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Securities code: 1878  
July 14, 2022

## To Our Shareholders

Katsuma Kobayashi  
President and Representative Director,  
Chief Executive Officer  
Daito Trust Construction Co., Ltd.  
16-1, Konan 2-chome, Minato-ku, Tokyo

### Notice of Convocation of the Continuing Meeting of the 48th Ordinary General Meeting of Shareholders

We hereby inform you that the Continuing Meeting of the 48th Ordinary General Meeting of Shareholders of the Company will be held as described below.

Since the Continuing Meeting is part of the 48th Ordinary General Meeting of Shareholders held on June 28, 2022, the shareholders who can attend the Continuing Meeting are the same as the shareholders who can exercise their voting rights at the 48th Ordinary General Meeting of Shareholders.

1. **Date and Time:** July 29, 2022 (Friday) 10:00 a.m. (Reception desk opens at 9:00 a.m.)
2. **Place:** 4-1, Shinonome 1-chome, Koto-ku, Tokyo  
ROOFLAG Rental Housing Exhibition Hall
3. **Agenda for the Meeting:**  
**Matters to be reported:**
  1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 48th Fiscal Term (April 1, 2021 to March 31, 2022)
  2. The Non-consolidated Financial Statements for the 48th Fiscal Term (April 1, 2021 to March 31, 2022)

#### Notes:

1. For those attending, please present the enclosed Attendance Slip to the receptionist on arriving at the meeting. You are also requested to bring this document with you to the meeting for your reference.
2. If you vote by proxy, please make sure your proxy presents the Letter of Attorney along with the Voting Rights Exercise Form to the receptionist. In addition, pursuant to the provisions of the Articles of Incorporation of the Company, only one (1) shareholder holding the voting right of the Company is entitled to exercise a proxy voting right on your behalf.
3. If there are any amendments to the Documents for the General Meeting of Shareholders, the revised version will be posted on our website (<https://www.kentaku.co.jp/corporate/en/ir/kabunushi.html>).
4. As part of our efforts to be environmentally friendly, the attending officers and the meeting staff of the Company will dress in a “cool biz” style (without jacket and tie). Please dress lightly upon attending the meeting.

## Background to the Continuing Meeting of the 48th Ordinary General Meeting of Shareholders

As stated in the “Notice of investigation regarding improper accounting treatment of our consolidated subsidiary” which was disclosed on May 24, 2022, the Company set up a research team, where external experts were among its members, and had it conduct an internal investigation into the issue.

However, the investigation, along with the account closing procedures, and audit procedures by the Accounting Auditor, took a considerable amount of time, and at the 48th Ordinary General Meeting of Shareholders (hereinafter, the “Meeting”) held on June 28, 2022, the Company was unable to report to shareholders “The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 48th Fiscal Term (April 1, 2021 to March 31, 2022)” and “The Non-consolidated Financial Statements for the 48th Fiscal Term (April 1, 2021 to March 31, 2022),” which constituted matters to be reported at the Meeting (hereinafter, the “Matters to be Reported”).

The Company, therefore, sought approval of shareholders in attendance at the Meeting for holding a separate meeting of the Meeting (hereinafter, the “Continuing Meeting”) and putting the Matters to be Reported on its agenda. We also sought shareholders’ approval for leaving the decision on the date, time and place of the Continuing Meeting to the Board of Directors’ discretion. These proposals were approved by shareholders.

As stated in the “Notice regarding summary of the research result by the Research Committee” which was disclosed on June 23, 2022, the Company received a report on the investigation results of the issue, and completed a set of the account closing procedures, etc. Accordingly, the Company decided to hold the Continuing Meeting.

We sincerely apologize for causing a great deal of inconvenience and concern to our shareholders, investors, and other stakeholders.

**(Appendix) Business Report**  
(From April 1, 2021 to March 31, 2022)

**1. Current State of Enterprise Group**

**(1) Business Progress and Results**

**(i) Overview of Business Environment**

In the fiscal year ended March 31, 2022, the Japanese economy was affected by the state of emergency declared by the government and priority measures to prevent the spread of disease and other matters due to the recurrent waves of novel coronavirus infection (COVID-19) at home and abroad, and the outlook for the future remained uncertain.

The housing industry has been required to continue sales activities taking infection prevention measures, and otherwise respond flexibly to the situation. We also need to monitor closely the soaring raw material prices on the back of the spread of COVID-19 and escalation of geopolitical risks, as well as their impacts on supply chains.

New housing starts showed a year-on-year increase for 12 consecutive months, and increased by 6.6% on a cumulative basis from April 2021 to March 2022 compared to the same period of the previous fiscal year. Likewise, in the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties increased by 9.2% on a cumulative basis from April 2021 to March 2022 compared to the same period of the previous fiscal year, a year-on-year increase for 12 consecutive months.

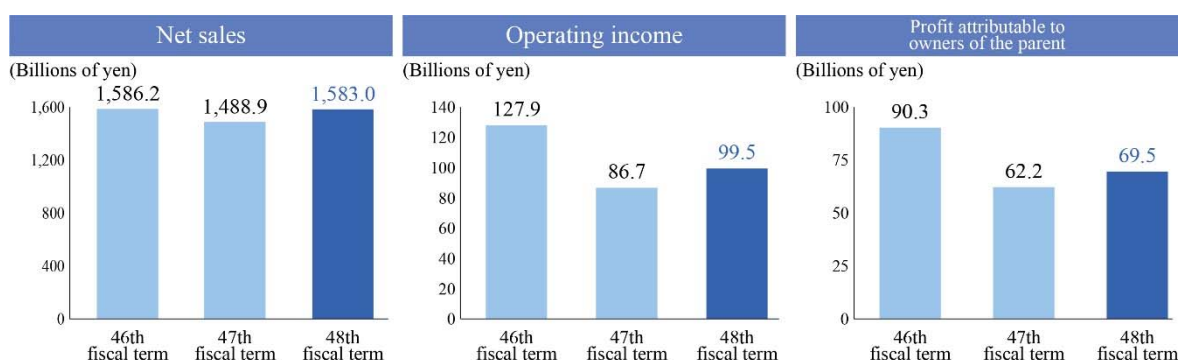
Going forward, demand for rental buildings with high convenience, safety and comfort will continue to be steady. The Group is expected to acquire expertise about the management of sound rental buildings in accordance with tenants' demands and take the initiative in response to the diversifying needs of tenants, including the offering of disaster-resilient rental houses, environmentally-friendly rental houses and smart rental houses tailored to tenants' lifestyles in an effort to offer sustainable added values.

Under such circumstances, in the fourth year of the medium-term management plan "New Five-year Plan" (FY2019-FY2023), the Company continues to expand construction orders and maintain occupancy rate. At the same time, we will further reinforce our peripheral businesses and aim to grow into a total lifestyle support company based on a rental housing business.

