



NISHIMATSU

Financial Report 2024

Consolidated

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Consolidated Balance Sheet

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Assets			
Current assets:			
Cash and time deposits (Notes 2 and 18).....	¥ 53,727	¥ 56,533	\$ 373,375
Notes and accounts receivable, trade:			
Notes (Notes 14, 18 and 21)	7,046	3,476	22,960
Accounts (Notes 18 and 21).....	183,461	201,239	1,329,103
Allowance for doubtful accounts (Note 2)	(20)	(90)	(593)
Marketable securities	1	—	—
Inventories (Note 2)	22,009	23,554	155,561
Advance paid.....	12,412	19,397	128,111
Other current assets	12,109	7,877	52,018
Total current assets	290,745	311,986	2,060,535
Property and equipment: (Notes 2, 14 and 19)			
Land	100,727	100,136	661,355
Buildings.....	88,575	97,096	641,281
Machinery and equipment.....	10,130	10,595	69,977
Accumulated depreciation.....	(36,062)	(39,006)	(257,617)
Total property and equipment.....	163,370	168,821	1,114,996
Investments and other assets:			
Investment securities (Notes 2, 9, 14 and 18).....	35,031	74,832	494,231
Investments in subsidiaries and affiliates (Note 14)	838	923	6,095
Long-term loans receivable	998	7,212	47,630
Retirement benefit asset (Notes 2 and 11).....	2,572	3,760	24,836
Deferred tax assets (Notes 2 and 12)	7,437	173	1,145
Others.....	12,704	12,290	81,174
Allowance for doubtful accounts (Note 2)	(71)	(373)	(2,465)
Total investments and other assets.....	59,509	98,817	652,646
Total assets	¥513,624	¥579,624	\$3,828,177

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Liabilities and Net assets			
Current liabilities:			
Short-term debt	¥ 59,239	¥ 49,929	\$ 329,760
Current portion of bonds payable (Notes 10 and 18).....	15,000	20,000	132,092
Notes and accounts payable, trade:			
Notes (Note 18).....	23,950	29,308	193,569
Accounts (Note 18).....	49,877	51,634	341,025
Advances received on uncompleted contracts (Note 14)	17,237	27,806	183,646
Provision for warranties for completed construction (Notes 2 and 3)	1,658	2,190	14,463
Provision for bonuses (Note 2).....	2,859	4,502	29,733
Provision for loss on construction contracts (Note 2)	7,920	4,380	28,928
Accrued income taxes	1,906	3,472	22,931
Deposits received	64,421	69,666	460,117
Asset retirement obligations (Note 20).....	—	37	244
Lease obligations (Note 18).....	28	24	156
Other current liabilities.....	3,576	8,366	55,254
Total current liabilities.....	247,671	271,314	1,791,918
Long-term liabilities:			
Bonds payable (Notes 10 and 18).....	91,000	91,000	601,017
Long-term debt (Notes 14 and 18).....	3,157	25,221	166,575
Deferred tax liabilities (Notes 2 and 12).....	306	1,357	8,964
Provision for share awards for directors (and other officers) (Note 2).....	107	177	1,171
Retirement benefit liability (Notes 2 and 11)	6,741	6,361	42,013
Asset retirement obligations (Note 20).....	758	881	5,817
Lease obligations (Note 18).....	986	987	6,518
Other long-term liabilities.....	6,749	5,469	36,118
Total long-term liabilities.....	109,804	131,453	868,193
Total liabilities.....	357,475	402,767	2,660,111
Net assets:			
Common stock :			
Authorized-160,000,000 shares			
Issued and outstanding-55,591,502 shares	23,514	23,514	155,298
Capital surplus	20,793	20,793	137,328
Retained earnings	157,327	163,358	1,078,912
Treasury stock, at cost (Note 6).....	(57,338)	(57,344)	(378,735)
Valuation difference on available-for-sale securities	4,467	16,906	111,655
Deferred gains or losses on hedges	9	20	131
Equity adjustment from foreign currency translation.....	1,637	2,053	13,560
Remeasurements of defined benefit plans.....	(1,567)	(480)	(3,169)
Non-controlling interests	7,307	8,037	53,086
Total net assets	156,149	176,857	1,168,066
Total liabilities and net assets	¥513,624	¥579,624	\$3,828,177

The accompanying notes are an integral part of this statement.

Consolidated Statement of Income

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net sales (Notes 2, 3, 15, 18 and 21):			
Completed construction contract	¥304,392	¥369,981	\$2,443,570
Real estate business and other	35,365	31,652	209,050
	339,757	401,633	2,652,620
Cost of sales (Notes 2, 15 and 19):			
Cost of completed construction contract	284,120	341,121	2,252,961
Cost of real estate business and other	21,917	19,725	130,277
	306,037	360,846	2,383,238
Gross profit	33,720	40,787	269,382
Selling, general and administrative expenses (Note 15)	21,104	21,960	145,034
Income from operations	12,616	18,827	124,348
Other income (expenses):			
Interest and dividend income	653	873	5,766
Foreign currency exchange gain (Note 2).....	195	872	5,760
Interest expenses.....	(707)	(795)	(5,252)
Financing expenses	(109)	(227)	(1,496)
Gain on sales of non-current assets (Note 15).....	238	25	162
Loss on valuation of investment securities.....	(311)	(6)	(40)
Impairment losses (Note 15).....	—	(958)	(6,325)
Loss on retirement of non-current assets (Note 15).....	(24)	(15)	(100)
Loss on sales of non-current assets (Note 15).....	(8)	(246)	(1,627)
Share of loss of entities accounted for using equity method	—	(8)	(50)
Gains from paid in capital reduction by a consolidated subsidiary ..	—	771	5,092
Other - net (Note 5).....	1,053	(192)	(1,273)
	980	94	617
Profit before income taxes	13,596	18,921	124,965
Income taxes (Notes 2 and 12):			
Current	4,185	3,997	26,401
Deferred.....	(343)	2,351	15,523
	3,842	6,348	41,924
Profit	9,754	12,573	83,041
Loss attributable to non-controlling interests	106	184	1,220
Profit attributable to owners of parent	¥ 9,648	¥ 12,389	\$ 81,821
	Yen		U.S. dollars
Per share of common stock			
Net income (loss)	¥ 244.43	¥ 313.86	\$ 2.073
Cash dividends applicable to the year (Note 17).....	221.00	220.00	1.453

The accompanying notes are an integral part of this statement.

Consolidated Statement of Comprehensive Income

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit	¥9,754	¥12,573	\$ 83,041
Other comprehensive income (Note 16):			
Valuation difference on available-for-sale securities	(1,922)	12,438	82,150
Deferred gains and losses on hedges	18	21	138
Equity adjustment from foreign currency translation.....	2,062	958	6,329
Remeasurements of defined benefit plans.....	(719)	1,087	7,177
	(561)	14,504	95,794
Comprehensive income	¥9,193	¥27,077	\$178,835
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent.....	¥8,326	¥26,340	\$173,969
Comprehensive income attributable to non-controlling interests.....	867	737	4,866

The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes in Net Assets

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2023 and 2024

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Equity adjustment from foreign currency translation	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥23,514	¥20,795	¥158,486	¥(57,335)	¥ 6,389	¥ 0	¥ 327	¥ (847)	¥6,387	¥157,716
Dividends declared (Note 17)			(10,758)							(10,758)
Profit attributable to owners of parent.....			9,648							9,648
Change of scope of consolidation			(49)							(49)
Purchase of treasury shares.....				(5)						(5)
Disposal of treasury shares		0		2						2
due to transactions with non-controlling interests.....		(2)								(2)
Net changes of items other than shareholder's equity.....					(1,922)	9	1,310	(720)	920	(403)
Balance at April 1, 2023	¥23,514	¥20,793	¥157,327	¥(57,338)	¥ 4,467	¥ 9	¥1,637	¥(1,567)	¥7,307	¥156,149
Dividends declared (Note 17)			(6,392)							(6,392)
Profit attributable to owners of parent.....			12,389							12,389
Change of scope of consolidation			34							34
Purchase of treasury shares.....				(6)						(6)
Disposal of treasury shares		0		0						0
due to transactions with non-controlling interests.....										
Net changes of items other than shareholder's equity.....					12,439	11	416	1,087	730	14,683
Balance at March 31, 2024	¥23,514	¥20,793	¥163,358	¥(57,344)	¥16,906	¥ 20	¥2,053	¥ (480)	¥8,037	¥176,857

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Equity adjustment from foreign currency translation	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2023	\$155,298	\$137,328	\$1,039,078	\$(378,696)	\$ 29,505	\$ 61	\$10,809	\$(10,346)	\$48,257	\$1,031,294
Dividends declared (Note 17)			(42,212)							(42,212)
Profit attributable to owners of parent.....			81,821							81,821
Change of scope of consolidation			225							225
Purchase of treasury shares.....				(41)						(41)
Disposal of treasury shares		0		2						2
due to transactions with non-controlling interests.....										
Net changes of items other than shareholder's equity.....					82,150	70	2,751	7,177	4,829	96,977
Balance at March 31, 2024	\$155,298	\$137,328	\$1,078,912	\$(378,735)	\$111,655	\$ 131	\$13,560	\$ (3,169)	\$53,086	\$1,168,066

The accompanying notes are an integral part of this statement.

Consolidated Statement of Cash Flows

Nishimatsu Construction Co., Ltd. and Consolidated Subsidiaries
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash flows from operating activities:			
Profit before income taxes.....	¥13,596	¥18,921	\$124,965
Adjustment for:			
Depreciation and amortization	3,967	3,994	26,378
Amortization of goodwill	8	8	53
Impairment losses	—	958	6,325
Increase (decrease) in allowance for doubtful accounts	(5)	372	2,459
Increase (decrease) in provision for loss on construction contracts	5,100	(3,540)	(23,380)
Increase (decrease) in provision for real estate business and other	(4)	(34)	(225)
Increase (decrease) in provision for warranties for completed construction	(6,265)	532	3,513
Increase (decrease) in retirement benefit liability.....	(591)	(13)	(85)
Interest and dividend income.....	(653)	(873)	(5,766)
Interest expenses	707	795	5,252
Foreign exchange losses (gains)	(182)	(617)	(4,076)
Share of loss (gain) of entities accounted for using equity method	—	8	50
Loss (gain) on sales of property and equipment.....	(229)	222	1,465
Loss (gain) on valuation of investment securities	311	6	40
Decrease (increase) in trade receivables	(6,957)	(14,084)	(93,019)
Loss (gain) on reimbursement of paid capital reduction in shares of subsidiaries and associates.....	—	(771)	(5,092)
Decrease (increase) in costs on construction contracts in progress	(719)	(7,923)	(52,329)
Decrease (increase) in other inventories	10,627	9,319	61,549
Increase (decrease) in notes and accounts payable.....	13,129	6,891	45,512
Increase (decrease) in advances received on uncompleted contracts	2,396	10,422	68,833
Increase (decrease) in deposits received	18,537	5,243	34,629
Others (Note 5)	(9,974)	4,287	28,318
Sub-total.....	42,799	34,123	225,369
Interest and dividend received	654	1,159	7,654
Interest paid	(700)	(735)	(4,856)
Income taxes paid	(8,006)	(2,510)	(16,574)
Net cash provided by (used in) operating activities	34,747	32,037	211,593
Cash flows from investing activities:			
Payment for purchases of marketable and investment securities	(3,852)	(22,664)	(149,687)
Proceeds from sale of marketable and investment securities	1,625	724	4,781
Acquisition of property and equipment	(26,043)	(14,738)	(97,336)
Proceeds from sale of property and equipment	570	1,129	7,456
Payments of loans receivable	(282)	(6,220)	(41,080)
Proceeds from collection of loans	720	5	34
Others	(189)	(55)	(367)
Net cash provided by (used in) investing activities	(27,451)	(41,819)	(276,199)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	16,200	(9,310)	(61,489)
Proceeds from long-term borrowings	3,157	21,826	144,154
Proceeds from issuance of bonds	19,000	20,000	132,092
Redemption of bonds.....	(10,000)	(15,000)	(99,069)
Net decrease (increase) in treasury stock, at cost	(3)	(6)	(39)
Cash dividends paid	(10,728)	(6,388)	(42,193)
Dividends paid to non-controlling interests.....	(5)	(6)	(37)
Others (Note 5).....	(19,986)	(32)	(215)
Net cash provided by (used in) financing activities	(2,365)	11,084	73,204
Effect of exchange rate changes on cash and cash equivalents	1,314	1,523	10,059
Net increase (decrease) of cash and cash equivalents	6,245	2,825	18,657
Cash and cash equivalents at beginning of year	47,122	53,727	354,842
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	360	(19)	(124)
Cash and cash equivalents at end of year (Note 2)	¥53,727	¥56,533	\$373,375

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

(a) Nishimatsu Construction Co., Ltd. (the "Company") maintains its accounting records and prepares its financial statements in accordance with the provisions set forth in the Japanese Corporation Law and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are a translation of the audited consolidated financial statements filed with the Financial Services Agency as required by the Financial Instruments and Exchange Law.

In preparing the consolidated financial statements for the purpose of inclusion in this Corporate Report, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

(b) Scope of consolidation

The Company, its twenty one subsidiaries (of which fifteen are included in the scope of consolidation), constitute the Nishimatsu Construction Group (the "Group").

Nishimatsu Taiwan Investment Corporation which was established in the consolidated fiscal year ended March 31, 2024, has been included in the scope of consolidation.

