Commencement Date of Measures for Electronic Provision: May 25, 2026

To Our Shareholders

Other matters to be provided through measures for the electronic provision for the 166th General Meeting of Shareholders (The matters for which the delivery of documents is omitted)

(From April 1, 2025 to March 31, 2026)

TAISEI CORPORATION
security code: 1801

Important note:
This document is English translation of "Other matters to be provided through measures for the electronic provision for the 166th General Meeting of Shareholders (The matters for which the delivery of documents is omitted)."
In the event that any of the information contained in these English translations is inconsistent with the information contained in the Japanese original document, the Japanese original document shall prevail.

Systems and Policies of the Company

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

Fundamental Policy to Enhance Operational Compliance Systems

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Systems to ensure proper operation of Group companies

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

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

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

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

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

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

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

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

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

1) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of the Company at any time;
2) A system in which Audit & Supervisory Board Members can receive reports from the executives and employees of each Group company or a recipient of a report from such executive or employee; and
3) A system in which Audit & Supervisory Board Members shall receive reports of any violation of law or regulation by any executive or employee of the Company through the corporate ethics helpline and the Group helpline.

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

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

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

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

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

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

(9) Systems to ensure appropriateness of financial reports

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

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

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

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

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

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

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

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

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

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

The Company has established its internal information-related rules, including the “Fundamental Policy on Information Management,” and ensure the proper storage and management of corporate information such as minutes of the Board Meeting and Management Committee, etc., approval documents, reports and other important documents, etc. regarding the performance of duties by Members of the Board.

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

In fiscal year 2025, to address the increasing sophistication of cyberattacks and other threats, the Company newly introduced a system that enables it to visualize and centrally monitor risks hidden in its internal information systems, in addition to the monitoring and countermeasures already implemented through external specialist services. The Company has also conducted measures such as penetration testing, in which simulated unauthorized intrusions are attempted, to check for vulnerabilities.

(3) **Efforts related to "Rules and other systems related to the management of the risk of loss"**

The Company has established the risk management system headed by the President as the "Chief Executive" and by the Chief of Business Administration Division as the "CRO (Chief Risk management Officer)", developed the rules including the "Risk Management Policy", classified the risks concerning business activities according to their levels of importance, established a company-wide risk management system clarifying the departments in charge, and annually reviews the rules and the system.

In addition, with regard to the risk events that may have significant impacts on the Group's business activities, the Company has centralized information and continuously followed up such events, including determination of the action plan and measures to prevent recurrence.

With regard to quality and construction schedule management, which is the cornerstone of the Group's business, the Company has developed the management system by the independent quality control department, implemented measures such as the allocation of human resources in consideration of the specific features of each construction work, and taken actions to improve productivity by reviewing the training system for the employees.

With regard to the measures for emergencies and large-scale disasters, the Company has developed the rules, etc. including the "Policy on Business Continuity in Times of Disaster" and annually conducts the response drills and e-learning in accordance with such rules, etc. In fiscal year 2025, the Company conducted large-scale disaster response drills at each of its domestic and overseas business sites (Head office, branches, sales offices, and worksites). In these drills, the Company assumed the occurrence of earthquakes or other disasters that would cause the most severe damage at each site, and conducted safety action drills, evacuation drills, and other drills. The Company also conducted drills to strengthen its support system for people unable to return home, thereby seeking to enhance the effectiveness of its Business Continuity Plan (BCP).

With respect to working environment improvement, as measures to comply with restrictions on maximum overtime hours under the Labor Standards Act starting in FY 2024, the Company has conducted various measures throughout the Company, including "appropriate personnel assignment and obtaining the proper construction schedule", "strengthening the system to support the worksites by the head office and branches", and "utilization of ICT and promotion of DX".

In addition, the Auditing Department has conducted internal audits and promotes to continuously improve the risk management system.