## (ii) Overview of Daito Group

During the fiscal year ended March 31, 2022, the Daito Group achieved increased income for the first time in two years. Overachieving the planned targets, we recorded net sales in the amount of 1,583,003 million yen (up 6.3% year-on-year), and posted an operating income of 99,594 million yen (up 14.8% year-on-year), ordinary income of 103,671 million yen (up 14.4% year-on-year), and current term profit attributable to owners of the parent of 69,580 million yen (up 11.7% year-on-year).

The Daito Group was able to achieve the results exceeding that of the previous year amidst COVID-19 and soaring raw material prices deeply affecting the business of the Company. We owe the achievement to the earnest support of our stakeholders, including owners, tenants and business partners.



## (iii) Progress and Results by Segment

### ■ Construction Business

In the construction business, net sales of completed construction contracts increased by 7.7% year-on-year to 432,831 million yen mainly due to steady progress in construction works. The gross profit margin for completed projects dropped 1.3 points from the previous fiscal year to 24.7% due to, among others, soaring prices of imported lumber.

Orders received increased 17.3% year-on-year to 420,754 million yen and construction orders in hand as of March 31, 2022 decreased 6.1% year-on-year to 710,947 million yen.



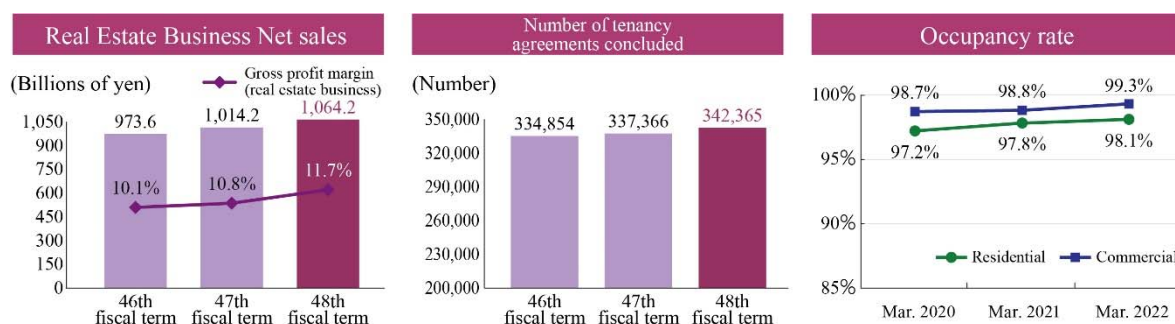
## ■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System and the record high-level occupancy rate allowed Daito Kentaku Partners Co., Ltd., our whole-building lease provider, to increase its rental income, while House Leave Co., Ltd., which offers joint guarantor-free services, increased its revenues, resulting in a 4.9% rise in net sales year-on-year to 1,064,230 million yen.

The number of tenancy agreements concluded (\*1) rose 1.5% year-on-year to 342,365. The rent-based occupancy rate (\*2) of our leased residential properties as of March 31, 2022 increased 0.3 points year-on-year to 98.1%, while the rent-based occupancy rate of our leased commercial properties increased 0.5 points year-on-year to 99.3%.

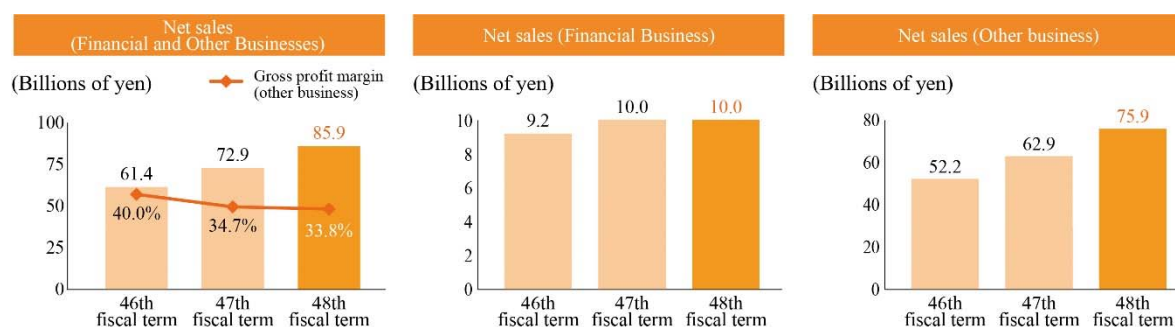
(\*1) Total number of Daito Kentaku Leasing Co., Ltd. and Daito Kentaku Partners Co., Ltd. (including properties managed by other companies)

(\*2) Rent-based occupancy rate = 1 - (rent payment for unoccupied properties / total rent)

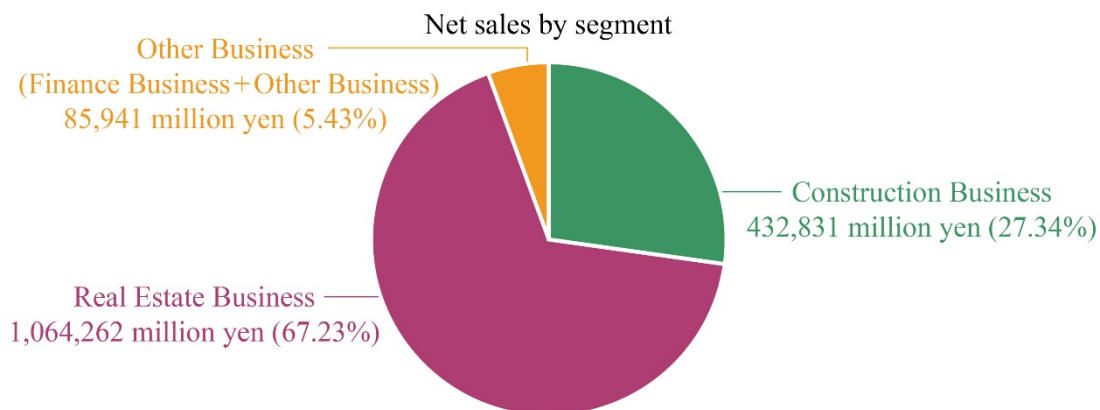


## ■ Other Business (Financial Business and Other Business)

Total of net sales of other business increased by 17.8% year-on-year to 85,941 million yen, and operating income increased by 8.1% year-on-year to 14,449 million yen. This was attributable to the sales and profit generated by INVALIDANCE Ltd., a company included in the scope of consolidation in November 2020, recorded throughout the year, increased distributions from rental housing investment funds in the U.S., and an increase in the number of gas meters in operation in the gas supply business.