Sci Tech Farm Co., Ltd. has been excluded from the scope of consolidation as they are less quantitative materiality.

Major consolidated subsidiaries are Nishimatsu Jisho Co., Ltd and Thai Nishimatsu Construction Co., Ltd.

Major non-consolidated subsidiaries are Shimashizu Corporation Co., Ltd. and Shin Urayasu Ekimae PFI. The non-consolidated subsidiaries have been excluded from the scope of consolidations as they are small in scale and the total amounts of the non-consolidated subsidiaries' assets, net sales, equity in net income/loss, and equity in retained earnings do not have material impact on the consolidated financial statements.

(c) Application of the equity method

The non-consolidated affiliate to which the equity method has been applied is one company, and that is N Energy Co., Ltd. This non-consolidated affiliate has been included in the equity method due to the acquisition of shares. Major non-consolidated subsidiaries are Shimashizu Corporation, Shin Urayasu Ekimae PFI, and non-consolidated affiliates, Hamamatsu Chuo Nishi Building K.K. and Masunagagumi Co., Ltd.

These non-consolidated subsidiaries and affiliates are excluded from the application of the equity method, as each company has minimal impact on net income/loss, retained earnings and other accounts and these companies on the whole do not have materiality.

For the non-consolidated subsidiaries and affiliates whose fiscal year end differs from the consolidated fiscal year end, we use their respective fiscal years.

(d) Fiscal year end of consolidated subsidiaries

The fiscal year end of our consolidated subsidiaries, Thai Nishimatsu Construction Co., Ltd., Lao Nishimatsu Construction Co., Ltd., Nishimatsu Vietnam Co., Ltd., Nishimatsu Real Estate & Development (Asia) Pte. Ltd., Hanoi PH investment Pte. Ltd., Sanganjaya Ichigou Co., Ltd., Bangkok Sathorn Hotel Management Co., Ltd., Nishimatsu Hotel Management Co., Ltd., Nishimatsu Real Estate & Development (USA) Inc., Nishimatsu Real Estate & Development (Thailand) Co., Ltd. and Nishimatsu Taiwan Investment Corporation is December 31.

Financial statements of these subsidiaries as of December 31 are included in the consolidated financial statements. However, significant transactions that occurred in the period between January 1 and March 31, the balance sheet date of the Group, have been reflected in the preparation of the consolidated financial statements.

Materials and supplies are stated at cost determined by the moving average method.

Regarding real estate held for sale, cost of uncompleted real estate development projects and materials and supplies, when deterioration in profitability is recognized, their book values on balance sheets are devaluated.

(c) Depreciation and amortization

Property, plant and equipment (excluding lease assets):

Property and equipment, including significant renewals and additions, are carried at cost.

The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed generally by the declining balance method at rates based on the useful lives, which is determined under standards that conform to the methods provided for in the corporation tax act.

The straight-line method is applied to buildings acquired after April 1, 1998 and buildings and accompanying facilities and structures acquired after April 1, 2016.

Intangible assets (excluding lease assets):

Intangible assets are carried at cost.

Useful lives of assets are determined based on standards that conform to the methods provided for in the corporation tax act. Software for internal use is amortized using, the straight-line method based on an internal estimate of its useful life (five years).

Lease assets:

Lease assets associated with finance leases that do not transfer ownership are accounted for based on the straight-line method with the term of lease as the useful life and the residual value as zero.

(d) Accrued retirement benefits

Accrued retirement benefits are calculated based on an estimate of the projected retirement benefit obligation and the pension fund assets.

Assets in the Company's defined benefit corporate pension plan are recorded as Others under Investments and other assets as in case of the plan assets exceeded the retirement benefit obligations.

Actuarial gains and losses are amortized on the straight-line method over 10 years beginning immediately with the following year.

(e) Recognition of sales and related costs

In the construction business, which is the main business of the Group, we provide customers with the design and construction of buildings, etc. based on construction contracts. The main payment terms for our transactions are the payment terms agreed with the customer by contract, and the contract does not include any significant financial components.

1) The method of recognizing revenue over time

Regarding construction contracts in the construction business, we judge that performance obligations will be satisfied over time, mainly for long-term construction contracts, and we recognize revenue based on the progress of fulfillment of performance obligations. The method of estimating the progress related to the fulfillment of performance obligations is calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method).

2) Revenue recognition by other methods

Cost recovery method: Works for which the progress rate related to the fulfillment of performance obligations cannot be reasonably estimated, we recognize the same amount of revenue as the costs incurred.

Completed contract method: Works that are reasonably expected to have a very small contract amount and a very short period, we recognize revenue when the performance obligations are fully satisfied.

(f) Income taxes

Deferred income taxes are recognized applying the asset and liability method.

Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax basis of the assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(g) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign exchange derivatives.

(h) Hedge accounting

Interest rate swaps are utilized to avoid interest volatility risk on debt.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re measured at market value but the net amount to be paid or received under the interest rate swap contracts are recognized and included in interest expense and income as incurred.

Forward foreign exchange contracts utilized as a hedging instrument against risk arising from exchange rate fluctuations which meet the required criteria are accounted for by the allocation method. In the allocation method, assets and liabilities subject to foreign forward contract are translated by the contracted rate of exchange.

(j) Allowance for doubtful accounts

The Group provides for possible losses due to collectability of notes, accounts, loans receivable and others based on the Group's past credit loss experience and management's estimate.

(j) Provision for warranties for completed construction

Provision for losses which are expected to occur in the future related to defects of completed work is provided based on the estimated amount calculated using an actual percentage of related losses during a certain past period and the estimate future warranty expense amount for the specific properties.

(k) Provision for share awards for directors (and other officers)

Preparing for issuing of Company's shares under the performance-based compensation for directors and executive officers, the estimated number of shares to be paid according to the points allocated to the officers, can be reasonably estimated.

(l) Provision for bonuses for directors (and other officers)

The estimated amount of cash payment by the performance-based compensation for directors and executive officers can be reasonably estimated.

(m) Provision for bonuses

Provision for bonuses is based on the estimated value of the bonus to be paid to employees.

(n) Provision for loss on construction contracts

Provision for loss on construction contracts is provided with respect to construction projects for which the losses can be reasonably estimated.

(o) Provision for loss on real estate business

Provision for losses which are expected to occur in the future related to real estate businesses is provided when the loss can be reasonably estimated.

(p) Other accounting policies on preparing consolidated financial statements

Accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined

In the construction business, joint venture accounting process is mainly recognized assets, liabilities, profit and expenses by members' investment ratio.

(q) Goodwill amortization method and period

It is equally amortized by over the period of its effect within 10 years.

3. Important accounting estimates

(a) Estimation for the method of recognizing revenue over time FY2022

Sales from the method of recognizing revenue over time are ¥298,114 million (\$2,232,560 thousand).

Provision for loss on construction contracts are ¥7,920 million (\$59,313 thousand).

FY2023

Sales from the method of recognizing revenue over time are ¥364,002 million (\$2,404,084 thousand).

Provision for loss on construction contracts are ¥4,380 million (\$28,928 thousand).

In applying the method of recognizing revenue over time, the amount of completed construction work is recorded based on the progress rate calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method). We make the best estimate for the total construction revenue, total construction cost, and construction progress on the settlement date for each individual construction contract based on all the information available on the settlement date.

In calculating the total construction revenue, in case there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted from the contracted amount. In addition, in calculating the total construction cost, the construction cost that will occur after the settlement date is estimated on the assumptions of outsourcing costs, material costs, etc., considering the negotiation with the partner companies as well as the conditions of each individual construction contract.

As a result of these estimates, for works that are expected to incur losses after the settlement date, the estimated amount is recorded as a provision for loss on construction contracts.

Therefore, changes in estimation assumptions including these various conditions may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

(b) Provision for warranties for completed construction

FY2022

Provision for warranties for completed construction is ¥1,658 million (\$12,416 thousand).

FY2023

Provision for warranties for completed construction is ¥2,190 million (\$14,463 thousand).

For covering the cost of repairing defects related to completed construction, the Group has recorded the amount calculated based on the actual compensation rate over a certain period in the past and the estimated cost of future repairs, etc. for specific properties. In the calculation based on the actual volume rate, it is assumed that the cost of defect repair will be incurred in the future, which is the same as the ratio of the amount of completed construction work for the past 3 years to the amount of cost of defect repair, etc. In the calculation by estimation, the estimated cost of repairs, etc. is recorded for each property when it is expected that defects will occur in the future for a specific property and the amount can be reasonably estimated.

We make the best estimates for these provisions based on all the information available at this moment, but due to changes in the assumptions of the estimates such as price fluctuations of outsourcing costs and material costs may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

4. Changes in accounting policy

Not applicable.

5. Changes in presentations

(a) Notes to Consolidated Statement of Income

"Reversal of allowance for doubtful accounts," "Gain on investments in silent partnerships," "Gain on sales of investment securities" and "Loss on valuation of golf club membership" which were separated in "Other income (expenses)" in the previous fiscal year, are included in "Other - net" listed from the fiscal year ended March 31, 2024, because of less quantitative materiality.

The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥5 million of "Reversal of allowance for doubtful accounts," ¥155 million of "Gain on investments in silent partnerships," ¥707 million of "Gain on sales of investment securities" and ¥(74) million of "Loss on valuation of golf club membership" under "Other income (expenses)" in the consolidated statements of income of the previous fiscal year has been reclassified as ¥1,053 million of "Other - net."

(b) Notes to Consolidated Statement of Cash Flows

"Loss (gain) on sales of investment securities" which was separated in "Cash flows from operating activities" in the previous fiscal year is included in "Others" and "Net increase (decrease) in commercial paper" and "Proceeds from share issuance to non-controlling shareholders" which were separated in "Cash flows from financing activities" in the previous fiscal year are included in "Others" from the fiscal year ended March 31, 2024, because of less quantitative materiality. The consolidated financial statement of the previous fiscal year has been reclassified to reflect this change in presentation.

As a result, ¥(707) million of "Loss (gain) on sales of investment securities" under "Cash flows from operating activities" in the consolidated statement of cash flows of the previous fiscal year has been reclassified as ¥(9,974) million of "others" and ¥(20,000) million of "Net increase (decrease) in commercial paper" and ¥51 million of "Proceeds from share issuance to non-controlling shareholders" under "Cash flows from financing activities" in the consolidated statement of cash flows of the previous fiscal year have been reclassified as ¥(19,986) million of "others."

6. Additional information

Transactions involving issue of Company stock to Directors and others via trust

(a) Transaction overview

Pursuant to the resolution of the 84 Regular General Meeting of Shareholders held on June 29, 2021, the Company adopt a "Board Benefit Trust (BBT)," which provides Company's ordinary shares and money equivalent to the market value of the Company's ordinary shares as part of remuneration, as a means of share-based remuneration linked to business performance for the directors (excluding members of the Audit Committee and other outside directors) and executive officers of the Company (hereinafter, the eligible persons are collectively referred to as the "Directors, etc. of the Company").

Due to the addition of this BBT, the Company purchased the corresponding shares by depositing cash with Custody Bank of Japan, Ltd. (Trust E account), a sub-trustee of Mizuho Trust & Banking Co., Ltd., the trustee.

(b) Company shares remaining in trust

In accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (ASBJ PITF No. 30, March 26, 2015), the total amount method is applied to the processing of the BBT account. As a result, the Company's own shares held by the trust are recorded as treasury shares in shareholders' equity at their carrying amount. Disposals of treasury shares are recognized when the shares are issued to the Directors and other beneficiaries through the trust.

At the end of the previous fiscal year under review, the book value and number of treasury shares remaining in the trust were ¥760 million and 225,000 shares, respectively. At the end of the fiscal year under review, the book value and number of the Company's shares remaining in the trust were ¥760 million and 225,000 shares, respectively.

7. Significant subsequent events

(Cancellation of treasury shares)

The Company has cancelled a portion of its treasury shares pursuant to Article 178 of the Companies Act of Japan, as stated below.

This cancellation is based on a resolution of the board meeting held on April 26, 2024.

1. Type of shares to be cancelled	Common shares
2. Number of shares to be cancelled	13,800,000 shares
3. Date of cancellation	July 1, 2024
4. Total number of issued shares after cancellation	41,791,502 shares

(Issue of unsecured bonds)

The Company has issued unsecured bonds with a payment date of September 20, 2024, under the following conditions. This issuance is based on a comprehensive resolution of the board meeting held on August 30, 2024, which determined the total amount to be offered, etc.

1. The total amount of issued corporate bonds	20 billion yen
2. Issued price	100 yen for every 100 yen offered
3. Interest rate	1.140% per year
4. Payment date	September 20, 2024
5. Redemption deadline	September 20, 2029
6. Use of funds	Bond redemption.
7. Financial covenants	"Collateral provision restriction clause" is attached.

8. United States dollar amounts

The United States dollar amounts presented in the accompanying consolidated financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥151.41 = US\$1, which was the exchange rate prevailing as of March 31, 2024.

These conversions should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into, United States dollars at that rate.

