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Securities code: 1878

June 4, 2024

(Commencement date of electronic provision measures: May 24, 2024)

To Our Shareholders

Kei Takeuchi
Representative Director, CEO
Daito Trust Construction Co., Ltd.
16-1, Konan 2-chome, Minato-ku, Tokyo

Notice of Convocation of the 50th Ordinary General Meeting of Shareholders

We hereby inform you that the 50th Ordinary General Meeting of Shareholders of the Company will be held as described below.

Measures for electronic provision are taken for this meeting, and the matters for electronic provision measures are posted as “Notice of Convocation of the 50th Ordinary General Meeting of Shareholders” on the website below.

<The Company’s website>

<https://www.kentaku.co.jp/corporate/en/ir/kabunushi.html>

They are also posted on the website of the Tokyo Stock Exchange (TSE) besides the above. Please confirm them by accessing the website of TSE (Listed Company Search) below and entering the issue name (Daito Trust Construction) or securities code (1878) to search, then selecting “Basic information” and “Documents for public inspection/PR information.”

<TSE’s website (Listed Company Search)>

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are not attending the meeting, you may exercise your voting rights in advance via postal mail or the Internet. **Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 24, 2024 (Monday).**

1. **Date and Time:** June 25, 2024 (Tuesday) 11:00 a.m. (Reception desk opens at 10:00 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 Committee for the 50th Fiscal Term (April 1, 2023 to March 31, 2024)
2. The Non-consolidated Financial Statements for the 50th Fiscal Term (April 1, 2023 to March 31, 2024)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus for the 50th Fiscal Term

Proposal No. 2: Partial Amendment to the Articles of Incorporation

Proposal No. 3: Election of Nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Notes:

1. The paper copy of the notice of convocation has been sent to all the shareholders uniformly regardless of the request for the paper copy regarding this meeting. In addition, the sending procedure of materials for general meetings of shareholders may change for subsequent meetings.
2. For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arriving at the meeting.
3. 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.
4. If there are any amendments to the matters for electronic provision measures, the revised version will be posted on the websites where the original versions are posted.
5. 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.
6. Pursuant to the provisions of law and Article 15, Paragraph 2 of the Articles of Incorporation of the Company, the paper copy to be sent to shareholders does not include the following matters for electronic provision measures: “Main business”, “Employees”, “Main place of business”, “Main creditors and borrowing amounts”, “Other significant matters concerning shares”, “Matters concerning share options of the Company” and “Systems to ensure proper business activities and the outline of the operation status of the systems” in Business Report, “Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements” in Consolidated Financial Statements and “Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements” in Non-consolidated Financial Statements.

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 50th Fiscal Term

Appropriation of surplus for the 50th Fiscal Term is reported as follows:

Year-End Dividend

The Company recognizes adequate profit return to shareholders as one of the most important management matters and practices it. For dividends, the Company, while taking the basic policy stance of providing stable dividends through ongoing reinforcement of our business foundation, aims to set the payout ratio at 50%, and includes a basic dividend of 100 yen and the profit return based on consolidated business performance.

In light of these standards, the Company will set a dividend of 288 yen per share for the year-end dividend of the 50th Fiscal Term.

The annual dividend to be paid would be 555 yen per share (up 39 yen per share from the previous fiscal year) including the interim dividend of 267 yen per share paid in November last year.

(1) Type of dividend property

Cash

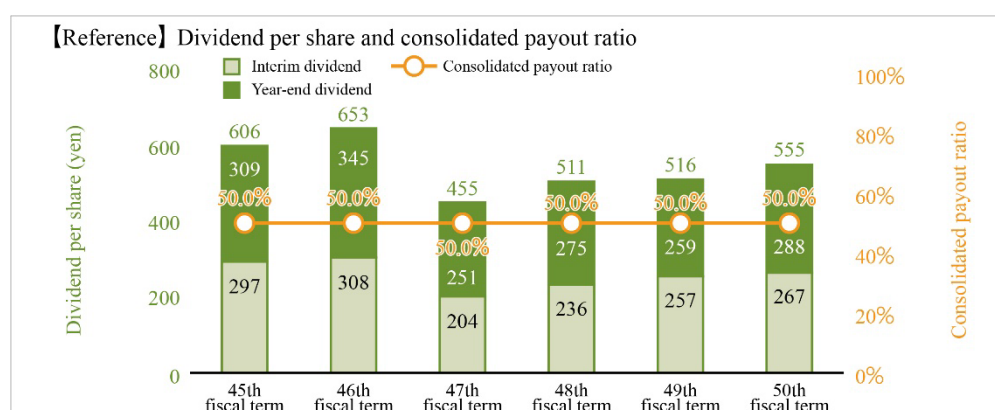
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 288 yen per common share of the Company

Total amount: 18,942,336,864 yen

(3) Effective date of dividend payment

June 26, 2024



Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment

The provisions of Article 2 (Purpose) of the current Articles of Incorporation shall be amended in order to prepare for diversification of the Daito Group’s business as follows:

- (1) The purpose of business shall be amended pertaining to expansion of the domain of the welfare service business.
- (2) The additions to the purpose of business shall be made pertaining to the entry into construction contract and other businesses related to logistics warehouses.

2. Description of the Amendment

Description of amendment is as follows:

(Amended part is underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 2 The purpose of the Company shall be to operate the following businesses and to control and manage the business activities of relevant companies by owning shares or equity interests in companies engaged in the following businesses: 1-17. (Omitted) 18. <u>Business pursuant to the provisions of Long-Term Care Insurance Act</u> 19-43. (Omitted) <Newly established> 44. (Omitted)</p>	<p>(Purpose) Article 2 The purpose of the Company shall be to operate the following businesses and to control and manage the business activities of relevant companies by owning shares or equity interests in companies engaged in the following business: 1-17. (Unchanged) 18. <u>Welfare service business concerning nursing care, medical care and disabilities</u> 19-43. (Unchanged) 44. <u>Warehousing business, warehouse management business, consigned freight forwarding business and freight truck transportation business</u> 45. (Unchanged)</p>

Proposal No. 3: Election of Nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

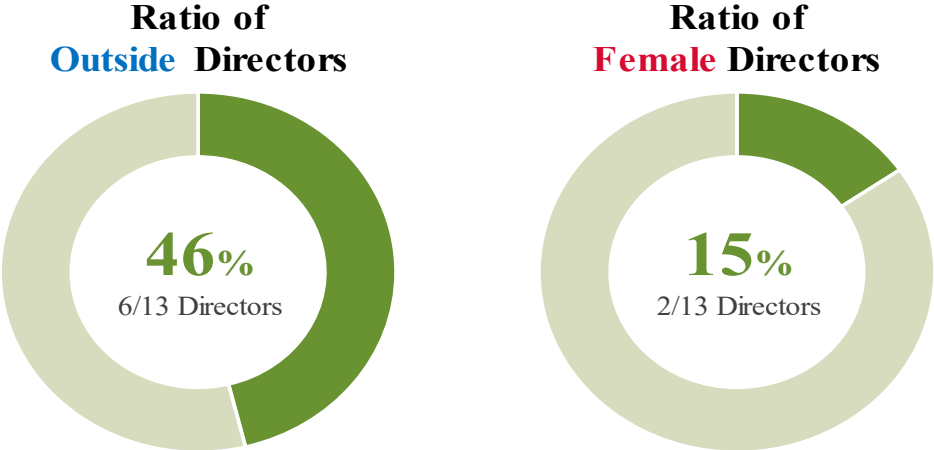
The terms of office of all eight (8) Directors are to expire at the conclusion of this year’s Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members), including three (3) Outside Directors. Each candidate for Director (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors based on the recommendations from the Nominating and Remuneration Committee.

Regarding the appointment of Directors (excluding Directors who are Audit & Supervisory Committee Members), the Audit and Supervisory Committee of the Company has carefully considered the content of deliberations at the Nominating and Remuneration Committee and has determined that the candidates and their selection process are appropriate and there are no particular issues to point out.

If all nine (9) candidates of this proposal are elected as originally proposed, six (6) of the thirteen (13) Directors including those who are Audit & Supervisory Committee Members will qualify as independent outside officers who have satisfied the independence criteria established by the Company, and the Company has judged that they will enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows.

[Reference] Composition of Board of Directors if elected as originally proposed



Candidate No.	Name	Gender (Age)	Years in office	Nature of candidacy	Position and responsibilities in the Company	Attendance at the Board of Directors meetings
1	Kei Takeuchi	Male (58 years old)	10 years	Reappointment	Representative Director, CEO General Manager of Construction Business Sales Headquarters Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee	14/14 (100.0%)
2	Yoshihiro Mori	Male (58 years old)	3 years	Reappointment	Director, Managing Executive Officer General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd. Committee Member of Governance Committee	14/14 (100.0%)
3	Masafumi Tate	Male (55 years old)	3 years	Reappointment	Director, Senior Executive Officer General Manager of Construction Business Technical Headquarters	14/14 (100.0%)
4	Tsukasa Okamoto	Male (56 years old)	1 year	Reappointment	Director, Senior Executive Officer, General Manager of Corporate Management Headquarters, CFO, Committee Member of Governance Committee	10/10 (100.0%)
5	Yutaka Amano	Male (56 years old)	1 year	Reappointment	Director, Senior Executive Officer General Manager of Business Development Headquarters	10/10 (100.0%)
6	Yoshimasa Tanaka	Male (56 years old)	1 year	Reappointment	Director, Senior Executive Officer General Manager of General Administration Headquarters	10/10 (100.0%)
7	Atsushi Iritani	Male (58 years old)	3 years	Reappointment Outside Director Independent Officer	Outside Director Chairman of Governance Committee Chairman of Nominating and Remuneration Committee	14/14 (100.0%)
8	Chieko Ouchi	Female (61 years old)	—	New appointment Outside Director Independent Officer	—	—
9	Junko Owada	Female (58 years old)	—	New appointment Outside Director Independent Officer	—	—

(Notes) 1. There is no special interest between each of the candidates and the Company.