<Segment Sales>



Segment		(Reference) 47th Fiscal Term Sales (million yen)	48th Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	383,554	412,877	7.6
	Commercial	6,316	10,088	59.7
	Other	11,838	9,865	(16.7)
	Total	401,709	432,831	7.7
Real estate business	Whole-building lease agreements	922,570	962,662	4.3
	Improvement/repair work	30,222	33,271	10.1
	Real estate brokerage	20,324	23,633	16.3
	Rent guarantee business	16,740	18,312	9.4
	Power generation business	7,526	7,466	(0.8)
	Lease business	6,744	6,590	(2.3)
	Other	10,133	12,294	21.3
Total	1,014,262	1,064,230	4.9	
Financial business	Total	10,017	10,040	0.2
Other business	Total	62,925	75,901	20.6
Sum total		1,488,915	1,583,003	6.3

## (2) Business Strategies

In light of the impact of the spread of COVID-19 in the previous fiscal year, the Daito Group engaged in business activities that adapt to COVID-19. As a result, in the fiscal year ended March 31, 2022, we achieved an increase in consolidated operating income for the first time in two years since the fiscal year ended March 31, 2020. Meanwhile, the outlook remains uncertain given the emergence of new risks, such as rising raw material and energy costs due to the current international situation.

In the construction business, thanks to sales activities that adapt to COVID-19 and other efforts, both orders received and net sales of completed construction contracts were higher than the year-earlier results. Compared to the pre-pandemic periods, however, the performance is still halfway towards recovery. Owing to the new price hike on imported lumber and other raw materials, as well as the fluctuation in foreign exchange due to depreciation of yen, the construction business industry remains in a harsh environment. We aim to recover orders through diversification of sales channels and expansion of sales staff, while striving to control construction costs and expenses.

In the real estate business, we achieved a significant increase in income as the occupancy rates of properties managed by the Company were at a record high level. We aim to continue maintaining high occupancy rates by making the most of our high management quality and the brand power of “e-Heya Net.” In addition, we will nurture the online platform and other peripheral businesses, thereby improving our services and expanding profit.

In the other business, our nursing care and childcare business and the operation of hotels in Malaysia have been affected by COVID-19, while in the gas supply business, the impact of energy price hikes is becoming visible. Keeping an eye on the spread of infections at home and abroad as well as on energy prices, we seek to maximize the Group synergies and foster and reinforce new businesses, striving to expand our business areas and revenue.

In addition, with an aim to promote ESG/sustainability management, the Daito Group has identified and announced the Seven Material Issues it must particularly respond to. Aiming for higher corporate value over the medium to long term, we will step up our efforts to address societal issues, in addition to expanding our performance, so as to help realize a sustainable society.

### [Reference] Daito Group’s Material Issues

Management Material Issues		Business Material Issues	
1. Environment	Taking action on climate risk through business activities	5. Land/assets	Support for the most effective use of land and assets
2. Society	Contributing to a society where no one is left behind	6. Rental housing	Improving asset value while also resolving social issues
3. Talent/organization	Instilling a corporate culture where everyone can grow and take on challenges	7. Living/lifestyles	Improving convenience of living and neighborhoods
4. Corporate governance	Building an industry-leading governance system		

## (i) Outline of “New Five-year Plan”

Envisioning a company that is entrusted with dreams and the future while achieving sustainable growth, the Daito Group aims to become a “total lifestyle support company” focusing on the comprehensive leasing business by expanding our business areas to leasing businesses other than housing, including commercial facilities and service offices, and other lifestyle-rooted services, including the energy business and online platform business, in addition to enhancing the Daito Group’s core businesses, the construction business and the real estate business.

In terms of numerical targets for the fiscal year ending March 2024, we aim to achieve net sales of 1,750 billion yen or higher, operating income of 130 billion yen or more, consolidated operating profit margin of 7% or more and ROE (return on equity) of 20% or more, and for housing starts of rental residential properties, to acquire a market share of 20% or more.

Targets for net sales and operating income have been revised from the initial plans in April 2022, in light of the impact of the spread of COVID-19 and soaring prices of imported lumber and energy, among others. (Net sales: 2,200 billion yen → 1,750 billion yen or higher; Operating income: 180 billion yen → 130 billion yen or higher)

### New Five-year Plan [Fiscal Year Ending March 31, 2024 (50th Fiscal Term) Plan]

Net sales 1,750.0 billion yen or higher	Operating income 130.0 billion yen or higher		
Net sales of completed construction contracts: 30% or higher	Consolidated operating income margin: 7% or higher		
Share of new rental housing construction starts: 20% or higher	Rent-based vacancy rate: 4% or less	Payout ratio / total return ratio: 50%	(Acquisition of treasury stock is suspended; funds will be invested in growth investments instead)



## **(ii) Segment strategies**

### **■Construction Business**

In the construction business, in response to the COVID-19 pandemic, we will strengthen new sales channels such as digital marketing and referral from financial institutions, etc., in addition to promotion of direct sales at which we excel. We also seek to expand our business territory, including renovation and participation in private bidding projects. Active efforts will be also made toward environmentally friendly rental housing, such as net zero energy house (ZEH), thereby contributing to resolving societal issues.

### **■Real Estate Business**

In the real estate business, we aim to maintain high occupancy rates supported by marketing capability based on accumulated data and strong tenant recruiting capabilities. At the same time, we will continue to offer services that provide quality housing environment and living tailored to tenants' lifestyles. In addition, with our online platform service "ruum" and franchising of the "e-Heya Net" brand, as well as entry into the real estate brokerage and trading businesses, we strive to further expand profit.

### **■Other Business (Financial Business and Other Business)**

In other businesses, we work to restore the operation of hotels in Malaysia at the earliest possible, which have been time to time affected by the pandemic. We will also expand the investment-purpose condominium business operated by INVALIDANCE Ltd. and the service office business provided by JustCo DK Japan Co., Ltd. Pursuing group synergies, we will continue broadening our business territory by fostering and enhancing new businesses using the in-house venture program and M&As, in an effort to expand profit.

We look forward to the continued support and guidance of all our shareholders.

**[Reference] Basic Capital Policy of the Company**

As its key performance indicators, the Company aims for an operating income margin of 7% or higher and a return on equity (ROE) of 20% or higher and seeks the optimal balance between financial soundness, capital efficiency and shareholder returns.

In addition, the Company has disclosed in its shareholder return policy, where it targets a payout ratio of at least 50% of its consolidated net income (profit attributable to owners of the parent).

<b>Key performance indicators</b>	<b>Operating income margin</b> Target: 7% or higher	<b>Return on equity (ROE)</b> Target: 20% or higher
	48th Fiscal Term (Year ended March 31, 2022) 6.3%	48th Fiscal Term (Year ended March 31, 2022) 20.1%
<b>Shareholder return policy</b>	<b>Payout ratio</b> Target: 50%	
	48th Fiscal Term (Year ended March 31, 2022) 50%	

### (3) Capital Investment, etc.

In the fiscal year ended March 31, 2022, total capital investment amounted to 19,376 million yen, which primarily consisted of the overhaul of the backbone system and installation of solar power generation facilities.

### (4) Financing

Given the expiration of commitment line agreements, which were executed in preparation for the spread of COVID-19 and its prolongation, the Daito Group has again executed commitment line agreements worth 50.0 billion yen (for a period of one year) during the fiscal year under review for the purpose of securing stable and flexible methods for fund procurement and further stabilizing the financial base.