(4) **Efforts related to "Systems to ensure that the execution of the duties of Members of the Board is performed efficiently"**

In order to enhance and substantiate deliberations at the Board and strengthen its supervisory function, the Company has reviewed the scope of the Board's business execution function, introduced swift decision-making by delegating substantial authority to the management (business execution side) since the fiscal year 2020, and promoted the measures for continuous improvement of the operation of the Board.

In fiscal year 2025, with the aim of further enhancing deliberations at the Board, the Company established an annual agenda for the Board that, in addition to agenda items required under laws and regulations etc., and regular reporting matters, reflected important management issues of the Company that should be deliberated in particular during the fiscal year.

In addition, as in previous fiscal years, following discussions at the Management Committee meetings and inspections by the President, the Company periodically reported to the Board on important management issues, the status of implementation of specific measures to address them, and other matters, and monitored the status of business execution.

Furthermore, for the purpose of enhancing deliberations at the Board, the Company regularly held “free discussions” among the Members of the Board and opinion meetings attended by the External Members of the Board and others. Based on opinions gained through these free discussions, the Company will seek to further enhance and deepen future agenda of the Board and to identify and share management issues.
In addition, the Committees within the Board, which were established for the purpose of streamlining, optimizing, and revitalizing deliberations at the Board, conducted repeated deliberations to aim the Company’s sustainable growth and the realization of its medium- to long-term management strategies. The Executive Personnel Committee conducted deliberations on matters concerning the composition of the Board, the nomination plan for the Members of the Board (including the smooth rotation of the External Members of the Board and the establishment of a talent pool of potential candidates), and the succession and fostering plan, etc. for the President and Chief Executive Officer. The Remuneration Committee conducted sufficient deliberations on the approach to executive remuneration, including the review and restructuring of the overall remuneration system.

(5) Efforts related to “Systems to Ensure Proper Operation of Group Companies”

On the basis of sharing our structure of values and policies including the “Taisei Group Philosophy,” the Company has been promoting the establishment of systems for reporting from Group companies to the Company, risk management systems, and compliance systems in accordance with its internal rules such as the “Fundamental Policy Concerning Group Operation” and the “Operational Guidelines Concerning Group Operation.” In fiscal year 2025, as in fiscal year 2024, the Company sought to promote understanding of the Group’s structure of values and policies through various measures, including e-learning for all executives and employees of Group companies, and confirmed the level of awareness through questionnaire surveys.
In order to ensure the effectiveness of its risk management system, the Company appropriately conducts regular internal audits on the Group companies by the Auditing Department of the Company and provides support and guidance to the Group companies by the risk management related departments of the Company. With regard to the Group helpline system (whistleblowing system), the Company regularly monitors operation status of the system for its major domestic Group companies and makes continuous efforts to ensure that the executives and employees of such Group companies are aware of and understand the system.
In order to ensure the effectiveness of the compliance system, the Company conducts Group compliance questionnaire surveys to the executives and employees, etc. at all Group companies every year to grasp compliance-related issues to be addressed by the Group, and provides support and guidance to the Group companies so as to strive to promote compliance.
In addition, in order to share management goals and issues for the Group as a whole, promptly address management issues face by each Group company, and make effective use of the Group’s management resources, the Company conducts the inspection, etc. towards the CEO of the Group companies twice a year to share management goals of the whole Group, and holds the Group company liaison meetings whose themes including technology, production, and sales. By those measures, the Company promotes smooth communication and mutual understanding among the Group companies and works on challenges shared by them. In fiscal year 2025, revisions were made to the executive remuneration systems at certain Group companies in order to strengthen the linkage between Group company performance and executive remuneration.