2. Candidates, Mr. Atsushi Iritani, Ms. Chieko Ouchi and Ms. Junko Owada are candidates for Outside Director.

The Company has designated Mr. Atsushi Iritani as an independent officer as he satisfies the independence criteria established by the Company as well as standards for independence established by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly. The Company will designate Ms. Chieko Ouchi and Ms. Junko Owada as independent officers under the provision set forth by said Exchanges and notify the Exchanges accordingly after their election.

3. The Company has entered into a Limited Liability Agreement with Mr. Atsushi Iritani. The Company will continue the Limited Liability Agreement with him if his reelection is approved. In addition, the Company will enter into a Limited Liability Agreement with Ms. Chieko Ouchi and Ms. Junko Owada after their election. Outlines of this Limited Liability Agreement are described below:

- In the event that the Company bears liability for damages caused by neglect of the duty of Director (excluding Executive Directors, etc.), 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 Director (excluding Executive Directors, etc.) performs his or her duty in good faith and without material negligence.

4. The Company has entered into an Indemnity Agreement set forth in Article 430-2, Paragraph 1 of the Companies Act with Mr. Kei Takeuchi, Mr. Yoshihiro Mori, Mr. Masafumi Tate, Mr. Tsukasa Okamoto, Mr. Yutaka Amano, Mr. Yoshimasa Tanaka and Mr. Atsushi Iritani. The Company shall compensate the expenses described in Paragraph 1-1 and the losses in Paragraph 1-2 within the scope stipulated by laws and regulations. The Company will continue with the said Agreement with them if the election of each candidate is approved. In addition, the Company will enter into an Indemnity Agreement with Ms. Chieko Ouchi and Ms. Junko Owada upon their appointment.
5. 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 Officers. The insurance policy covers legal damages and litigation expenses to be borne by the insureds. If the candidates are appointed as Director, each of them will be insured under the insurance contract. The Company plans to renew the insurance contract with the same conditions during their terms of office.



Reappointment

- Date of birth
November 29, 1965
(58 years old)
- Number of the
Company shares held
6,896 shares
- Terms of office as
Director
10 years (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
14/14 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1989	Joined the Company
April 2007	General Manager of Metropolitan Area Construction Sales Department
April 2010	General Manager of Toukai Construction Sales Department
April 2012	Executive Officer and General Manager of Tenant Recruiting Management Department
June 2014	Director and Executive Officer, General Manager of Tenant Recruiting Management Department
April 2015	Director and Executive Officer, General Manager of Central Japan Construction Business Headquarters
April 2017	Director and General Manager of Real Estate Business Headquarters
April 2020	Managing Director and General Manager of West Japan Construction Business Headquarters
April 2021	Managing Director and General Manager of Construction Business Headquarters
April 2023	Representative Director and Chief Executive Officer, General Manager of Construction Business Headquarters
April 2024	Representative Director, CEO General Manager of Construction Business Sales Headquarters (current position)

Reason for nomination as candidate for Director

Mr. Takeuchi has long been involved in the Daito Group's core business, construction and real estate businesses. Currently, while serving as CEO of the entire Daito Group, as the operating officer in the construction business, he is performing his duties to develop management strategies for the entire Group and further strengthen its construction business, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management.

Mr. Takeuchi, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights and strong leadership in management.



Reappointment

- Date of birth
October 24, 1965
(58 years old)
- Number of the
Company shares held
2,129 shares
- Terms of office as
Director
3 years (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
14/14 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

February 1994	Joined the Company
April 2012	General Manager of Tenant Sales Promotion Department (in charge of East Japan Region)
April 2014	Director and General Manager of Credit Department, Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.)
April 2017	Executive Officer
June 2021	Representative Director and President, Daito Kentaku Leasing Co., Ltd. Director and Executive Officer, Representative Director and President, Daito Kentaku Leasing Co., Ltd.
April 2023	Director and Managing Executive Officer, General Manager of Real Estate Business Headquarters Representative Director and President, Daito Kentaku Partners Co., Ltd. (current position)

Reason for nomination as candidate for Director

Mr. Mori has long been involved in the real estate business, the Daito Group's core business. Currently, as the operating officer of the real estate business, he is performing his duties to grow the stock under the Company's management, establish a more robust management structure and enhance tenant recruiting capabilities, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management.

Mr. Mori, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights in management.



Reappointment

- Date of birth
November 3, 1968
(55 years old)
- Number of the
Company shares held
1,527 shares
- Terms of office as
Director
3 years (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
14/14 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1991	Joined the Company
April 2013	General Manager of Design Department
April 2016	Executive Officer and General Manager of Design Department
April 2017	Executive Officer and General Manager of Design Management Department
April 2019	Senior Executive Officer and General Manager of Metropolitan Area Construction Business Headquarters
April 2020	Executive Officer and General Manager of Design Management Department
June 2021	Director and General Manager of Design Management Department
April 2023	Director and Senior Executive Officer, General Manager of Design Management Department
April 2024	Director, Senior Executive Officer, General Manager of Construction Business Technical Headquarters (current position)

Reason for nomination as candidate for Director

Mr. Tate has long been involved in the design divisions of the Daito Group's core business, construction business. Currently, as the operating officer of the technology department, which manages the design and construction departments, he is performing his duties to achieve a low-carbon society through construction such as promotion of DX in the construction industry and familiarization of ZEH rental housing, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management. Mr. Tate, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights in management.



Reappointment

- Date of birth
October 6, 1967
(56 years old)
- Number of the
Company shares held
724 shares
- Terms of office as
Director
1 year (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
10/10 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

October 1997	Joined Aoyama Audit Corporation
April 2002	Registered as a certified public accountant
September 2006	Joined PricewaterhouseCoopers Aarata
March 2011	Joined the Company
June 2013	Auditor, HOUSECOM CORPORATION
April 2015	General Manager of Accounting Department
April 2020	Executive Officer and General Manager of Accounting Department
April 2023	Senior Executive Officer and General Manager of Finance and Accounting Department
June 2023	Director, Senior Executive Officer and General Manager of Finance and Accounting Department
April 2024	Director, Senior Executive Officer, General Manager of Corporate Management Headquarters and CFO (current position)

Reason for nomination as candidate for Director

Mr. Okamoto is qualified as a certified public accountant and has been involved in the finance and accounting departments of the Daito Group since he joined the Company. Currently, as CFO and the operating officer of internal control, he is performing his duties to develop the Group's finance strategies and strengthen its internal control and risk management system, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management.

Mr. Okamoto, therefore, has been nominated as a candidate for Director based on the judgment that he will contribute to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights and strong expertise in management.



Reappointment

- Date of birth
October 28, 1967
(56 years old)
- Number of the
Company shares held
905 shares
- Terms of office as
Director
1 year (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
10/10 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

March 1997	Joined the Company
April 2013	General Manager of Product Development Department
April 2014	General Manager of East Metropolitan Area Construction Business Department
April 2015	General Manager of West Metropolitan Area Construction Business Department
April 2016	General Manager of Product Development Department
April 2019	General Manager of Business Strategy Department
April 2021	Executive Officer and General Manager of Business Strategy Department
April 2023	Senior Executive Officer and General Manager of Real Estate Development Headquarters
June 2023	Director, Senior Executive Officer and General Manager of Real Estate Development Headquarters
April 2024	Director, Senior Executive Officer and General Manager of Business Development Headquarters (current position)

Reason for nomination as candidate for Director

Mr. Amano has long been involved in the sales divisions of the construction business, the Daito Group's core business, the technology departments and the business strategy departments working on new businesses. Currently, as the operating officer of business development departments, he is performing his duties to develop new business territories by strengthening an own-development scheme and building the foundation for overseas expansion, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management.

Mr. Amano, therefore, has been nominated as a candidate for Director based on the judgment that he will contribute to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights in management.



Reappointment

- Date of birth
May 8, 1968
(56 years old)
- Number of the
Company shares held
809 shares
- Terms of office as
Director
1 year (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
10/10 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1991	Joined the Company
April 2018	General Manager of Sales Management Department
April 2019	General Manager of Chugoku and Shikoku Area Construction Business Department
April 2021	General Manager of Chugoku Area Construction Business Department
April 2022	Executive Officer and General Manager of Chugoku Area Construction Business Department
April 2023	Senior Executive Officer and General Manager of General Administration Headquarters
June 2023	Director, Senior Executive Officer and General Manager of General Administration Headquarters (current position)

Reason for nomination as candidate for Director

Mr. Tanaka has long been involved in the sales divisions of the construction business, the Daito Group's core business. Currently, as the operating officer of general administration departments, he is performing his duties to promote DX and human capital management and to implement the Group's disaster prevention vision, aiming for achievement of the medium-term management plan. Furthermore, based on such experience and insights, he has fully performed his duties of business execution, making decisions on important matters at Board of Directors meetings and overseeing management. Mr. Tanaka, therefore, has been nominated as a candidate for Director based on the judgment that he will contribute to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and insights in management.



