and accumulated amount of the change of cash flows of hedging instruments to assess whether the forward contract qualifies for hedge accounting. However, the evaluation of hedge effectiveness is omitted in case of interest rate swaps meeting specific matching criteria.

(l) Accounting for Retirement Benefits

Accounting for unrecognized actuarial gain (loss) and unrecognized prior service cost on non-consolidated financial statements is different from the accounting on consolidated financial statements.

(m) 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.

**2. 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 at ¥149.52 = U.S.\$1.00, the approximate rate of exchange prevailing on March 31, 2025. 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.

**3. Significant Accounting Estimates**

For the year ended March 31, 2025

(a) Provision for Contingent Loss

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

	<b>As of March 31, 2025</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Provision for contingent loss	¥2,159	\$14,439

(a) Provision for Contingent Loss (continued)

(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. The main contents of the Article 17 Decision related to the Company were (1) to pay 3,075 million yen as a settlement fee to MFR, and (2) mutually confirm that the Company and either MFR or two piling companies do not have any other claims or liabilities. While the Lawsuit will continue to be heard and tried, the Company considers that MFR’s claim lacks legal foundation and reason, and 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.

(b) Recognition of Revenues from Construction Contracts

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

	<b>Year ended March 31, 2025</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net sales of construction contracts, etc. related to performance obligations to be satisfied over time	¥293,895	\$1,965,589

(2) Information on significant 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.

### 3. Significant Accounting Estimates (continued)

For the year ended March 31, 2024

#### (a) Provision for Contingent Loss

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

	<u>As of March 31, 2024</u>
	<i>(Millions of yen)</i>
Provision for contingent loss	¥2,159

- (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.

Mitsui Fudosan Residential Co., Ltd. (hereinafter as “MFR”), which is one of the clients of the apartment, initiated a lawsuit against the Company and two piling companies on November 28, 2017, claiming about 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 Company considers that MFR’s claim lacks legal foundation and reason, and 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.

#### (b) Recognition of Revenues from Construction Contracts

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

	<u>Year ended March 31, 2024</u>
	<i>(Millions of yen)</i>
Net sales of construction contracts, etc. related to performance obligations to be satisfied over time	¥309,534

- (2) Information on significant 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.

**4. Changes in Accounting Policies**

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

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27 issued on October 28, 2022. Hereinafter referred to as the “2022 Revised Accounting Standard”) from the beginning of the current fiscal year.

Regarding the revision of the classification of corporate income tax, the Company has followed the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard. There is no impact on the financial statements.

**5. Notes to Non-Consolidated Balance Sheets****(a) Outstanding Balances with Subsidiaries and Affiliates**

Significant outstanding balances for subsidiaries and affiliates other than individually presented on the accompanying non-consolidated balance sheets at March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Trade notes payable	¥–	¥325	\$–
Electronically recorded payable	3,876	5,857	25,922
Accounts payable on construction contracts	5,582	9,003	37,332

**(b) Pledged Assets**

The following assets were pledged at March 31, 2025 and 2024 principally as collateral for guarantees (such as guarantees for the completion of construction contracts):

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Accounts receivable on completed construction contracts	¥1,486	¥–	\$9,938
Buildings, net of accumulated depreciation	1,676	1,110	11,209
Structures, net of accumulated depreciation	147	140	983
Land	4,981	1,518	33,313
Investments in subsidiaries and affiliates	727	369	4,862
Total	¥9,020	¥3,138	\$60,326

(b) Pledged Assets (continued)

The following liabilities were secured as of March 31, 2025 and 2024.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term bank loans	¥1,486	¥—	\$9,938

The following assets were pledged at March 31, 2025 and 2024 as collateral for business security deposits:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Securities	¥278	¥—	\$1,859

(c) Contingent Liabilities

At March 31, 2025 and 2024, the Company was contingently liable for the bank loans, etc. of the following:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
PT. SMCC Utama Indonesia	¥2,264	¥2,695	\$15,141
SMCC (Thailand) Co., Ltd.	1,482	2,134	9,911
SMCC Overseas Singapore Pte. Ltd.	886	1,549	5,925
As guarantors for performance guarantee insurance policy for Sakai School Lunch Partners Co., Ltd.	819	819	5,477
As guarantors for performance guarantee insurance policy for Ishinomaki School Lunch Partners Co., Ltd.	415	—	2,775
SMCC Malaysia Sdn. Bhd.	307	319	2,053
As guarantors for obligation to return the lump-sum move-in payment for SOYOKAZE Co., Ltd.	286	379	1,912
SMC Co., Ltd.	196	440	1,310
Antara Koh Private Limited	150	133	1,003
As guarantors for performance guarantee insurance policy for Horonobe Geo Frontier 3rd PFI Co., Ltd.	96	96	642
Antara Koh (M) Sdn Rhd	30	—	200
Total	¥6,938	¥8,569	\$46,401



(c) Contingent Liabilities (continued)

The Company's affiliated companies, Sakai School Lunch Partners Co., Ltd., a special purpose company, 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.