(6) **Efforts related to “Systems regarding the employees supporting Audit & Supervisory Board Members, matters concerning the independence of such employees from Members of the Board and matters concerning ensuring effectiveness of instructions from Audit & Supervisory Board Members to such employees”**

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

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

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

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

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

(8) **Efforts related to “Matters concerning policies regarding the allocation of costs, etc. arising from the performance of duties by Audit & Supervisory Board Members and the system to ensure that Audit & Supervisory Board Members can effectively conduct audits of the Company”**

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

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

(9) **Efforts related to “Systems to ensure appropriateness of financial reports”**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Year ended March 31, 2026)

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2025	122,742	30,461	649,200	(73,168)	729,234
Changes during the period					
Dividends			(45,502)		(45,502)
Profit attributable to owners of parent			170,004		170,004
Acquisition of treasury stock				(77,969)	(77,969)
Disposal of treasury stock		324		1,754	2,079
Cancellation of treasury stock		(148,457)		148,457	—
Transfer from retained earnings to capital surplus		148,132	(148,132)		—
Reversal of revaluation reserve for land			(16)		(16)
Change in ownership interest of parent due to transactions with non-controlling interests		(22)			(22)
Changes other than shareholders' equity, net (*1)					
Total changes during the period	—	(22)	(23,647)	72,241	48,571
Balance as of March 31, 2026	122,742	30,439	625,553	(927)	777,806

	Millions of Yen							
	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2025	87,254	4	1,062	8,040	40,592	136,953	34,511	900,699
Changes during the period								
Dividends								(45,502)
Profit attributable to owners of parent								170,004
Acquisition of treasury stock								(77,969)
Disposal of treasury stock								2,079
Cancellation of treasury stock								—
Transfer from retained earnings to capital surplus								—
Reversal of revaluation reserve for land			16			16		—
Change in ownership interest of parent due to transactions with non-controlling interests								(22)
Changes other than shareholders' equity, net (*1)	13,350	405		(588)	20,130	33,298	7,344	40,642
Total changes during the period	13,350	405	16	(588)	20,130	33,314	7,344	89,231
Balance as of March 31, 2026	100,604	409	1,079	7,452	60,722	170,268	41,855	989,931

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Consolidated Financial Statements:

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

1. Principal Accounting Policies

(1) Consolidation

① The number of consolidated subsidiaries 75 companies

Main consolidated subsidiaries	TAISEI-YURAKU REAL ESTATE CO., Ltd. TAISEI ROTEC CORPORATION PS CONSTRUCTION CO., Ltd. TOYO CONSTRUCTION CO., Ltd.
② Main non-consolidated subsidiaries	EHIME HOSPITAL PARTNERS Ltd. OMIYA CROSS POINT CO., Ltd.

(The reason for excluding these subsidiaries from consolidation)

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

③ Changes in scope of consolidation

TOYO CONSTRUCTION CO., Ltd and 7 other companies were included in the scope of consolidation due to the acquisition of shares during the current consolidated fiscal year.
TS INVESTMENT 2 LLC and 6 other companies were included in the scope of consolidation due to their new establishment during the current consolidated fiscal year.
Kyotan Construction was excluded from the scope of consolidation due to liquidation.

(2) Equity method

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

Non-consolidated subsidiaries	15 companies
Affiliates	62 companies

Main affiliates accounted for using the equity method
HEIWA REAL ESTATE Co., Ltd.
CSCEC-TAISEI CONSTRUCTION, LTD.

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

TOYO MANUFACTURING CO., Ltd.

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

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

③ Changes in scope of equity method

From the current consolidated fiscal year, 10 newly established companies, 2 companies whose shares were acquired by the Company were included in the scope of equity method.
2 liquidated companies were excluded from the scope of equity method.

(3) Summary of accounting policies

① Valuation of principal assets

【Securities】

・Debt securities intended to be held to maturity

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

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

Available-for-sale securities

Other than equity securities without market prices

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

Equity securities without market prices

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

【Inventories】

・Cost on uncompleted contracts

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

・Real estate for sale and development project in progress

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

・Other inventories

Cost on other inventories

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

Raw materials and supplies

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

【Derivative transactions】

Derivative transactions are stated at fair value.

② Depreciation method of principal depreciable assets

【Buildings and structures】

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

【Other tangible fixed assets】

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

③ Allowance and provision

【Allowance for doubtful accounts】

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

【Provision for warranties on completed contracts】

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

【Provision for losses on construction contracts】

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

【Retirement benefits for directors and corporate auditors】

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

【Provision for share-based remuneration for directors】

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

【Allowance for losses on business in subsidiaries and affiliates】

Allowance for losses on investments in subsidiaries and affiliates is provided for estimated losses from certain subsidiaries and affiliates in liquidation.

