

Business Report

(April 1, 2024,
to March 31, 2025)

1 Status of the Corporate Group

(1) Business Progress and Results

Management results and status of segments

During the period under review, the Japanese economy continued to demonstrate signs of weakness, with the corporate sector maintaining its resilience while personal consumption remained underperforming. This was primarily attributable to wage growth that has yet to consistently outpace price increases.

In the domestic construction market, construction investment increased from the previous year and remained strong in both the public and private sectors. Conversely, construction material prices remained elevated, and labor costs continued to rise due to tight supply and demand for skilled workers in specific job categories.

In addition, for offshore wind power generation projects, which are attracting attention for their potential to achieve carbon neutrality, operators have been decided for nine sea areas in Japan so far, with full-scale construction scheduled to begin in 2027 or later.

Under these circumstances, our Group has positioned the offshore wind power engineering business as a growth driver, and as offshore wind power projects take shape, we are focusing on allocating our management resources — people, goods and money. In addition to the on-schedule construction of a cable-laying vessel, scheduled for completion in the first half of 2026, we have decided to procure Japan's first high-performance subsea cable ROV trencher. We also developed low-cost construction technologies and nurtured human resources to promote this business. Furthermore, we are accelerating our efforts with a view to 2027, when construction is scheduled to begin in earnest, by establishing a framework through alliances with multiple companies both in Japan and abroad.

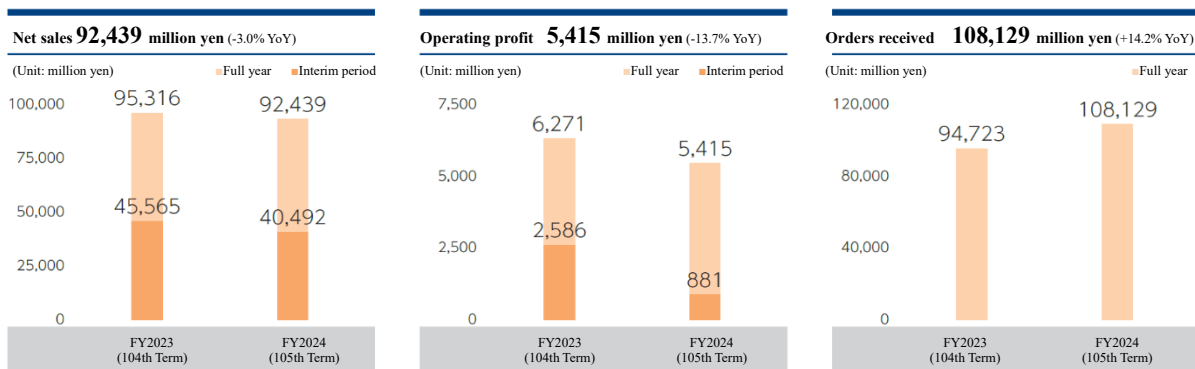
Net sales for the consolidated period under review decreased 7.6% year on year (hereinafter, year-on-year comparison) to 172,605 million yen. Operating profit increased 7.0% to 11,651 million yen, ordinary profit grew 10.1% to 11,071 million yen, and profit attributable to owners of parent was up 18.5% to 8,311 million yen.

Orders received far surpassed initial forecasts at the beginning of period, primarily due to the robust performance of the domestic building construction business. As a result, the balance carried forward during the period under review reached the highest level in the past 10 years. In addition, we have been able to secure an appropriate level of profit at the time of receiving orders, which is expected to contribute to the next consolidated period.

Civil engineering, domestic

Net sales composition

53.6%



In this business, where we have a competitive advantage, we worked to secure business volume and achieve high profitability amid a continuing strong market environment by striving to win orders for large-scale projects for government marine construction and expand orders for private and government land construction.

During the period under review, we concentrated on orders and construction for the maintenance of private port facilities and infrastructure, such as ports and airports, as well as land construction, such as tunnels and water and sewage facilities. However, due to a reactionary decline from the completion of large-scale construction projects in the previous fiscal year and delays in the timing of orders received during the interim period, net sales in this segment fell 3.0% to 92,439 million yen, and operating profit saw a 13.7% decrease, standing at 5,415 million yen.

Major orders received

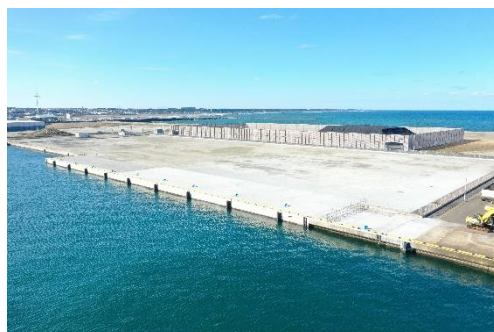
Ministry of Land, Infrastructure, Transport and Tourism
Ministry of Defense
Tokyo

FY2024 Soil Improvement Engineering Work in Tokyo International Airport P Taxiway, etc.
Sasebo (6) Sakibe Reclamation Engineering Work, etc.
Hachioji Water Reclamation Center Construction Work accompanying Reconstruction of Sludge Incineration Facilities

Major completed constructions

Ministry of Land, Infrastructure, Transport and Tourism
Ministry of Land, Infrastructure, Transport and Tourism
Ministry of Land, Infrastructure, Transport and Tourism
Ministry of Land, Infrastructure, Transport and Tourism

FY2023 Soil Improvement Engineering Work, etc. in Tokyo International Airport West Cargo Area Apron
FY2023 Nagoya Port New Sand Disposal Site Reclamation Engineering and Embankment Construction Works (Part 2)
FY2023 Yokkaichi Port Kasumigaura North Wharf Area Quay (-14m) Construction (Part 2)
FY2024 Yatsushiro Port Ohtsukushima Sand Disposal Site Soil Improvement Engineering Work



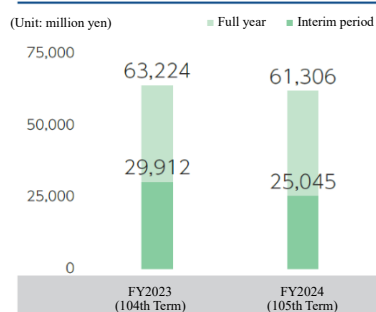
FY2023 Kashima Port Outer Port Area Quay (-12m) Upper Part and Other Construction

Building construction, domestic

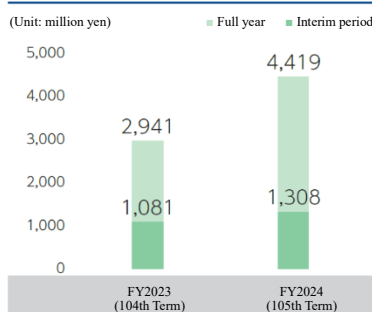
Net sales composition

35.5%

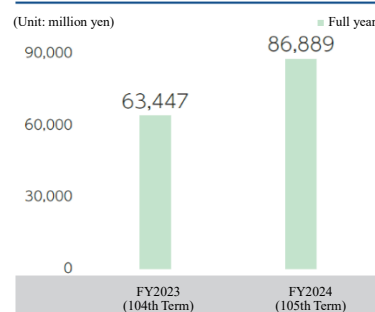
Net sales **61,306** million yen (-3.0% YoY)



Operating profit **4,419** million yen (+50.2% YoY)



Orders received **86,889** million yen (+36.9% YoY)



In order to reform its earnings structure to expand earnings even in a rapidly changing market environment, the Company has continued to develop ReReC® (Renewal, Renovation, Conversion) sales, which are measures to strengthen efforts in the stock market. It has also striven in the non-contracted business field, while strengthening efforts not only to secure profits at the time of receiving orders but also to improve profitability at the time of design and construction, and has made efforts to secure and train human resources.