The Company provides a guarantee against SOYOKAZE Co., Ltd.'s obligation to return the lump-sum move-in payment.

(d) Trade Notes Receivable Maturing at the End of the Fiscal Year

Accounting for trade notes receivable maturing at the end of the fiscal year is treated as if the settlement was made on the maturity date. Since the end of the fiscal year ended March 31, 2024 was a holiday for financial institutions, next trade notes receivable maturing on the following fiscal year are treated as if they were settled on the maturity date.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Trade notes receivable	¥—	¥1	\$—
Electronic records receivables	—	5	—

(e) Amount of Reduction Entries

The amount of reduction entries deducted from the acquisition cost of property and equipment through government subsidies, etc., and the breakdown thereof as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
The amount of reduction entries	¥450	¥450	\$3,009
(Of which, buildings)	1	1	6
(Of which, structures)	4	4	26
(Of which, machinery and equipment)	445	445	2,976

(f) Financial Covenants

As of March 31, 2025

- (1) The Company has entered into a loan commitment agreement dated on March 31, 2016 with its seven banks (subsequently changed to Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd. dated on May 25, 2023) with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on July 9, 2024 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥15,000	¥15,000	\$100,321
Loan balance outstanding	—	—	—
Difference (unused portion)	¥15,000	¥15,000	\$100,321

- (2) The Company has entered into a committed syndicated loan contract dated on March 30, 2018 with its seven banks (subsequently changed to six banks dated on March 26, 2024) with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

## (f) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥9,000 million (\$60,192 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the contract	¥9,000	¥9,000	\$60,192
Loan balance outstanding	9,000	9,000	60,192
Difference (unused portion)	¥ —	¥ —	\$ —

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

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the contract	¥10,000	¥10,000	\$66,880
Loan balance outstanding	10,000	10,000	66,880
Difference (unused portion)	¥ —	¥ —	\$ —

(f) Financial Covenants (continued)

- (4) The Company has entered into a syndicated loan contract dated on September 29, 2020 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 and 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥65 million (\$434 thousand) in the current portion of long-term debt as of March 31, 2025.

- (5) The Company has entered into a syndicated loan contract dated on March 29, 2021 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt as of March 31, 2025.

- (6) The Company has entered into a syndicated loan contract dated on March 28, 2022 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(f) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥9,500 million (\$63,536 thousand) in long-term debt (including the current portion) as of March 31, 2025.

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

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥4,615 million (\$30,865 thousand) in long-term debt (including the current portion) as of March 31, 2025.

Unused amount on the committed syndicated loan contract as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥7,000	¥7,000	\$46,816
Loan balance outstanding	7,000	7,000	46,816
Difference (unused portion)	¥ —	¥ —	\$ —

(f) Financial Covenants (continued)

- (8) The Company has entered into a loan commitment agreement dated on May 24, 2022 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥27,200	¥27,200	\$181,915
Loan balance outstanding	—	—	—
Difference (unused portion)	¥27,200	¥27,200	\$181,915

(f) Financial Covenants (continued)

- (9) The Company has entered into a loan commitment agreement dated on June 27, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower’s consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

At the end of March, 2028: ¥81,561 million (\$545,485 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥20,000	¥20,000	\$133,761
Loan balance outstanding	—	—	—
Difference (unused portion)	¥20,000	¥20,000	\$133,761

- (10) The Company has entered into a general syndicated loan contract dated on September 27, 2022 with its twenty-one banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

(f) Financial Covenants (continued)

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million (\$442,924 thousand)

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

At the end of March, 2027: ¥75,819 million (\$507,082 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million (\$66,880 thousand) in long-term debt as of March 31, 2025.

- (11) The Company has entered into a syndicated loan contract dated on March 26, 2025 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, the balance of bank borrowings under this syndicated loan contract is ¥4,853 million (\$32,457 thousand) in short-term bank loans as of March 31, 2025.