In addition, the Daito Group issued Green Bonds worth 11.0 billion yen for funding the capital investment for new installation of solar power generation facilities.

### (5) Trends in Assets and Income

#### (i) Trends in Assets and Income of Enterprise Group

Category	45th fiscal term: Fiscal year ended March 31, 2019	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022 (under review)
Net sales (million yen)	1,591,178	1,586,293	1,488,915	1,583,003
Operating income (million yen)	127,047	127,956	86,738	99,594
Ordinary income (million yen)	132,240	133,028	90,607	103,671
Profit attributable to owners of the parent (million yen)	89,930	90,380	62,285	69,580
Earnings per share < EPS > (yen)	1,212.20	1,306.71	909.31	1,021.43
Total assets (million yen)	859,772	880,289	919,454	1,005,879
Net assets (million yen)	302,298	286,161	308,206	365,787

#### (ii) Trends in Assets and Income of the Company

Category	45th fiscal term: Fiscal year ended March 31, 2019	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022 (under review)
Net sales (million yen)	614,059	553,359	404,107	437,742
Operating income (million yen)	61,468	55,474	7,688	2,873
Ordinary income (million yen)	110,612	97,875	51,056	48,736
Net income (million yen)	88,932	78,464	46,767	43,005
Earnings per share < EPS > (yen)	1,198.75	1,134.43	682.76	631.32
Total assets (million yen)	583,819	583,695	597,870	669,348
Net assets (million yen)	153,636	125,430	132,058	138,085

## **(6) Other Important Matters Concerning the Current State of Enterprise Group**

As improper accounting treatment was discovered at a consolidated subsidiary, the Company has set up a research team, where internal officers of the Internal Auditing Department and the Accounting Department and external experts, including lawyers and certified public accountants, were among its members, and had it conduct an internal investigation into the improper accounting treatment. Ensuring fairness and neutrality of the investigation, the research team investigated into the improper accounting treatment and whether there had been involvement by related parties, examined similar cases, and conducted a cause analysis. The results of investigations conducted by the research team is posted on the Company's website (<https://www.kentaku.co.jp/corporate/en/pr/ir/>).

In light of the results of investigations conducted by the research team, the Company will discuss recurrence preventive measures and implement them as the highest priority. We work to prevent the recurrence of such improper accounting treatment in the future, and devote every effort to restore the trust of stakeholders.

## 2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
- (2) **Number of shares issued** 68,867,206 shares (excluding treasury stock: 51,773 shares)
- (3) **Number of shareholders** 19,936 shareholders
- (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,284	14.93
SSBTC CLIENT OMNIBUS ACCOUNT	4,565	6.63
Custody Bank of Japan, Ltd. (Trust account)	3,276	4.76
HIKARI TSUSHIN, INC.	2,080	3.02
Co-op Suppliers' Stock Holding	1,633	2.37
Sumitomo Realty & Development Co., Ltd.	1,606	2.33
STATE STREET BANK WEST CLIENT	1,155	1.68
Daito Trust Construction Employees' Shareholding Association	1,103	1.60
DEUTSCHE BANK TRUST COMPANY AMERICAS ADR DEPT ACCOUNT	982	1.43
STATE STREET BANK AND TRUST COMPANY 505103	942	1.37

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (51 thousand shares).
2. The Company holds 55 thousand shares of treasury stock, excluding 629 thousand shares held by the ESOP Trust, 425 thousand shares held by the J-ESOP and 47 thousand shares held by the Board Incentive Plan (BIP).

### 3. Corporate Officers

#### (1) Names, etc., of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director (CEO)	Katsuma Kobayashi	Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters
Managing Director	Kei Takeuchi	General Manager of Construction Business Headquarters
Managing Director	Koji Sato	General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters in charge of Nursing Care and Childcare Business and Overseas Business
Director	Masafumi Tate	General Manager of Design Management Department
Director	Yoshihiro Mori	Representative Director and President, Daito Kentaku Leasing Co., Ltd.
Director (Outside)	Toshiaki Yamaguchi	Chairman of Nominating and Remuneration Committee Chairman of Governance Committee Representative Attorney, Yamaguchi Toshiaki Law Firm Director, Japan Internal Control Association Director of Japan Corporate Governance Network Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.
Director (Outside)	Mami Sasaki	Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee Outside Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd.
Director (Outside)	Takashi Shoda	Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee Outside Director, Audit and Supervisory Committee Member, UBE Corporation Outside Director, RIKEN Innovation Co., Ltd.
Director (Outside)	Atsushi Iritani	Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee Nagashima Ohno & Tsunematsu Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd. Outside Audit & Supervisory Board Member of TRAINOCATE Holdings, Ltd.
Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno	Committee Member of Governance Committee
Audit & Supervisory Board Member (Outside)	Masa Matsushita	Committee Member of Governance Committee Outside Director, CYPRESS, INC Vice President and General Counsel, Okinawa Institute of Science and Technology School Corporation Outside Director, afterFIT Co., Ltd.
Audit & Supervisory Board Member (Outside)	Kenji Kobayashi	Committee Member of Governance Committee Joint CEO, BVCJ, Co., Ltd.

- (Notes)
1. Mr. Masafumi Tate, Mr. Yoshihiro Mori and Mr. Atsushi Iritani were newly elected as Directors and assumed their office at the 47th Ordinary General Meeting of Shareholders held on June 25, 2021.
  2. Mr. Masa Matsushita and Mr. Kenji Kobayashi were newly elected as Audit & Supervisory Board Members and assumed their office at the 47th Ordinary General Meeting of Shareholders held on June 25, 2021.
  3. Mr. Hideo Hachiya and Mr. Kazuo Fujimaki retired due to the expiration of their terms of office at the conclusion of the 47th Ordinary General Meeting of Shareholders held on June 25, 2021.
  4. Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki, Mr. Takashi Shoda and Mr. Atsushi Iritani are Outside Directors.
  5. All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
  6. Audit & Supervisory Board Members Mr. Masayasu Uno and Mr. Kenji Kobayashi are qualified as Certified Public Accountants and have considerable financial and accounting knowledge.
  7. The Company has designated Directors Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki, Mr. Takashi Shoda and Mr. Atsushi Iritani, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Masa Matsushita and Mr. Kenji Kobayashi as independent officers under the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.

(Reference) Names and responsibilities of Executive Officers as of April 1, 2022 are as follows.