During the fiscal year under review, we focused on the fields listed in the medium-term business plan, including factories, warehouse & logistic facilities, refuse incineration facilities, apartments, and other facilities, as well as receiving orders and construction of ReReC® projects. Net sales in this segment dropped 3.0% to 61,306 million yen due to the larger number of projects in the design stage compared with the previous year. On the other hand, operating profit grew 50.2% to 4,419 million yen due to an increase in highly profitable construction projects compared with the previous year as a result of efforts to improve profitability, including the retention of business at a very early stage and front-loading.

Major orders received

Kubota Corporation, Utsunomiya Plant
Roland Corporation

Kubota Utsunomiya Main Engine Plant Construction Work for BCP Measures
Roland Corporation New Headquarters Construction Plan

Major completed constructions

ITEC Corporation
Oto Town

(Tentative name) ITEC Corporation New Kitakami Plant Construction Work
Oto Town Waste Treatment Plant Improvement Work

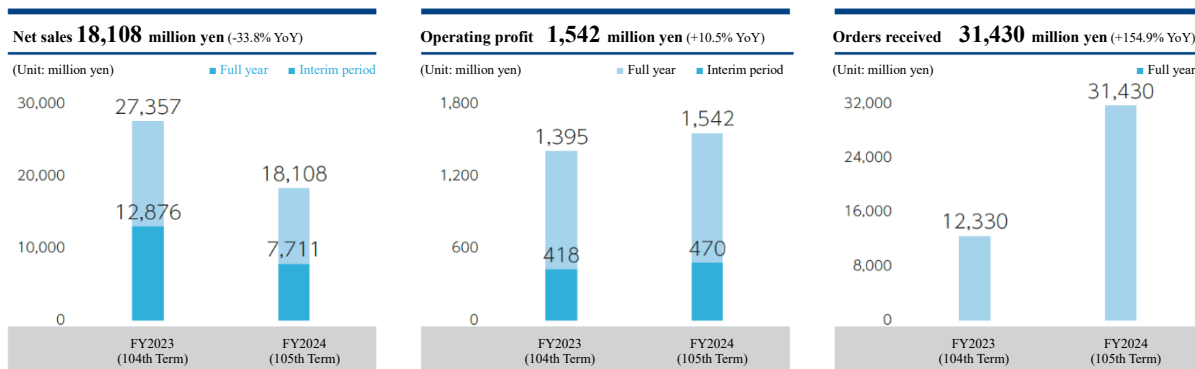


(Tentative name) ITEC Corporation
New Kitakami Plant Construction Work

Overseas construction business

Net sales composition

10.5%



By concentrating management resources on the Philippines, winning ODA projects and which is our most important base, we have worked to strengthen our earnings base by expanding private construction through our Philippine subsidiary CCT CONSTRUCTORS CORPORATION (“CCT”), as well as to develop local human resources.

During the period under review, net sales in this segment decreased 33.8% to 18,108 million yen due to a period of suspension of construction work in progress due to the typhoon damage in July 2024 in the Philippines, resulting in lower turnover than the initial forecast, and due to a reactionary decline, etc. from large-scale construction work at CCT that contributed in the previous period. Conversely, operating profit was up 10.5% to 1,542 million yen, primarily attributable to the acquisition of design changes that included price increases and effective management of local pension assets.

Major orders received

Republic of the Philippines Pasig-Marikina River Channel Improvement (Phase 4) (STEP) P1

Major completed constructions

BROTHER INDUSTRIES (PHILIPPINES), INC. New construction of the Brother Philippines Plant No. 3

SANYO DENKI PHILIPPINES, INC. New construction of the Sanyo Denki Philippines Plant No. 4

PHILINAK INDUSTRIES, INC. New construction phase 1 of the Philinak Industries Plant No. 3



Pasig-Marikina River Channel Improvement (Phase 4) (STEP) P1

(2) Status of Capital Investment

The Company made capital investment totaling 13.3 billion yen during the fiscal term under review, with the funds used primarily for advance payments for construction of a self-propelled cable-laying vessel. The investment decision for the construction of the said vessel was made after discussions and consideration at the Board of Directors meetings, with a focus on capital costs and capital profitability.

(3) Status of Financing

In May 2024, the Company entered into a term loan agreement with 11 financial institutions for a total of 20 billion yen under a syndicated loan facility. This facility was secured by a green loan with a commitment period. The loan was used to finance the construction of a self-propelled cable-laying vessel.

In addition, in September 2024, the Company entered into a syndicated commitment line agreement with seven financial institutions for a total amount of 10 billion yen (including a 5 billion yen increase option), with a term of one year. In March 2025, the Company entered into a commitment line agreement with one financial institution for a total amount of 5 billion yen with a term of one year.

(4) Issues to be Addressed

In the construction market, both government sector investment and private investment in construction are expected to remain strong. Government sector investment is expected to increase slightly compared with FY2024. This is due to public works-related expenditures in the initial budget proposal for FY2025 and the supplementary budget for FY2024 for national government-administered and subsidized projects being secured at the same level as the previous period. Furthermore, the subsequent five-year National Resilience Plan, set to commence in FY2026, is anticipated to surpass the current National Resilience Plan by 20 trillion yen in terms of project volume. Private investment in construction is also expected to remain steady at the same level as FY2024, as corporate appetite for capital investment is expected to continue.

On the other hand, there is a growing shortage of skilled workers throughout the supply chain due to the aging of the workforce, as well as a significant increase in the cost of construction materials and labor. Consequently, there has been an acceleration in efforts to enhance productivity and work style reform through the promotion of DX, with the aim of establishing a sustainable construction industry.

Under these circumstances, the Group will continue its efforts to “transform from defense to offense: a company that embraces challenges,” which is the theme of its medium-term business plan from fiscal 2023, and will respond flexibly to changes in the construction industry environment.

Specifically, we are promoting capital efficiency management and sustainability management to enhance corporate value over the medium to long term, strengthening corporate governance to support sustainable growth, and advancing initiatives to realize a sustainable construction industry.

In addition, in response to the aging of social infrastructure, we are leveraging our high level of expertise and know-how to contribute to the development of safe and secure social infrastructure. We are also focusing on technology development to contribute to disaster prevention and mitigation, and national resilience initiatives.