- (12) The Company has entered into a loan commitment agreement dated on March 26, 2025 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2025: ¥66,226 million (\$442,924 thousand)

At the end of March, 2026: ¥68,961 million (\$461,215 thousand)

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2025.



(f) Financial Covenants (continued)

Unused amount on loan commitment agreement as of March 31, 2025 and 2024 were as follows.

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Maximum limit under the agreement	¥35,000	¥—	\$234,082
Loan balance outstanding	—	—	—
Difference (unused portion)	¥35,000	¥—	\$234,082

As of March 31, 2024

- (1) The Company has entered into a loan commitment agreement dated on March 31, 2016 with its seven banks (subsequently changed to Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd. dated on May 25, 2023) with Sumitomo Mitsui Banking Corporation as arranger. The following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2016 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2014 or of total consolidated net assets at the end of the most recent fiscal year, whichever is greater.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in “Instructions from the Ministry of Land, Infrastructure, Transport and Tourism” released on January 13, 2016, will be excluded from the calculation.

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	As of March 31,	
	2024	2023
	(Millions of yen)	
Maximum limit under the agreement	¥15,000	¥20,000
Loan balance outstanding	—	—
Difference (unused portion)	¥15,000	¥20,000

- (2) The Company has entered into a committed syndicated loan contract dated on March 30, 2018 with its seven banks (subsequently changed to six banks dated on March 26, 2024) with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

(f) Financial Covenants (continued)

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥9,000 million in long-term debt as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥9,000	¥10,000
Loan balance outstanding	9,000	10,000
Difference (unused portion)	¥ —	¥ —

- (3) The Company has entered into a committed syndicated loan contract dated on December 26, 2019 with its ten banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

(f) Financial Covenants (continued)

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥10,000	¥10,000
Loan balance outstanding	10,000	10,000
Difference (unused portion)	¥ —	¥ —

- (4) The Company has entered into a general syndicated committed loan contract dated on June 25, 2020 with its twenty-five banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 shall be equal to or exceed ¥66,226 million.

In calculating total of the consolidated net assets at the end of March, 2024, in the borrower's consolidated statements of income as of the end of March, 2024, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥15,000 million in the current portion of long-term debt as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the contract	¥15,000	¥15,000
Loan balance outstanding	15,000	15,000
Difference (unused portion)	¥ —	¥ —

- (5) The Company has entered into a syndicated loan contract dated on September 29, 2020 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of March, 2024 and 2025 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(f) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥265 million in long-term debt (including the current portion) as of March 31, 2024.

- (6) The Company has entered into a syndicated loan contract dated on March 29, 2021 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

- (7) The Company has entered into a syndicated loan contract dated on March 28, 2022 with its eight banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt (including the current portion) as of March 31, 2024.

(f) Financial Covenants (continued)

- (8) The Company has entered into a committed syndicated loan contract dated on March 28, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

In addition, the balance of bank borrowings under the committed syndicated loan contract is ¥5,600 million in long-term debt (including the current portion) as of March 31, 2024.

Unused amount on the committed syndicated loan contract as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥7,000	¥7,000
Loan balance outstanding	7,000	7,000
Difference (unused portion)	¥ —	¥ —

- (9) The Company has entered into a loan commitment agreement dated on May 24, 2022 with its seven banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on September 26, 2023 and the following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(f) Financial Covenants (continued)

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million

At the end of March, 2025: ¥66,226 million

At the end of March, 2026: ¥68,961 million

At the end of March, 2027: ¥75,819 million

At the end of March, 2028: ¥81,561 million

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥27,200	¥30,000
Loan balance outstanding	—	—
Difference (unused portion)	¥27,200	¥30,000

- (10) The Company has entered into a loan commitment agreement dated on June 27, 2022 with Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on September 26, 2023 and the following financial covenant is included in the contract:

1. Total consolidated net assets at the end of the second quarter of the fiscal year ended March 31, 2023 shall be equal to or exceed 75% of total consolidated net assets as of March 31, 2022.

In calculating consolidated net assets, any allowance or costs related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

2. Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after September 26, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

(f) Financial Covenants (continued)

At the end of March, 2024: ¥66,226 million  
 At the end of March, 2025: ¥66,226 million  
 At the end of March, 2026: ¥68,961 million  
 At the end of March, 2027: ¥75,819 million  
 At the end of March, 2028: ¥81,561 million

In addition, there was no balance of bank borrowings under the loan commitment agreement as of March 31, 2024.

Unused amount on loan commitment agreement as of March 31, 2024 and 2023 were as follows.