Reappointment
Outside Director
Independent Officer

- Date of birth
January 2, 1966
(58 years old)
- Number of the
Company shares held
0 shares
- Terms of office as
Outside Director
3 years (at the
conclusion of this
General Meeting)
- Attendance at the
Board of Directors
meetings
14/14 (100.0%)

Career summary, position and responsibilities in the Company and significant concurrent positions held

September 1988	Joined Barclays Securities Japan Limited
October 1992	Joined Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC.)
April 1998	Appointed to public prosecutor
September 2007	Registered with Daini Tokyo Bar Association; Atsumi & Sakai
July 2009	Tokyo Regional Taxation Bureau (fixed-term public employee)
July 2012	Atsumi & Sakai
January 2016	Joined Nagashima Ohno & Tsunematsu (current position)
March 2020	Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd. (current position)
June 2021	Outside Director of the Company (current position)
March 2022	Outside Audit & Supervisory Board Member of TRAINOCATE Holdings, Ltd. (current position)

Reason for nomination as candidate for Outside Director and outline of expected roles

Mr. Iritani has been engaged in crisis management operations such as financial legal affairs and compliance as an attorney, and has also been involved in audit operations at financial institutions as a certified public accountant. Thus, he has extensive experience and broad insights. Based on such experience and insights, Mr. Iritani is fully performing his duties of making decisions on important matters and overseeing business execution by providing sound advice from various perspectives. In addition, as Chairman of the Nominating and Remuneration Committee and the Governance Committee of the Company, he has proactively been involved in ensuring transparency and fairness of nomination and remuneration and strengthening corporate governance.

Therefore, Mr. Iritani has been nominated as a candidate for Outside Director in the expectation that he will continue to contribute to strengthening corporate governance and provide sound advice based on his experience and insights, and fulfill supervisory on the management.



New appointment
 Outside Director
 Independent Officer

- Date of birth
 October 9, 1962
 (61 years old)
- Number of the
 Company shares held
 0 shares

Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1983	Joined DENTSU Inc.
April 2003	General Manager, Medical Solutions Department, Account Planning Solutions Division
January 2008	Planning Director, Communication Design Center
January 2016	Managing Director, CR Planning III Division
January 2018	Executive Officer
January 2021	Director, Japan Women’s Empowerment Professional Football League (WE LEAGUE) (current position)
January 2022	Executive Advisor, DENTSU Inc.
October 2022	Outside Director, Japan Green Investment Corp. for Carbon Neutrality (current position)
August 2023	Outside Director, nosh Co., Ltd. (current position)

Reason for nomination as candidate for Outside Director and outline of expected roles

Ms. Ouchi has experience in leading numerous projects at DENTSU Inc., as Executive Officer for enhancement of its corporate value, mainly in the fields of work environment transformation and human resources value enhancement. She was the said company’s first female managing director of a creative division and Executive Officer and, in that capacity, served as a leader in promoting DE&I initiatives. Furthermore, she has served as Director of the Japan Women’s Empowerment Professional Football League, proactively working on promotion of women’s empowerment.

Ms. Ouchi has been nominated as a candidate for Outside Director with the expectation that she will provide advice on the Company’s corporate branding and human capital management and supervise management, based on her abundant experience and insights.



New appointment
 Outside Director
 Independent Officer

- Date of birth
 August 31, 1965
 (58 years old)
- Number of the
 Company shares held
 0 shares

Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1989	Joined Nippon Telegraph and Telephone Corporation (currently NTT Communications Corporation)
August 2001	Joined Recruit Group - Personnel Measurement Institute Co., Ltd.
April 2009	Executive Officer of Recruit Management Solutions Co., Ltd.
April 2013	Executive Officer of Recruit Career Co., Ltd.
July 2016	Advisor of TOKYO ICHIBAN FOODS CO., LTD. (current position)
June 2020	External Director, ARBEIT-TIMES CO., LTD.
May 2021	Outside Director, AEON MALL Co., Ltd. (current position)
January 2023	Outside Director, H.I.S. Co.,Ltd. (current position)

Reason for nomination as candidate for Outside Director and outline of expected roles

Ms. Owada has been engaged in the development and operations of HR tech at the Recruit Group, Hitachi, Ltd., and others, and has gained extensive insights in the areas of human resource systems and human resource strategies. In addition, she holds a British MBA and has assumed positions as advisor and outside director at listed companies. Thus, she has broad insights into corporate management.

Ms. Owada has been nominated as a candidate for Outside Director with the expectation that she will provide advice on the Company's human capital management and IT and DX strategies and supervise management, based on her abundant experience and insights.

[Reference] Skills matrix of the Board of Directors (planned as of the conclusion of this meeting)

	Name	Expertise/Career	Corporate management	Business strategy/ Marketing	Technology/ Research and development/ Quality control	Finance/ Accounting	Sustainability	Governance/ Compliance/ Risk management	International/ Overseas business	Human capital management	IT/DX
Directors	Kei Takeuchi	—	●	●	●			●			
	Yoshihiro Mori	—	●	●			●				●
	Masafumi Tate	—	●		●		●				●
	Tsukasa Okamoto	Certified public accountant	●			●		●			
	Yutaka Amano	—	●	●	●				●		
	Yoshimasa Tanaka	—	●				●			●	●
	Atsushi Iritani Outside Director	Attorney/Certified public accountant Former prosecutor				●	●	●	●		
	Chieko Ouchi Outside Director Female	Former corporate manager at a listed company		●			●	●		●	
	Junko Owada Outside Director Female	Corporate manager at a listed company						●	●	●	●
Directors (Audit & Supervisory Committee Members)	Shuji Kawai	—	●			●		●	●		
	Masa Matsushita Outside Director	Attorney Former corporate manager at a listed company	●			●		●	●		
	Takashi Shoda Outside Director	Former corporate manager at a listed company	●		●			●	●		
	Kenji Kobayashi Outside Director	Certified public accountant Corporate manager	●			●		●	●		

*The table above does not present all the knowledge possessed by each of the persons, but the areas which enable them to demonstrate more expertise based on their experience, etc.

[Reference] Guidelines for Selecting Outside Officers

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following guidelines established by the Company.

1. Can directly supervise the discussions and decisions by the Board of Directors on, among others, management, corporate legal affairs, and governance issues;
2. Can reflect their own knowledge and insights in the development of a growth strategy, the establishment of a management strategy, the achievement of a mid-term business plan, etc.; and
3. Can provide advice and guidance on other corporate management issues based on their own knowledge, expertise and experience.

[Reference] Independence Criteria for Outside Officers

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following independence criteria established by the Company.

The following 1. applies to the present and for an indefinite past period and 2. through 5. apply to the present and for the period of past 10 years.

1. Persons related to the Daito Group
Not a director (excluding outside directors), audit & supervisory board member (excluding outside audit & supervisory board member), accounting advisor, executive officer, or employee (hereinafter “director, etc.”) of any subsidiary (Note 1) or affiliate (Note 2) of the Company (hereinafter the “the Daito Group”).
2. Persons with voting rights
 - (1) Not a shareholder holding 10% or more of the voting rights in the Company or a director, etc., of such a shareholder; and
 - (2) Not a director, etc., of a company in which the Daito Group holds 10% or more of the voting rights.
3. Persons with a trade relationship
 - (1) Not a director, etc., of a company with which the Daito Group has carried out transactions in the total amount that is equivalent to 2% or more of the consolidated net sales of either party;
 - (2) Not a director, etc., of a financial institution that is a major lender (with a lending balance equivalent to 2% or more of the consolidated total assets of the Company) to the Daito Group; and
 - (3) Not a director, etc., of a lead underwriter of the Daito Group.
4. Providers of expert services (lawyers, certified public accountants, consultants, etc.)
 - (1) Not a certified public accountant who is an accounting auditor of the Daito Group, or partner or employee of an audit firm; and
 - (2) Not a person who receives a total annual fee of 10 million yen or more from the Daito Group as a lawyer, certified public accountant, tax accountant or any other consultant in addition to the remuneration he/she receives from the Daito Group as a Director or Audit & Supervisory Board Member.
5. Others
 - (1) Not a relative within the second degree of kinship of any of the persons listed in 1 through 4 above (excluding those who are not significant);
 - (2) Not a director, etc., of a company with which the Daito Group has a relationship in which officers are exchanged between the parties; and
 - (3) Not a director, etc., of a company with which the Daito Group has a cross-holding of shares.

(Notes)

1. A “subsidiary” is a subsidiary prescribed in Article 8, Paragraph 3 of the Ordinance on Terminology, Forms and Preparation of Financial Statements, etc.
2. An “affiliate” is an affiliate prescribed in Article 8, Paragraph 5 of the Ordinance on Terminology, Forms and Preparation of Financial Statements, etc.

(Appendix) Business Report

(From April 1, 2023 to March 31, 2024)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

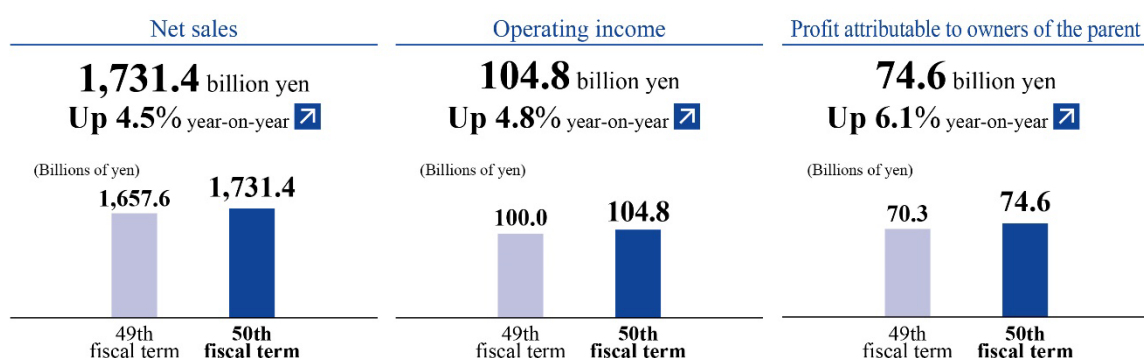
In the fiscal year ended March 31, 2024, the Japanese economy continued to be on a trend of gradual recovery mainly due to the uptick in private consumption and capital investments and improved employment. However, the future outlook remains uncertain, due to global monetary tightening policies, the Bank of Japan's change in its monetary easing policy, the soaring prices of materials and energy, the 2024 and other issues in the construction and transportation industries, etc.