④ Other accounting policies on the consolidated financial statements

【Recognition of retirement benefit】

Net defined benefit liability is provided for severance and retirement benefits for employees and executive officers of the Company's certain consolidated subsidiaries based on estimated amounts of projected benefit obligations and plan assets at the year-end.

In calculating projected benefit obligations, the method of attributing estimated amounts of retirement benefits to the period until this consolidated fiscal year is based on the benefit formula basis.

Past service costs are amortized using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.

Actuarial gains and losses are amortized from the subsequent consolidated fiscal year (some consolidated subsidiaries amortize actuarial gains and losses from the current consolidated fiscal year) using the straight-line method (some consolidated subsidiaries use the declining balance method) over 1-12 years, which is not longer than an estimated average remaining service period of the employees when the gains or losses are incurred.

【Revenue recognition of construction】

The main details of performance obligations related to revenue from contracts with customers in the Group's main projects and the ordinary timing of satisfaction of these performance obligations (i.e., ordinary timing of revenue recognition) are as follows.

Since the performance obligations under construction contracts in the Building Construction Business and the Civil Engineering Business are satisfied over time as the construction progress, revenue associated with construction contracts is recognized based on the progress towards satisfaction of performance obligations except that the contract amount is small or the period is very short. The progress is estimated by the percentage-of-completion method and the percentage at the end of the consolidated fiscal year is determined by the percentage of the cost incurred to the estimated total costs.

In addition, except the initial stages of the contracts, revenue is recognized by the cost recovery method when it is not possible to reasonably estimate the progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered. Regarding the construction projects of which the contract amount is small or the period is very short, revenue is recognized at the time of completion of construction.

In the current consolidated fiscal year, there are no construction contracts with a significant financing component in the transaction price, although the timing of receipt of the consideration for the transaction varies depending on the terms of the contracts.

【Hedge accounting】

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

【Amortization of goodwill】

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

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

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

2. Matters on Accounting Estimates

Net sales of construction business recognized over time

① Carrying amounts in the current year's consolidated financial statements ¥ 1,647,857 Million

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

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

3. Matters on Consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Land	¥ 16,049 Million
Buildings and structures	979 Million
Investment securities	858 Million
Other assets (Investments and other assets)	651 Million
Total	¥ 18,539 Million

② Debt related to the assets

Short-term borrowings	¥490 Million
Long-term borrowings	270 Million
Total	¥760 Million

There are assets pledged as collateral for borrowings of subsidiaries and affiliates other than above.

(2) Accumulated depreciation of tangible fixed assets ¥ 202,371 Million

(3) Contingent liabilities

・Guarantee obligations

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

SQUARE 487 GL LLC	¥ 8,146 Million
FUKUSHIMA-KORIYAMA MIRAI ENERGY LLC	3,313 Million
RG 1072 LLC	3,179 Million
ISHIKARI BIOMASS POWER PLANT	1,019 Million
Others	1,078 Million
Total	¥16,736 Million

(4) Revaluation reserve for Land

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

・Revaluation method

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

・Revaluation date

On March 31, 2000, November 30, 2001 and March 31, 2002

・Excess amount of book values of the revaluated land over fair values as of March 31, 2026 (including the excess amount of ¥ 1,485 million related to investment and rental property.)

¥ 4,715 Million

(5) Cost of uncompleted contracts in relation to provision for losses on construction contracts ¥ 4,217 Million

4. Matters on Consolidated Statement of Income

(1) Provision for losses on construction contracts included in cost of sales ¥ 6,508 Million

(2) Research and development expenses ¥ 21,829 Million

5. Matters on Consolidated Statement of Changes in Net Assets

(1) Number of outstanding shares 163,185 thousand shares

(2) Dividends

① Dividends paid

Resolution	Type of stocks	Total amount of dividends	Dividends per share	Record date	Effective date
June 24, 2025 General Meeting of Shareholders	Common stock	¥ 24,931 Million	¥ 145.00	March 31, 2025	June 25, 2025
November 11, 2025 Board meeting	Common stock	¥ 20,570 Million	¥ 125.00	September 30, 2025	December 2, 2025

Note1: Total amount of dividends in accordance with the resolution of the General Meeting of Shareholders on June 24, 2025 includes ¥ 14 million which are dividends for the shares held by the Board Benefit Trust (BBT).