	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Millions of yen)</i>	
Maximum limit under the agreement	¥20,000	¥20,000
Loan balance outstanding	—	—
Difference (unused portion)	¥20,000	¥20,000

- (11) The Company has entered into a general syndicated loan contract dated on September 27, 2022 with its twenty-one banks with Sumitomo Mitsui Banking Corporation as arranger. The Company has entered into a change agreement regarding the review of the contents of the financial covenants dated on October 20, 2023 and the following financial covenant is included in the contract:

Total consolidated net assets at the end of each fiscal year beginning March 31, 2024 shall be equal to or exceed the following amount.

In calculating total of the consolidated net assets at the end of each fiscal year, in the borrower's consolidated statements of income as of the end of each fiscal year ending in the period up to the end (including the same day) of the relevant fiscal year after October 20, 2023, all profits or losses related to the condominium in Yokohama, which was described in "Instructions from the Ministry of Land, Infrastructure, Transport and Tourism" released on January 13, 2016, will be excluded from the calculation.

At the end of March, 2024: ¥66,226 million  
 At the end of March, 2025: ¥66,226 million  
 At the end of March, 2026: ¥68,961 million  
 At the end of March, 2027: ¥75,819 million

In addition, the balance of bank borrowings under this syndicated loan contract is ¥10,000 million in long-term debt as of March 31, 2024.

**Notes to Non-Consolidated Financial Statements**

March 31, 2025

**6. Notes to Non-Consolidated Statements of Income****(a) Transactions with Subsidiaries and Affiliates**

Significant transactions with subsidiaries and affiliates other than those individually presented on the accompanying non-consolidated statements of income for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Dividend income	¥3,897	¥2,915	\$26,063
Royalty income	452	575	3,023
Allowance for doubtful accounts	367	13	2,454

**(b) Gain on Sales of Property and Equipment**

The significant components of gain on sales of property and equipment for the years ended March 31, 2025 and 2024 were as follows:

	Years ended March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings	¥—	¥—	\$—
Machinery and equipment	0	—	0
Vehicles	0	1	0
Tools, furniture and fixtures	—	—	—
Land	—	31	—
Total	¥0	¥33	\$0



**Notes to Non-Consolidated Financial Statements**

March 31, 2025

**6. Notes to Non-Consolidated Statements of Income (continued)****(c) Loss on Disposal of Property and Equipment**

The significant components of loss on disposal of property and equipment for the years ended March 31, 2025 and 2024 were as follows:

		Years ended March 31,		
		2025	2024	2025
		(Millions of yen)		(Thousands of U.S. dollars)
Buildings	Loss on disposal	¥8	¥2	\$53
Machinery and equipment	Loss on disposal	0	0	0
Vehicles	Loss on disposal	0	0	0
Tools, furniture and fixtures	Loss on disposal	7	14	46
Intangible fixed assets	Loss on disposal	0	131	0
Tools, furniture and fixtures	Loss on sales	0	—	0
Total		¥16	¥147	\$107

**(d) Selling, General and Administrative Expenses**

The significant components of selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows:

		Years ended March 31,		
		2025	2024	2025
		(Millions of yen)		(Thousands of U.S. dollars)
Salaries and wages		¥ 8,270	¥ 8,017	\$ 55,310
Depreciation expenses		699	796	4,674
Other		6,867	7,828	45,926
Total		¥15,837	¥16,642	\$105,918

**(e) Income taxes relative to the international minimum tax amount**

Income taxes, etc. relative to the international minimum tax amount included in the income taxes amounted to ¥490 million (\$3,277 thousand) for the year ended March 31, 2025.

**Notes to Non-Consolidated Financial Statements**

March 31, 2025

**7. Securities**

Stocks of subsidiaries and affiliates at March 31, 2025 and 2024 were as follows:

	<b>As of March 31, 2025</b>					
	Carrying	Fair	Unrealized	Carrying	Fair	Unrealized
	value	value	gain	value	value	gain
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Stocks of a subsidiary	¥717	¥6,625	¥5,908	\$4,795	\$44,308	\$39,513

Note: Stocks of subsidiaries and affiliates with no market value that were excluded from the above were as follows:

	<b>As of March 31,</b>	
	<b>2025</b>	<b>2025</b>
	Carrying value	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Stocks of subsidiaries	¥15,806	\$105,711
Stocks of affiliates	50	334