9. Investment in securities

As of March 31, 2023 and 2024, securities with quoted market prices were summarized as follows:

Held-to-maturity securities with quoted market prices

	Millions of yen						Thousands of U.S. dollars		
	2023			2024			2024		
	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)
Held-to-maturity securities whose market values exceed in the balance sheet:									
Debt securities.....	¥ --	¥ --	¥ --	¥ --	¥ --	¥ --	\$ --	\$ --	\$ --
Sub-total	--	--	--	--	--	--	--	--	--
Held-to-maturity securities whose market values do not exceed in the balance sheet:									
Debt securities.....	1	1	(0)	1	1	(0)	9	9	(0)
Sub-total	1	1	(0)	1	1	(0)	9	9	(0)
Total	¥ 1	¥ 1	¥ (0)	¥ 1	¥ 1	¥ (0)	\$ 9	\$ 9	\$ (0)

Other securities with quoted market prices

	Millions of yen						Thousands of U.S. dollars		
	2023			2024			2024		
	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)	Acquisition cost	Fair value	Unrealized gains (losses)
Other securities whose market values recorded in the balance sheet exceed their acquisition costs:									
Equity securities.....	¥15,830	¥22,507	¥6,677	¥16,826	¥41,097	¥24,271	\$111,130	\$271,430	\$160,301
Others.....	300	426	126	300	429	129	1,981	2,833	851
Sub-total	16,130	22,933	6,803	17,126	41,526	24,400	113,111	274,263	161,152
Other securities whose market values recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities.....	2,002	1,632	(370)	1,018	972	(46)	6,720	6,419	(301)
Sub-total	2,002	1,632	(370)	1,018	972	(46)	6,720	6,419	(301)
Total	¥18,132	¥24,565	¥6,433	¥18,144	¥42,498	¥24,354	\$119,831	\$280,682	\$160,851

Available-for-sale securities sold during the fiscal year ended March 31, 2023 and 2024

	Millions of yen						Thousands of U.S. dollars		
	2023			2024			2024		
	Proceeds	Total gain on sales	Total loss on sales	Proceeds	Total gain on sales	Total loss on sales	Proceeds	Total gain on sales	Total loss on sales
Equity securities.....	¥1,357	¥707	¥ --	¥0	¥0	¥ --	\$0	\$0	\$ --

Loss on valuation of investment securities

FY2022 (April 1, 2022 to March 31, 2023)

As of March 31, 2023, an impairment loss is recognized of ¥311 million of securities (other securities of unlisted stocks)

FY2023 (April 1, 2023 to March 31, 2024)

As of March 31, 2024, an impairment loss is recognized of ¥6 million of securities (other securities of unlisted stocks)

The Group recognizes an important loss on securities with market prices in cases where the market price at the end of the fiscal year falls 50% or more compared to the book value and is considered to be irrecoverable. An impairment loss is also recognized for any item considered to be irrecoverable when the market price at the end of the fiscal year falls 30% or more and less than 50% compared to the book price and any of the following applies.

- Market price has continued to drop at a rate of 30% or more over the past year.
- The issuing company of the respective stock is in an excess debt status as of the latest fiscal year.
- The issuing company of the respective stock has posted a loss attributable to owners of parent for the last two consecutive years and expects to post a loss attributable to owners of parent also in the following fiscal year.

For securities without market prices, the Group recognizes an impairment loss for the value needed in consideration of its recoverability in cases where the substantial value falls 50% or more compared to the book value.

10. Short-term and long-term debt

(a) The weighted average interest rate on short-term debt outstanding as of March 31, 2024 is approximately 0.312 per cent.

(b) Bonds payable comprised the following:

	Issuer	Type	Date of issue	Millions of yen		Thousands of U.S. dollars
				2023	2024	2024
0.180 per cent Unsecured Japanese Yen bond due Sep 20, 2024	Nishimatsu Construction Co., Ltd	The 8th unsecured Japanese Yen bonds	Sep 20, 2019	¥ 20,000	¥ 20,000	\$132,092
0.180 per cent Unsecured Japanese Yen bond due Jul 20, 2023	Nishimatsu Construction Co., Ltd	The 9th unsecured Japanese Yen bonds	Jul 20, 2020	15,000	--	--
0.330 per cent Unsecured Japanese Yen bond due Jul 18, 2025	Nishimatsu Construction Co., Ltd	The 10th unsecured Japanese Yen bonds	Jul 20, 2020	15,000	15,000	99,069
0.420 per cent Unsecured Japanese Yen bond due Mar 1, 2027	Nishimatsu Construction Co., Ltd	The 11th unsecured Japanese Yen bonds	Mar 1, 2022	19,000	19,000	125,487
0.600 per cent Unsecured Japanese Yen bond due Mar 1, 2029	Nishimatsu Construction Co., Ltd	The 12th unsecured Japanese Yen bonds	Mar 1, 2022	18,000	18,000	118,882
0.580 per cent Unsecured Japanese Yen bond due Jul 14, 2027	Nishimatsu Construction Co., Ltd	The 13th unsecured Japanese Yen bonds	Jul 14, 2022	19,000	19,000	125,487
0.600 per cent Unsecured Japanese Yen bond due Jul 27, 2028	Nishimatsu Construction Co., Ltd	The 14th unsecured Japanese Yen bonds	Jul 27, 2023	--	20,000	132,092
				106,000	111,000	733,109
				--	20,000	132,092
				¥106,000	¥111,000	\$733,109

Less: Portion due within 1 year

The aggregate annual maturities of lease on March 31, 2024 were as follows:

	Millions of yen	Thousands of U.S. dollars
2024.....	¥ 19	\$ 125
2025.....	¥959	\$6,331
2026.....	¥ 6	\$ 39
2027 and thereafter	¥ 3	\$ 23

11. Retirement benefits and pension plan

Information on the projected benefit obligation under the retirement benefit and pension plan was as follows:

FY2022 (April 1, 2022 to March 31, 2023)

(a) Retirement benefit obligation

Recognition of retirement benefit obligation:

	Millions of yen
	2023
Retirement benefit obligation as of April 1, 2022	¥26,925
Service cost.....	1,321
Interest cost.....	185
Actuarial gain or loss.....	63
Retirement benefits paid	(1,280)
Others	16
Retirement benefit obligation as of March 31, 2023	¥27,230

Method of attributing the retirement benefit obligation to periods of service:

Simplified method

(b) Reconciliation of plan assets

	Millions of yen
	2023
Plan assets as of April 1, 2022.....	¥23,217
Expected return on plan assets.....	560
Actuarial gain or loss.....	(1,000)
Contribution by the Company	1,176
Retirement benefits paid	(892)
Plan assets as of March 31, 2023.....	¥23,061

(c) Reconciliation of retirement benefit obligation and plan assets and net liability for retirement benefit in the Consolidated Balance Sheet

	Millions of yen
	2023
Funded retirement benefit obligation.....	¥27,009
Plan assets.....	(23,061)
	3,948
Unfunded retirement benefit obligation.....	221
Net liability for retirement benefit in the Consolidated Balance Sheet	4,169
Net defined benefit liability	6,741
Retirement benefit asset.....	(2,572)
Net liability for retirement benefit in the Consolidated Balance Sheet	¥ 4,169

(d) Components of net periodic pension cost for the year ended March 31, 2023

	Millions of yen
	2023
Service cost.....	¥1,321
Interest cost.....	185
Expected return on plan assets	(561)
Amortization of actuarial gain or loss.....	28
Total	¥ 973

Service cost includes the retirement benefit obligation applying the simplified method are included in "service cost."

(e) Remeasurements of defined benefit plans

Details of items (before income tax excluded) of remeasurements of defined benefit plans were as follows:

	Millions of yen
	2023
Actuarial gain or loss.....	¥(1,036)
Total	¥(1,036)

(f) Cumulative remeasurements of defined benefit plans

Details of items (before income tax excluded) of cumulative remeasurements of defined benefit plans were as follows:

	Millions of yen
	2023
Unrecognized actuarial gain or loss.....	¥2,257
Total	¥2,257

(g) Pension assets

Details of plan assets

Ratio of each major category for plan assets was as follows:

	2023
Bonds	57%
Securities.....	7%
General accounts	24%
Others	12%
Total	100%

Retirement benefits trust established for corporate pension plans accounts for 16% of total plan assets.

Method for long-term expected return on plan assets

Long-term expected return on plan assets is determined by current and future distribution of plan assets and long-term expected return consists of pension assets.

(h) Assumptions for actuarial calculations

	2023
Discount rate	0.7%
Expected return on plan assets	
Except pension trust	2.5%
Expected return on pension trust	2.0%

(i) Defined contribution

Amount payable for defined contribution of the Company and consolidated subsidiary was ¥216 million.

FY2023 (April 1, 2023 to March 31, 2024)

(a) Retirement benefit obligation

Recognition of retirement benefit obligation:

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Retirement benefit obligation as of April 1, 2023.....	¥27,230	\$179,844
Service cost.....	1,349	8,908
Interest cost.....	187	1,235
Actuarial gain or loss.....	(665)	(4,390)
Retirement benefits paid	(1,803)	(11,911)
Others	11	71
Retirement benefit obligation as of March 31, 2024	¥26,309	\$173,757

Method of attributing the retirement benefit obligation to periods of service:
Simplified method

(b) Reconciliation of plan assets

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Plan assets as of April 1, 2023.....	¥23,061	\$152,311
Expected return on plan assets.....	558	3,685
Actuarial gain or loss.....	701	4,627
Contribution by the Company	615	4,065
Retirement benefits paid	(1,227)	(8,108)
Plan assets as of March 31, 2024.....	¥23,708	\$156,580

(c) Reconciliation of retirement benefit obligation and plan assets and net liability for retirement benefit in the Consolidated Balance Sheet

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Funded retirement benefit obligation.....	¥ 26,076	\$ 172,220
Plan assets.....	(23,708)	(156,580)
Unfunded retirement benefit obligation.....	2,368	15,640
Net liability for retirement benefit in the Consolidated Balance Sheet	2,601	17,177
Net defined benefit liability	6,361	42,013
Retirement benefit asset	(3,760)	(24,836)
Net liability for retirement benefit in the Consolidated Balance Sheet	¥ 2,601	\$ 17,177

(d) Components of net periodic pension cost for the year ended March 31, 2024

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Service cost.....	¥1,349	\$ 8,908
Interest cost.....	187	1,235
Expected return on plan assets	(558)	(3,686)
Amortization of actuarial gain or loss.....	200	1,325
Total	¥1,178	\$ 7,782

Service cost includes the retirement benefit obligation applying the simplified method are included in "service cost."

(e) Remeasurements of defined benefit plans

Details of items (before income tax excluded) of remeasurements of defined benefit plans were as follows:

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Actuarial gain or loss.....	¥1,566	\$10,341
Total	¥1,566	\$10,341

(f) Cumulative remeasurements of defined benefit plans

Details of items (before income tax excluded) of cumulative remeasurements of defined benefit plans were as follows:

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Unrecognized actuarial gain or loss.....	¥691	\$4,567
Total	¥691	\$4,567

(g) Pension assets

Details of plan assets

Ratio of each major category for plan assets was as follows:

	2024
Bonds	46%
Securities.....	13%
General accounts	23%
Others	18%
Total	100%

Retirement benefits trust established for corporate pension plans accounts for 15% of total plan assets.

Method for long-term expected return on plan assets

Long-term expected return on plan assets is determined by current and future distribution of plan assets and long-term expected return consists of pension assets.

(h) Assumptions for actuarial calculations

	2024
Discount rate	0.7%
Expected return on plan assets	
Except pension trust	2.5%
Expected return on pension trust	2.0%

(i) Defined contribution

Amount payable for defined contribution of the Company and consolidated subsidiary was ¥221 million.

12. Income taxes

Composition of deferred tax assets and liabilities

(a) Deferred tax assets and liabilities at March 31, 2023 and 2024 were as follows:

	Millions of yen	Thousands of U.S. dollars	
	2023	2024	
Deferred tax assets:			
Impairment loss of long-lived assets	¥ 2,372	¥ 2,368	\$ 15,639
Retirement benefit liability.....	2,453	1,900	12,546
Provision for bonuses.....	866	1,349	8,913
Provision for allowance for loss on construction projects.....	2,424	1,340	8,852
Carryforwards	943	748	4,938
Provision for warranties for completed construction.....	2,172	670	4,425
Loss on valuation of real estate.....	253	253	1,673
Valuation loss on investment securities	192	154	1,014
Allowance for doubtful accounts.....	28	142	936
Others	3,370	3,169	20,935
Subtotal deferred tax assets.....	15,073	12,093	79,871
Valuation allowance for net operating loss carryforwards (*).....	(915)	(738)	(4,871)
Valuation allowance for the sum of deductible temporary differences.....	(3,891)	(3,887)	(25,675)
Valuation allowance.....	(4,806)	(4,625)	(30,546)
Gross deferred tax assets	¥10,267	¥ 7,468	\$ 49,325
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities...	(1,970)	(7,454)	(49,231)
Reserve for reduction entry of replaced property...	(478)	(477)	(3,148)
Others	(688)	(721)	(4,764)
Gross deferred tax liabilities.....	¥ (3,136)	¥(8,652)	\$(57,143)
Net deferred tax assets (liabilities).....	¥ 7,131	¥(1,184)	\$ (7,818)

(*)1) The amounts of net operating loss carryforwards and corresponding deferred tax assets by due period.

Previous fiscal year (As of March 31, 2023)

	Millions of yen						
	2023						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥ 8	¥ 324	¥ 80	¥ 61	¥ 83	¥ 387	¥ 943
Valuation allowance	(8)	(313)	(80)	(61)	(83)	(370)	(915)
Deferred tax assets.....	—	11	—	—	—	17	28

(a) The net operating loss carryforwards represent the amounts after being multiplied by the statutory tax rate.