Note2: Total amount of dividends in accordance with the resolution of the Board on November 11, 2025 includes ¥ 12 million which are dividends for the shares held by the Board Benefit Trust (BBT).

② Dividends of the record date in the consolidated fiscal year ended March 31, 2026, which the effective date comes in the subsequent consolidated fiscal year

The Company will propose the policy of dividends on the common stocks at the General Meeting of Shareholders on June 23, 2026 as follows:

・Total amount of dividends ¥ 30,180 Million

・Dividends per share ¥ 185.00

・Record date March 31, 2026

・Effective date June 24, 2026

The dividends will be allocated from retained earnings.

Note: Total amount of dividends in accordance with the resolution of the General Meeting of Shareholders on June 23, 2026 includes ¥ 18 million which are dividends for the shares held by the Board Benefit Trust (BBT).

6. Matters on Financial Instruments

(1) Policies for using Financial Instruments

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

(2) Fair Value of Financial Instruments

Millions of Yen

	Book value	Fair value	Difference
〔ASSETS〕			
Notes and accounts receivable trade	961,838	961,838	–
Investment securities			
Available-for-sale securities	225,062	225,062	–
〔LIABILITIES〕			
Short-term borrowings	161,986	162,204	(218)
Short-term non-recourse loans payable	15	15	(0)
Straight bonds due within one year	10,000	9,917	83
Straight bonds	40,000	38,625	1,375
Non-recourse bonds payable	200	206	(6)
Long-term borrowings	205,428	203,766	1,661
Long-term non-recourse loans payable	45,851	46,812	(960)
〔Derivative transactions〕	1,376	1,376	–

Note: Descriptions of Cash and time deposits, Certificate of deposit included in securities, Notes and accounts payable trade and deposit received are omitted because these financial instruments are cash and the fair values of them are almost equivalent to their book value due to the short term settlements.
Note: Equity securities without market prices (book value ¥ 234,335 million) and the investments in partnerships with a net equity interest (book value ¥ 6,894 million) are not included in the above〔ASSETS〕Investment securities – Available-for-sale securities.
Note: The assets and liabilities are reported in net amount.

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

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

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

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

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

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

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

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
〔ASSETS〕				
Investment securities				
Available-for-sale securities				
Stocks	221,313	–	–	221,313
Government bonds, etc.	–	275	–	275
Others	9	3,463	–	3,473
Derivative transactions				
Currency-related items	–	1,347	–	1,347
Interest rate-related items	–	29	–	29

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

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
〔ASSETS〕				
Notes and accounts receivable trade	−	961,838	−	961,838
〔LIABILITIES〕				
Short-term borrowings	−	162,204	−	162,204
Short-term non-recourse loans payable	−	15	−	15
Straight bonds due within one year	−	9,917	−	9,917
Straight bonds	−	38,625	−	38,625
Non-recourse bonds payable	−	206	−	206
Long-term borrowings	−	203,766	−	203,766
Long-term non-recourse loans payable	−	46,812	−	46,812

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

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

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

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

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

・Straight bonds due within one year, Straight bonds, Non-recourse bonds payable
The fair values of the marketable bonds are based on the quoted market prices, otherwise the fair values of the bonds without the quoted market prices are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated redemption terms and issuer's credit risk. These financial instruments are classified as Level 2.

・Derivative transactions
Interest rate options and the fair values of foreign currency forward contracts are based on the prices quoted by these financial instruments regarding the transactions. These financial instruments are classified as Level 2.