New housing starts decreased by 7.0% year-on-year to 800,176 on a cumulative basis for the fiscal year ended March 31, 2024. In addition, in the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties decreased by 2.0% year-on-year to 340,395 on a cumulative basis for the fiscal year ended March 31, 2024, mainly due to impacts from soaring material prices.

In such an environment, orders recovered to a level seen prior to the spread of COVID-19, mainly as the Group further strengthened its sales promotion activities such as exhibition sites and site tours, and the cancellation amount remained at a low level. Furthermore, the Company recorded net sales of completed construction contracts exceeding the initial forecast, and the number of housing starts for the Company increased by 5.0% year-on-year to 42,961 on a cumulative basis for the fiscal year ended March 31, 2024.

(ii) Overview of Daito Group

During the fiscal year ended March 31, 2024, the final fiscal year of the New Five-Year Plan (from FY2019 to FY2023), the Daito Group recorded net sales in the amount of 1,731,467 million yen (up 4.5% year-on-year), and posted an operating income of 104,819 million yen (up 4.8% year-on-year), ordinary income of 108,720 million yen (up 4.6% year-on-year), and current term profit attributable to owners of the parent of 74,685 million yen (up 6.1% year-on-year).




■ Segment Sales

Other Business

(Finance Business + Other Business)

6.4%


109.8 billion yen

Up 15.6% year-on-year 

Real Estate Business

65.2%


1,129.1 billion yen

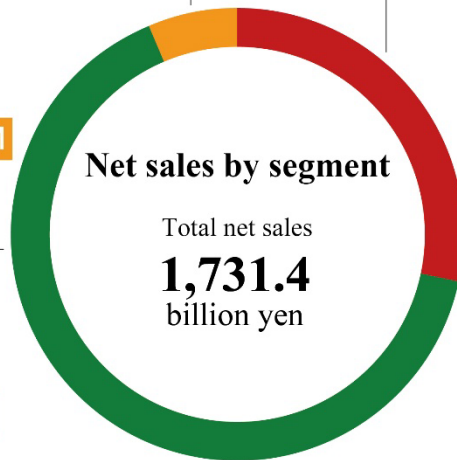
Up 2.4% year-on-year 

Construction Business

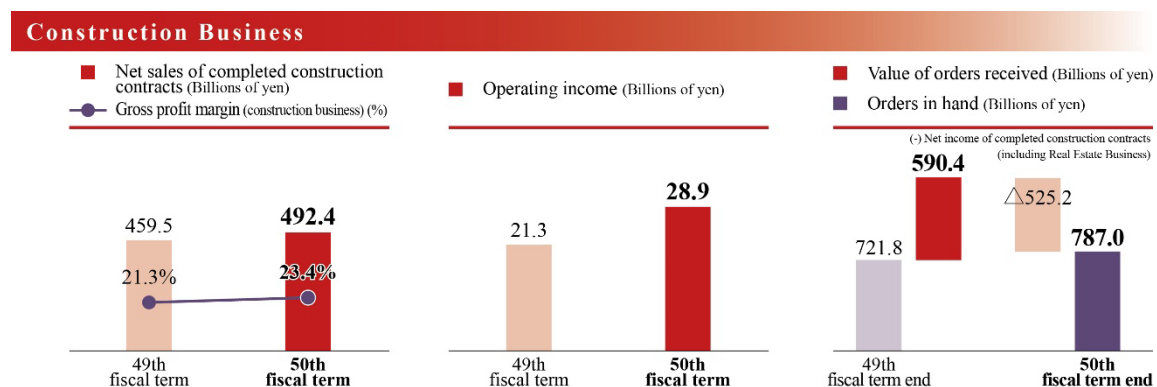
28.4%

492.4 billion yen

Up 7.2% year-on-year 



(iii) Progress and Results by Segment



■ Net sales of completed construction contracts increased by 7.2% year-on-year to 492,434 million yen mainly due to steady progress in construction works. The gross profit margin for completed projects increased by 2.1 points from the previous fiscal year to 23.4% due to contributions from the effects of price revisions. Operating income increased by 35.5% year-on-year to 28,903 million yen.

■ Orders received increased 17.2% year-on-year to 590,407 million yen, mainly as the Group further strengthened its sales promotion activities such as exhibition sites and site tours, and the cancellation amount remained at a low level, and construction orders in hand as of March 31, 2024 increased 9.0% year-on-year to 787,046 million yen.

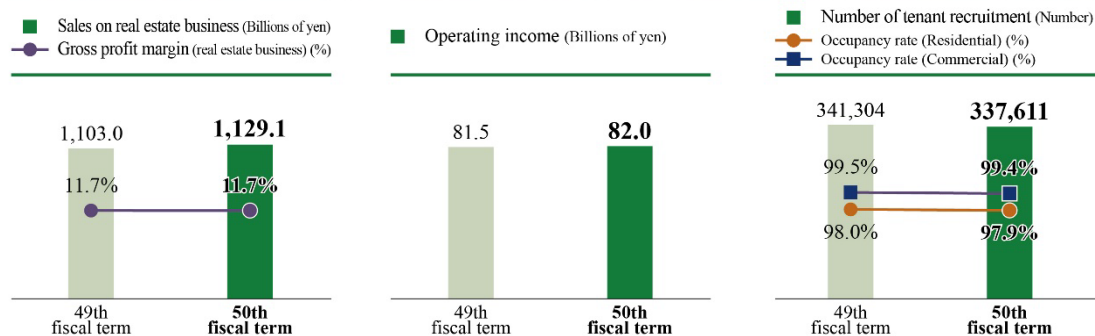
[Future Initiatives]

We will actively organize community-based events to deepen collaboration with owners, municipalities and local companies. We will also aim to strengthen our structure for business-to-business contracts and broaden our order channels.

In addition, we will continue to actively work to provide environmentally friendly rental housing, such as net zero energy house (ZEH).



Real Estate Business



■ In the real estate business, net sales increased by 2.4% year-on-year to 1,129,164 million yen and operating income increased by 0.6% year-on-year to 82,040 million yen, mainly due to an increase in rental income resulting from an increase in whole-building lease agreements under our Lease Management Trust System and increased revenue from joint guarantor-free services.

■ The number of tenancy agreements concluded dropped 1.1% year-on-year to 337,611. The rent-based occupancy rate of our leased residential properties as of March 31, 2024 decreased 0.1 points year-on-year to 97.9%, and the rent-based occupancy rate of our leased commercial properties decreased 0.1 points year-on-year to 99.4%.

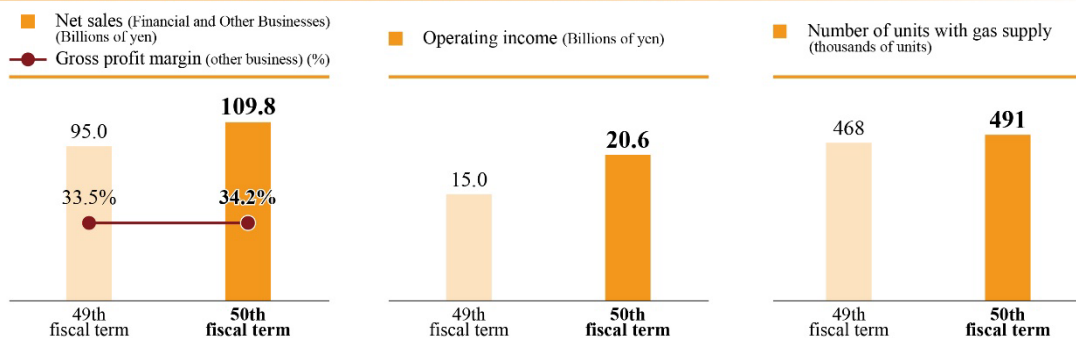
[Future Initiatives]

We maintain high occupancy rates supported by a high level of marketing capability 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, we will promote our service utilizing IT and franchising of the "e-Heya Net" brand, as well as obtaining management contracts of the other companies' properties.



Other Business (Financial Business and Other Business)



■ Total of net sales of other business increased by 15.6% year-on-year to 109,868 million yen, and operating income increased by 36.6% year-on-year to 20,611 million yen. This was mainly attributable to the improved occupancy rate of hotels in Malaysia following the settled situation of COVID-19 and increases in the number of investment-purpose condominiums sold, and building and land units and renovation and resale units sold.

■ In the gas supply business, the number of units with gas supply increased by 5.1% year-on-year to 491,923 as the total of LP gas and municipal gas. In the nursing care and childcare business, the total number of daycare facilities, nursing care facilities and childcare facilities increased by 0.7% year-on-year to 135.