(e) Gains on sales of fixed assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Land.....	¥ —	¥16	\$102
Machinery.....	27	1	8
Other.....	211	8	52
Total.....	¥238	¥25	\$162

(f) Loss on sales of fixed assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings and structures.....	¥1	¥ —	\$ —
Land.....	7	246	1,627
Machinery.....	0	0	0
Total.....	¥8	¥246	\$1,627

(g) Loss on retirement of non-current assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings and structures.....	¥ 1	¥ —	\$ —
Machinery.....	5	2	10
Fixtures.....	3	4	28
Other.....	15	9	62
Total.....	¥24	¥15	\$100

16. Notes to Consolidated Comprehensive Income

Other comprehensive income for the year ended March 31, 2023 and 2024 was as follows:

1. Reclassification adjustments of each component of other comprehensive income (loss) were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrealized gain on available for sale securities			
Amount arising during the year.....	¥(1,465)	¥17,923	\$118,371
Reclassification adjustments.....	(1,120)	—	—
Deferred gains or losses on hedges			
Amount arising during the year.....	23	26	173
Equity adjustment from foreign currency translation			
Amount arising during the year.....	2,062	1,729	11,421
Reclassification adjustments.....	—	(771)	(5,092)
Remeasurements of defined benefit plans			
Amount arising during the year.....	(1,064)	1,365	9,017
Reclassification adjustments.....	28	201	1,325
Amount before income tax effect.....	(1,536)	20,473	135,215
Income tax effect.....	975	(5,969)	(39,421)
Total.....	¥ (561)	¥14,504	\$ 95,794

(h) Impairment losses

FY2022 (April 1, 2022 to March 31, 2023)

Not applicable.

FY2023 (April 1, 2023 to March 31, 2024)

The Group recognized impairment loss on the following asset groups for the year ended March 31, 2024.

The asset grouping is made by a country unit or business location for assets used by the Group and by property for individual assets for rent or idle assets.

The book value of the following assets was reduced to the recoverable amount due to there is no prospect of future use.

The difference between the book value and the recoverable amount was posted as loss on impairment (¥958 million).

Location	Purpose	Type of asset	Millions of yen	Thousands of U.S. dollars
			2024	2024
Kumagaya, Saitamaken	Idle assets	Land	¥927	\$6,121
Kumagaya, Saitamaken	Idle assets	Building, Structures	¥ 31	\$ 203

In addition, the recoverable value of the rental property was estimated based on the net realizable value.

The net realizable value is calculated by subtracting the estimated disposal costs from the expected selling price.

17. Notes to Consolidated Statement of Changes in Net Assets

(a) Class and total number of shares issued were as follows:

Common stock	Thousand shares	
	2023	2024
Number of shares at the beginning of year.....	55,592	55,592
Number of shares increased.....	—	—
Number of shares decreased.....	—	—
Number of shares at the end of year.....	55,592	55,592

(b) Class and number of shares of treasury stock were as follows:

Common stock	Thousand shares	
	2023	2024
Number of shares at the beginning of year.....	16,118	16,119
Number of shares increased.....	1	2
Number of shares decreased.....	0	0
Number of shares at the end of year.....	16,119	16,121

b) FY2022 (April 1, 2022 to March 31, 2023)

1. The number of treasury shares of common stock at the end of the consolidated FY 2022 includes 225 thousand shares held by "Board Benefit Trust (BBT)."

(c) Dividends

FY2022 (April 1, 2022 to March 31, 2023)

1. Dividends paid

Resolution	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
		Total dividend	Dividend per share				
Ordinary general meeting of shareholders on June 29, 2022	Common stock	¥5,201	\$38,947	¥131	\$0.981	March 31, 2022	June 30, 2022
Board of meeting on October 27, 2022	Common stock	¥5,558	\$41,622	¥140	\$1.048	September 30, 2022	December 2, 2022

Total amount of dividends determined by Ordinary general meeting of shareholders on June 29, 2022 includes dividends of ¥29 million on shares held by "Board Benefit Trust (BBT)."

Total amount of dividends determined by Board of meeting on October 27, 2022 includes dividends of ¥32 million on shares held by "Board Benefit Trust (BBT)."

2. Dividend whose record date falls during the fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Source of dividend	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
			Total dividend	Dividend per share				
Ordinary general meeting of shareholders on June 28, 2023	Common stock	Retained earnings	¥3,216	\$24,081	¥81	\$0.607	March 31, 2023	June 29, 2023

Total amount of dividends determined by Ordinary general meeting of shareholders held on June 28, 2023 includes dividends of ¥18 million on shares held by "Board Benefit Trust (BBT)."

FY2023 (April 1, 2023 to March 31, 2024)

1. Dividends paid

Resolution	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
		Total dividend	Dividend per share				
Ordinary general meeting of shareholders on June 28, 2023	Common stock	¥3,216	\$21,237	¥81	\$0.535	March 31, 2023	June 29, 2023
Board of meeting on October 30, 2023	Common stock	¥3,176	\$20,975	¥80	\$0.528	September 30, 2023	December 4, 2023

Total amount of dividends determined by Ordinary general meeting of shareholders on June 28, 2023 includes dividends of ¥18 million on shares held by "Board Benefit Trust (BBT)."

Total amount of dividends determined by Board of meeting on October 30, 2023 includes dividends of ¥18 million on shares held by "Board Benefit Trust (BBT)."

2. Dividend whose record date falls during the fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Source of dividend	Total dividend		Dividend per share		March 31, 2024	June 27, 2024
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Ordinary general meeting of shareholders on June 26, 2024	Common stock	Retained earnings	¥5,557	\$36,705	¥140	\$0.925		

Total amount of dividends determined by Ordinary general meeting of shareholders held on June 26, 2024 includes dividends of ¥32 million on shares held by "Board Benefit Trust (BBT)."

18. Financial instruments

(a) Disclosure on financial instruments

(1) Policy on financial instruments

Funds are limited to short-term deposits, and methods of rising funds are debt from banks, commercial papers and bond issuance.

The Group utilizes derivatives to hedge risks against the fluctuation of foreign exchange rate and interest rate related to debt, and does not engage in speculative financial transactions.

(2) Types of financial instruments, related risks, and financial risk management

Notes receivable, accounts receivable from completed construction contracts, and other are subject to customer credit risk.

The Group evaluates each customer's credit before receiving an order and monitors due dates and outstanding balances after receiving an order to find out and reduce the risk of collectability.

Investment securities, mainly held-to-maturity securities or equity of the Company related in business, are subject to the risk derived from future changes in market prices.

The Group monitors fair value and financial position periodically and reviewed the status of its holdings in instruments on an ongoing basis.

Loans, mainly provided to business partners, are subject to customer credit risk.

The Group evaluates each customer's credit in advance.

The Group monitors due dates and outstanding balances and confirms the credibility of the client periodically.

Due dates of notes payable, accounts payable for construction contracts and other come mostly within one year.

Short-term debt and commercial papers are mainly for business operations, and long-term debt, for investment in facilities. Floating interest debt is subject to interest-rate risk, therefore, the Group utilizes derivatives for some long-term floating interest debt in each transaction (interest rate swap) as a hedging instrument to fix the payment interest.

Evaluating hedge effectiveness is omitted because requirements for an exceptional accounting treatment in interest rate swap are satisfied.

The Group reviews derivative transactions in advance, and regularly confirms the conditions and details in conformity with the policy on risk management.

The Group enters into derivative contracts only with financial institutions of high credit to reduce credit risks.

Operating liabilities, debt, commercial papers and bonds are subject to liquidity risks.

The Group manages these risks with monthly cash report and so on.

The internal control committee makes each department responsible for a specific risk, and establishes control systems of preventive risk management and heuristic risk management.

(3) Supplemental explanation for fair value of financial instruments

The fair value of financial instruments includes either the value determined based on market prices or the value based on a reasonable calculation if no market price is available.

However, as certain variables are used for these calculations, the result of such calculations may vary if different assumptions are used.

The contract amounts of derivatives do not measure the market risk in derivative transactions.

(b). Fair value of financial instruments

1. Redemption schedule for receivable and securities to maturity at March 31, 2023 and 2024

	Millions of yen			
	2023			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥ 53,727	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	165,598	24,908	—	—
Investment in securities				
Debt security held to maturity (government bonds)	1	—	—	—
Long-term loan	—	785	198	15
Total	¥219,326	¥25,693	¥198	¥15

	Millions of yen			
	2024			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥ 56,533	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts and other	179,563	25,152	—	—
Investment in securities				
Debt security held to maturity (government bonds)	—	2	—	—
Long-term loan	—	1,397	2,753	3,061
Total	¥236,096	¥26,551	¥2,753	¥3,061

	Thousands of U.S. dollars			
	2024			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	\$ 373,375	\$ —	\$ —	\$ —
Notes receivable, accounts receivable from completed construction contracts and other	1,185,943	166,119	—	—
Investment in securities				
Debt security held to maturity (government bonds)	—	9	—	—
Long-term loan	—	9,229	18,184	20,218
Total	\$1,559,318	\$175,357	\$18,184	\$20,218

2. Redemption schedule for bond, long-term debt, and lease liability as of March 31, 2023 and 2024.

	Millions of yen					
	2023					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	¥15,000	¥20,000	¥15,000	¥19,000	¥19,000	¥18,000
Long-term debt	—	—	—	424	2,734	—
Lease liability	28	19	14	953	0	—
Total	¥15,028	¥20,019	¥15,014	¥20,377	¥21,734	¥18,000

	Millions of yen					
	2024					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	¥20,000	¥15,000	¥19,000	¥19,000	¥38,000	¥ —
Long-term debt	—	—	17,955	7,266	—	—
Lease liability	24	19	959	6	2	1
Total	¥20,024	¥15,019	¥37,914	¥26,272	¥38,002	¥ 1

	Thousands of U.S. dollars					
	2024					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Bond	\$132,092	\$99,069	\$125,487	\$125,487	\$250,974	\$ —
Long-term debt	—	—	118,588	47,987	—	—
Lease liability	156	124	6,331	39	16	7
Total	\$132,248	\$99,193	\$250,406	\$173,513	\$250,990	\$ 7

The book value, fair value, and difference of the financial instruments on the consolidated balance sheet as of March 31, 2023 and 2024 were as follows.

This table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥190,507	¥190,312	¥(195)
Investment in securities (*3)	24,566	24,566	(0)
Long-term loans	998	—	—
Allowance for doubtful accounts (*4)	(66)	—	—
Assets	¥216,005	¥215,788	¥(217)
Bond	¥ 91,000	¥ 90,842	¥(158)
Long-term debt	3,157	3,157	—
Liabilities	¥ 94,157	¥ 93,999	¥(158)

*1 The description of "Cash and deposit" is omitted because it is cash and the market value is close to the book value because the deposit is settled in a short period of time.

*2 "Notes payable, accounts payable for construction contracts and other" "Short-term debt" "Commercial paper" "Current portion of bonds payable" is omitted because these are settled in a short period of time.

*3 The following financial products are not included in "Securities and investment securities" because there is no market price.

Classification	Millions of yen	
	2023	Book value
Unlisted securities	¥4,100	—
Silent partnerships	6,367	—
Stock for non-consolidated subsidiaries and affiliates	838	—

*4 Allowance for doubtful accounts individually accrued to long-term loan are omitted.

	Millions of yen		
	2024		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	¥204,716	¥204,471	¥(245)
Investment in securities (*3)	42,499	42,499	(0)
Long-term loans	7,212	—	—
Allowance for doubtful accounts (*4)	(61)	—	—
Assets	¥254,366	¥254,564	¥ 198
Bond	¥ 91,000	¥ 90,445	¥(555)
Long-term debt	25,221	25,368	147
Liabilities	¥116,221	¥115,813	¥(408)

	Thousands of U.S. dollars		
	2024		
	Book value	Fair value	Difference
Notes receivable, accounts receivable from completed construction contracts and other	\$1,352,063	\$1,350,445	\$(1,618)
Investment in securities (*3)	280,691	280,691	(0)
Long-term loans	47,630	—	—
Allowance for doubtful accounts (*4)	(400)	—	—
Assets	\$1,679,984	\$1,681,292	\$ 1,308
Bond	\$ 601,017	\$ 597,353	\$(3,664)
Long-term debt	166,575	167,542	967
Liabilities	\$ 767,592	\$ 764,895	\$(2,697)

*1 The description of "Cash and deposit" is omitted because it is cash and the market value is close to the book value because the deposit is settled in a short period of time.

*2 "Notes payable, accounts payable for construction contracts and other" "Short-term debt" "Commercial paper" "Current portion of bonds payable" is omitted because these are settled in a short period of time.

*3 The following financial products are not included in "Securities and investment securities" because there is no market price.

Classification	Millions of yen		Thousands of U.S. dollars	
	2024	Book value	2024	Book value
Unlisted securities	¥17,169	—	\$113,394	—
Silent partnerships	15,163	—	100,146	—
Stock for non-consolidated subsidiaries and affiliates	923	—	6,095	—

*4 Allowance for doubtful accounts individually accrued to long-term loan are omitted.

(c) Explanation of the valuation methods and inputs used in calculating fair value

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Explanation of the evaluation techniques used in the calculation of the fair value and the inputs to the calculation of the fair value.

Level 1 fair value: Fair value calculated using inputs that are directly or indirectly observable, the (unadjusted) market price in an active market for an identical asset or liability.

Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than the Level 1 inputs.

Level 3 fair value: Fair value calculated using important inputs that cannot be observed. If multiple inputs that have a significant impact on the calculation of the fair value are used, among the levels to which each of these inputs belongs, the fair value is classified into the lowest priority level in the calculation of the fair value.