Furthermore, in offshore wind power generation, which is expected to play a major role in achieving a carbon-neutral society, our Group aims to secure a top share in offshore wind power construction, focusing on subsea cable laying. To participate in a broad range of offshore wind power construction projects, we will make strategic investments in human capital, growth investment funds, and other areas, in addition to technological development, in order to contribute significantly to the value chain of offshore wind power.

■ Actions to ensure management decisions considering capital costs and stock price

Our Group will establish ROIC as the core management indicator from fiscal 2025 and further promote management that prioritizes capital efficiency. In order to instill ROIC throughout the company, we have identified and mapped out the factors that contribute to increasing operating profit after tax and improving capital efficiency. In addition, we have established key performance indicators (KPIs) that are essential for enhancing capital efficiency in each business. We have also delineated specific actions that must be taken to achieve these KPIs. The Group’s assumed weighted average cost of capital (WACC) is approximately 6%.

Moving forward, we will increase our efforts to educate employees on ROIC within the company, and translate these efforts into concrete actions at the Regional Business Section level and at the individual level.

In addition, we established a new department specialized in IR in April 2025 to strengthen our IR activities. We will proactively participate in IR activities to enhance the presence of our Group among shareholders and investors.

For more information on our initiatives, please refer to the materials from the financial results briefing held on May 12, 2025.

<https://pdf.irpocket.com/C1890/iJ7x/O7mz/p9B1.pdf>

■ Initiatives for the realization of a sustainable construction industry

The construction industry is currently facing significant challenges due to a number of factors, including an aging population and a shortage of workers, which has led to major issues in maintaining the supply chain.

Our Group is committed to achieving a sustainable construction industry. We focus on human resource development, providing attractive compensation and benefits, and creating an environment where a diverse range of talented people can fully utilize their abilities and contribute to the company's growth. Moving forward, we will continue to cultivate the growth of "human resources" into "human capital" through education and training. These initiatives aim to nurture individuals who possess the potential to excel in various fields in the future. We are committed to fostering collaboration and mutual prosperity with our partner companies, and dedicated to supporting the development of human capital. In addition, we will minimize overtime and implement a work schedule that allows for eight days of rest per four weeks at construction sites as our top priority. We will contribute to enhancing the appeal of the construction industry by implementing various initiatives to achieve these goals.

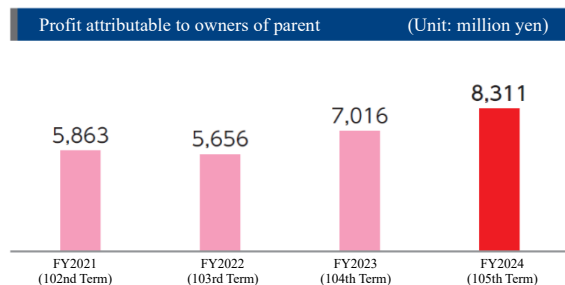
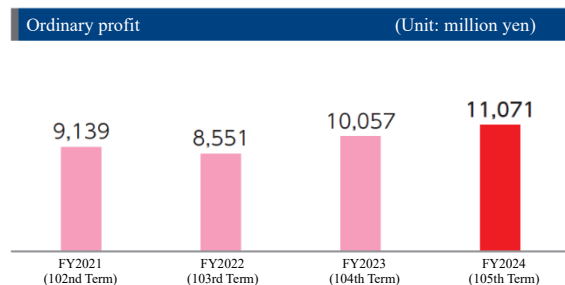
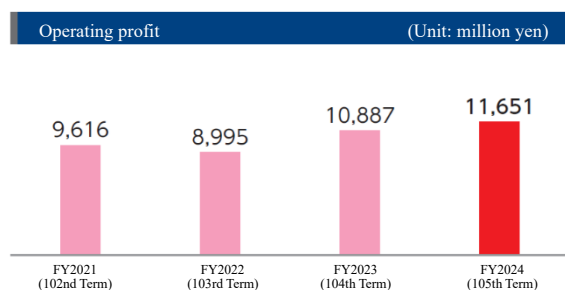
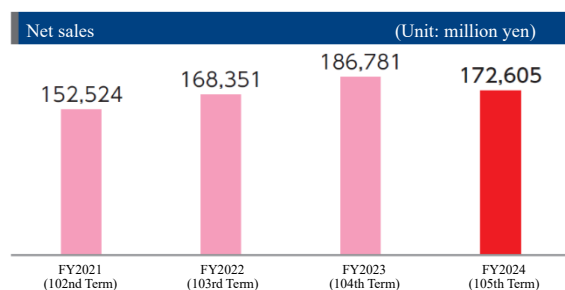
■ Initiatives against Climate Change

Our Group is working to contribute to the realization of a carbon-neutral society and the reduction of environmental impact. In our civil engineering business, we are engaged in GX/EX-related construction projects, such as the construction of offshore wind power facilities, the development of carbon dioxide capture and storage (CCS) technology, and the conversion of steelworks to electric furnaces. We are also committed to reducing CO₂ emissions during operation by replacing workboats with environmentally friendly engines and converting to biofuels. In the construction industry, we are committed to reducing lifecycle CO₂ (LCCO₂) emissions by adopting Net Zero Energy Building (ZEB) and Net Zero Energy House (ZEH) standards.

(5) Changes in Status of Assets and Income

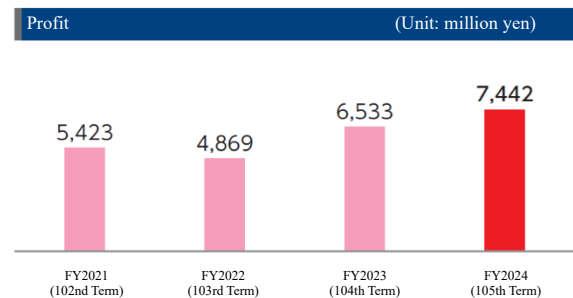
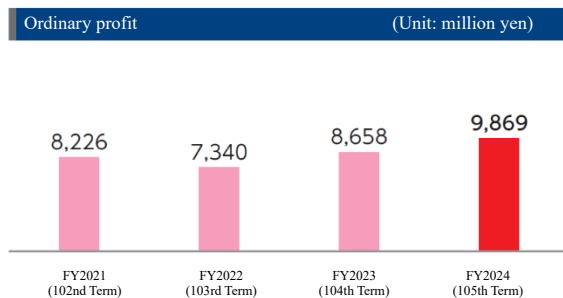
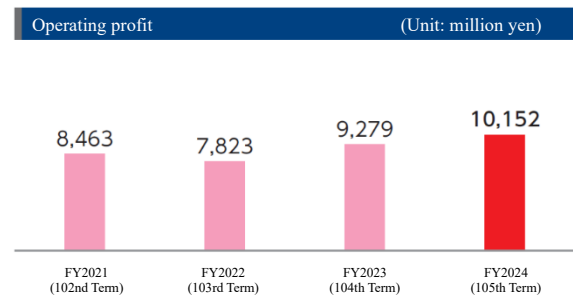
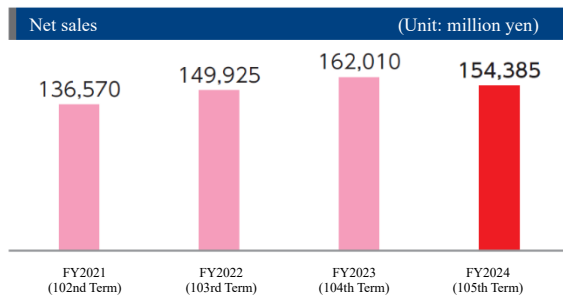
(i) Changes in Assets and Income of the Corporate Group