Position	Name	Responsibilities
Executive Officer	Takashi Suzuki	General Manager of Chukyo Area Construction Business Department
Executive Officer	Shoji Yamada	General Manager of West Kanto Area Construction Business Department
Executive Officer	Masayoshi Tanaka	Representative Director & President of Daito Mirai Trust Co., Ltd.
Executive Officer	Eiji Kawahara	Senior Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Masayuki Koishikawa	General Manager of Sales Management Department
Executive Officer	Kouichi Nakamura	General Manager of West Japan Construction Business Headquarters
Executive Officer	Jun Matsufuji	General Manager of Central Japan Construction Business Headquarters
Executive Officer	Tetsuya Shibata	Managing Director, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Kazuhiro Izumi	General Manager of Construction Management Department
Executive Officer	Takeshi Nakamura	General Manager of Business Management Department
Executive Officer	Takeshi Shirasaki	General Manager of East Japan Construction Business Headquarters
Executive Officer	Kunihiro Takenaka	General Manager of Central Japan Construction Business Headquarters
Executive Officer	Tsukasa Okamoto	General Manager of Accounting Department
Executive Officer	Eiji Okamoto	General Manager of West Japan Construction Business Headquarters
Executive Officer	Yutaka Amano	General Manager of Business Strategy Department
Executive Officer	Yoshimasa Tanaka	General Manager of Chugoku Area Construction Business Department

## **(2) Outline of Limited Liability Agreements**

The Company has entered into a Limited Liability Agreement with all of its Outside Directors and Outside Audit & Supervisory Board Members, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Director's and Outside Audit & Supervisory Board Member's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The limited liability stated above shall be applicable only when the Outside Director and Outside Audit & Supervisory Board Member performs his or her duty in good faith and without material negligence.

## **(3) Outline of Directors and Officers Liability Insurance Contract**

The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure all of its Directors and Audit & Supervisory Board Members. The insurance premiums are fully borne by the Company. The insurance policy covers legal damages and litigation expenses to be borne by the insureds.



#### **(4) Remuneration of Directors and Audit & Supervisory Board Members for the fiscal year under review**

##### **(i) Determination policy for remuneration of individual Directors**

At the Board of Directors meeting held on June 18, 2018, the Company resolved a determination policy for remuneration of individual Directors currently in office (hereinafter, the “Determination Policy”), and reconfirmed the Determination Policy by resolution at the Board of Directors meeting held on April 23, 2021. The Determination Policy was determined by the Board of Directors after receiving recommendations from the Nominating and Remuneration Committee.

The basic policy for determining remuneration of Directors is to take the “performance-link-focused type” as a sound incentive for Directors to share interests with shareholders and aim at the sustainable enhancement of corporate value. In accordance with this basic policy, remuneration of Directors consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked. In the medium to long term, remuneration is designed so that basic remuneration, bonuses and stock compensation compose 1 : 2-3 : 2-3, when the performance target is 100% achieved.

Remuneration of Directors for the fiscal year under review was drafted based on the results of mutual evaluation of Directors conducted at the initiative of the Nominating and Remuneration Committee, and upon multi-faceted examination including consistency with the Determination Policy. The Board of Directors respects the Committee’s recommendations and believes that remuneration is in line with the Determination Policy.

##### **(ii) Resolution by the General Meeting of Shareholders on remuneration of Directors and Audit & Supervisory Board Members**

###### **a. Remuneration of Directors**

Directors’ monetary remuneration is the sum of the fixed portion which is capped at 1.0 billion yen per year (including the Outside Directors’ remuneration capped at 50 million yen) and the variable portion which is capped at 0.45% of consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review (not exceeding 1.0 billion yen, and not payable if consolidated net income [Profit attributable to owners of the parent] for the fiscal year under review falls short of 20.0 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007. The number of Directors as of the resolution at the said General Meeting of Shareholders was 10 (including one Outside Director).

Separately from the aforementioned amount of monetary remuneration, stock compensation of Directors is capped at 210,000 points (number of shares) to be granted to Directors for a three-year covered period (points will not be granted if ROE is less than 20% and payout ratio is lower than 50%) or 1.9 billion yen in cash which is contributed to the Board Incentive Plan (BIP), as resolved at the 45th Ordinary General Meeting of Shareholders of the Company held on June 25, 2019. The number of Directors as of the resolution at the said General Meeting of Shareholders was 11 (including three Outside Directors).

###### **b. Remuneration of Audit & Supervisory Board Members**

Audit & Supervisory Board Members’ monetary remuneration is capped at 100 million yen per year as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007. The number of Audit & Supervisory Board Members at the resolution of the said General Meeting of Shareholders was four (all of which were Outside Audit & Supervisory Board Members).

##### **(iii) Delegation of authority to determine remuneration for individual Directors**

For the fiscal year under review, the Company resolved at the Board of Directors’ meeting held on June 25, 2021 to delegate the authority of determining remuneration for individual Directors to Mr. Katsuma Kobayashi serving as President and Representative Director (CEO).

The delegation authorizes the Representative Director to give final approval to the results of the mutual evaluations of Directors, and evaluations of individual Directors made upon consulting the Nominating and Remuneration Committee and receiving its recommendations. Based on these evaluation results, the amount

of basic remuneration, bonuses, and the number of shares to be allotted as stock compensation to individual Directors are determined.

The Company delegated the authority as above because the Representative Director is the most suitable for evaluating performance of the whole Company and business execution of each Director.

In order to ensure that the authority is properly exercised by the Representative Director, the Board of Directors consulted the Nominating and Remuneration Committee and received its recommendations on the evaluations of each Director and the draft of remuneration amounts.

#### (iv) Amount of Remuneration, etc., of Directors and Audit & Supervisory Board Members

Category	Number of persons paid	Fixed remuneration	Performance-linked remuneration			Total
		Basic remuneration	Bonuses	Non-monetary remuneration		
				Stock compensation	Stock options	
Internal Director	7	¥309 million	¥244 million	¥202 million	¥20 million	¥775 million
Outside Director	4	¥45 million	-	-	-	¥45 million
Outside Audit & Supervisory Board Members	3	¥62 million	-	-	-	¥62 million
Total [of which, Outside members]	14 [7]	¥416 million [¥107 million]	¥244 million [-]	¥202 million [-]	¥20 million [-]	¥883 million [¥107 million]

(Notes)1. The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.

2. The amounts shown as stock options above are the amounts recorded during the fiscal year under review, pertaining to the stock option plan terminated in the fiscal year ended March 31, 2019. No new stock options have been allotted from the fiscal year ended March 31, 2020.

3. The headcount as of the end of the fiscal year under review is eleven (11) Directors and three (3) Audit & Supervisory Board Members.

#### (v) Details of remuneration of Directors

##### a. Basic remuneration (fixed remuneration)

The basic remuneration of each Director shall be determined in consideration of quantitative factors such as corporate earnings, remuneration paid by other related companies, rate of increase in employees' salary, and years of employment as well as qualitative factors such as management capability, achievement, and contribution of each Director.