1. Financial assets and financial liabilities with the carrying amount recorded using the fair value

Category	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥24,138	¥ —	¥ —	¥24,138
Others	—	427	—	427
Assets	¥24,138	¥427	¥ —	¥24,565

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥42,069	¥ —	¥ —	¥42,069
Others	—	429	—	429
Assets	¥42,069	¥429	¥ —	¥42,498

Category	Thousands of U.S. dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	\$277,849	\$ —	\$ —	\$277,849
Others	—	2,833	—	2,833
Assets	\$277,849	\$2,833	\$ —	\$280,682

2. Financial assets and financial liabilities with the carrying amount not recorded using the fair value

Category	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥190,312	¥ —	¥190,312
Investment securities				
Held-to-maturity securities				
Debt securities	1	—	—	1
Long-term loans	—	910	—	910
Assets	¥ 1	¥191,222	¥ —	¥191,223
Bonds payable	90,842	—	—	90,842
Long-term debt	—	3,157	—	3,157
Liabilities	¥90,842	¥ 3,157	¥ —	¥ 93,999

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	¥ —	¥204,471	¥ —	¥204,471
Investment securities				
Held-to-maturity securities				
Debt securities	1	—	—	1
Long-term loans	—	7,594	—	7,594
Assets	¥ 1	¥212,065	¥ —	¥212,066
Bonds payable	90,445	—	—	90,445
Long-term debt	—	25,367	—	25,368
Liabilities	¥90,445	¥ 25,367	¥ —	¥115,813

Category	Thousands of U.S. dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	\$ —	\$1,350,445	\$ —	\$1,350,445
Investment securities				
Held-to-maturity securities				
Debt securities	9	—	—	9
Long-term loans	—	50,157	—	50,157
Assets	\$ 9	\$1,400,602	\$ —	\$1,400,611
Bonds payable	597,353	—	—	597,353
Long-term debt	—	167,542	—	167,542
Liabilities	\$597,353	\$ 167,542	\$ —	\$ 764,895

Investment securities

Listed shares and government bonds are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value. The fair value of real estate investment trusts is the net assets value because no market price is available. This is categorized as a level 2 fair value.

Notes receivable, accounts receivable from completed construction contracts and other

The fair value of notes receivable, accounts receivable from completed construction contracts and other is calculated using the discounted cash flow method based on interest rates considering the claim amount, the period until maturity, and the credit risk for each claim divided into set periods, and this is categorized as a level 2 fair value.

Long-term loans

The fair value of Long-term loans is calculated using the discounted cash flow method based on interest rates considering the future cash flow, the period until the payment due date, and the credit risk for each obligation divided into set periods, and this is categorized as a level 2 fair value.

Bond

The fair value of bond is calculated based on the market price if there is a market price, and the market fair value is classified as level 1 fair value. Those without a market price are calculated by the discounted cash flow method based on the total amount of principal and interest, the remaining maturity of the bond, and the interest rate that takes into account credit risk, and this is categorized as a level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated using the discounted cash flow method based on interest rates considering the total amount of the sum of principal and interest, the remaining period of the concerned obligation, and the credit risk for each obligation, and this is categorized as a level 2 fair value.

19. Investment and rental properties

The Company and some subsidiaries have office buildings (including land) for rent in Tokyo district and other area.

Profit for investment and rental properties in 2023 was ¥3,255 million, in 2024 was ¥3,402 million (\$22,472 thousand).

Balance sheet amount, change in this and preceding fiscal years, and fair value for properties were as follows:

Millions of yen			
Carrying amount		Fair value	
April 1, 2022	Increased (decreased)	March 31, 2023	March 31, 2023
¥129,533	¥(6,926)	¥122,607	¥154,308

Millions of yen			
Carrying amount		Fair value	
April 1, 2023	Increased (decreased)	March 31, 2024	March 31, 2024
¥122,607	¥1,206	¥123,813	¥160,756

Thousands of U.S. dollars			
Carrying amount		Fair value	
April 1, 2023	Increased (decreased)	March 31, 2024	March 31, 2024
\$809,769	\$7,966	\$817,735	\$1,061,727

- Carrying amount is net of accumulated depreciation and accumulated impairment losses from acquisition cost.
- The main reason of increase in 2023 was the purchase, ¥18,208 million (\$136,357 thousand), those of decrease were transfer to sales of real estate ¥22,704 million (\$170,031 thousand), depreciation ¥2,324 million (\$17,403 thousand).
The main reason of increase in 2024 was the purchase, ¥7,628 million (\$50,379 thousand), those of decrease were transfer to sales of real estate ¥3,370 million (\$22,260 thousand), depreciation ¥2,282 million (\$15,069 thousand), selling ¥1,351 million (\$8,925 thousand).
- Fair value at the end of fiscal year is assessed by the Company mainly based on "real-estate appraisal criterion."

20. Asset retirement obligations

The asset retirement obligations included in financial statement for the years ended March 31, 2023 and 2024 were as follows:

(a) Outline of asset retirement obligations and methods used to calculate asset retirement obligations

- Obligation to remove asbestos based on 'Act on Asbestos Health Damage Relief'
The estimated period of service of the building is 1 to 31 years from acquisition and the discount rate has calculated the adjustment amount of asset retirement obligations by having used 0.000 to 2.308%.
- Obligation to soil investigation based on Soil Contamination Countermeasures Act
The estimated period of service of the building is 8 to 24 years from acquisition and the discount rate has calculated the adjustment amount of an asset retirement obligation by having used 0.583 to 1.989%.
- Rationally estimated cost of obligation to restore to original state based on real estate rental contract
The estimated period of service of rental stores owned by the Group is from 19 years to 47 years based on periodical lease contract and the discount rate has calculated the adjustment amount of an asset retirement obligations by having used 0.189 to 2.155%. The estimated period of service of the offices which the Group rents is from 3 years to 42 years based on periodical lease contract and the discount rate has calculated the adjustment amount of asset retirement obligations by having used from 0.000 to 1.530%.

(b) Increase (decrease) of asset retirement obligations as of March 31, 2023 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year	¥762	¥758	\$5,005
New obligations by acquisition of fixed assets	19	163	1,074
Adjustment for time's passage	5	5	34
Decrease because of executed obligation	(28)	—	—
Others	—	(8)	(53)
Balance at end of year	¥758	¥918	\$6,060

21. Revenue recognition

1. Information about disaggregation of revenue from the contract with the customer

For the year ended March 31, and 2023

Net sales:	Millions of yen					
	2023					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time.....	¥107,772	¥167,159	¥23,257	¥ —	¥ —	¥298,188
Goods or services to be transferred at one time.....	104	8,750	253	21,768	112	30,987
Revenue from contracts with customers.....	107,876	175,909	23,510	21,768	112	329,175
Other revenue.....	—	—	—	10,582	—	10,582
Sales to customers.....	¥107,876	¥175,909	¥23,510	¥32,350	¥112	¥339,757

For the years ended March 31, and 2024

Net sales:	Millions of yen					
	2024					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time.....	¥104,852	¥228,453	¥30,758	¥ —	¥ —	¥364,063
Goods or services to be transferred at one time.....	2,111	6,742	127	18,106	70	27,156
Revenue from contracts with customers.....	106,963	235,195	30,885	18,106	70	391,219
Other revenue.....	—	—	—	10,275	139	10,414
Sales to customers.....	¥106,963	¥235,195	¥30,885	¥28,381	¥209	¥401,633

Net sales:	Thousands of U.S. dollars					
	2024					
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Total
Goods or services transferred over time.....	\$692,506	\$1,508,838	\$203,143	\$ —	\$ —	\$2,404,487
Goods or services to be transferred at one time.....	13,941	44,529	837	119,583	461	179,352
Revenue from contracts with customers.....	706,447	1,553,367	203,980	119,583	461	2,583,839
Other revenue.....	—	—	—	67,859	921	68,780
Sales to customers.....	\$706,447	\$1,553,367	\$203,980	\$187,442	\$1,382	\$2,652,619

Segment classification has changed from the fiscal year ended March 31, 2024. Details are provided in “(a) Decision of Reportable Segments” under “22. Segment Information.” In addition, the information about disaggregation of revenue from the contract with the customer for the fiscal year ended March 31, 2023 has been presented based on the revised segment classifications.

2. Information to understand the amount of revenue for the current period and the following period

(a) Balance of contract assets and contract liabilities, etc.

	Thousands of U.S. dollars	
	2024	2024
Receivables arising from contracts with customers as of April 1, 2023.....	¥ 58,599	\$387,022
Receivables arising from contracts with customers as of March 31, 2024....	59,674	394,124
Contract assets as of April 1, 2023.....	131,177	866,371
Contract assets as of March 31, 2024.....	144,317	953,156
Contract liabilities as of April 1, 2023.....	16,965	112,046
Contract liabilities as of March 31, 2024.....	27,530	181,824

Contract assets are mainly related to consideration for works that meet performance obligations at the end of the fiscal year but have not yet claimed.

Contract assets are transferred to receivables when the right to payment becomes unconditional.

Contract liabilities are primarily related to advances received on construction contracts in progress.

In the construction industry, the normal payment time differs depending on the contract, and there is no clear relationship with the time when the performance obligation is satisfied.

Regarding the revenue recognized for the year ended March 31, 2023, the amount included in the contract liability balance as of the beginning of the period was ¥10,620 million.

Revenue recognized from performance obligations that have been met or partially met in the past period are not significant.

Regarding the revenue recognized for the year ended March 31, 2024, the amount included in the contract liability balance as of the beginning of the period was ¥14,430 million.

Revenue recognized from performance obligations that have been met or partially met in the past period are not significant.

(b) Transaction price allocated to residual performance obligations
The total transaction price allocated to the remaining performance obligations of the Company is as follows.

In addition, all costs arising from contracts with customers, and undecided cost which is estimated amount of additional and design change construction, is included.

	Millions of yen			
	2023			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation..	¥311,248	¥313,668	¥88,715	¥713,631

It is expected that the performance obligation of the civil engineering business will be satisfied within 7 years, the performance obligation of the construction business will be satisfied within 3 years, and the performance obligation of the international business will be satisfied within 6 years. There is no significant amount of consideration that results from the contract with the customer that is not included in the transaction price.

	Millions of yen			
	2024			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation..	¥324,657	¥343,587	¥79,733	¥747,977

	Thousands of U.S. dollars			
	2024			
	Civil Engineering	Building Construction	International Business	Total
Residual performance obligation..	\$2,144,228	\$2,269,250	\$526,602	\$4,940,080

Segment classification has changed from the fiscal year ended March 31, 2024. Details are provided in “(a) Decision of Reportable Segments” under “22. Segment Information.” In addition, the information to understand the amount of revenue for the fiscal year ended March 31, 2023 has been presented based on the revised segment classifications.

It is expected that the performance obligation of the civil engineering business will be satisfied within 7 years, the performance obligation of the construction business will be satisfied within 3 years, and the performance obligation of the international business will be satisfied within 5 years. There is no significant amount of consideration that results from the contract with the customer that is not included in the transaction price.

22. Segment information

(a) Decision of reportable segments

The Group's reportable business segments are components of the units for which separate financial information is available and such information is used regularly by the board of directors in deciding how to allocate resources and in assessing results of performance.

The Group consists of five reportable business segments as follows:

Civil Engineering.....	Contract for civil engineering project in Japan
Building Construction.....	Contract for architecture construction project in Japan
International Business.....	Contract for construction project abroad
Asset Value-Added Business.....	Lease and sale of real estate and asset management
Regional Environmental Solutions ...	Renewable energy, urban development, and other businesses

Segment classification has changed from the fiscal year ended March 31, 2024, in accordance with the “Nishimatsu Vision 2030 and Medium-Term Management Plan 2025” announced on February 21, 2023. The international business, which was previously included in the 'Civil Engineering' and 'Building Construction' segments, is now classified under the 'International Business' segment. In addition, the renewable energy, urban development, and other businesses that were previously included in the 'Development and Real Estate' segment are now classified under the 'Regional Environmental Solutions' segment, the 'Development and Real Estate Business' segment has been renamed to the 'Asset Value-Added Business' segment. The segment information for the year ended March 31, 2023 has presented based on the revised segment classifications.

(b) Methods used to calculate net sales, profit (loss), assets, liabilities, and other items for each reportable business segment

The accounting policies of the reportable business segments are mostly the same as those disclosed in “Summary of significant accounting policies.” And the internal profit between segments and amount transfer to other segment are based on market price.

(c) Net sales, profit or loss, assets and liabilities by reportable business segments for the years ended March 31, 2023 and 2024.

	Millions of yen						
	2023						
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers.....	¥107,876	¥175,909	¥23,510	¥32,350	¥112	¥ —	¥339,757
Intersegment or transfer.....	—	67	880	245	6	(1,198)	—
Total.....	¥107,876	¥175,976	¥24,390	¥32,595	¥118	¥(1,198)	¥339,757
Operating income (loss).....	11,723	(5,577)	(3,849)	11,045	(702)	(24)	12,616
Depreciation and amortization.....	578	549	93	2,728	19	—	3,967

- “Adjustments” of negative 24 million yen in “Operating income (loss)” is due to the deletion with which segments transact.
- Adjustments are made between “Segment profit” and “Operating income (loss)” reported in the consolidated statement of income.
- Assets of each segment are not mentioned because of not distribution to the business segment.