Position		FY2021 (102nd Term)	FY2022 (103rd Term)	FY2023 (104th Term)	FY2024 (105th Term)
Orders received (million yen)		185,301	191,419	171,384	227,303
Net sales (million yen)		152,524	168,351	186,781	172,605
Break down	Construction business (million yen)	151,626	167,676	185,898	171,854
	Sideline business (million yen)	898	675	882	751
Operating profit (million yen)		9,616	8,995	10,887	11,651
Ordinary profit (million yen)		9,139	8,551	10,057	11,071
Profit attributable to owners of parent (million yen)		5,863	5,656	7,016	8,311
Earnings per share		62.40 yen	60.17 yen	74.51 yen	88.49 yen
Total assets (million yen)		135,582	153,717	164,160	180,459
Net assets (million yen)		69,899	73,984	80,800	80,075



(ii) Changes in Assets and Income of the Company

Position		FY2021 (102nd Term)	FY2022 (103rd Term)	FY2023 (104th Term)	FY2024 (105th Term)
Orders received (million yen)		165,772	168,207	154,328	204,550
Net sales (million yen)		136,570	149,925	162,010	154,385
Break down	Construction business (million yen)	135,913	149,482	161,558	153,977
	Real estate business (million yen)	657	443	452	407
Operating profit (million yen)		8,463	7,823	9,279	10,152
Ordinary profit (million yen)		8,226	7,340	8,658	9,869
Profit (million yen)		5,423	4,869	6,533	7,442
Earnings per share		57.72 yen	51.79 yen	69.38 yen	79.23 yen
Total assets (million yen)		123,115	139,670	145,788	163,340
Net assets (million yen)		63,505	66,502	71,720	68,801



(6) Status of Principal Parent Company and Subsidiaries

(i) Status of Parent Company

Not applicable.

(ii) Status of Principal Subsidiaries

Name	Capital	Investment ratio (%)	Principal business
TOMAC Corporation	100 million yen	100	Civil engineering construction contracting; design, repair, leasing of construction vessels and machinery
Kusakabe Maritime Engineering Co., Ltd.	70 million yen	100	Civil engineering construction contracting; maritime shipping
Tachibana Kogyo Co., Ltd.	70 million yen	50	Civil engineering construction contracting; management and purchase/sale of construction vessels
Tecos Co., Ltd.	48 million yen	100	Building management and construction/repair/renovation business, domestic construction business, real estate business, etc.
CCT CONSTRUCTORS CORPORATION	500 million PHP	40	Civil engineering and domestic construction contracting

(7) Principal business

Name	Business
Domestic civil engineering business Domestic building construction business Overseas construction business	The Company, the main business operator, is licensed as a special construction business operator (“(Toku-4) No. 2405”) by the Minister of Land, Infrastructure, Transport and Tourism under the Construction Business Act and engages in offshore and onshore civil engineering, domestic construction and related businesses.
Real estate business	The Company, the main business operator, is licensed as a real estate broker (“(14) No. 1385”) by the Minister of Land, Infrastructure, Transport and Tourism under the Real Estate Brokerage Act, and engages in real estate-related businesses.
Other businesses	The Group, principally through subsidiaries, engages in the insurance agency business, goods sales and leasing businesses.

(8) Major Offices

(i) The Company

Main Office	4-1-1 Koraibashi, Chuo-ku, Osaka-shi, Osaka		
Head Office	1-105, Kandajimbocho, Chiyoda-ku, Tokyo		
Branches	Hokkaido Branch	(Sapporo)	Tohoku Branch Office (Sendai)
	Kanto Branch	(Chiyoda-ku, Tokyo)	Kanto Architectural Construction Branch (Chiyoda-ku, Tokyo)
	Yokohama Branch	(Yokohama)	Hokuriku Branch (Kanazawa)
	Nagoya Branch	(Nagoya)	Osaka Main Office (Osaka)
	Chugoku Branch	(Hiroshima)	Shikoku Branch (Takamatsu)
	Kyushu Branch	(Fukuoka)	International Division (Chiyoda-ku, Tokyo)
Technical Research Institute	Technical Research Institute, Naruo (Nishinomiya), Technical Research Institute, Miho (Miho, Inashiki-gun, Ibaraki Pref.)		
Overseas Offices	Manila Office (the Philippines), Hanoi Office (Vietnam), Jakarta Office (Indonesia)		

(ii) Principal Subsidiaries

TOMAC Corporation	Head Office: Chiyoda-ku, Tokyo
Kusakabe Maritime Engineering Co., Ltd.	Head Office: Kobe, Hyogo Pref.
Tachibana Kogyo Co., Ltd.	Head Office: Takamatsu Kagawa Pref.
Tecos Co., Ltd.	Head Office: Chiyoda-ku, Tokyo
CCT CONSTRUCTORS CORPORATION	Head Office: The Philippines

(9) Status of Employees (as of March 31, 2025)

(i) Status of Employees of the Corporate Group

Business	Employees		Change from the end of the previous term	
Domestic civil engineering business	1,013	[45]	20	[(1)]
Domestic building construction business	342	[2]	3	[1]
Overseas construction business	69	[160]	(3)	[4]
Real estate business	3		0	
Other businesses	11		(1)	
Company-wide	273	[7]	36	[2]
Total	1,711	[214]	55	[6]

(Note) The number of employees indicates those engaged in work; for employees hired locally overseas (160) and temporary employees (54), the annual average is indicated in [].

(ii) Status of Employees of the Company

Employees	Change from the end of the previous term	Average age	Average years of service
1,383 [149]	Increase of 72 [Increase of 9]	43.1	16.9

(Note) The number of employees indicates those engaged in work; for employees hired locally overseas (95) and temporary employees (54), the annual average is indicated in [].

(10) Principal Lenders (as of March 31, 2025)

Lender	Year-end Balance of Loans (million yen)
MUFG Bank, Ltd.	8,470
Mizuho Bank, Ltd.	4,440
Sumitomo Mitsui Banking Corporation	3,330

(11) Other Important Matters Regarding the Current Status of the Corporate Group

Not applicable.

2 Matters Regarding the Company's Shares (as of March 31, 2025)

(1) Total number of authorized shares: 320,000,000 shares

(2) Total number of issued shares: 94,371,183 shares

(Notes) 1. Authorized shares and issued shares are all ordinary shares.