7. Matters on Investment and Rental Property

(1) Context of investment and rental property

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

(2) Fair value of investment and rental property

Millions of Yen

Book value	Fair value
123,538	159,821

Note1: The book value is the amount after accumulated depreciation and impairment losses on fixed assets are deducted from the cost of acquisition.
Note2: The book value includes asset retirement obligations (¥ 664 million).
Note3: The fair value of investment and rental property as of March 31, 2026 is mainly calculated by the Company according to the Japanese Real Estate Appraisal Standards. (it may include adjustments using official indices.)

8. Matters on Per Share Data

(1) Net assets per share ¥ 5,816.09

(2) Net income per share ¥ 1,025.53

Note: The treasury shares held by the Board Benefit Trust (BBT) in the net assets are included in the number of treasury stock, which is excluded from the number of outstanding shares at the end of the consolidated fiscal year and the average number of shares during the period for calculating the net assets per share and the net income per share.
The number of treasury stock held by BBT at the end of the consolidated fiscal year excluded for calculation of net assets per shares was 98 thousand shares, and the number of treasury stock held by BBT during the period excluded for the calculation of net income per shares was 98 thousand shares.

9. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

Millions of Yen

	Civil engineering		Building construction		Real estate develop-ment	Subtotal	Others (Note)	Total
	Domestic	Overseas	Domestic	Overseas				
Revenue from contracts with customers	650,269	29,470	1,176,920	71,667	133,158	2,061,486	16,465	2,077,952
Other revenue	–	–	–	–	11,016	11,016	122	11,139
Sales on third party	650,269	29,470	1,176,920	71,667	144,174	2,072,503	16,588	2,089,091

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

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

① Balances of contract assets and contract liabilities

Millions of Yen

	Balance as of April 1, 2025	Balance as of March 31, 2026
Receivable from contracts with customers	277,623	374,730
Contract assets	661,353	586,913
Contract liabilities	210,120	282,686

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

② Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations in the current consolidated fiscal year is ¥ 4,069,202 million. These remaining performance obligations are expected to be recognized as revenue generally within five years.

10. Others

Performance-based share remuneration plan for directors

① Overview

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

② Treasury stock held by the BBT

The shares held by the BBT are reported by the book value of the BBT (excluding the incidental expenses) as part of the treasury stock in the net assets. At the end of the consolidated fiscal year, the book value of treasury stock held by the BBT was ¥ 363 million and the number of the shares was 98 thousand shares.

Business Combination
(Business Combination through acquisition)
(1) Overview of business combination

① Name and business description of acquired company

Name of acquired company:TOYO CONSTRUCTION CO., Ltd.
Businesses:General construction business (marine and land civil engineering, building construction), real estate business, etc.

② Main reasons for business combination

Under the [TAISEI VISION 2030] Achievement Plan, the Company focused more than ever on the healthy development of the construction industry through industry transformation (IX) to steadily implement transforming businesses utilizing M&A. At the same time, it explored every opportunity to build a new growth foundation specifying the following targets: vertical integration targeting to secure appropriate workforce and labor-saving, integration of value chains aimed at new value creation, and overseas business development aiming at business expansion. Amid this situation, the Company recognized the potential for various synergies by closely collaborating with the acquiree and mutually leveraging their respective strengths. The Company's expertise lies in onshore construction, while the acquiree has outstanding technology and an extensive track record in offshore construction. Based on this, the Company implemented a tender offer for the acquiree. Furthermore, to make the Company and MAEDA CORPORATION the only shareholders of the acquiree, the acquiree conducted a share consolidation and acquired treasury shares targeting the acquiree's shares held by Maeda Corporation and others, thereby becoming a wholly owned subsidiary of the Company.

③ Date of the business combination

September 30, 2025

④ Legal form of the business combination

Acquisition of shares with cash as consideration

⑤ Name of acquired company after the business combination

There is no change.

⑥ Ratio of voting rights of acquired

Before the acquisition	- %
After the tender offer	61.81%
After the treasury share acquisition	100.00%

⑦ Main grounds for determining the acquirer

The Company acquired the shares with cash as consideration.