	<b>As of March 31, 2024</b>		
	Carrying	Fair	Unrealized
	value	value	gain
	<i>(Millions of yen)</i>		
Stocks of a subsidiary	¥717	¥5,828	¥5,111

	<b>As of March 31,</b>	
	<b>2024</b>	
	Carrying value	
	<i>(Millions of yen)</i>	
Stocks of subsidiaries	¥15,983	
Stocks of affiliates	46	

## Notes to Non-Consolidated Financial Statements

March 31, 2025

## 8. Income Taxes

The breakdown of the main causes of the occurrence of the Company's deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	As of March 31,		
	2025	2024	2025
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Accrued retirement benefits	¥3,743	¥3,770	\$25,033
Tax loss carried forward	8,008	1,991	53,558
Account payable and accrued expenses	2,016	2,027	13,483
Allowance for bad debts	821	1,145	5,490
Loss on valuation of investments in subsidiaries and affiliates	1,099	1,004	7,350
Provision for warranties for completed construction	95	106	635
Provision for loss on construction contracts	4,022	10,032	26,899
Other	1,296	909	8,667
Gross deferred tax assets	21,103	20,988	141,138
Valuation allowance for tax loss carried forward	(8,008)	(1,991)	(53,558)
Valuation allowance for total deductible temporary differences, etc.	(8,653)	(14,343)	(57,871)
Gross valuation allowance	(16,661)	(16,335)	(111,429)
Total deferred tax assets	4,442	4,653	29,708
Deferred tax liabilities:			
Unrealized holding gain on securities	(167)	(270)	(1,116)
Removal costs corresponding to asset retirement obligations	(22)	(23)	(147)
Deferred gain on hedging instruments	(18)	—	(120)
Total deferred tax liabilities	(208)	(293)	(1,391)
Net deferred tax assets	¥4,234	¥4,359	\$28,317

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

	As of March 31,	
	2025	2024
Statutory tax rates	30.6%	30.6%
(Adjustments)		
Non-deductible expenses	28.0	7.7
Non-taxable income	(68.1)	(16.1)
Per capita inhabitants' taxes, etc.	8.5	2.7
Increase or decrease in valuation allowance	(5.4)	(15.6)
Income taxes, etc. relative to the international minimum tax amount	28.9	—
Total tax effect	21.1	5.8
Other, net	2.6	1.5
Effective tax rate	46.2%	16.6%

## **8. Income Taxes (continued)**

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

The Company has adopted the group tax sharing system. In addition, 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).

Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in income tax rates, etc.

With the enactment of the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 13, 2025) by the Diet on March 31, 2025, the “Defense Special Corporate Tax” will be levied from the fiscal year beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate has been changed from 30.62% to 31.52% for deferred tax assets and liabilities related to temporary differences, etc., which are expected to be resolved in the fiscal year beginning on or after April 1, 2026.

The impact of this tax rate change is immaterial.

## **9. Business Combination**

Sale of Shares of Consolidated Subsidiaries

Summary of Accounting Procedures Implemented

Amount of transfer gains or losses

Gain on sales of shares of subsidiaries and affiliates: ¥3,015 million (\$20,164 thousand)

Other than the above, the same contents are described in the consolidated financial statements (Notes to Consolidated Financial Statements, Business Combinations). Therefore, the notes are omitted.

## **10. Revenue Recognition**

The note on useful information in understanding revenue from contracts with customers is omitted since the consolidated financial statements (Notes to Consolidated Financial Statements, Revenue Recognition) provides the same information.

## 11. Subsequent Event

### Tender Offer for the Shares of the Company

The Company, at its Board of Directors' meeting held on May 14, 2025, adopted a resolution to express its current opinion in support of the tender offer for shares of the Company's common stock (the "Company Shares") by INFRONEER Holdings Inc. (the "Tender Offeror") (the "Tender Offer") and to recommend that its shareholders tender their shares in the Tender Offer if the Tender Offer is commenced. The above resolution was adopted on the assumption that the Tender Offeror will make the Company a wholly owned subsidiary and the Company Shares will be delisted as a result of the Tender Offer and the series of procedures that follow.