Millions of yen							
2024							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers.....	¥106,963	¥235,195	¥30,885	¥28,381	¥ 209	¥ —	¥401,633
Intersegment or transfer.....	—	2,025	2,236	261	—	(4,522)	—
Total.....	¥106,963	¥237,220	¥33,121	¥28,642	¥ 209	¥(4,522)	¥401,633
Operating income (loss).....	11,100	348	(553)	8,899	(822)	(145)	18,827
Depreciation and amortization.....	501	618	90	2,755	31	—	3,994

1. "Adjustments" of negative 145 million yen in "Operating income (loss)" is due to the deletion with which segments transact.
2. Adjustments are made between "Segment profit" and "Operating income (loss)" reported in the consolidated statement of income.
3. Assets of each segment are not mentioned because of not distribution to the business segment.

Thousands of U.S. dollars							
2024							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Net sales:							
Customers.....	\$706,447	\$1,553,367	\$203,980	\$187,442	\$ 1,382	\$ —	\$2,652,618
Intersegment or transfer.....	—	13,371	14,769	1,729	—	(29,869)	—
Total.....	\$706,447	\$1,566,738	\$218,749	\$189,171	\$ 1,382	\$(29,869)	\$2,652,618
Operating income (loss).....	73,312	2,299	(3,655)	58,777	(5,429)	(957)	124,347
Depreciation and amortization.....	3,306	4,081	594	18,193	204	—	26,378

Related information

(1) Products and services

Information about products and services is included in "(c) Net sales, profit or loss, assets and liabilities by reportable business segments for the years ended March 31, 2023 and 2024."

(2) Geographical areas

Information by geographical segment for the years ended March 31, 2023 and 2024 were summarized as follows:

Millions of yen				
2023				
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.....	¥311,632	¥28,125	¥ —	¥339,757

Millions of yen				
2024				
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.....	¥370,700	¥30,900	¥33	¥401,633

Thousands of U.S. dollars				
2024				
	Domestic	Southeast Asia	Other area	Consolidated
Net sales:				
Customers.....	\$2,448,322	\$204,081	\$216	\$2,652,619

(4) Impairment losses

There was no impairment losses transaction for the year ended March 31, 2023.

Information by impairment losses for the year ended March 31, 2024 was summarized as follows:

Millions of yen							
2024							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Impairment losses.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥958	¥958

Information about tangible assets

This item is omitted because the tangible assets located in Japan represented over 90% of the tangible assets on the consolidated balance sheet.

(3) Major customers

Net sales to single customer represented 10% or more of total net sales of the consolidated statement of income for the year ended March 31, 2023 was as follows:

Millions of yen		
2023		
	Sales	Segments
Ministry of Land, Infrastructure, Transport and Tourism.....	¥38,627	Civil Engineering, Building Construction

This item is omitted because there was no customer represented 10% or more of total net of the consolidated statement of income for the year ended March 31, 2024.

(5) Information on Amortization of Goodwill and Unamortized Balance by Reported Segment

Information by amortization of goodwill and unamortized balance by reportable business segment for the years ended March 31, 2023 and 2024 were summarized as follows:

Millions of yen							
2023							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year.....	¥ —	¥ —	¥ —	¥ 8	¥ —	¥ —	¥ 8
Balance at March 31, 2023.....	—	—	—	68	—	—	68

Millions of yen							
2024							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year.....	¥ —	¥ —	¥ —	¥ 8	¥ —	¥ —	¥ 8
Balance at March 31, 2024.....	—	—	—	60	—	—	60

Thousands of U.S. dollars							
2024							
	Civil Engineering	Building Construction	International Business	Asset Value-Added Business	Regional Environmental Solutions	Elimination	Consolidated
Depreciation for the year.....	\$ —	\$ —	\$ —	\$ 53	\$ —	\$ —	\$ 53
Balance at March 31, 2024.....	—	—	—	396	—	—	396

(6) Information on Gains on Negative Goodwill by Reported Segment

Not Applicable.

(7) Information on Related Party Transaction

The detail for the years ended March 31, 2023 and 2024 were as follows:

Millions of yen					
2023					
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
ITOCHU Corporation.....	¥253,448	General trading company	10%	Land-Buildings	¥6,245
ITOCHU Property Development, Ltd.....	10,225	Real estate business	—	Buildings	565

Prices and other transaction conditions are negotiated each time a contract is concluded, taking into consideration the prevailing market conditions.

1. Non-consolidated subsidiaries and associates of the company

Millions of yen					
2024					
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
Jack-up Wind Farm Construction.....	¥100	Operation and leasing of ships	29%	Funding	¥6,174

Thousands of U.S. dollars					
2024					
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
Jack-up Wind Farm Construction.....	\$660	Operation and leasing of ships	29%	Funding	\$40,777

Loans of funds are determined reasonably, taking into consideration the market interest rates.

2. Major shareholders (limited to companies) of the company

Millions of yen					
2024					
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
ITOCHU TAIWAN INVESTMENT CORPORATION.....	¥23,695	Investment in shareholding companies	—	Stock transfer	¥12,944

Thousands of U.S. dollars					
2024					
	Capital or Investment	Business Content	Voting Rights Ownership Ratio	Transaction Details	Transaction Amount
ITOCHU TAIWAN INVESTMENT CORPORATION.....	\$156,493	Investment in shareholding companies	—	Stock transfer	\$85,488

Transaction price for the transfer of shares is determined by mutual consultation between the two parties, taking into consideration the market prices and other factors.

23. Per share information

Basic net income per share shown below is computed based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share is not disclosed as the Group had no dilutive potential of common shares as of March 31, 2023 and 2024.

a) Per share information

	Yen		U.S. dollars
	2023	2024	2024
Net income:			
Net assets:	¥3,770.77	¥4,277.06	\$28.248
Basic:	¥ 244.43	¥ 313.86	\$ 2.073

1. Diluted net income per share for the years ended March 31, 2023 and 2024 were not presented because the Company had no shares with dilutive effects.

b) The basis of calculating net income per share was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit attributable to owners of parent	¥ 9,648	¥12,389	\$81,821
Amount that does not belong to general shareholders	—	—	—
Profit attributable to owners of parent	9,648	12,389	81,821
Average number of shares of common stock during the year (Unit:1000)	39,473	39,472	261

c) The basis of calculating net assets per share was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Total amount under net assets	¥156,149	¥176,857	\$1,168,066
Amount deducted from the total amount under net assets	7,307	8,038	53,086
(Of which non-controlling interests)	(7,307)	(8,038)	(53,086)
Net assets at the end of the year related to common stock	148,842	168,819	1,114,980
Number of shares of common stock at the end of the year used in the calculation of net assets per share (Unit:1000)	39,472	39,471	261

- The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders' equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.
- In calculating the amount of net assets per share, the number of stock deducted was 225 thousand shares at the end of the previous consolidated fiscal year and at the end of the fiscal year.

24. Quarterly Information for FY2023 (April 1, 2023 to March 31, 2024)

a) Accumulated period

	Millions of yen			
	Three months ended	Six months ended	Nine months ended	Year ended
	Apr 1, 2023 Jun 30, 2023	Jul 1, 2023 Sep 30, 2023	Oct 1, 2023 Dec 31, 2023	Jan 1, 2024 Mar 31, 2024
Net sales	¥84,194	¥190,964	¥294,843	¥401,633
Profit before income taxes	1,681	10,577	15,311	18,921
Profit attributable to owners of parent	1,065	7,151	10,293	12,389
Per share of net income (Yen)	26.99	181.18	260.78	313.86

	Thousands of U.S. dollars			
	Three months ended	Six months ended	Nine months ended	Year ended
	Apr 1, 2023 Jun 30, 2023	Jul 1, 2023 Sep 30, 2023	Oct 1, 2023 Dec 31, 2023	Jan 1, 2024 Mar 31, 2024
Net sales	\$556,069	\$1,261,241	\$1,947,317	\$2,652,619
Profit before income taxes	11,102	69,854	101,126	124,965
Profit attributable to owners of parent	7,036	47,232	67,984	81,821
Per share of net income (U.S. dollars)	0.178	1.197	1.722	2.073

b) Each period

	Yen			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	Apr 1, 2023 Jun 30, 2023	Jul 1, 2023 Sep 30, 2023	Oct 1, 2023 Dec 31, 2023	Jan 1, 2024 Mar 31, 2024
Per share of net income	¥26.99	¥154.19	¥79.60	¥53.08

	U.S. dollars			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	Apr 1, 2023 Jun 30, 2023	Jul 1, 2023 Sep 30, 2023	Oct 1, 2023 Dec 31, 2023	Jan 1, 2024 Mar 31, 2024
Per share of net income	\$0.178	\$1.018	\$0.526	\$0.351

- Diluted net income per share for the years ended March 31, 2023 and 2024 were not presented because the Company had no shares with dilutive effects.
- The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders' equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nishimatsu Construction Co., Ltd.

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Nishimatsu Construction Co., Ltd. and its subsidiaries (the Group) which comprise the consolidated balance sheets as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 7 to the consolidated financial statements, which describes the significant subsequent events. The Company has canceled a portion of its treasury shares. This cancellation is based on a resolution of the board meeting held on April 26, 2024. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were

addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimation for the method of recognizing revenue over time

Details of key audit matters and reasons for the decision

As stated in the explanatory notes, sales from completed construction work calculated by applying the percentage of completion method of the Group are 364,002 million and account for 90.6% of the total net sales in the consolidated statement of income.

In applying the method of recognizing revenue over time, reasonable estimates need to be made of the total construction revenue and the total construction cost. If there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted on the contracted amount of the total construction revenue agreed with the ordering party. In addition, the total construction cost includes the amount of estimated construction cost that will occur after the settlement date on the assumptions of costs occurred by the settlement date; outsourcing costs, material costs, etc., considering the negotiation with the partner companies; and the conditions of each individual construction contract. These estimated amounts entail uncertainty as they are calculated based on certain assumptions for each construction contract.

In many cases, changes are likely to be made to the construction contract while works are in progress, in accordance with new agreements between concerned parties. If the amount of change cannot be decided each time, the total construction revenue is estimated based on the status of discussions up to that point. Furthermore, substantial differences among each construction contract make it difficult to apply a unified method to all construction works in estimating the total construction cost.

Therefore, estimation of the total construction revenue and the total construction cost entails uncertainty, and certain assumptions in the accounting estimation may involve subjective decisions of the management. For these reasons, we judged that accounting estimation for the method of recognizing revenue over time falls under key audit matters.

Audit procedures

To review the reasonableness of the accounting estimation for method of recognizing revenue over time, we took mainly the following audit procedures.

- We assessed the design, implementation and operation of the internal control concerning the estimation of the total construction revenue and the total construction cost.
- We took mainly the following audit procedures for the construction works that have been judged

to have a significant impact on the consolidated financial statements.

- We browsed contracts concerning the total construction revenue and records of meetings with the ordering party. The procedure includes sending a confirmation letter to the ordering party. In addition, we confirmed that the construction progress rate calculated by the cost-to-cost method is consistent with the work schedule, as well as that the total construction cost matches the figure in the estimation documents, etc. approved by the manager of the construction department in branch offices.
- We asked questions to the manager of the construction department in branch offices about the total construction revenue and the total construction cost and, as necessary, browsed documents that constitute grounds for the estimates, such as instructions and estimation documents concerning additional and design change construction.
- If any significant change had been made to the total construction revenue or the total construction cost, we asked questions to the manager of the business division and browsed additional contracts, estimation documents, etc. concerning the construction.
- We asked questions to the site manager about the items included in the estimates of the total construction revenue and the total construction cost. We also visited sites to confirm the consistency between the work schedule and the progress rate at the construction site.

Other Matter

Pursuant to Companies Act of Japan and Financial Instruments and Exchange Act of Japan, the Group has prepared separate sets of consolidated financial statements for the year ended March 31, 2024 in accordance with accounting principles generally accepted in Japan on which we issued separate auditor's reports dated May 13, 2024 and June 26, 2024 respectively.

Other Information

The other information comprises the information included in the documents to be submitted to the parties concerned, but does not include the consolidated financial statements and our auditor's report thereon. We did not perform any work on the other information as we had determined such information did not exist.

Responsibilities of Management and Corporate Auditors and Board of Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The procedures selected and applied depend on the auditor's judgement.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to

cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation, in addition, evaluate whether the presentation of consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Convenience Translation

The United States dollar amounts shown in the consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note. 8.

<Fee-Related Information>

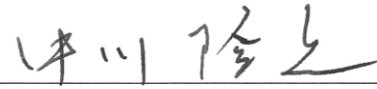
Fees for audit and other services for the year ended March 31, 2024 which were charged by us and our network firms to Nishimatsu Construction Co., Ltd. and its subsidiaries were ¥ 62 million and ¥ 1 million, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Gyosei & Co.