##### b. Bonuses (short-term performance-linked remunerations)

To share interests with shareholders, bonuses shall be determined in consideration of the achievement, contribution, etc., of each Director during the fiscal year and be paid from the total amount of bonuses which is determined by multiplying consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review by a certain ratio determined by the Board of Directors (0.45%), which is then calculated according to a table in the regulations depending on the results of performance indicators pertaining to the construction business and real estate business, which are the Daito Group's core businesses. However, Outside Directors are not entitled to receive any bonuses. To share performance targets among Directors and employees, these indicators are the same as those used for the calculation of employees' bonuses. Total amount of bonuses shall not exceed 1.0 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20.0 billion yen. In the fiscal year under review, consolidated net income came to 69.5 billion yen, and the achievement rate of the performance indicator was 100%.

**c. Stock compensation (medium- to long-term performance-linked remuneration and non-monetary remuneration)**

In place of the previous stock option scheme as stock-linked compensation, the Company introduced a medium- to long-term performance-linked stock compensation plan pursuant to the resolution passed at the 45th Ordinary General Meeting of Shareholders held on June 25, 2019, for the purpose of raising Directors' willingness to contribute to the medium- to long-term improvement in the financial performance and enhancement of the enterprise value of the Company by clarifying the linkage between the financial performance and the shareholder value of the Company and sharing of common interests with shareholders.

The new plan covers the three fiscal years (hereinafter referred to as the "Covered Period") from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022 and each consecutive period of three fiscal years thereafter. The Company will contribute a total amount of up to 1.9 billion yen as compensation to Directors for each Covered Period to establish the trust (BIP Trust) for a 3-year trust period, the beneficiaries of which are Directors who meet the beneficiary requirements. During the trust period, the Company will grant points to Directors, and the total number of points to be granted to Directors per three fiscal years as the Covered Period (number of the Company shares) shall be up to 210,000 points (210,000 shares) on the condition that 20% ROE and 50% payout ratio are achieved.

The plan is comprised of a performance-linked portion and a non-performance-linked portion. For the performance-linked portion, points to be determined based on job titles are granted every year and are multiplied by the achievement level (0 to 150%) of the Company's performance targets, etc. (the Company adopted the consolidated operating income growth rate as the relevant performance indicator for the plan established in 2019) after the expiry of the Covered Period. For the non-performance-linked portion, points to be determined based on job titles are granted every year.

The trust will deliver the Company shares, etc., to Directors and the money equivalent to the amount gained from the sale of such shares according to the number of points. Such delivery is made after the expiry of the Covered Period for the performance-linked portion and upon the retirement of Directors for the non-performance-linked portion.

Upon the expiry of the trust period of the trust, the Company plans to continue the plan by setting up a new trust or amending the trust agreement and making an additional trust (such amendment to the trust agreement and additional trust, if any, shall be deemed equivalent to the establishment of the trust). In case where the plan is continued by amending the trust agreement, the trust period shall be extended for three years, and the three fiscal years after the extension of the trust period shall be deemed as the new Covered Period. The Company shall make an additional contribution within the total amount of 1.9 billion yen for each extended trust period and continue to grant points to Directors during such extended trust period, whereas the trust shall continue to transfer and deliver the Company shares, etc., to Directors during such extended trust period; provided, however, that, in the case that such additional contribution is made, if the Company shares and money remain in the trust property at the end of the trust period before such extension (excluding the Company shares, etc., that correspond to the points granted but have not been transferred and delivered to Directors), the total amount of such remaining shares, etc., and the trust money to be additionally contributed by the Company shall be within the range of 1.9 billion yen.

**(vi) Details of remuneration of Audit & Supervisory Board Members**

The total amount of remuneration of Audit & Supervisory Board Members shall be no more than the aggregate amount of remuneration of Audit & Supervisory Board Members approved by the General Meeting of Shareholders and specific amounts of remuneration of each Audit & Supervisory Board Member shall be determined by allocating the aggregate amount pursuant to the deliberation by the Audit & Supervisory Board.

(Reference) Structure of remuneration, etc., of Directors

Type of remuneration		Contents	Fixed/ Variable	Maximum amount/Conditions
Basic remuneration		Determined in consideration of corporate earnings, rate of increase in employees' salary, years of employment, remuneration paid by industry peers, and contribution, etc.	Fixed	<Maximum amount>: 1.0 billion yen in total per year (including 50 million yen or less to Outside Directors)
Bonuses		Total amount is determined by multiplying consolidated net income by 0.45% and in accordance with a table in the regulations depending on the results of performance indicators. Amount of payment to each Director is determined in consideration of contribution, etc. made by each Director in a single fiscal year.	Variable	<Maximum amount>: 1.0 billion yen in total per year (not paid to Outside Directors) <Condition>: Consolidated net income of 20.0 billion yen or more and achievement of certain earnings results
Stock compensation	Non-performance-linked	Determined based on job titles. Granted upon the retirement of Directors.	Fixed	<Maximum amount>: Contribution of 1.9 billion yen in total over a three-year period and 210,000 shares of common stock over a three-year period
	Performance-linked	Amount based on job titles, multiplied by the achievement level (0 to 150%) of performance targets for three years. Granted after the expiry of the Covered Period (three fiscal years).	Variable	<Condition>: ROE of 20% or higher and payout ratio of 50% or higher

**(5) Outside Officers**

**(i) Important concurrent positions and relationship with the Company**

**a. Outside Directors**

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	There is no business transactional relationship between these parties and the Company.
	Director, Japan Internal Control Association	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.	
Mami Sasaki	Outside Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd.	There is no business transactional relationship between the party and the Company.
Takashi Shoda	Outside Director, Audit and Supervisory Committee Member, UBE Corporation	There is no business transactional relationship between these parties and the Company.
	Outside Director, RIKEN Innovation Co., Ltd.	
Atsushi Iritani	Nagashima Ohno & Tsunematsu	There is no business transactional relationship between these parties and the Company.
	Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd.	
	Outside Audit & Supervisory Board Member of TRAINOCATE Holdings, Ltd.	

**b. Outside Audit & Supervisory Board Members**

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Masayasu Uno	Not applicable.	-
Masa Matsushita	Outside Director, CYPRESS. INC	There is no business transactional relationship between these parties and the Company.
	Vice President and General Counsel, Okinawa Institute of Science and Technology School Corporation	
	Outside Director, afterFIT Co., Ltd.	
Kenji Kobayashi	Representative, Kenji Kobayashi Certified Public Accountant Office	There is no business transactional relationship between these parties and the Company.
	Joint CEO, BV CJ, Co., Ltd.	