#### (1) Overview of the Tender Offeror

(a) Name	INFRONEER Holdings Inc.	
(b) Location	2-10-2, Fujimi, Chiyoda-ku, Tokyo	
(c) Name and title of representative	Kazunari Kibe, Representative Executive Officer and President	
(d) Description of business	Business management of the subsidiaries under its umbrella and the group as well as businesses incidental or related thereto	
(e) Capital	¥20,000 million (\$133,761 thousand), as of March 31, 2025	
(f) Date of incorporation	October 1, 2021	
(g) Major shareholders and shareholding ratios (As of March 31, 2025) (Note)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.10%
	Hikarigaoka Corporation	9.46%
	Custody Bank of Japan, Ltd. (Trust Account)	6.39%
	INFRONEER Employees Shareholding Association	3.36%
	Sumitomo Realty & Development Co., Ltd.	3.09%
	Custody Bank of Japan, Ltd. (Trust E Account)	2.33%
	STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.37%
	MAEDA CORPORATION Business Partner Shareholding Association	1.09%
	Sumitomo Mitsui Banking Corporation	1.09%
	Kyoei Fire & Marine Insurance Co., Ltd.	1.01%
(h) Relationship between the Company and the Tender Offeror		
Capital relationship		The Tender Offeror owns 100 Company Shares as of May 14, 2025.
Personnel relationship		N/A
Business relationship		Maeda Corporation, which is a wholly-owned subsidiary of the Tender Offeror, and the Company have been receiving joint orders for private construction. In addition, Maeda Road Construction Co., Ltd., which is a wholly-owned subsidiary of the Tender Offeror, has transactions under which it receives orders for civil engineering and the like from the Company.
Status as related party		N/A

Note: Information in this section is cited from "(6) Status of Major Shareholders" in "1. Status of Shares, Etc." in "Part IV Status of the Filing Company" in the Annual Report for the 4th term submitted by the Tender Offeror on June 23, 2025.

**11. Subsequent Event (continued)**

(2) Purchase Price

¥600 (\$4) per share of common stock

In determining the tender offer price, the Tender Offeror obtains a calculation statement for share value from Daiwa Securities Co., Ltd., a third-party accounting organization independent of the Tender Offeror and the Company.

(3) Period of the Purchase

According to the Tender Offeror, the Tender Offer is intended to be commenced around early August 2025, but because it is difficult to accurately predict the period of time required for procedures, etc. with competition authorities in the Philippines, notice of the details of the schedule for the Tender Offer will be given promptly once decided. Notice will also be given promptly if the expected timing of the commencement of the Tender Offer has changed.

(4) Number of Shares to be Purchased

Number of shares to be purchased: 156,884,882 shares

Minimum number of shares to be purchased: 104,589,800 shares

Maximum number of shares to be purchased: – shares

## Independent Auditor's Report

The Board of Directors  
Sumitomo Mitsui Construction Co., Ltd.

### ***The Audit of the Non-Consolidated Financial Statements***

#### **Opinion**

We have audited the accompanying non-consolidated financial statements of Sumitomo Mitsui Construction Co., Ltd. (the Company), which comprise the non-consolidated balance sheet as at March 31, 2025, and the non-consolidated statements of income and changes in net assets, for the year then ended, and notes to the non-consolidated financial statements.

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

As described in "Subsequent Event" the Notes to Non-Consolidated Financial Statements, at the Board of Directors' meeting held on May 14, 2025, the Company adopted a resolution to express its opinion in support of the tender offer for shares of the Company's common stock by INFRONEER Holdings Inc. and to recommend that its shareholders tender their shares in the Tender Offer.

This matter does not affect our opinion.

#### **Key Audit Matters**

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

### **Estimates of total construction costs under the method of recognizing revenue as performance obligations are satisfied over time**

The details of this key audit matter have been omitted since they are the same as those described in the auditor's report for the consolidated financial statements.

### **Amount recorded for allowance for contingency loss**

The details of this key audit matter have been omitted since they are the same as those described in the auditor's report for the consolidated financial statements.

### **Other Information**

The other information comprises the information included in the Annual Report that contains audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Company's reporting process of the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Non-Consolidated Financial Statements**

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

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

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

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

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

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

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

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

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

### **Convenience Translation**

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the non-consolidated financial statements.

### ***Fee-related Information***

The Fee-related Information is included in the auditor's report for the consolidated financial statements.

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

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

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 30, 2025

鈴木 理

---

Makoto Suzuki  
Designated Engagement Partner  
Certified Public Accountant

# CORPORATE OUTLINE

## Corporate Name:

Sumitomo Mitsui Construction Co.,Ltd.