2. The total number of issued shares includes 44,708 treasury shares.

(3) Total number of shareholders: 40,245 persons

(4) Top 10 shareholders

Name	No. of shares held (thousand)	Shareholding ratio (%)
MAEDA CORPORATION	19,047	20.19
WK 1 Limited	9,200	9.75
WK 2 Limited	9,190	9.74
The Master Trust Bank of Japan, Ltd. (account in trust)	8,543	9.05
WK 3 LIMITED	5,890	6.24
Yamauchi-No.10 Family Office GK	2,627	2.78
Custody Bank of Japan, Ltd. (account in trust)	2,057	2.18
Toyo Construction Kyoei-Kai	1,877	1.99
MUFG Bank, Ltd.	1,300	1.37
JP MORGAN CHASE BANK 385781	998	1.05

(Notes) 1. The shareholding ratios are computed without the Company's treasury shares (44,708). The treasury shares do not include the 398,968 shares held by the Officers' Compensation BIP Trust.

2. Shares less than 1,000 are rounded down.

(5) Status of shares granted to Company officers during the fiscal year under review as consideration for performance of their duties

Not applicable.

(6) Other matters concerning shares

The 94th Ordinary General Shareholders Meeting on June 29, 2016 approved a resolution to adopt performance-linked stock compensation for the Company's Directors and Executive Officers (excluding Outside Directors). This is a program in which a trust called the Officer Compensation BIP (Board Incentive Plan) Trust grants the Company's shares acquired in advance to directors, etc. according to the degree of achievement of medium- to long-term performance targets.

The Officer Compensation BIP Trust held 398,968 shares of the Company as of March 31, 2025.

3 Matters Regarding the Company's Officers (as of March 31, 2025)

(1) Names etc. of Directors and Corporate Auditors

Position at Company	Name	Responsibilities and Material Concurrent Positions
Representative Director	Shinya Yoshida	Executive Chairperson & CEO
Director	Haruhisa Obayashi	Executive Vice Chairperson on Special Assignment
Representative Director	Tatsuyoshi Nakamura	President & COO
Representative Director	Hiromi Hirata	Executive Vice President, General Manager of Building Construction Division Div., in charge of Risk Management, and in charge of Safety and Environment Dept.
Director	Takashi Gunjishima	Senior Managing Executive Officer in charge of Corporate Sec., Corporate Strategy Group, and Finance & Accounting Group, in charge of Sustainability Promotion
Director	Takashi Narusawa	Outside Director of Anest Iwata Corporation (Auditor and Supervisory Committee Member) Outside Director of Nissha Co., Ltd.
Director	Kazumichi Matsuki	
Director	Masato Uchiyama	
Director	Masaharu Okada	
Director	Katsuya Natori	Managing Partner of ITN Partners Outside Director of Tokyo Rope Mfg. Co., Ltd. Outside Corporate Auditor of Recruit Holdings Co., Ltd. Outside Corporate Auditor of Circlace Co., Ltd. Supervisory Officer of Global One Real Estate Investment Corporation
Director	Yoshiko Fujii	Executive Officer and CFO of Enewill Inc.
Full-time Corporate Auditor	Katsunori Tanabe	
Corporate Auditor	Shiho Boda	Attorney at law of SAKURADA DORI PARTNERS Outside Corporate Auditor of Metaplanet Inc.
Corporate Auditor	Tomoko Nonaka	Managing Lawyer of Nonaka & Kawarabayashi Law Office
Corporate Auditor	Koichi Kawaguchi	Outside Director of Fukuyama Transporting Co., Ltd.

- (Notes) 1. Directors Takashi Narusawa, Kazumichi Matsuki, Masato Uchiyama, Masaharu Okada, Katsuya Natori, and Yoshiko Fujii are Outside Directors.
2. Corporate Auditors Shiho Boda, Tomoko Nonaka, and Koichi Kawaguchi are Outside Corporate Auditors.
3. Directors Takashi Narusawa, Kazumichi Matsuki, Masato Uchiyama, Masaharu Okada, Katsuya Natori, and Yoshiko Fujii, and Corporate Auditors Shiho Boda, Tomoko Nonaka, and Koichi Kawaguchi have been filed with the Tokyo Stock Exchange as independent officers as specified in the rules of the Tokyo Stock Exchange.
4. Director Yoshiko Fujii has changed her surname to Hirano by marriage, but she has executed her duties under her maiden name, Fujii.
5. Full-time Corporate Auditor Katsunori Tanabe has extensive experience in general affairs and accounting at domestic and overseas offices, and has considerable knowledge of finance and accounting in the construction industry.

(2) Compensation etc. of Directors and Corporate Auditors

(i) Policy for determining compensation etc. for individual Directors

The Company has established a policy with respect to determining the amount of remuneration and other compensation for Directors, and the method of calculating such amounts at the Board of Directors. In determining this policy, the Company consults with the Director Nomination & Compensation Committee in advance and submits its recommendations to the Board of Directors.

Further, in determining compensation etc. for each individual Director, the deliberations by the Director Nomination & Compensation Committee include whether the compensation is in line with the relevant decision-making policy for determining compensation etc., and the Board of Directors respects the report of the Nomination/Compensation Committee and believes that the compensation etc. is in line with the relevant decision-making policy.

The following is a summary of the policy for determining compensation etc. for each individual Director.

a. Compensation Structure and Ratios

Directors' remuneration consists of base remuneration as monetary compensation, performance-based remuneration, and performance-linked equity compensation as non-monetary compensation, with the ratios set according to the position held as shown in the table below (the Executive Officer positions of the Executive Director; the same shall apply hereinafter).

Please note that the remuneration for Outside Directors consists only of a single base compensation.

To: Executive Officers	Base compensation	Performance compensation	Performance-linked equity compensation
Executive Chairperson, Executive Vice Chairperson, Executive President, Executive Vice President	60%	25%	15%
Senior Managing Executive Officer, Managing Executive Officer	65%	25%	10%
Executive Officer	70%	20%	10%

b. Base compensation

Base compensation is fixed and commensurate with the position, plus a uniform director's remuneration as a director.

c. Performance compensation

The performance compensation is determined based on the results of each executive director's individual performance evaluation for the previous fiscal year. The performance evaluation of each executive director is conducted by the Director Nomination & Compensation Committee, which evaluates the division performance, individual qualitative goals, and the degree of achievement and contribution to solving Company-wide management issues in the duties assigned to each executive director, and makes the final determination.

d. Performance-linked equity compensation

Performance-linked equity compensation (stock grant trust) is designed to clarify the incentives for executive directors and Executive Officers to achieve the medium-term business plan, link compensation to the Company's performance, raise awareness of contributions to long-term performance and corporate value, and promote profit-sharing with shareholders. To achieve these objectives, performance evaluation points are determined using indicators such as consolidated operating profit, return on equity (ROE), and construction safety performance for each fiscal year within the evaluation period.

Please note that the evaluation period corresponds to the fiscal years of the medium-term business plan.

e. Policy relating to timing and conditions for payment of compensation etc.