[Future Initiatives]

We will continue broadening the Daito Group's business territory by fostering and enhancing new businesses such as the investment-purpose condominium business and the service office business in addition to the existing businesses including nursing care and childcare business and energy business, pursuing synergies among the Group.

In addition, we will undertake managing and selling real estate properties starting from North America and will expand globally to become the number one landlord in the world.



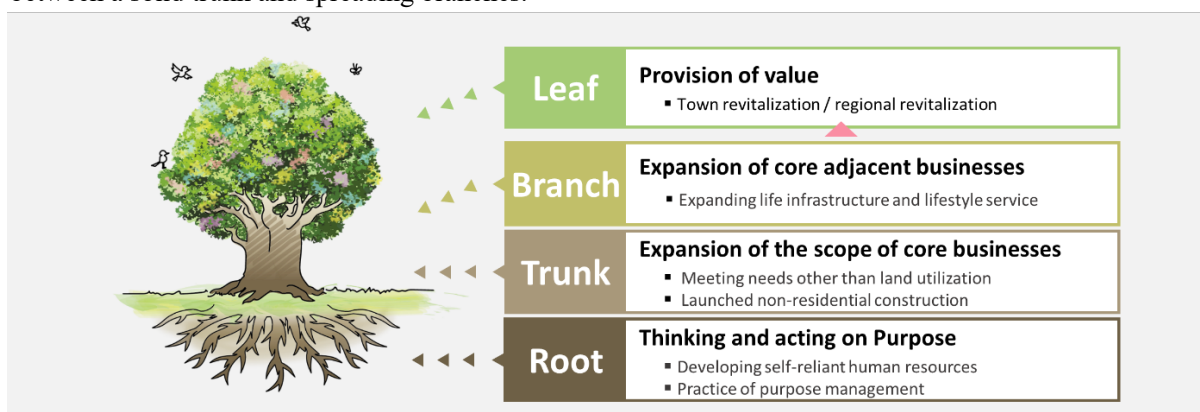
(2) Future Outlook and Business Strategies

■ Overall picture of “DAITO GROUP VISION 2030“

The Daito Group marked its 50th anniversary, and as a new step on the path to the next 50 years toward reaching the mark of a 100-year company, we have created the image of what we want to be in 2030 as the “DAITO Group VISION 2030.”

Under VISION 2030, we will maximize the power of employees grounded on thought and action based on our Purpose (roots) and expand the domains of our core businesses (trunk) and lifestyle infrastructure and services (branches).

Furthermore, we aim to achieve neighborhood and regional revitalization (leaves) by creating organic links between a solid trunk and spreading branches.



■ Positioning of the medium-term management plan

We have developed a new medium-term management plan for the initial three years (from FY2024 to FY2026) of our roadmap to achieve the “DAITO Group VISION 2030.” Under this medium-term management plan, the slogan of which is “New Challenges as a group,” we will promote management to maximize our corporate value toward 2030.



■ Medium-term Management Plan (from FY2024 to FY2026)

■ Key Strategies

Under this medium-term management plan starting from FY2024, we will work on three major pillars: (1) promotion of human capital management, (2) establishment of a strong core business and (3) tackling on focus areas.

(1) Promotion of human capital management: enhancement of ease at work and job satisfaction

We will enhance “ease at work” and “job satisfaction,” essential factors for a workplace in which a diversity of employees can play active roles, thereby maximizing the power of all employees in the Daito Group and building the foundation for VISION 2030.

- We will work on initiatives that encourage the taking of paid leaves and the reduction of overtime work. In addition, we will enhance a variety of programs including the promotion of paternity leaves and training and development programs for female employees, to ensure that employees can play active roles regardless of gender. Furthermore, we will create a work environment in which employees can work in comfort by utilizing DX to mitigate constraints based on time and location.
- We will grant restricted stock with transfer restriction for three years to around 16,000 employees of the Group, funded by the treasury stock held by the Company. Our aim is to maximize our corporate value through alignment between employee growth with Company growth, as well as to share value with our shareholders.
- We will work to provide ZEH in all our products including those with steel construction and reinforced concrete construction in addition to wooden housing. We will also actively utilize renewable energies generated from solar, biomass and other sources for the promotion of SDGs. We will contribute to solving environmental and societal issues such as disaster prevention, aiming to become a company needed by and essential for society.



(2) Establishment of a strong core business

- As society enters into an unprecedented phase marked by rising construction costs, interest rates and rents, we will work to maintain an optimal balance between sound rental housing business management for owners and profits for the Company by setting appropriate sales prices and rents based on market trends.
- Facing a shortage of construction engineers, we will create a construction system whereby quality is maintained at a high level while ensuring the capability of responding to increased orders. This will be enabled by securing construction capacities as well as reducing construction costs through the leveling out of monthly construction volumes, which was previously uneven, through the utilization of detailed construction planning and management.
- The number of rental housing units under the management of the Company is about to exceed 1.3 million in Japan, while the number of units over 30 years old will increase significantly from this point forward. We will work to create a virtuous cycle from stock to flow within the Company through the appropriate repair and rebuilding of aging housing units under our management depending on the situation.



(3) Tackling on focus areas

- In the real estate development business, in which we acquire land and buildings, add value with building construction and renovation, etc. and then sell to investors, we will make a business investment of approximately 100.0 billion yen over the next three years. In addition, we will work to expand the stock of buildings sold for which we are entrusted with management.
- As the first step for our overseas business, we will launch a renovation and resale business in the United States, starting from the fiscal year under review. As a following step, we will expand the scale of business by starting new real estate development through business collaborations. In the future, we will expand our business beyond the United States, aiming to become the top company in the world with regard to the number of units under management.
- We will work on the development of a safe and prosperous city and region by connecting people, towns and services, while implementing measures such as the establishment of facilities to help resolve social issues in collaboration with municipalities and local companies and utilization of the “ruum” application for tenants. We have labeled this regional development “DK Future Circle” and will expand the initiative throughout Japan, with the aim of achieving neighborhood and regional revitalization.



With these initiatives, we will work to achieve consolidated performance for the fiscal year ending March 31, 2027, the final fiscal year of the medium-term management plan, marked by net sales of 2.0 trillion yen, operating income of 140.0 billion yen and ROE of 20%.

■ Key Management Indicators

Key Indicators		Medium-term Management Plan Targets and Policies
Financials	Consolidated net sales	2 trillion yen
	Consolidated operating income	140.0 billion yen
	Equity Ratio	Maintaining 35% or higher
	ROE	20% or higher
	Debt Equity Ratio	Maintaining 0.3% or less
	Long-term debt	Procurement as required
Investment	Capital investment	60.0 billion yen or more over 3 years (of which, 30.0 billion yen or more in IT and DX)
	Business investment	100.0 billion yen or more over 3 years
Shareholder Returns	Payout ratio	Dividend 50%
	Acquisition of treasury stock	Implemented on a flexile basis (to be determined on a single fiscal year basis)
Non-financials	Employee engagement score	60.7 (A)
	Percentage of female management personnel	8.0%
	Number of project partnerships with municipalities	10 locations
	Greenhouse gas emissions reduction rate	41%
	Percentage of female directors	20%

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2024, total capital investment amounted to 20,350 million yen, which primarily consisted of installation of solar power generation facilities and LP gas facilities.

(4) Financing

Given the expiration of commitment line agreements, the Daito Group has again executed commitment line agreements worth 40.0 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.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022	49th fiscal term: Fiscal year ended March 31, 2023	50th fiscal term: Fiscal year ended March 31, 2024 (under review)
Net sales (million yen)	1,488,915	1,583,003	1,657,626	1,731,467
Operating income (million yen)	86,738	99,594	100,000	104,819
Ordinary income (million yen)	90,607	103,671	103,898	108,720
Profit attributable to owners of the parent (million yen)	62,285	69,580	70,361	74,685
Earnings per share < EPS > (yen)	909.31	1,021.43	1,031.06	1,110.59
Total assets (million yen)	919,454	1,005,879	1,061,909	1,080,069
Net assets (million yen)	308,206	365,787	404,933	405,800

(ii) Trends in Assets and Income of the Company

Category	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022	49th fiscal term: Fiscal year ended March 31, 2023	50th fiscal term: Fiscal year ended March 31, 2024 (under review)
Net sales (million yen)	404,107	437,742	470,003	506,384
Operating income (million yen)	7,688	2,873	3,859	8,046
Ordinary income (million yen)	51,056	48,736	55,820	62,881
Net income (million yen)	46,767	43,005	59,219	58,627
Earnings per share < EPS > (yen)	682.76	631.32	867.80	871.80
Total assets (million yen)	597,870	669,348	686,272	684,797
Net assets (million yen)	132,058	138,085	153,913	134,456

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
- (2) **Number of shares issued** 65,772,003 shares (excluding treasury stock: 3,146,976 shares)
- (3) **Number of shareholders** 19,096 shareholders
- (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,590	14.58
SSBTC CLIENT OMNIBUS ACCOUNT	3,919	5.96
Custody Bank of Japan, Ltd. (Trust account)	3,637	5.53
HIKARI TSUSHIN, INC.	3,527	5.36
Co-op Suppliers' Stock Holding	1,673	2.54
Sumitomo Realty & Development Co., Ltd.	1,606	2.44
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	1,510	2.30
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	1,461	2.22
STATE STREET BANK WEST CLIENT - TREATY 505234	1,284	1.95
Daito Trust Construction Employees' Shareholding Association	1,127	1.71

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (3,146 thousand shares).
2. The Company holds 3,146 thousand shares of treasury stock, excluding 346 thousand shares held by the ESOP Trust, 299 thousand shares held by the J-ESOP and 101 thousand shares held by the Board Incentive Plan (BIP).