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

From October 1, 2025 to March 31, 2026

(3) Breakdown of the acquisition cost for the acquiree by type of consideration

Consideration for the acquisition : Cash	¥ 131,684 million
Acquisition cost	¥ 131,684 million

As part of the transaction, the acquiree repurchased treasury shares representing the shares previously held by MAEDA CORPORATION.
(¥27,651 million)

(4) Major acquisition-related costs

Advisory fees, etc.	¥ 920 million

(5) Amount of goodwill , reason for recognition, and method and period of amortization

① Amount of goodwill ¥73,558 million

Following the allocation of the acquisition cost, customer-related intangible assets of ¥14,946 million (after tax effect) were recorded.

② Causes

Since the acquisition cost exceeded the fair value of net assets at the time of the business combination, the difference is recorded as goodwill.

③ Amortization method and depreciation period

Amortized on a straight-line basis over 7 years

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

Current assets	¥ 111,327 million
Fixed assets	79,802 million
Total assets	¥ 191,130 million

Current liabilities	¥ 73,791 million
Long-term liabilities	28,654 million
Total liabilities	¥ 102,446million

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Year ended March 31, 2026)

	Millions of Yen			
	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in-capital	Other capital surplus	Total capital surplus
Balance as of April 1, 2025	122,742	30,686	–	30,686
Changes during the period				
Reversal of other reserve				
Dividends				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			324	324
Cancellation of treasury stock			(148,457)	(148,457)
Transfer from retained earnings to capital surplus			148,132	148,132
Changes other than shareholders' equity, net				
Total changes during the period	–	–	–	–
Balance as of March 31, 2026	122,742	30,686	–	30,686

	Millions of Yen						
	Shareholders' equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Other retained earnings				Total retained earnings		
	Reserve for tax deferment on replacement of fixed assets	Reserve for specific stocks	Other reserve	Retained earnings carried forward			
Balance as of April 1, 2025	1,395	250	319,500	106,843	427,989	(72,966)	508,451
Changes during the period							
Reversal of other reserve			(93,000)	93,000	–		–
Dividends				(45,502)	(45,502)		(45,502)
Net income				145,423	145,423		145,423
Acquisition of treasury stock						(77,968)	(77,968)
Disposal of treasury stock						1,754	2,079
Cancellation of treasury stock						148,457	–
Transfer from retained earnings to capital surplus				(148,132)	(148,132)		–
Changes other than shareholders' equity, net							
Total changes during the period	–	–	(93,000)	44,788	(48,211)	72,242	24,031
Balance as of March 31, 2026	1,395	250	226,500	151,632	379,778	(724)	532,482

	Millions of Yen		
	Accumulated gains from valuation		Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Total accumulated gains from valuation	
Balance as of April 1, 2025	85,030	85,030	593,481
Changes during the period			
Reversal of other reserve			–
Dividends			(45,502)
Net income			145,423
Acquisition of treasury stock			(77,968)
Disposal of treasury stock			2,079
Cancellation of treasury stock			–
Transfer from retained earnings to capital surplus			–
Changes other than shareholders' equity, net	11,078	11,078	11,078
Total changes during the period	11,078	11,078	35,110
Balance as of March 31, 2026	96,109	96,109	628,592

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Non-consolidated Financial Statements:

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

1. Principal Accounting Policies

(1) Valuation of assets

【Securities】

・Debt securities intended to be held to maturity

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

・Equity securities of the Company's subsidiaries and affiliates

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

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

Available-for-sale securities

Other than equity securities without market prices

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

Equity securities without market prices

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

【Inventories】

・Real estates for sale

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

・Cost on uncompleted contracts

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

・Cost on development projects in progress

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

・Raw materials and supplies

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

【Derivative transactions】

Derivative transactions are stated at fair value.