Base compensation and performance-linked compensation are paid monthly, and the maximum amount of compensation is 33 million yen per month (including 12 million yen per month for Outside Directors). Further, a trust has been established for performance-linked equity compensation with a maximum contribution limit of 565 million yen over five fiscal years (however, following this

applicable period, the maximum for each fiscal year shall be 113 million yen, and the amount shall be 113 million yen times the number of years of the new applicable period), and the Trust will acquire a maximum of 240,000 shares for each fiscal year and deliver common shares after the end of the period subject to evaluation according to performance evaluation points.

f. Decisions relating to compensation etc. other than the foregoing

Payment of performance-linked equity compensation will be suspended in the event of a violation of laws and regulations or the Company's rules, or in the event that the recipient is determined to be inappropriate as a recipient under the system as a result of failure to perform duties, inappropriate language or behavior detrimental to the dignity of the Company, or for other reasons.

(ii) Policy for determining compensation etc. for individual corporate auditors

The compensation etc. of corporate auditors is determined according to the results of discussions with the corporate auditors, and such compensation is limited to base compensation only, with the maximum amount of compensation up to 6 million yen per month.

(iii) Total amount of compensation etc. in the fiscal year under review

Position	Amount of Compensation (million yen)	Total amount of compensation etc. by type (million yen)			Number of eligible officers (Persons)
		Base compensation	Performance compensation	Performance-linked equity compensation	
Director (amount for Outside Directors)	304 (75)	221 (75)	47 (-)	35 (-)	15 (8)
Corporate Auditor (amount for Outside Corporate Auditors)	42 (28)	42 (28)	-	-	5 (4)
Total (amount for outside officers)	346 (103)	263 (103)	47 (-)	35 (-)	20 (12)

- (Notes) 1. The number of officers and compensation amounts include four Directors (including two Outside Directors) and one corporate auditor (including one Outside Corporate Auditor) who retired at the conclusion of the 102nd Ordinary General Shareholders Meeting held on June 26, 2024.
2. Performance-linked equity compensation represents the amount of provision of allowance for officers' equity compensation during the current fiscal year.
3. The content of performance remuneration and non-monetary compensation such as the performance-linked equity compensation etc. is as set forth in "(i) Policy for determining compensation etc. for individual Directors." The granting status during the fiscal year under review is as set forth in "2. (5) Status of shares granted to Company officers during the fiscal year under review as consideration for performance of their duties."
4. The maximum amount of compensation for Directors was approved at the 101st Ordinary General Shareholders Meeting held on June 27, 2023, to be no more than 33 million yen per month (including 12 million yen per month for Outside Directors). The number of Directors at the time of conclusion of the General Shareholders Meeting was 13 (including seven Outside Directors). Further, as non-monetary compensation for Directors separate from monthly compensation, the 101st Ordinary General Shareholders Meeting held on June 27, 2023 approved a resolution to establish a trust with a maximum amount of 565 million yen for five fiscal years, acquire up to 240,000 shares of the Company's common stock through the Trust for each fiscal year, and deliver them to Directors (excluding Outside Directors) and Executive Officers according to their performance evaluation points. The number of Directors subject to this system at the time of the conclusion of the General Shareholders Meeting was six, and 18 Executive Officers who do not have concurrent positions as Directors were also included.
5. The maximum amount of compensation for corporate auditors was approved at the 76th Ordinary General Shareholders Meeting held on June 26, 1998, to be no more than 6 million yen per month. The number of corporate auditors at the time of the resolution was four.

(3) Outline of the contents of Directors and officers liability insurance agreements

The Company has entered into a Directors and officers liability insurance policy as provided in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The liability amount, lawsuit expenses and other damage that the insured would need to bear would be covered by said insurance policy. The insured of said insurance policy are the Company Directors, corporate auditors, Executive Officers and other persons who execute the operations, and the insured do not pay the insurance premium. However, the policy contains an exclusion clause, such as any damage arising from the insured unlawfully receiving personal gains or advantages will not be paid.

(4) Matters Regarding Outside Officers

- (i) Material concurrent positions and relationships between the Company and the relevant other corporations etc.

The material concurrent positions of outside officers are as set forth in “(1) Names etc. of Directors and Corporate Auditors,” and there are no special relationships between the Company and each officer’s concurrent positions.

- (ii) Familial relationships between executive officers or officers who are not executive officers and the Company or business operators having a certain relationship with the Company
Not applicable.

(iii) Status of main activities in the fiscal year under review

Name	Number of Board of Directors meetings attended	Number of Board of Auditors meetings attended	Summary of Comments Made to the Board of Directors and Board of Auditors etc. and Matters Performed in Relation to the Expected Roles of Outside Directors
Takashi Narusawa (Outside Director)	18/18 times	-	Based on his extensive experience acquired through management consulting work over the years, he provided important and accurate opinions from an investor’s perspective during the deliberations of various agendas, and adequately fulfilled the function of management supervision. In addition, as a Director Nomination & Compensation Committee Member, he participated in deliberations on executive appointments, compensation, and other matters from an objective and neutral standpoint, and provided advice and recommendations as appropriate.
Kazumichi Matsuki (Outside Director)	18/18 times	-	Based on extensive practical experience and broad knowledge in the areas of corporate law and compliance, he fully exercised his management oversight functions by providing important and accurate opinions from the perspective of corporate legal affairs and governance in deliberations on various agenda items. In addition, as Chairman of the Board of Directors, he presided over a fair and transparent process, ensured the appropriateness and soundness of decisions, and worked to revitalize and streamline the proceedings.
Masato Uchiyama (Outside Director)	18/18 times	-	Drawing on his extensive experience and expertise in energy-related operations and corporate management, he has effectively fulfilled his supervisory role by providing important and accurate opinions from a broad perspective, particularly regarding strategic human resource management and offshore wind power engineering strategies. In his capacity as Director Nomination & Compensation Committee Chair, he has ensured that proceedings are conducted with fairness and transparency. He has also played an active role in the Board of Directors’ deliberations on executive appointments and compensation, providing recommendations to the Board of Directors.

Name	Number of Board of Directors meetings attended	Number of Board of Auditors meetings attended	Summary of Comments Made to the Board of Directors and Board of Auditors etc. and Matters Performed in Relation to the Expected Roles of Outside Directors
Masaharu Okada (Outside Director)	18/18 times	-	Based on his extensive experience and expertise in sales strategy etc. in the private sector construction business domain, he provided important and accurate opinions mainly on human capital strategy and each business strategy, and adequately fulfilled the function of management supervision. In addition, as a Director Nomination & Compensation Committee Member, he participated in deliberations on executive appointments, compensation, and other matters from an objective and neutral standpoint, and provided advice and recommendations as appropriate.
Katsuya Natori (Outside Director)	17/18 times	-	As an attorney, and based on his expertise in legal affairs, compliance, and risk management, as well as abundant insights into management and governance of listed companies, he provided important and accurate opinions mainly from perspectives of corporate law and risk management in deliberations of each agenda item, and adequately fulfilled the function of management supervision.
Yoshiko Fujii (Outside Director)	13/13 times	-	Drawing on her extensive experience and expertise in finance and investment, she has effectively fulfilled her management oversight responsibilities by offering important and accurate opinions on various businesses' strategic approaches and corporate strategies, with a particular emphasis on financial figures. In addition, as a Director Nomination & Compensation Committee Member, he participated in deliberations on executive appointments, compensation, and other matters from an objective and neutral standpoint, and provided advice and recommendations as appropriate.
Shiho Boda (Outside Corporate Auditor)	17/18 times	20/20 times	As an attorney, and based on her legal experience in Southeast Asia and expertise in corporate law both in Japan and overseas, she made remarks at Board of Directors and Board of Auditors meetings as appropriate. Additionally, she conducted audits of each department and subsidiary in accordance with the audit policy established by the Board of Auditors, and fully carried out her audit functions.
Tomoko Nonaka (Outside Corporate Auditor)	17/18 times	19/20 times	As an attorney, and based on her broad knowledge in corporate law, compliance, and governance of listed companies, she made remarks at Board of Directors and Board of Auditors meetings as appropriate. Additionally, she conducted audits of each department and subsidiary in accordance with the audit policy established by the Board of Auditors, and fully carried out her audit functions.
Koichi Kawaguchi (Outside Corporate Auditor)	18/18 times	20/20 times	Based on his broad knowledge in overall corporate management, business risk management, and compliance, he made remarks at Board of Directors and Board of Auditors meetings as appropriate. Additionally, he conducted audits of each department and subsidiary in accordance with the audit policy established by the Board of Auditors, and fully carried out his audit functions.