3. Corporate Officers

(1) Names, etc., of Directors

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director	Kei Takeuchi	Chief Executive Officer General Manager of Construction Business Headquarters Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee
Director	Yoshihiro Mori	Managing Executive Officer General Manager of Real Estate Business Headquarters Representative Director and President, Daito Kentaku Partners Co., Ltd. Committee Member of Governance Committee
Director	Masafumi Tate	Senior Executive Officer General Manager of Design Management Department
Director	Tsukasa Okamoto	Senior Executive Officer General Manager of Finance and Accounting Department
Director	Yutaka Amano	Senior Executive Officer General Manager of Real Estate Development Headquarters
Director	Yoshimasa Tanaka	Senior Executive Officer General Manager of General Administration Headquarters
Director (Outside)	Atsushi Iritani	Chairman of Nominating and Remuneration Committee Chairman 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.
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 (Standing Audit & Supervisory Committee Member)	Shuji Kawai	Committee Member of Governance Committee
Director (Outside) (Standing Audit & Supervisory Committee Member)	Masa Matsushita	Chairman of Audit & Supervisory Committee Committee Member of Governance Committee Outside Director, CYPRESS. INC Outside Auditor, TEHARA Industry Co., Ltd. Outside Auditor, Asilla, Inc.
Director (Outside) (Audit & Supervisory Committee Member)	Takashi Shoda	Committee Member of Governance Committee Outside Director, RIKEN Innovation Co., Ltd.
Director (Outside) (Audit & Supervisory Committee Member)	Kenji Kobayashi	Committee Member of Governance Committee Representative, Kenji Kobayashi Certified Public Accountant Office Joint CEO, BVCJ, Co., Ltd. Outside Auditor, Hotel Management International K.K.

- (Notes)
1. Mr. Tsukasa Okamoto, Mr. Yutaka Amano and Mr. Yoshimasa Tanaka were newly elected and appointed as Directors at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023.
 2. Mr. Shuji Kawai, Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi were newly elected and appointed as Directors who are Audit & Supervisory Committee Members at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023.
 3. Directors Mr. Katsuma Kobayashi, Mr. Shuji Kawai, Mr. Koji Sato, Mr. Kanitsu Uchida, Mr. Toshiaki Yamaguchi and Mr. Takashi Shoda, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Masa Matsushita and Mr. Kenji Kobayashi retired upon expiration of their terms as Director or Audit & Supervisory Board Member, respectively, at the conclusion of the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023.
 4. Mr. Atsushi Iritani, Ms. Mami Sasaki, Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi are Outside Directors.
 5. Audit & Supervisory Committee Member Mr. Kenji Kobayashi is qualified as Certified Public Accountant and has considerable financial and accounting knowledge.
 6. The Company has designated Directors Mr. Atsushi Iritani, Ms. Mami Sasaki, Mr. Masa Matsushita, Mr. Takashi Shoda 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.
 7. The Company has selected Mr. Shuji Kawai and Mr. Masa Matsushita as standing Audit & Supervisory Committee Members in order to enable information gathering from Directors (excluding Audit & Supervisory

Committee Members), information sharing at the important internal meetings and sufficient cooperation between the internal auditing department and Audit & Supervisory Committee and to strengthen the audit and supervisory functions of Audit & Supervisory Committee Members.

8. Changes in Directors' positions, responsibilities and significant concurrent positions held after the last date of the fiscal year are as follows. (Only Directors who had changes as of April 1, 2024 are presented)

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director	Kei Takeuchi	CEO General Manager of Construction Business Sales Headquarters Committee Member of Nominating and Remuneration Committee Committee Member of Governance Committee
Director	Masafumi Tate	Senior Executive Officer General Manager of Construction Business Technical Headquarters
Director	Tsukasa Okamoto	Senior Executive Officer, CFO, General Manager of Corporate Management Headquarters Committee Member of Governance Committee
Director	Yutaka Amano	Senior Executive Officer General Manager of Business Development Headquarters

(2) Outline of Limited Liability Agreements

The Company has entered into a Limited Liability Agreement with all of its Directors (excluding those who serve as Executive Directors, etc.), the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the duty of Director (excluding those who serve as Executive Director, etc.), 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 Director (excluding those who serve as Executive Director, etc.) performs his or her duty in good faith and without material negligence.

(3) Outline of indemnity agreement

The Company has entered into an Indemnity Agreement set forth in Article 430-2, Paragraph 1 of the Companies Act with Mr. Kei Takeuchi, Mr. Yoshihiro Mori, Mr. Masafumi Tate, Mr. Tsukasa Okamoto, Mr. Yutaka Amano, Mr. Yoshimasa Tanaka, Mr. Atsushi Iritani, Ms. Mami Sasaki, Mr. Shuji Kawai, Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi. The Company shall compensate the expenses described in Paragraph 1-1 and the losses in Paragraph 1-2 within the scope stipulated by laws and regulations. However, the Company stipulates that indemnity is unpaid in case of their performing his or her duty in bad faith or with material negligence.

(4) 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 Directors and Audit & Supervisory Board Members of the Company and its subsidiaries. The insurance premiums are fully borne by the Company. The insurance policy covers legal damages and litigation expenses to be borne by the insureds.

(5) Remuneration of Directors for the fiscal year under review

(i) Determination policy for remuneration of individual Directors

At the Board of Directors meeting held on May 2023, the Company prescribed a determination policy for remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) and the outline is as below. Remuneration, etc. for Directors who are Audit & Supervisory Committee Members shall be determined pursuant to the deliberation by Directors who are Audit & Supervisory Committee Members within the scope of the amount approved at the General Meeting of Shareholders.

a. Basic policy for remuneration of officers

Regarding remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company, we shall make a simple remuneration plan with the function of incentives contributing to mid- to long- term enhancement of corporate value to achieve the Company's management policy. At the same time, remuneration requires a level to maintain the speed of corporate reform of the Company and to gain and maintain excellent human resources to contribute to sustainable growth. Specifically, the basic policy is as follows:

- Incentive systems to strongly promote the achievement of the Company's management policy
- Strengthening the awareness of contribution to improvement in corporate performance and enhancement of corporate value
- Sharing of common interests with shareholders and investors
- Competitive compared with the remuneration level of similar scale enterprises in Japan and at a level to gain and maintain excellent human resources
- Remuneration determination process with high transparency and objectivity and fulfilling accountability to stakeholders

b. Remuneration level

Remuneration level shall be set to be competitive by researching and analyzing the level of benchmark enterprises by utilizing the database of external research institutions, while considering the Company's management conditions, etc.

c. Composition of Remuneration

Based on the basic policy above, the composition of remuneration focuses on incentives. Specifically, the remuneration of Directors (excluding Outside Directors) is composed of basic remuneration, performance-linked bonuses and stock compensation and its proportion is 1 : 0.6 : 0.6 (in case of 100% of achievement rate for performance targets). In the future, the target proportion is 1 : 2-3 : 2-3.

Meanwhile, for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), remuneration is composed of basic remuneration and stock compensation. However, remuneration is not linked to performance considering their roles are to supervise the business executors appropriately.

(ii) Resolution by the General Meeting of Shareholders on remuneration of Directors

a. Remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members)

Monetary remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) is capped at 2.0 billion yen per year (including Outside Director remuneration capped at 100 million yen) as the total of basic remuneration and performance-linked bonuses, as resolved at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023. The number of Directors as of the resolution at the said General Meeting of Shareholders was eight (including two Outside Directors).

Separately from the aforementioned amount of monetary remuneration, stock compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) 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 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023. The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) as of the resolution at the said General Meeting of Shareholders was eight (including two Outside Directors).

b. Remuneration of Directors who are Audit & Supervisory Committee Members

Directors who are Audit & Supervisory Committee Members' monetary remuneration is capped at 200 million yen per year as resolved at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023. The number of Directors who are Audit & Supervisory Committee Members at the resolution of the said General Meeting of Shareholders was four (including three Outside Audit & Supervisory Committee 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 27, 2023 to delegate the authority of determining remuneration for individual Directors to Mr. Kei Takeuchi serving as Representative Director.

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	Basic remuneration	Performance-linked Bonuses	Stock compensation	Total
Directors (other than Audit & Supervisory Committee Members) [of which, Outside Directors]	14 [4]	¥347 million [¥32 million]	¥202 million [—]	¥2 million [¥2 million]	¥552million [¥35 million]
Directors (Audit & Supervisory Committee Members) [of which, Outside Directors]	4 [3]	¥122 million [¥53 million]	— [—]	— [—]	¥122 million [¥53 million]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	1 [1]	¥11 million [¥11 million]	— [—]	— [—]	¥11 million [¥11 million]
Total [of which, Outside officers]	19 [8]	¥482 million [¥97 million]	¥202 million [—]	¥2 million [¥2 million]	¥686 million [¥100 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. Stock compensation granted to Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) are non-performance-linked and fixed in consideration of their roles.
3. The Company made the transition to a Company with an Audit & Supervisory Committee from a Company with an Audit & Supervisory Board in June 2023.
4. The headcount as of the end of the fiscal year under review is twelve (12) Directors, including four (4) Directors who are Audit & Supervisory Committee Members.