Tokyo, Japan
September 30, 2024



Takayuki Nakagawa
Designated Engagement Partner
Certified Public Accountant



Tadashi Kanai
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Five-Year Summary

Nishimatsu Construction Co., Ltd.
March 31, 2023 and 2024

	Millions of yen				
	2020	2021	2022	2023	2024
Orders received	¥ 361,014	¥ 312,278	¥ 328,094	¥ 327,401	¥ 351,245
Orders received from overseas	(1,384)	2,089	42,298	44,835	10,495
Percentage of orders received from overseas	(0.4%)	0.7%	12.9%	13.7%	3.0%
Net sales	377,167	328,253	317,707	328,386	390,299
Cost of sales	334,773	290,118	274,686	296,488	351,893
Selling, general and administrative expenses	17,742	17,867	19,169	19,832	20,084
Profit before income taxes	25,510	25,663	22,610	13,061	18,400
Profit.....	19,143	18,087	15,003	9,394	12,226
Percentage of income against net sales.....	5.1%	5.5%	4.7%	2.9%	3.1%
Total assets	483,112	464,220	462,400	490,939	540,572
Net assets	193,587	203,231	147,941	145,070	163,337
Percentage of net assets against total assets	40.1%	43.8%	32.0%	29.6%	30.2%
Common stock.....	23,514	23,514	23,514	23,514	23,514
Per share of common stock (in yen)					
Net income	¥ 349.94	¥ 330.64	¥ 310.27	¥ 237.98	¥ 309.74
Cash dividends applicable to the year	105.00	105.00	221.00	221.00	220.00
Net assets	3,538.96	3,715.32	3,747.90	3,675.22	4,138.16
Number of shareholders	17,854	17,170	16,582	33,977	26,722
Number of employees	2,684	2,762	2,794	2,804	2,892

Note:

*1 Effective beginning the March 31, 2022 fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Guidance No. 29 of March 31, 2020)."

*2 Highest stock price and lowest stock price were those recorded on the First Section of the Tokyo Stock Exchange until April 3, 2022, and those recorded on the Prime Market of the Tokyo Stock Exchange on April 4, 2022 and onwards.

*3 The Company's shares in the "Board Benefit Trust (BBT)," which are reported as treasury shares under Shareholders' equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.

Non-Consolidated Balance Sheet

Nishimatsu Construction Co., Ltd.
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Assets			
Current assets:			
Cash and time deposits	¥ 38,291	¥ 45,634	\$ 301,393
Notes and accounts receivable, trade:			
Notes	7,039	3,476	22,960
Accounts.....	181,619	200,389	1,323,485
Allowance for doubtful accounts (Notes 2 and 17).....	(20)	(90)	(593)
Marketable securities	1	—	—
Inventories (Notes 2 and 9).....	21,067	22,647	149,572
Short- term loans to subsidiaries and affiliates.....	314	555	3,664
Advance paid.....	12,437	19,421	128,267
Prepaid expenses	618	551	3,639
Investments in leases.....	—	159	1,049
Other current assets	9,606	5,137	33,934
Total current assets	270,972	297,879	1,967,370
Property and equipment (Notes 2 and 16):			
Land	83,657	82,281	543,433
Buildings.....	82,345	86,616	572,063
Machinery and equipment.....	9,802	10,234	67,593
Accumulated depreciation.....	(34,472)	(37,221)	(245,835)
Total property and equipment.....	141,332	141,910	937,254
Investments and other assets:			
Investment securities (Notes 2 and 15).....	33,804	55,638	367,467
Investments in subsidiaries and affiliates (Notes 2 and 10).....	16,013	17,138	113,189
Investments in capital of subsidiaries and affiliates.....	4,661	4,607	30,427
Long-term loans to subsidiaries and affiliates	1,357	7,287	48,126
Deferred tax assets (Notes 2 and 11)	6,655	—	—
Long-term loans receivable	326	321	2,117
Long-term prepaid expenses	42	33	221
Investments in capital.....	26	26	170
Long-term loans receivable from employees	—	1	6
Others.....	15,822	16,105	106,371
Allowance for doubtful accounts (Notes 2, 11 and 17)	(71)	(373)	(2,465)
Total investments and other assets.....	78,635	100,783	665,629
Total assets	¥490,939	¥540,572	\$3,570,253

The accompanying notes are an integral part of this statement.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Liabilities and Net assets			
Current liabilities:			
Short- term debt from banks.....	¥ 59,239	¥ 39,970	\$ 263,985
Current portion of bonds payable.....	15,000	20,000	132,092
Notes and accounts payable, trade:			
Notes	23,950	29,308	193,569
Accounts.....	46,321	48,165	318,111
Advances received on uncompleted contracts	16,637	26,622	175,827
Provision for warranties for completed construction (Notes 2, 3 and 17).....	1,658	2,190	14,463
Provision for bonuses (Notes 2 and 17)	2,771	4,390	28,997
Provision for loss on construction contracts (Notes 2 and 17).....	7,920	4,380	28,928
Accrued income taxes	1,784	3,162	20,883
Provision for loss on real estate business and other (Notes 2 and 17) ..	34	—	—
Lease obligations	22	17	109
Accounts payable - other.....	2,580	7,420	49,006
Accrued expenses	83	104	684
Deposits received	64,365	69,611	459,750
Unearned revenue.....	4	8	54
Asset retirement obligations	—	37	244
Other current liabilities (Note 5).....	120	298	1,968
Total current liabilities.....	242,488	255,682	1,688,670
Long- term liabilities:			
Bonds payable.....	91,000	91,000	601,017
Long-term debt.....	—	17,500	115,580
Accrued retirement benefits	6,066	6,047	39,940
Provision for share awards for directors (and other officers) (Notes 2 and 17).....	107	177	1,171
Deferred tax liabilities (Note 11)	—	1,224	8,081
Asset retirement obligations	729	814	5,379
Lease obligations	21	29	190
Other long- term liabilities (Note 5).....	5,458	4,762	31,454
Total long-term liabilities.....	103,381	121,553	802,812
Total liabilities.....	345,869	377,235	2,491,482
Net assets:			
Common stock:			
Authorized - 160,000,000 shares			
Issued and outstanding - 55,591,502 shares	23,514	23,514	155,298
Capital surplus	20,780	20,780	137,246
Legal reserve	5,878	5,878	38,824
Retained earnings	147,769	153,603	1,014,483
Treasury stock, at cost.....	(57,338)	(57,344)	(378,735)
Valuation difference on available-for-sale securities	44,677	16,906	111,655
Total net assets	145,070	163,337	1,078,771
Total liabilities and net assets.....	¥490,939	¥540,572	\$3,570,253

The accompanying notes are an integral part of this statement.

Non-Consolidated Statement of Income

Nishimatsu Construction Co., Ltd.
March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net sales (Note 2):			
Completed construction contract	¥295,642	¥361,559	\$2,387,946
Real estate business and other	32,744	28,740	189,818
	328,386	390,299	2,577,764
Cost of sales (Notes 2 and 19):			
Cost of completed construction contract	276,107	333,532	2,202,841
Cost of real estate business and other	20,381	18,361	121,266
	296,488	351,893	2,324,107
Gross profit	31,897	38,406	253,657
Selling, general and administrative expenses	19,832	20,084	132,647
Income from operations	12,065	18,322	121,010
Other income (expenses):			
Interest and dividend income	652	818	5,399
Foreign currency exchange gain	185	817	5,396
Reversal of allowance for doubtful accounts	5	(310)	(2,045)
Interest expenses	(652)	(720)	(4,753)
Financing expenses	(109)	(172)	(1,134)
Gain on sales of non-current assets (Note 14)	238	25	162
Impairment losses	—	(958)	(6,324)
Loss on valuation of investment securities	(311)	(6)	(40)
Loss on retirement of non-current assets (Note 14)	(23)	(15)	(99)
Loss on sales of non-current assets (Note 14)	(8)	(258)	(1,702)
Gains from paid-in capital reduction by a consolidated subsidiary ..	—	771	5,092
Other - net (Note 5)	1,019	86	568
	996	78	520
Profit before income taxes	13,061	18,400	121,530
Income taxes (Note 2)			
Current	4,078	3,780	24,968
Deferred	(411)	2,394	15,815
	3,667	6,174	40,783
Profit	¥ 9,394	¥ 12,226	\$ 80,747
	Yen		U.S. dollars
Per share of common stock			
Net income (loss)	¥ 237.98	¥ 309.74	\$ 2.046
Cash dividends applicable to the year	221.00	220.00	1.453

The accompanying notes are an integral part of this statement.

Non-Consolidated Statement of Changes in Net Assets

Nishimatsu Construction Co., Ltd.
March 31, 2023 and 2024

	Millions of yen						
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Total net assets
Balance at April 1, 2022	¥23,514	¥20,780	¥ 5,878	¥149,133	¥(57,335)	¥ 5,971	¥147,941
Dividends declared				(10,758)			(10,758)
Profit				9,394			9,394
Purchase of treasury shares					(5)		(5)
Disposal of treasury shares		0			2		2
Net changes of items other than shareholder's equity						(1,504)	(1,504)
Balance at April 1, 2023	¥23,514	¥20,780	¥ 5,878	¥147,768	¥(57,338)	¥ 4,467	¥145,069
Dividends declared				(6,391)			(6,391)
Profit				12,226			12,226
Purchase of treasury shares					(6)		(6)
Disposal of treasury shares		0			0		0
Net changes of items other than shareholder's equity						12,439	12,439
Balance at March 31, 2024	¥23,514	¥20,780	¥ 5,878	¥153,603	¥(57,344)	¥16,906	¥163,337
	Thousands of U.S. dollars						
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Total net assets
Balance at April 1, 2023	\$155,298	\$137,246	\$38,824	\$ 975,948	\$(378,696)	\$ 29,505	\$ 958,125
Dividends declared				(42,212)			(42,212)
Profit				80,747			80,747
Purchase of treasury shares					(41)		(41)
Disposal of treasury shares		0			2		2
Net changes of items other than shareholder's equity						82,150	82,150
Balance at March 31, 2024	\$155,298	\$137,246	\$38,824	\$1,014,483	\$(378,735)	\$111,655	\$1,078,771

The accompanying notes are an integral part of this statement.

Notes to Non-Consolidated Financial Statements

1. Basis of presenting non-consolidated financial statements

The accompanying non-consolidated financial statements of Nishimatsu Construction Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Corporation Law and in conformity with generally accepted accounting principles and practices in Japan.

Certain reclassification of the prior year's non-consolidated financial statements has been made to conform to the current year presentation.

In preparing the non-consolidated financial statements for the purpose of inclusion in this Corporate Report, certain reclassifications and rearrangements have been made to the non-consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers of these statements outside Japan.

2. Summary of significant accounting policies

(a) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the non-consolidated statement of income to the extent that they are not hedged by foreign exchange derivatives.

(b) Investments in securities

Held-to-maturity securities are either amortized or accumulated to face value.

Other securities with quoted market prices are carried at market value. The difference between the acquisition costs and the carrying value of other securities, including unrealized gains and losses, is recognized as a component of net assets and is reflected as "Valuation difference on available-for-sale securities."

The cost of other securities sold is computed by the moving average method.

Other securities without quoted market prices are stated at cost based on the moving average method.

(c) Inventories

Inventories other than materials and supplies are stated at the accumulated construction cost for each project, which does not include selling, general and administrative expenses.

Materials and supplies are stated at cost determined by the moving average method.

Regarding real estate held for sale, cost of uncompleted real estate development projects and materials and supplies, when deterioration in profitability is recognized, their book values on balance sheets are devalued.

(d) Depreciation and amortization

Property and equipment (excluding lease assets):

Property and equipment, including significant renewals and additions, are carried at cost.

The cost of property and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed generally by the declining balance method at rates based on the useful lives, which is determined under standards that conform to the methods provided for in the corporation tax act.

The straight-line method is applied to buildings acquired after April 1, 1998, and facilities attached to building and structures acquired after April 1, 2016.

Intangible assets (excluding lease assets):

Intangible assets are carried at cost.

Useful lives of assets are determined based on standards that conform to the methods provided for in the corporation tax act. Software for internal use is amortized using the straight-line method based on an internal estimate of its useful life (five years).

Lease assets:

Lease assets associated with finance leases that do not transfer ownership are accounted for based on the straight-line method with the term of lease as the useful life and the residual value as zero.

Long-term prepaid expenses

The straight-line method is applied.

(e) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost.

(f) Accrued retirement benefits

Accrued retirement benefits are calculated based on an estimate of the projected retirement benefit obligation and the plan assets.

Assets in the Company's defined benefit corporate pension plan are recorded as Others under Investment other assets as in the case of the plan assets exceeded the retirement benefit obligations.

Actuarial gains or losses are amortized on the straight-line method over 10 years beginning immediately the following year.

(g) Recognition of sales and related costs

In the construction business, which is the main business of the Company, we provide customers with the design and construction of buildings, etc. based on construction contracts. The main payment terms for our transactions are the payment terms agreed with the customer by contract, and the contract does not include any significant financial components.

1) The method of recognizing revenue over time

Regarding construction contracts in the construction business, we judge that performance obligations will be satisfied over time, mainly for long-term construction contracts, and we recognize revenue based on the progress of fulfillment of performance obligations. The method of estimating the progress related to the fulfillment of performance obligations is calculated by the ratio of the costs already incurred to the total estimated construction cost (i.e., the input method).

2) Revenue recognition by other methods

Cost recovery method: Works for which the progress rate related to the fulfillment of performance obligations cannot be reasonably estimated, we recognize the same amount of revenue as the costs incurred.

Completed contract method: Works that are reasonably expected to have a very small contract amount and a very short period, we recognize revenue when the performance obligations are fully satisfied.

(h) Income taxes

Deferred income taxes are recognized applying the asset and liability method.

Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of the assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(i) Hedge accounting

Interest rate swaps are utilized to avoid interest volatility risk on debt.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the net amount to be paid or received under the interest rate swap contracts are recognized and included in interest expense and income as incurred. Forward foreign exchange contracts utilized as a hedging instrument against risk arising from exchange rate fluctuations which meet the required criteria are accounted for by the allocation method. In the allocation

method, assets and liabilities subject to foreign forward contract are translated by the contracted rate of exchange.