**(ii) Main activities during the fiscal year under review**

**a. Outside Directors**

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities and outline of duties performed in expected roles
Toshiaki Yamaguchi	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his strong expertise and extensive experience as a lawyer with thorough knowledge of corporate legal affairs, risk management and corporate governance.</p> <p>In addition, as a Chairman of the Nominating and Remuneration Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted individual interviews, playing a central role in the mutual evaluations. In addition, as a Chairman of the Governance Committee, he was involved in the establishment of the Nominating and Remuneration Committee, and provided advice based on his strong expertise and supervised management from an objective perspective, thereby fulfilling the role expected of him.</p>
Mami Sasaki	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, she pointed out issues on each agenda from a female perspective and an investor standpoint, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of her extensive knowledge and experience accumulated through organizational management in the global financial business.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, she was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, she also provided opinions on investments and M&amp;A projects from a financial perspective, thereby fulfilling the role expected of her in important decision-making and supervision of management.</p>
Takashi Shoda	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his extensive experience and knowledge acquired in the course of long-term involvement as a corporate manager in companies that operate global business, and his considerable insight into CSR activities acquired in the course of active engagement as a corporate manager.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, he was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, he also provided opinions on the progress of the medium-term business plan, the draft of organizational structures and other matters from the perspective of a corporate manager, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p>

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities and outline of duties performed in expected roles
Atsushi Iritani	10 times out of 10 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his extensive knowledge and experience in legal affairs and compliance, which he accumulated as an attorney and a certified public accountant.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, he was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, he also provided opinions from the perspective of compliance and risk management, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p>

**b. Outside Audit & Supervisory Board Members**

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Masayasu Uno	13 times out of 13 meetings (100.0%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge of financial and accounting as a certified public accountant and his extensive experience and insight as a business entrepreneur.</p> <p>In the Audit &amp; Supervisory Board meetings, he reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc.</p> <p>In addition, he attended important meetings on business execution and compliance promotion meetings and conducted audits targeted at major business establishments, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>
Masa Matsushita	10 times out of 10 meetings (100.0%)	9 times out of 9 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge regarding corporate legal affairs and finance as an attorney, and extensive experience and insight as a corporate manager.</p> <p>In the Audit &amp; Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>
Kenji Kobayashi	10 times out of 10 meetings (100.0%)	9 times out of 9 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge regarding finance and accounting as a certified public accountant and extensive experience and insight as a corporate manager.</p> <p>In the Audit &amp; Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>

**(iii) Family Relationships of Outside Directors and Outside Audit & Supervisory Board Members**

None of the Outside Directors or Outside Audit & Supervisory Board Members is an executive person of a subsidiary, associate or major business partner of the Company, or a spouse, any family within the third degree of kinship of a Director or Audit & Supervisory Board Member of the Company or a similar person.



## Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 47th Fiscal Term (As of March 31, 2021)	48th Fiscal Term (As of March 31, 2022)	Account item	(Reference) 47th Fiscal Term (As of March 31, 2021)	48th Fiscal Term (As of March 31, 2022)
<b>Current assets:</b>	<b>507,115</b>	<b>588,487</b>	<b>Current liabilities:</b>	<b>299,066</b>	<b>311,938</b>
Cash and deposits	198,993	259,134	Accounts payable for construction contracts	27,580	36,479
Money held in trust	13,500	12,500	Short-term loans payable	690	—
Accounts receivable from completed construction contracts and other	51,880	54,610	Current portion of bonds payable	140	80
Short-term investment securities	1,502	3,101	Current portion of long-term loans payable	12,444	13,008
Costs on uncompleted construction contracts	13,460	13,660	Lease obligations	193	169
Real estate for sale and development projects in progress	—	15,358	Income taxes payable	22,493	22,903
Other inventories	10,457	15,366	Advances received on uncompleted construction contracts	40,814	39,466
Prepaid expenses	70,237	72,347	Advances received	94,867	119,761
Operating loans	120,980	113,329	Provision for bonuses	20,372	25,218
Other	26,697	29,863	Provision for warranties for completed construction	599	1,376
Allowance for doubtful accounts	(594)	(785)	Deposits received	10,404	9,071
<b>Noncurrent assets:</b>	<b>412,339</b>	<b>417,392</b>	Other	68,467	44,402
<b>Property, plant and equipment</b>	<b>172,145</b>	<b>177,627</b>	<b>Noncurrent liabilities:</b>	<b>312,181</b>	<b>328,152</b>
Buildings and structures	59,343	60,392	Bonds payable	130	11,050
Machinery and equipment	32,910	36,320	Long-term loans payable	83,344	70,582
Tools, furniture and fixtures	2,397	2,057	Lease liabilities	361	388
Land	76,200	76,979	Deferred tax liabilities	246	446
Lease assets	716	640	Provision for repairs on whole building lease	169,779	187,469
Other	577	1,237	Net defined benefit liability	14,847	15,471
<b>Intangible assets</b>	<b>39,061</b>	<b>36,505</b>	Long-term guarantee deposits	32,212	31,306
Goodwill	12,224	11,337	Other	11,259	11,437
Other	26,836	25,168	<b>Total liabilities</b>	<b>611,247</b>	<b>640,091</b>
<b>Investments and other assets</b>	<b>201,132</b>	<b>203,258</b>	<b>Net Assets</b>		
Investment securities	48,737	47,155	<b>Shareholders' equity:</b>	<b>315,148</b>	<b>369,882</b>
Subordinated bonds and subordinated trust beneficiary rights	9,384	6,915	Capital stock	29,060	29,060
Deferred tax assets	93,322	95,104	Capital surplus	34,540	34,540
Other	55,309	60,129	Retained earnings	266,899	319,133
Allowance for doubtful accounts	(5,621)	(6,045)	Treasury stock	(15,352)	(12,852)
			<b>Accumulated other comprehensive income</b>	<b>(11,414)</b>	<b>(8,424)</b>
			Valuation difference on available-for-sale securities	3,636	2,825
			Deferred gains or losses on hedges	267	127
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(5,806)	(1,737)
			Remeasurements of defined benefit plans	(1,927)	(2,054)
			<b>Subscription rights to shares</b>	<b>388</b>	<b>322</b>
			<b>Non-controlling interests</b>	<b>4,084</b>	<b>4,007</b>
			<b>Total net assets</b>	<b>308,206</b>	<b>365,787</b>
<b>Total assets</b>	<b>919,454</b>	<b>1,005,879</b>	<b>Total liabilities and net assets</b>	<b>919,454</b>	<b>1,005,879</b>

## Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 47th Fiscal Term (From April 1, 2020 to March 31, 2021)		48th Fiscal Term (From April 1, 2021 to March 31, 2022)	
Net sales				
Net sales of completed construction contracts	401,709		432,831	
Sales on real estate business	1,014,262		1,064,230	
Other business revenue	72,943	1,488,915	85,941	1,583,003
Cost of sales				
Cost of sales of completed construction contracts	297,239		325,849	
Cost of sales on real estate business	905,183		940,146	
Cost of sales on other business	47,627	1,250,049	56,865	1,322,860
<b>Gross profit</b>				
Gross profit on completed construction contracts	104,470		106,982	
Gross profit-real estate business	109,078		124,084	
Gross profit-other business	25,315	<b>238,865</b>	29,076	<b>260,142</b>
Selling, general and administrative expenses		152,126		160,548
<b>Operating income</b>		<b>86,738</b>		<b>99,594</b>
Non-operating income				
Interest income	353		313	
Dividends income	221		422	
Commission fee	2,432		2,709	
Share of profit of entities accounted for using equity method	307		623	
Subsidy income	857		—	
Miscellaneous income	1,389	5,562	1,761	5,829
Non-operating expenses				
Interest expenses	290		433	
Provision of allowance for doubtful accounts	103		—	
Commission expenses	392		666	
Loss on transfer of receivables	349		—	
Miscellaneous expenses	557	1,693	652	1,752
<b>Ordinary income</b>		<b>90,607</b>		<b>103,671</b>
Extraordinary income				
Gain on sales of noncurrent assets	19		49	
Gain on sales of investment securities	744		1	
Gain on sales of shares of subsidiaries and associates	—	764	10	61
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	434		327	
Impairment loss	154		183	
Loss on disaster	12	601	4	515
<b>Income before income taxes and non-controlling interests</b>		<b>90,770</b>		<b>103,217</b>
Income taxes – current	40,780		42,110	
Income taxes – deferred	(12,377)	28,403	(8,450)	33,660
<b>Net income</b>		<b>62,367</b>		<b>69,557</b>
Profit (loss) attributable to non-controlling interests		81		(22)
<b>Profit attributable to owners of the parent</b>		<b>62,285</b>		<b>69,580</b>

## Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 47th Fiscal Term (As of March 31, 2021)	48th Fiscal Term (As of March 31, 2022)	Account item	(Reference) 47th Fiscal Term (As of March 31, 2021)	48th Fiscal Term (As of March 31, 2022)
<b>Current assets:</b>	<b>322,744</b>	<b>394,286</b>	<b>Current liabilities:</b>	<b>369,451</b>	<b>436,804</b>
Cash and deposits	128,879	184,187	Accounts payable for construction contracts	22,284	30,522
Accounts receivable from completed construction contracts	38,563	37,858	Current portion of long-term loans payable	11,900	11,900
Short-term investment securities	1,502	3,101	Lease liabilities	35	35
Costs on uncompleted construction contracts	12,963	13,022	Accounts payable - other	16,687	20,821
Real estate for sale and development projects in progress	–	15,358	Income taxes payable	1,343	1,645
Raw materials and supplies	4,096	7,317	Accrued consumption taxes	1,346	3,792
Short-term loans receivable from subsidiaries and affiliates	120,930	116,260	Advances received on uncompleted construction contracts	40,316	38,934
Prepaid expenses	645	668	Advances received	120	21,783
Accounts receivable - other	9,168	9,901	Deposits received	259,198	292,200
Advances paid	3,841	3,891	Provision for bonuses	14,566	12,764
Other	2,739	3,501	Provision for warranties for completed construction	546	1,311
Allowance for doubtful accounts	(587)	(781)	Other	1,106	1,091
<b>Noncurrent assets:</b>	<b>275,125</b>	<b>275,062</b>	<b>Noncurrent liabilities:</b>	<b>96,359</b>	<b>94,458</b>
<b>Property, plant and equipment</b>	<b>35,225</b>	<b>34,667</b>	Bonds payable	–	11,000
Buildings	8,518	8,106	Long-term loans payable	81,550	69,250
Structures	273	252	Lease liabilities	24	45
Machinery and equipment	18	29	Provision for retirement benefits	9,391	8,168
Tools, furniture and fixtures	643	538	Other	5,393	5,994
Land	25,466	25,436	<b>Total liabilities</b>	<b>465,811</b>	<b>531,263</b>
Lease assets	54	73	<b>Net Assets</b>		
Construction in progress	250	230	<b>Shareholders' equity:</b>	<b>128,395</b>	<b>135,526</b>
<b>Intangible assets</b>	<b>21,450</b>	<b>19,005</b>	Capital stock	29,060	29,060
Software	13,001	8,512	Capital surplus	34,540	34,540
Software in progress	8,291	10,334	Legal capital surplus	34,540	34,540
Other	157	158	Other capital surplus	–	0
<b>Investments and other assets</b>	<b>218,449</b>	<b>221,388</b>	Retained earnings	80,145	84,776
Investment securities	26,767	25,271	Legal retained earnings	7,265	7,265
Subordinated bonds and subordinated trust beneficiary rights	9,384	6,915	Other retained earnings	72,880	77,511
Stocks of subsidiaries and affiliates	137,254	137,260	Retained earnings brought forward	72,880	77,511
Long-term loans receivable from subsidiaries and affiliates	1,427	608	Treasury stock	(15,352)	(12,852)
Deferred tax assets	11,555	13,459	<b>Valuation and translation adjustments:</b>	<b>3,306</b>	<b>2,267</b>
Guarantee deposits	8,568	8,485	Valuation difference on available-for-sale securities	3,248	2,350
Other	24,002	29,827	Deferred gains or losses on hedges	267	127
Allowance for doubtful accounts	(512)	(440)	Revaluation reserve for land	(209)	(209)
			<b>Subscription rights to shares</b>	<b>357</b>	<b>291</b>
			<b>Total net assets</b>	<b>132,058</b>	<b>138,085</b>
<b>Total assets</b>	<b>597,870</b>	<b>669,348</b>	<b>Total liabilities and net assets</b>	<b>597,870</b>	<b>669,348</b>

## Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 47th Fiscal Term (From April 1, 2020 to March 31, 2021)		48th Fiscal Term (From April 1, 2021 to March 31, 2022)	
Net sales				
Net sales of completed construction contracts	401,712		434,458	
Sales on real estate business, etc.	2,394	404,107	3,284	437,742
Cost of sales				
Cost of sales of completed construction contracts	291,270		328,697	
Cost of sales on real estate business, etc.	657	291,928	1,412	330,110
<b>Gross profit</b>				
Gross profit on completed construction contracts	110,441		105,760	
Gross profit-real estate business, etc.	1,737	<b>112,178</b>	1,871	<b>107,631</b>
Selling, general and administrative expenses		104,490		104,758
<b>Operating income</b>		<b>7,688</b>		<b>2,873</b>
Non-operating income				
Interest income	370		542	
Interest on securities	258		241	
Dividends income	38,106		40,646	
Commission fee	2,134		2,319	
Subsidy income	752		—	
Miscellaneous income	2,784	44,406	2,945	46,695
Non-operating expenses				
Interest expenses	262		345	
Interest on bonds	—		16	
Provision of allowance for doubtful accounts	18		11	
Commission expenses	392		155	
Miscellaneous expenses	365	1,039	302	831
<b>Ordinary income</b>		<b>51,056</b>		<b>48,736</b>
Extraordinary income				
Gain on sales of noncurrent assets	—		5	
Gain on sales of investment securities	744		1	
Gain on sales of shares of subsidiaries and associates	—	744	10	16
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	132		78	
Loss on disaster	—		0	
Impairment loss	108	241	—	79
<b>Income before income taxes</b>		<b>51,560</b>		<b>48,674</b>
Income taxes – current	6,100		4,980	
Income taxes – deferred	(1,307)	4,793	688	5,668
<b>Net income</b>		<b>46,767</b>		<b>43,005</b>