(v) Details of remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members)**a. Basic remuneration**

For Executive Directors, basic remuneration based on job titles is granted monthly. For Outside Directors, basic remuneration based on their duties is granted monthly.

b. Performance-linked bonuses (short-term performance-linked monetary remuneration)

Bonuses on performance are granted during the specified period annually as short-term incentives in each fiscal term according to the achievement rate of targets with the range of 0 % to 130 %. However, the bonuses shall be granted within the ranges of multiplying the consolidated net income (profit attributable to owners of the parent) by a specific ratio to share common interests with shareholders. The bonuses are not payable if consolidated net income for the fiscal year under review falls short of 20.0 billion yen. We adopt non-financial indicators and individual evaluations besides financial indicators as the indicators to measure the achievement of targets.

The evaluation indicators and results for the fiscal year under review are shown in the “Structure of performance-linked remuneration, evaluation indicators, results, etc. for the fiscal year under review” below.

c. Stock compensation (medium- to long-term performance-linked 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 of the Company 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 ended 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. 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 continues 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.

The partial amendment to the plan was resolved at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023. The amendments are designed to add Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) to those eligible for stock compensation points (however, the plan shall be non-performance-linked and fixed in consideration of their roles) and to adopt non-financial indicators as evaluation indicators for the performance-linked portion.

The evaluation indicators and results for the fiscal year under review are shown in the "Structure of performance-linked remuneration, evaluation indicators, results, etc. for the fiscal year under review" below.

(vi) Forfeiture, etc. of compensation, etc.

In case of the resolution of the Board of Directors for a retrospective amendment to account settlement due to material error or misconduct in accounting, or the judgement of the Board of Directors to admit the

occurrence of a material violation of the delegation contracts between the Company and the Director during the Director's office, the Nominating and Remuneration Committee is consulted by Board of Directors, and deliberates whether to confiscate all or part of the right to receive bonuses or stock compensation (malus) or not, whether to demand the return of all or part of the granted bonuses and stock compensation (clawback) or not, and shall make recommendations to Board of Directors based on the result. In addition, if a Director moves to the competing company without the Company's permission, the Nominating and Remuneration Committee will be consulted by the Board of Directors, and shall deliberate whether to demand the return of all or part of stock compensation or not, and shall make recommendations to Board of Directors based on the result.

The Board of Directors shall resolve whether to confiscate all or part of the right to receive bonuses or stock compensation or not, whether to demand the return of all or part of the granted bonuses and stock compensation to the Director or not, considering the recommendation results from Nominating and Remuneration Committee.

(Reference) Structure of performance-linked remuneration, evaluation indicators, results, etc. for the fiscal year under review

Type		Evaluation indicator	Evaluation method	Result of the fiscal year under review	Evaluation coefficient
Performance-linked bonuses	Financials	Consolidated net income	Payment condition: Consolidated net income of 20.0 billion yen or more	74.6 billion yen	Achieved
		Consolidated operating income	Achievement rate compared with the targets at the beginning of the term	104.8 billion yen	1.02
	Non-financials	Key sales indicators	Determined based on a table in accordance with the results of key sales indicators of construction business and real estate business	—	1.15
		Percentage of providing ZEH	Achievement rate compared with the targets at the beginning of the term	108.0%	1.12
		Employee engagement score (Note) 1	Determined based on a table in accordance with the results	59.2 (A)	1.10
		Compliance penetration level		88.7%	1.00
	—	Individual evaluation (Note) 2	Determined based on individual performance results and Directors' mutual evaluation	—	—
Stock compensation	Financials	• ROE • Payout ratio (Note) 3	Payment condition: ROE of 20% or higher and payout ratio of 50% or higher	18.4% 50.0%	Not achieved
		Growth rate of consolidated operating income	Determined based on a table in accordance with the results (average during the covered period)	102.6%	1.04
	Non-financials	Achievement rate of CO2 emissions reduction target (Note) 4	Determined based on a table in accordance with the results (average during the covered period)	94.8%	0.91
		Percentage of female management personnel		8.0%	1.10
		Employee engagement score (Note) 1		59.2 (A)	1.10
		Compliance penetration level		88.7%	0.80

- (Notes) 1. Outcomes from an employee engagement survey conducted by an external organization are used as results.
2. The Nominating and Remuneration Committee leads the initiative of Directors' mutual evaluation to ensure transparency.
3. ROE did not reach the payout criteria of 20% for the fiscal year under review. Therefore, no stock compensation points are granted to Executive Directors.
4. Refers to the achievement rate of CO2 emissions reduction target compared with CO2 emissions in FY2017. The results were determined for the period of 12 months from January through December last year.

(6) 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
Atsushi Iritani	Nagashima Ohno & Tsunematsu	(Note)
	Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd.	There is no business transactional relationship between these parties and the Company.
	Outside Audit & Supervisory Board Member of TRAINOCATE Holdings, 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.

(Note) The Company had a business transaction concerning legal affairs with Nagashima Ohno & Tsunematsu, to which Mr. Iritani belongs to, in December 2023; however, there is no special relationship between the Company and Nagashima Ohno & Tsunematsu.

b. Outside Directors (Audit & Supervisory Committee Members)

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Masa Matsushita	Outside Director, CYPRESS. INC	There is no business transactional relationship between these parties and the Company.
	Outside Auditor, TEHARA Industry Co., Ltd.	
	Outside Auditor, Asilla, Inc.	
Takashi Shoda	Outside Director, RIKEN Innovation Co., Ltd.	There is no business transactional relationship between the party and the Company.
Kenji Kobayashi	Representative, Kenji Kobayashi Certified Public Accountant Office	There is no business transactional relationship between these parties and the Company.
	Joint CEO, BVCJ, Co., Ltd.	
	Outside Auditor, Hotel Management International K.K.	

(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
Atsushi Iritani	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, he actively stated opinions by making the most of his extensive experience and insights of legal affairs, compliance and others, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p> <p>In addition, as Chairman of the Nominating and Remuneration Committee, he was proactively involved in ensuring transparency and fairness of nomination and remuneration. As Chairman of the Governance Committee, he was also proactively involved in strengthening the Company's corporate governance.</p>
Mami Sasaki	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, she actively stated opinions by making the most of her extensive experience and insights in global business and finance, thereby fulfilling the role expected of her in important decision-making and supervision of management.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, she was involved in ensuring transparency and fairness of nomination and remuneration. As a Committee Member of the Governance Committee, she was also involved in strengthening the Company's corporate governance.</p>

b. Outside Directors (Audit & Supervisory Committee Members)

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Committee meetings (Attendance ratio)	Main activities and outline of duties performed in expected roles
Masa Matsushita	14 times out of 14 meetings (100.0%)	11 times out of 11 meetings (100.0%)	<p>In the Board of Directors meetings, he actively stated his opinions based on his extensive experience and insights in corporate legal affairs and finance, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p> <p>In the Audit & Supervisory Committee meetings, he actively exchanged opinions on audit policies as Chairman of the Audit & Supervisory Committee, and proactively conducted audits as Standing Audit & Supervisory Committee Member, through actions such as attending important internal meetings and visiting key offices and subsidiaries.</p> <p>In addition, as a Committee Member of the Governance Committee, he was involved in strengthening the Company's corporate governance.</p>
Takashi Shoda	14 times out of 14 meetings (100.0%)	11 times out of 11 meetings (100.0%)	<p>In the Board of Directors meetings, he actively stated his opinions based on his extensive experience and insights in corporate management that he accumulated as a corporate manager, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p> <p>In the Audit & Supervisory Committee meetings, he actively exchanged opinions on audit policies and proactively conducted audits through actions such as interviews with Executive Directors.</p> <p>In addition, as a Committee Member of the Governance Committee, he was involved in strengthening of the Company's corporate governance.</p>
Kenji Kobayashi	14 times out of 14 meetings (100.0%)	11 times out of 11 meetings (100.0%)	<p>In the Board of Directors meetings, he actively stated his opinions by making the most of his extensive experience and insights in finance and accounting and corporate management, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p> <p>In the Audit & Supervisory Committee meetings, he actively exchanged opinions on audit policies and proactively conducted audits through actions such as in interviews with Executive Directors.</p> <p>In addition, as a Committee Member of the Governance Committee, he was involved in strengthening of the Company's corporate governance.</p>

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

None of the Outside Directors or Outside Audit & Supervisory Committee 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 Committee Member of the Company or a similar person.

4. Company Structure and Policies

Policy on determination of cash dividends, etc.

The Company recognizes adequate profit return to shareholders as one of the most important management matters and is putting this into practice. For dividends, the Company, while taking the basic policy stance of providing stable dividends through ongoing reinforcement of our business foundation, aims to set the payout ratio at 50%, which includes a basic dividend of 100 yen and the profit return based on consolidated business performance.

In each term, the Company will examine acquisitions of treasury stock in comprehensive consideration of the business environment, stock market trends, financial positions, investment for growth, etc.

It was resolved at the 49th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023 that the Company may determine cash dividends, etc. by a resolution of the Board of Directors as well as by a resolution of a General Meeting of Shareholders. However, as a general principle, we will determine year-end dividends by a resolution of an Ordinary General Meeting of Shareholders to secure an opportunity to directly listen to the intentions of our shareholders.