## Established:

October 14, 1941

## Permission:

(Special-3)No.200, Specified Constructor,  
granted by the Minister of Land,  
Infrastructure, Transport and Tourism

## License:

(17)No.1, Housing, Land and Building Dealer,  
granted by the Minister of Land, Infrastructure,  
Transport and Tourism

## Main Scope of Business:

- 1) To contract, plan, design and/or supervise  
civil engineering, architectural, prestressed  
concrete, electrical, piping and other works
- 2) To plan, design and supervise marine  
development, regional development,  
urban development, natural resource  
development and environment  
maintenance
- 3) To manufacture, sell and lease materials  
for civil and building works, prestressed  
concrete products, seismic isolating  
device, seismic damping device, and  
other machinery and instruments

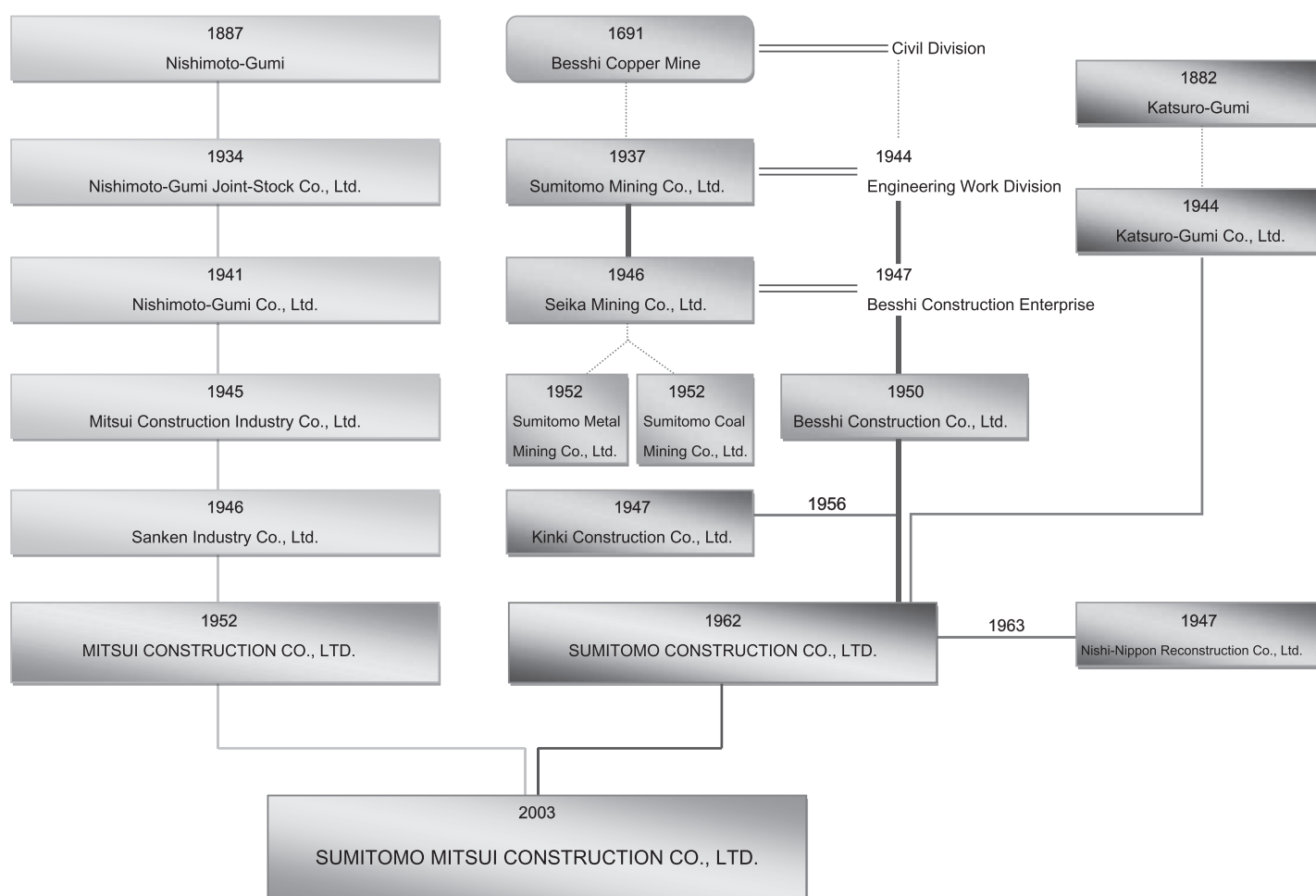
## Main Banks

Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited

## Main Shareholders

The Master Trust Bank of Japan, Ltd.  
Minami Aoyama Fudosan Co.,Ltd.  
Aya Nomura  
Reno Co.,Ltd.  
Custody Bank of Japan, Ltd.