(Note) Because Ms. Yoshiko Fujii was appointed by a resolution of the 102nd Ordinary General Shareholders Meeting held on June 26, 2024, the number of times she attended is stated on the basis of the number of meetings held since she took office.

(iv) Outline of the contents of liability limitation agreements

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has executed agreements with each of the Outside Directors and Outside Corporate Auditors to limit their damage compensation liability as stipulated in Article 423, paragraph (1) of the Act. The maximum amount of damage compensation liability pursuant to such agreements is the minimum liability amount stipulated by laws and regulations.

Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	123,842	Current liabilities	81,676
Current liabilities	21,254	Notes payable, accounts payable for construction contracts and other	30,617
Notes receivable, accounts receivable from completed construction contracts and other	76,950	Short-term borrowings	12,355
Costs on construction contracts in progress	3,349	Income taxes payable	2,340
Advances paid	2,820	Advances received on construction contracts in progress	17,120
JV business receivables	13,946	Deposits received	5,437
Other	5,530	Accrued consumption taxes	10,483
Allowance for doubtful accounts	(9)	Provision for warranties for completed construction	618
Non-current assets	56,617	Provision for bonuses	1,262
Property, plant and equipment	47,423	Other	1,441
Buildings and structures	13,408	Non-current liabilities	18,708
Machinery, vehicles, tools, furniture and fixtures	24,271	Long-term borrowings	11,650
Land	21,356	Deferred tax liabilities	137
Construction in progress	18,166	Deferred tax liabilities for land revaluation	2,242
Accumulated depreciation	(29,778)	Other provisions	117
Intangible assets	856	Retirement benefit liability	3,954
Investments and other assets	8,337	Other	605
Investment securities	2,415	Total liabilities	100,384
Deferred tax assets	1,206	(Net assets)	
Retirement benefit asset	2,851	Shareholders' equity	71,413
Other	1,964	Share capital	14,049
Allowance for doubtful accounts	(100)	Capital surplus	6,074
Total assets	180,459	Retained earnings	51,772
		Treasury shares	(482)
		Accumulated other comprehensive income	5,651
		Valuation difference on available-for-sale securities	624
		Deferred gains or losses on hedges	844
		Revaluation reserve for land	3,099
		Foreign currency translation adjustment	178
		Remeasurements of defined benefit plans	904
		Non-controlling interests	3,010
		Total net assets	80,075
		Total liabilities and net assets	180,459

Consolidated Statement of Income

(April 1, 2024, to March 31, 2025)

(Unit: million yen)

Description	Amount	
Net sales		
Net sales of completed construction contracts	171,854	
Net sales in sideline businesses	751	172,605
Cost of sales		
Cost of sales of completed construction contracts	148,271	
Cost of sales in sideline businesses	290	148,562
Gross profit		
Gross profit on completed construction contracts	23,582	
Gross profit on sideline businesses	460	24,043
Selling, general and administrative expenses		12,392
Operating profit		11,651
Non-operating income		
Interest and dividend income	164	
Foreign exchange gains	117	
Other	164	446
Non-operating expenses		
Interest expenses	252	
Commitment fees	69	
Term loan fees	280	
Foreign value-added tax, etc.	197	
Other	227	1,026
Ordinary profit		11,071
Extraordinary income		
Gain on sale of non-current assets	781	
Gain on sale of investment securities	840	
Insurance claim income	117	1,740
Extraordinary losses		
Loss on sale of non-current assets	13	
Loss on retirement of non-current assets	32	
Impairment losses	116	
Loss on disaster	426	589
Profit before income taxes		12,222
Income taxes - current	3,476	
Income taxes - deferred	210	3,687
Profit		8,534
Profit attributable to non-controlling interests		223
Profit attributable to owners of parent		8,311

Independent Auditor's Audit Report

May 15, 2025

To: Board of Directors
TOYO CONSTRUCTION CO., LTD.

Ernst & Young ShinNihon LLC
Tokyo Office

Masahiko Nagasaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Teppei Tajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to the provisions of Article 444, paragraph (4) of the Companies Act, we conducted an audit of the consolidated financial statements, i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements of TOYO CONSTRUCTION CO., LTD. for the consolidated fiscal year from April 1, 2024, to March 31, 2025.

We believe that the above consolidated financial statements present fairly, in all material respects, the status of the assets, losses, and income of the corporate group consisting of TOYO CONSTRUCTION CO., LTD. and its consolidated subsidiaries for the period covered by the consolidated financial statements, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibilities under those standards are described in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." In accordance with regulations on professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries, and have fulfilled all other ethical responsibilities required of us as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Further, corporate auditors and the Board of Auditors are responsible for monitoring the execution of duties by directors in the development and operation of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and accordingly, we express no opinion on the content thereof.

Our responsibility in the audit of the consolidated financial statements is to read through the other information and, in the course of doing so, to consider whether there are any material differences between the content of the other information and the consolidated financial statements or knowledge that we have acquired in the course of our audit, and, in addition to such material differences, to pay attention to whether there are any other indications of material errors in the content of the other information.

If, on the basis of the work we have performed, we determine that there are material errors in the other information, we are required to report them.

There are no matters that we should report in relation to the other information.

Responsibilities of Management, the Corporate Auditors, and Board of Auditors with Respect to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control that management determines is necessary in order to prepare and present fairly the consolidated financial statements free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and for disclosing such matters if it is necessary to disclose matters relating to being a going concern in accordance with accounting principles generally accepted in Japan.

The corporate auditors and the Board of Auditors are responsible for monitoring the execution of duties by directors in the development and operation of the financial reporting process.

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

We are responsible for obtaining reasonable assurances about whether the consolidated financial statements, as a whole are free from material misstatement due to fraud or error, on the basis of our audit, and expressing an independent opinion on the consolidated financial statements in the audit report. Misstatements can arise from fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to affect the decisions of the users of the consolidated financial statements.