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 49th Fiscal Term (As of March 31, 2023)	50th Fiscal Term (As of March 31, 2024)	Account item	(Reference) 49th Fiscal Term (As of March 31, 2023)	50th Fiscal Term (As of March 31, 2024)
Current assets:	619,976	624,275	Current liabilities:	310,439	326,941
Cash and deposits	267,133	245,758	Accounts payable for construction contracts	50,141	49,767
Money held in trust	11,500	11,500	Short-term loans payable	1,026	—
Accounts receivable from completed construction contracts and other	58,154	58,565	Current portion of bonds payable	50	—
Short-term investment securities	3,999	3,798	Current portion of long-term loans payable	11,558	10,982
Real estate for sale	27,439	58,587	Lease obligations	310	203
Costs on uncompleted construction contracts	13,712	15,094	Income taxes payable	19,638	22,065
Real estate for sale and development projects in progress	11,166	9,308	Advances received on uncompleted construction contracts	41,772	52,868
Other inventories	11,957	7,195	Advances received	116,610	102,424
Prepaid expenses	74,267	75,579	Provision for bonuses	15,906	23,278
Operating loans	106,970	104,250	Provision for warranties for completed construction	1,251	1,025
Other	34,363	35,197	Provision for loss on construction contracts	793	2,641
Allowance for doubtful accounts	(688)	(559)	Deposits received	8,502	10,382
Noncurrent assets:	441,932	455,794	Other	42,878	51,301
Property, plant and equipment	191,382	194,864	Noncurrent liabilities:	346,537	347,327
Buildings and structures	61,894	62,873	Bonds payable	11,000	11,000
Machinery and equipment	48,286	49,860	Long-term loans payable	67,318	57,176
Tools, furniture and fixtures	1,753	1,428	Lease liabilities	611	656
Land	78,013	78,543	Deferred tax liabilities	428	101
Lease assets	947	843	Provision for repairs on whole building lease	207,185	221,824
Other	486	1,314	Net defined benefit liability	17,636	15,001
Intangible assets	34,579	33,406	Long-term guarantee deposits	30,807	29,351
Goodwill	11,356	11,849	Other	11,548	12,216
Other	23,223	21,556	Total liabilities	656,976	674,268
Investments and other assets	215,971	227,522	Net Assets		
Investment securities	50,409	53,737	Shareholders' equity:	405,439	396,371
Subordinated bonds and subordinated trust beneficiary rights	5,119	3,788	Capital stock	29,060	29,060
Deferred tax assets	100,109	105,199	Capital surplus	34,540	34,540
Other	66,965	71,457	Retained earnings	352,811	391,255
Allowance for doubtful accounts	(6,632)	(6,660)	Treasury stock	(10,973)	(58,485)
			Accumulated other comprehensive income	(4,090)	6,169
			Valuation difference on available-for-sale securities	2,309	6,666
			Deferred gains or losses on hedges	(156)	714
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	4,298	7,164
			Remeasurements of defined benefit plans	(2,957)	(791)
			Subscription rights to shares	180	130
			Non-controlling interests	3,403	3,129
			Total net assets	404,933	405,800
Total assets	1,061,909	1,080,069	Total liabilities and net assets	1,061,909	1,080,069

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 49th Fiscal Term (From April 1, 2022 to March 31, 2023)		50th Fiscal Term (From April 1, 2023 to March 31, 2024)	
Net sales				
Net sales of completed construction contracts	459,572		492,434	
Sales on real estate business	1,103,002		1,129,164	
Other business revenue	95,051	1,657,626	109,868	1,731,467
Cost of sales				
Cost of sales of completed construction contracts	361,531		376,980	
Cost of sales on real estate business	974,455		997,400	
Cost of sales on other business	63,190	1,399,178	72,309	1,446,689
Gross profit				
Gross profit on completed construction contracts	98,040		115,454	
Gross profit-real estate business	128,546		131,764	
Gross profit-other business	31,860	258,448	37,559	284,777
Selling, general and administrative expenses		158,447		179,958
Operating income		100,000		104,819
Non-operating income				
Interest income	475		775	
Dividends income	406		194	
Commission fee	3,039		3,157	
Share of profit of entities accounted for using equity method	357		—	
Miscellaneous income	2,711	6,989	1,794	5,920
Non-operating expenses				
Interest expenses	428		441	
Commission expenses	487		121	
Share of loss of entities accounted for using equity method	—		69	
Foreign exchange losses	762		638	
Miscellaneous expenses	1,413	3,092	749	2,020
Ordinary income		103,898		108,720
Extraordinary income				
Gain on sales of noncurrent assets	212		48	
Gain on sales of investment securities	15		2,136	
Compensation income	—		1,060	
Other	—	228	16	3,261
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	492		274	
Impairment loss	1,795		664	
Loss on disaster	2		—	
Loss on sale of investment securities	—		10	
Loss on valuation of investment securities	—	2,290	424	1,374
Income before income taxes and non-controlling interests		101,836		110,607
Income taxes – current	36,314		43,924	
Income taxes – deferred	(4,263)	32,051	(8,539)	35,385
Net income		69,785		75,222
Loss attributable to non-controlling interests		(575)		536
Profit (loss) attributable to owners of the parent		70,361		74,685

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 49th Fiscal Term (As of March 31, 2023)	50th Fiscal Term (As of March 31, 2024)	Account item	(Reference) 49th Fiscal Term (As of March 31, 2023)	50th Fiscal Term (As of March 31, 2024)
Current assets:	409,777	397,581	Current liabilities:	435,624	465,334
Cash and deposits	189,441	161,387	Accounts payable for construction contracts	39,496	37,186
Accounts receivable from completed construction contracts and other	36,308	35,514	Current portion of long-term loans payable	11,200	10,600
Short-term investment securities	3,999	3,798	Lease liabilities	28	25
Real estate for sale	12,581	21,354	Accounts payable - other	16,767	22,363
Costs on uncompleted construction contracts	12,163	14,916	Income taxes payable	1,277	3,225
Real estate for sale and development projects in progress	11,166	9,308	Accrued consumption taxes	2,709	4,443
Raw materials and supplies	9,750	4,788	Advances received on uncompleted construction contracts	40,497	51,149
Short-term loans receivable from subsidiaries and affiliates	113,970	130,100	Advances received	16,393	13,716
Prepaid expenses	672	648	Deposits received	295,432	304,738
Accounts receivable - other	14,331	8,432	Provision for bonuses	8,443	13,323
Advances paid	4,069	4,677	Provision for warranties for completed construction	1,188	992
Other	2,005	3,135	Provision for loss on construction contracts	793	2,620
Allowance for doubtful accounts	(684)	(480)	Other	1,395	950
Noncurrent assets:	276,495	287,216	Noncurrent liabilities:	96,734	85,006
Property, plant and equipment	84,011	84,855	Bonds payable	11,000	11,000
Buildings	18,574	18,011	Long-term loans payable	66,025	54,825
Structures	557	543	Lease liabilities	46	20
Machinery and equipment	17	368	Provision for retirement benefits	8,947	8,599
Tools, furniture and fixtures and other	390	366	Other	10,715	10,561
Land	64,345	64,539	Total liabilities	532,359	550,341
Lease assets	67	41	Net Assets		
Construction in progress	58	984	Shareholders' equity:	159,949	134,819
Intangible assets	16,527	14,233	Capital stock	29,060	29,060
Software	10,033	8,208	Capital surplus	34,540	34,540
Software in progress	6,334	5,842	Legal capital surplus	34,540	34,540
Other	159	182	Retained earnings	107,320	129,704
Investments and other assets	175,956	188,127	Legal retained earnings	7,265	7,265
Investment securities	27,828	32,289	Other retained earnings	100,055	122,438
Subordinated bonds and subordinated trust beneficiary rights	5,119	3,788	Retained earnings brought forward	100,055	122,438
Stocks of subsidiaries and affiliates	86,531	89,677	Treasury stock	(10,973)	(58,485)
Long-term loans receivable from subsidiaries and affiliates	1,355	1,855	Valuation and translation adjustments:	(6,184)	(462)
Deferred tax assets	12,431	12,969	Valuation difference on available-for-sale securities	1,556	6,407
Guarantee deposits	8,575	8,594	Deferred gains or losses on hedges	(156)	714
Other	34,845	39,784	Revaluation reserve for land	(7,584)	(7,584)
Allowance for doubtful accounts	(731)	(831)	Subscription rights to shares	148	99
Total assets	686,272	684,797	Total net assets	153,913	134,456
			Total liabilities and net assets	686,272	684,797

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 49th Fiscal Term (From April 1, 2022 to March 31, 2023)		50th Fiscal Term (From April 1, 2023 to March 31, 2024)	
Net sales				
Net sales of completed construction contracts	462,695		492,150	
Sales on real estate business, etc.	7,308	470,003	14,234	506,384
Cost of sales				
Cost of sales of completed construction contracts	365,615		377,956	
Cost of sales on real estate business, etc.	3,412	369,028	8,210	386,167
Gross profit				
Gross profit on completed construction contracts	97,079		114,194	
Gross profit-real estate business, etc.	3,896	100,975	6,023	120,217
Selling, general and administrative expenses		97,116		112,170
Operating income		3,859		8,046
Non-operating income				
Interest income	560		594	
Interest on securities	237		259	
Dividends income	47,634		49,005	
Commission fee	2,511		2,667	
Miscellaneous income	3,056	54,000	3,054	55,581
Non-operating expenses				
Interest expenses	311		309	
Interest on bonds	50		50	
Provision of allowance for doubtful accounts	264		141	
Commission expenses	487		-	
Miscellaneous expenses	924	2,038	245	746
Ordinary income		55,820		62,881
Extraordinary income				
Gain on sales of noncurrent assets	173		-	
Gain on sales of investment securities	15		2,645	
Gain on extinguishment of tie-in shares	8,035	8,224	-	2,645
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	14		51	
Loss on valuation of investment securities	815		-	
Impairment loss	609	1,439	411	462
Income before income taxes		62,606		65,064
Income taxes – current	1,882		9,500	
Income taxes – deferred	1,504	3,386	(3,063)	6,437
Net income		59,219		58,627