## Corporate History



---

## CORPORATE DATA

---

### HEAD OFFICE

2-1-6 Tsukuda, Chuo-ku,  
Tokyo, 104-0051, Japan

### INTERNATIONAL DIVISION

2-1-6 Tsukuda, Chuo-ku,  
Tokyo, 104-0051, Japan  
TEL:81-3-4582-3171  
FAX:81-3-4582-3247

### OVERSEAS OFFICES

#### Manila (Philippines)

15th Floor, GT Tower International, 6813  
Ayala Avenue corner H.V. Dela Costa Street,  
Makati City, Metro Manila, Philippines  
TEL:63-2-5304-5300/5301/5302

#### Guam (USA)

Suite 105-107, IBC Building, J.L. Baker Street,  
Harmon Industrial Park, Harmon, Guam 96913  
(P.O.Box 9670, Tamuning, Guam 96931)  
TEL:1-671-649-7521  
FAX:1-671-649-7550

#### Hanoi (Vietnam)

#502-504, 5th Floor, V-Tower, 649 Kim Ma str., Ba  
Dinh Dist., Hanoi, Vietnam  
TEL:84-24-3942-8888  
FAX:84-24-3942-8808

#### Singapore

2 Bukit Merah Central #14-01 & 02, Singapore  
159835  
TEL:65-6933-8000  
FAX:65-6933-8001

#### Jakarta (Indonesia)

Summitmas 2, 20th Floor JL. Jend. Sudirman Kav.  
61-62, Jakarta Selatan 12190, Indonesia  
TEL:62-21-520-1757  
FAX:62-21-525-0905

#### Bangkok (Thailand)

8th Floor, Siam Patumwan House, 414 Phayathai  
Road, Wangmai Sub-district, Pathumwan District,  
Bangkok 10330, Thailand  
TEL:66-2-250-0560  
FAX:66-2-254-7405

#### Yangon (Myanmar)

Grand Floor, Wing C, Building A4, Star City,  
Thanlyin Township, Yangon, Myanmar  
TEL:95-9-25156-5442

#### Phnom Penh (Cambodia)

(Phnom Penh Center) South Building, 8 floor,  
Room No. 871, Street Sothea (3), Phom 1,  
Sangkat Tonle Bassac, Khan Chamkarmon,  
Phnom Penh, 120101, Cambodia  
TEL:855-78-777-072

### SUBSIDIARY COMPANIES IN OVERSEAS

#### SMCC(Thailand)Co.,Ltd.

8th Floor, Siam Patumwan House, 414 Phayathai  
Road, Wangmai Sub-district, Pathumwan District,  
Bangkok 10330, Thailand  
TEL:66-2-250-0560  
FAX:66-2-254-7405

#### PT. SMCC Utama Indonesia

Summitmas 2, 20th Floor JL. Jend. Sudirman Kav.  
61-62, Jakarta Selatan 12190, Indonesia  
TEL:62-21-520-1757  
FAX:62-21-525-0905

#### SMCC Construction India Private Limited

201, 2nd Floor, Plot No. -D1, Ras Vilas, Saket  
District Centre, Saket, New Delhi 110017, India  
TEL:91-11-41392800  
FAX:91-11-41652592

#### SMCC Philippines, Inc.

10F Frabelle Corporate Plaza, 129 Tordesillas  
Corner Bautista Salcedo Village Makati City,  
Philippines.  
TEL:63-2-8840-4913  
FAX:63-2-8840-4912

#### SMCC Overseas Singapore Pte. Ltd.

2 Bukit Merah Central #14-01 & 02, Singapore  
159835  
TEL:65-6933-8000  
FAX:65-6933-8001

#### SMCC Malaysia Sdn. Bhd.

Level 13, Suite 13.06, Johor Bahru City Square  
(Office Tower)  
106-108 Jalan Wong Ah Fook, 80000 Johor Bahru,  
Malaysia  
TEL:60-7-207-1133  
FAX:60-7-207-3311

#### SMCC Taiwan Co., Ltd.

7F., No.26, Sec. 3, Naging E. Rd., Zhongshan Dist.,  
Taipei City, Taiwan (R.O.C.)  
TEL:81-3-4582-3171  
FAX:81-3-4582-3247

#### Antara Koh Private Limited

27 Pioneer Road, Singapore 628500  
TEL: 65-6862-2822  
FAX: 65-6861-1335



**SUMITOMO MITSUI  
CONSTRUCTION CO.,LTD.**