(2) Depreciation method of fixed assets

【Tangible fixed assets】

・Buildings and structures

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

・Other tangible fixed assets

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

(3) Allowance and provision

【Allowance for doubtful accounts】

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

【Provision for warranties on completed contracts】

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

【Provision for losses on construction contracts】

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

【Provision for retirement benefits】

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

【Provision for share-based remuneration for directors】

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

【Allowance for losses on business in subsidiaries and affiliates】

Allowance for losses on investments in subsidiaries and affiliates is provided for estimated losses that exceed amounts of investments and loans to the companies.

(4) Revenue and cost recognition

【Revenue recognition of construction】

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

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

【Retirement benefits for employees】

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

【Hedge accounting】

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

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

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

2. Matters on Accounting Estimates

Net sales of construction business recognized over time

① Carrying amounts in the current year's financial statements ¥ 1,260,732 Million

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

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

3. Matters on Non-consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Investments to subsidiaries and affiliates	¥ 656 Million
Long-term loans receivable	643 Million
Total	¥ 1,300 Million

② Debt related to the assets ¥ −Million

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

(2) Accumulated depreciation of tangible fixed assets ¥ 81,627 Million

(3) Contingent liabilities

・Guarantee obligations

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

Ishikari Biomass power Plant Co	¥ 1,019 Million
Takamatsu Airport Co	¥ 500 Million
Rizal Green Energy	¥ 447 Million
Total	¥ 1,967 Million

(4) Receivables from and payables to subsidiaries and affiliates

Receivables from subsidiaries and affiliates:

Short-term	¥ 28,055 Million
Long-term	¥ 37,444 Million

Payables to subsidiaries and affiliates:

Short-term	¥ 114,238 Million
Long-term	¥ 14 Million

(5) Cost of uncompleted contracts in relation to provision for losses on construction contracts ¥ 4,206 Million

4. Matters on Non-consolidated Statement of Income

(1) Sales to subsidiaries and affiliates	¥ 34,807 Million
(2) Provision from subsidiaries and affiliates included in cost of sales	¥ 58,351 Million
(3) Provision for losses on construction contracts included in cost of sales	¥ 6,018 Million
(4) Transactions other than operating transactions with subsidiaries and affiliates	¥ 4,529 Million
(5) Research and development expenses	¥ 19,957 Million

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

Type and number of treasury stock at the end of the fiscal year Common stock 146 thousand shares

Note: The number of treasury shares of common stock at the end of the fiscal year includes 98 thousand shares held by the Board Benefit Trust (BBT)

6. Matters on Deferred Income Taxes

Significant components of deferred income tax assets and liabilities

Deferred income tax assets:	
Disallowed portion of expenses and losses	
Retirement benefits for employees	¥ 32,900 Million
Inventories	30,806 Million
Investments in subsidiaries and affiliates	11,413 Million
Accrued bonuses	7,785 Million
Bad debt losses and allowance for doubtful accounts	2,553 Million
Advances received	1,802 Million
Others	7,711 Million
Subtotal	94,972 Million
Valuation allowance	(13,841) Million
Total deferred income tax assets	¥ 81,130 Million
Deferred income tax liabilities:	
Unrealized gains on available-for-sale securities	¥ (44,196) Million
Gains on securities contribution to employee retirement benefit trust	(4,947) Million
Prepaid pension costs	(2,770) Million
Others	(685) Million
Total deferred income tax liabilities	¥ (52,599) Million
Net deferred income tax assets and liabilities	¥ 28,531 Million

7. Matters on Per Share Data

(1) Net assets per share	¥ 3,855.46
(2) Net income per share	¥ 877.09

Note: The treasury shares held by the Board Benefit Trust (BBT) in the net assets are included in the number of treasury stock, which is excluded from the number of outstanding shares at the end of the fiscal year and the average number of shares during the period for calculating the net assets per share and the net income per share.
The number of treasury stock held by BBT at the end of the fiscal year excluded for the calculation of net assets per share was 98 thousand shares, and the number of treasury stock held by BBT during the period excluded for the calculation of net income per share was 98 thousand shares.

8. Others

Business Combinations
(Business Combinations through additional acquisition of shares)

The disclosure is omitted since the same information is included in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 10. Others".