We will exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan, and shall maintain professional skepticism in carrying out the following:

- Identify and assess the risks of material misstatement due to fraud or error. Further, propose and implement audit procedures that address the risks of material misstatements. The selection and application of audit procedures are at our discretion. Furthermore, obtain sufficient and appropriate audit evidence to provide a basis for expressing an opinion.
- The purpose of the audit of the consolidated financial statements is not to express our opinion on the effectiveness of internal control; however, in making risk assessments, we will consider internal control relating to audits in order to propose audit procedures that are appropriate to the circumstances.
- Assess the appropriateness of the accounting policies adopted by management and the application thereof, and the reasonableness of the accounting estimates made by management and the adequacy of related notes.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists with respect to events or conditions that may cast significant doubt on the assumption that the Company is a going concern. If any material uncertainty regarding the assumption that the Company is a going concern is found, we are required to draw attention in the audit report to the notes to the consolidated financial statements or, if notes to the consolidated financial statements relating to material uncertainties are inadequate, to express an opinion on the matters to be excluded in the consolidated financial statements. Our conclusion is based on audit evidence obtained up to the date of the audit report; however, future events or conditions may cause the Company to become unable to continue as a going concern.
- Assess whether the presentation of the consolidated financial statements and the notes thereto comply with accounting principles generally accepted in Japan, the presentation, structure, and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence relating to the financial information of the Company and its consolidated subsidiaries in order to express an opinion regarding the consolidated financial statements. We are responsible for directing, supervising, and performing the audit of the consolidated financial statements. We are solely responsible for the audit opinion.

We will report to corporate auditors and the Board of Auditors on the planned scope and timing of the audit, material audit findings identified during the course of the audit, including any material deficiencies in internal control, and other matters required by auditing standards.

We will report to corporate auditors and the Board of Auditors the fact of our compliance with provisions relating to professional ethics in Japan with respect to independence, any matters that may reasonably be considered to affect our independence, as well as any countermeasures that have been established to eliminate impediments to our independence or any safeguards that have been applied to reduce impediments to allowable levels.

Conflicts of Interest

There are no conflicts of interest between the Company or any of its consolidated subsidiaries and our firm or any of our engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

Audit Report

In regard to the execution of duties by directors for the 105th fiscal year from April 1, 2024, to March 31, 2025, we, the Board of Auditors, have deliberated on the basis of the audit reports prepared by each corporate auditor, and have prepared this Audit Report as the unanimous opinion of the corporate auditors and report as follows.

1. Method and Details of Audit by corporate auditors and the Board of Auditors

- (1) The Board of Auditors established the audit policies and audit plans, etc., received reports from each corporate auditors regarding the status and results of audits, received reports from directors, etc. and the accounting auditor regarding the status of the execution of their duties, and requested explanations as necessary.
- (2) Each corporate auditor, in compliance with the audit standards for corporate auditors established by the Board of Auditors and in accordance with the audit policies, audit plans, etc., communicated with the directors, the Audit Department and other employees, etc. using the Internet and other means, endeavored to collect information and develop an environment for auditing, and conducted the audit in accordance with the following methods.
 - (i) Attended meetings of the Board of Directors and other important meetings, received reports from directors and employees, etc. regarding the execution of their duties, requested explanations as necessary, perused important approval documents, etc., and investigated the status of operations and assets at the head office and branch offices, etc. Further, with respect to subsidiaries, visited subsidiaries, communicated and exchanged information with directors and corporate auditors, etc. of subsidiaries, and examined the status of their businesses and assets.
 - (ii) With respect to the content of resolutions of the Board of Directors relating to the development of systems to ensure that the execution of duties by directors complies with laws, regulations and the Articles of Association and other systems stipulated in Article 100, paragraphs (1) and (3) of the Regulations for the Enforcement of the Companies Act as necessary to ensure the appropriateness of operations of the corporate group consisting of a stock company and its subsidiaries, as well as the systems (internal control systems) that have been developed pursuant to such resolutions stated in the business report, received reports from directors and employees, etc., regarding the status of the development and operation of such systems on a regular basis, requested explanations as necessary, and expressed opinions.
 - (iii) Reviewed the contents of the basic policies under Article 118, item (3), sub-item (a) of the Regulations for Enforcement of the Companies Act, and the efforts under sub-item (b) of the same item, as described in the business report, in light of the status of deliberations in the Board of Directors, etc. and other factors.
 - (iv) With respect to internal control concerning financial reporting under the Financial Instruments and Exchange Act, received reports from directors, etc. and Ernst & Young ShinNihon LLC regarding the status of discussions between them and the assessment and audit of such internal control, and requested explanations as necessary.
 - (v) With respect to internal audits, received an explanation of the audit plans in advance from the Audit Department, reviewed reports on the results of the audits conducted, received explanations as necessary, and expressed opinions.
 - (vi) Monitored and verified whether the accounting auditor maintained independence and conducted an appropriate audit, received reports from the accounting auditor on the execution of its duties, and requested explanations as necessary. Further, received notice from the accounting auditor that “systems for ensuring that the performance of the duties is being carried out correctly” (the matters set forth in the items of Article 131 of the Regulation on Corporate Accounting) are maintained in accordance with the “Standards for Quality Control of Audits” (Business Accounting Council) and other standards, and requested explanations as necessary.

Based on the above methods, we have reviewed the business report and its supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year under review.

2. Audit Results

(1) Audit results for the business report, etc.

- (i) We believe that the business report and the supplementary schedules thereto present fairly the status of the Company in accordance with laws and regulations and the Company’s Articles of Association.
- (ii) We have found no misconduct or material facts that violate any laws or regulations or the Company’s Articles of Association relating to the execution of duties by directors.
- (iii) We believe that the content of resolutions by the Board of Directors relating to internal control systems (including internal control for financial reporting) is appropriate. Further, we have found no matters that should be pointed out with respect to the content of the business report or the execution of duties by directors relating to such internal control systems.

(iv) We have found no matters that should be pointed out with respect to the basic policy relating to the persons who control the decisions on the Company's financial and business policies stated in the business report. We believe that each of the efforts under Article 118, item (3), sub-item (b) of the Regulations for Enforcement of the Companies Act, as described in the business report, is in line with such basic policy, does not harm the common interests of the Company's shareholders, and is not intended to maintain the status of the Company's corporate officers.

(2) Audit results of financial statements and supplementary schedules

We believe that the methods and results of the audit by accounting auditor Ernst & Young ShinNihon LLC are reasonable.

(3) Audit results of consolidated financial statements audit

We believe that the methods and results of the audit by accounting auditor Ernst & Young ShinNihon LLC are reasonable.

May 16, 2025

TOYO CONSTRUCTION CO., LTD., Board of Auditors

Full-time Corporate Auditor Katsunori Tanabe [seal]

Corporate Auditor (Outside Corporate Auditor) Shiho Boda [seal]

Corporate Auditor (Outside Corporate Auditor) Tomoko Nonaka [seal]

Corporate Auditor (Outside Corporate Auditor) Koichi Kawaguchi [seal]