(j) Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying non-consolidated financial statements when approved by the shareholders.

(k) Allowance for doubtful accounts

The Company provides for possible losses due to uncollectible of notes, accounts, loans receivable and others based on the Company's past credit loss experience and management's estimate.

(l) Provision for warranties for completed construction

Provision for losses which are expected to occur in the future related to defects of completed work is provided based on the estimated amount calculated using an actual percentage of related losses during a certain past period and the estimate future warranty expense amount for the specific properties.

(m) Provision for share awards for directors (and other officers)

Preparing for issuing of Company's shares under the performance-based compensation for directors and executive officers, the estimated number of shares to be paid according to the points allocated to the officers, can be reasonably estimated.

(n) Provision for bonuses for directors (and other officers)

The estimated amount of cash payment by the performance-based compensation for directors and executive officers can be reasonably estimated.

(o) Provision for bonuses

Provision for bonuses is based on the estimated value of the bonus to be paid to employees.

(p) Provision for loss on construction contracts

Provision for loss on construction contracts is provided with respect to construction projects for which the losses can be reasonably estimated.

(q) Provision for loss on real estate business

Provision for losses which are expected to occur in the future related to real estate businesses is provided when the loss can be reasonably estimated.

(r) Other accounting policies on preparing non-consolidated financial statements

(1) Accounting for unrecognized actuarial gain or loss or unrecognized past service cost on non-consolidated balance sheet are different from the accounting on consolidated balance sheet.

(2) Accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined.

In the construction business, joint venture accounting process is mainly recognized assets, liabilities, profit and expenses by member's investment ratio.

3. Important accounting estimates

(a) Estimation the method of recognizing revenue over time (former the percentage of completion method)

FY2022

Sales from the method of recognizing revenue over time (former the percentage of completion method) are ¥289,364 million (\$2,167,030 thousand).

Provision for loss on construction contracts is ¥7,920 million (\$59,313 thousand).

FY2023

Sales from the method of recognizing revenue over time are ¥355,580 million (\$2,348,460 thousand).

Provision for loss on construction contracts is ¥4,380 million (\$28,928 thousand).

The identified item is same information as "Notes to consolidated financial statements, (a) Estimation for the method of recognizing revenue over time under Note 3. Important accounting estimates."

(b) Provision for warranties for completed construction

FY2022

Provision for warranties for completed construction are ¥1,658 million (\$12,416 thousand).

FY2023

Provision for warranties for completed construction are ¥2,190 million (\$14,463 thousand).

The identified item is same information as "Notes to consolidated financial statements, (b) Provision for warranties for completed construction under Note 3. Important accounting estimates."

4. Changes in Accounting Policy

Not Applicable.

5. Changes in presentation

(a) Notes to non-consolidated statement of Income

"Gain on investments in silent partnerships," "Gain on sales of investment securities" and "Loss on valuation of golf club membership" which were separated in "Other income (expenses)" in the previous fiscal year, are included in "Other - net" listed from the fiscal year ended March 31, 2024, because of less quantitative materiality.

The non-consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥155 million of "Gain on investments in silent partnerships," ¥707 million of "Gain on sales of investment securities" and ¥(74) million of "Loss on valuation of golf club membership" under "Other income (expenses)" in the non-consolidated statements of income of the previous fiscal year have been reclassified as ¥1,019 million of "Other-net."

6. Additional information

The notes on the Transactions involving issue of Company stock to Directors and others via trust are omitted because the same content is described in the "Notes (Additional Information)" section of the consolidated financial statements.

7. United States dollar amounts

The United States dollar amounts presented in the accompanying non-consolidated financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥151.41 = US\$1, which was the exchange rate prevailing as of March 31, 2024.

These conversions should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into, United States dollars at that rate.

8. Significant subsequent events

(Cancellation of treasury shares)

The Company has canceled a portion of its treasury shares pursuant to Article 178 of the Companies Act of Japan, as stated below. This cancellation is based on a resolution of the board meeting held on April 26, 2024.

1. Type of shares to be cancelled	Common shares
2. Number of shares to be cancelled	13,800,000 shares
3. Date of cancellation	July 1, 2024
4. Total number of issued shares after cancellation	41,791,502 shares

(Issue of unsecured bonds)

The Company has issued unsecured bonds with a payment date of September 20, 2024, under the following conditions. This issuance is based on a comprehensive resolution of the board meeting held on August 30, 2024, which determined the total amount to be offered, etc.

1. The total amount of issued corporate bonds	20 billion yen
2. Issued price	100 yen for every 100 yen offered
3. Interest rate	1.140% per year
4. Payment date	September 20, 2024
5. Redemption deadline	September 20, 2029
6. Use of funds	Bond redemption.
7. Financial covenants	"Collateral provision restriction clause" is attached.

9. Inventories

Inventories comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Costs on uncompleted construction contracts.....	¥ 6,045	¥14,231	\$ 93,989
Real estate for sale.....	14,415	7,692	50,801
Raw materials and supplies.....	607	724	4,782
Total.....	¥21,067	¥22,647	\$149,572

10. Securities

As no quoted market prices are available, the fair value of stocks of subsidiaries and affiliates is not mentioned.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Stocks of subsidiaries.....	¥15,830	¥16,850	\$111,290
Stocks of affiliates.....	183	288	1,899
Total.....	¥16,013	¥17,138	\$113,189

11. Income taxes

Composition of deferred tax assets and liabilities

(a) Deferred tax assets and liabilities as of March 31, 2023 and 2024 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2023	2024	2024	
Deferred tax assets:				
Impairment loss of long-lived assets.....	¥ 2,362	¥ 2,362	\$ 15,603	
Accrued retirement obligations.....	1,710	1,632	10,777	
Provision for allowance for loss on construction projects.....	2,424	1,340	8,852	
Provision for bonuses.....	838	1,314	8,678	
Provision for warranties for completed construction.....	2,172	670	4,425	
Loss on valuation of real estate.....	253	253	1,673	
Valuation loss on investment securities.....	192	154	1,014	
Allowance for doubtful accounts.....	28	142	936	
Other.....	3,113	2,850	18,826	
Subtotal deferred tax assets.....	¥13,092	¥10,717	\$ 70,784	
Valuation allowance.....	(3,722)	(3,736)	(24,676)	
Gross deferred tax assets.....	¥ 9,370	¥ 6,981	\$ 46,108	
Deferred tax liabilities:				
Unrealized gain on available-for-sale securities...	¥ (1,970)	¥ (7,454)	\$(49,231)	
Reserve for reduction entry of replaced property...	(378)	(377)	(2,491)	
Others.....	(367)	(374)	(2,467)	
Gross deferred tax liabilities.....	¥ (2,715)	¥ (8,205)	\$(54,189)	
Net deferred tax assets (liabilities).....	¥ 6,655	¥ (1,224)	\$ (8,081)	

(b) Reconciliation between the statutory tax rate and the effective tax rate was as follows.

	2023	2024
Statutory tax rate (Adjustment).....	30.6%	30.6%
Permanent non-deductible items.....	2.9%	2.6%
Permanent non-taxable items.....	(0.4)%	(0.4)%
Inhabitant taxes on per capita levy.....	1.1%	0.8%
Valuation allowance.....	(1.2)%	0.1%
Tax credit.....	(3.8)%	(1.1)%
Other.....	(1.1)%	1.0%
Effective tax rate.....	28.1%	33.6%

12. Revenue recognition

Information that forms the basis for understanding revenue from contracts with customers is same as described in Notes 21. Revenue recognition in the consolidated financial statements.

13. Notes to non-consolidated balance sheet

Collateral assets and secured liabilities

(a) Pledged assets for loans on subsidiaries, affiliates and other obligations as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Pledged assets for loans on subsidiaries and affiliates:			
Buildings.....	¥245	¥236	\$1,556
Land.....	37	37	243
Investment securities.....	138	273	1,807
Total.....	¥420	¥546	\$3,606

(b) Loan guarantee

(1) The Company provides guarantee for borrowings, etc. from bank of below affiliated companies:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Nishimatsu Taiwan Investment Corporation.....	¥ —	¥10,262	\$67,777

(2) The Company provides guarantee for employees' housing loans from bank:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
	¥2	¥0	\$3

(c) Matured notes are settled on the bank clearance date.

Since March 31, 2024 was a holiday for financial institutions, the following matured notes due on that date are included in the non-consolidated balance sheet as of March 31, 2024.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Notes receivable - trade.....	¥ —	¥31	\$204

(d) Due to having ready working capital efficiently, the Company concludes rental commitment contracts.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Total amount of loan commitment.....	¥20,000	¥20,000	\$132,092
Loans outstanding.....	¥ —	¥ —	\$ —
Balance.....	¥20,000	¥20,000	\$132,092

(e) The Company transfers property and equipment to assets for sale of estate included in inventories due to purpose of possession.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings.....	¥ 6,734	¥ 179	\$ 1,184
Structures.....	143	2	16
Land.....	9,785	2,518	16,629
Total.....	¥16,662	¥2,699	\$17,829

(f) The amount of reduction entry which was conducted in current fiscal year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings.....	¥ —	¥ 2	\$12
Machinery.....	—	12	82
Construction in progress.....	0	—	—
Total.....	¥ 0	¥14	\$94

14. Notes to non-consolidated statement of income

(a) Gain on sales of fixed assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Land.....	¥ —	¥16	\$102
Machinery.....	27	1	8
Other.....	211	8	52
Total.....	¥238	¥25	\$162

(b) Loss on sales of fixed assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings and structures.....	¥1	¥ —	\$ —
Land.....	7	258	1,702
Machinery.....	0	0	0
Total.....	¥8	¥258	\$1,702

(c) Loss on retirement of non-current assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Buildings and structures.....	¥ 0	¥ —	\$ —
Machinery.....	5	2	10
Fixtures.....	3	4	28
Other.....	15	9	61
Total.....	¥23	¥15	\$99

15. Details of securities

(a) Stock

Investment Securities - Available-for-sale securities

Issuer	Number of shares	Thousands of U.S. dollars	
		Millions of yen Balance as of March 31, 2024 on balance sheets	Thousands of U.S. dollars
SUMITOMO REALTY & DEVELOPMENT CO., LTD.	5,000,000	¥28,985	\$191,434
TEIKOKU SEN-I CO., LTD.	1,000,000	2,346	15,494
HULIC CO., LTD.	1,405,500	2,209	14,588
MIZUHO FINANCIAL GROUP, INC.	705,548	2,149	14,194
TSURUYA DEPARTMENT STORE INC.	12,000	1,104	7,291
KYUSHU RAILWAY COMPANY	274,300	972	6,419
SHIKOKU ELECTRIC POWER CO.,INC	625,055	749	4,948
JAPAN NUCLEAR FUEL LIMITED	66,664	666	4,403
CENTRAL JAPAN RAILWAY COMPANY	162,500	605	3,999
KYUSHU ELECTRIC POWER COMPANY,INC.	437,788	603	3,980
TOKYO ELECTRIC POWER COMPANY HOLDINGS, INC.	579,375	547	3,612
KANSAI ELECTRIC POWER CO.,INC.	233,607	513	3,386
EAST JAPAN RAILWAY COMPANY	37,500	328	2,169
KANSAI INTERNATIONAL AIRPORT LAND COMPANY, LTD.	6,300	315	2,080
WEST JAPAN RAILWAY COMPANY	50,000	314	2,072
KEIKYU CORPORATION	220,198	307	2,026
METROPOLITAN INTERCITY RAILWAY COMPANY	6,000	300	1,961
ELECTRIC POWER DEVELOPMENT CO.,LTD.	118,000	294	1,945
OTHER (84 ISSUES)	3,910,041	2,898	19,140
Total	14,850,376	¥46,204	\$305,161

(b) Bonds

Securities - Held to maturity securities

Issuer	Thousands of U.S. dollars	
	Thousands of Philippine pesos Total face value	Millions of yen Figure on balance sheet
Government bond (1 issue) *1	₱520	¥1
Total	₱520	¥1

*1 Foreign currencies are displayed with the following abbreviations.
₱...Philippine peso

(c) Other

Investment Securities - Available-for-sale securities

Type and issue	Number of investment units, etc	Thousands of U.S. dollars	
		Millions of yen Figure on balance sheet	Thousands of U.S. dollars
Investment in anonymous association (Kohoku capital Godokaisya)	—	¥2,657	\$17,552
Investment in anonymous association (Godokaisha JF Fund Ichigo)	—	1,980	13,077
Nishimatsu Private REIT Inc.	1,200	1,200	7,925
Investment in anonymous association (Toranomom Nigo Godokaisha)	—	1,111	7,341
Investment in anonymous association (Kamiamacho Property Godokaisha)	—	867	5,726
Investment in anonymous association (Toranomom Ichigo Godokaisha)	—	750	4,953
Mitsui Fudosan Private REIT Inc.	300	429	2,833
Investment in anonymous association (Genesis three Godokaisha)	—	372	2,455
Investment in limited investment association (1 issue)	100	66	435
Total	—	¥9,432	\$62,297

16. Details of fixed assets

Type of assets	Millions of yen						
	Balance at April 1, 2023	Increase during the year	Decrease during the year	Balance at March 31, 2024	Accumulated depreciation or accumulated amortization at March 31, 2024	Depreciation for the year	Net balance at March 31, 2024
Tangible assets							
Buildings	¥ 78,214	¥ 4,810	¥1,076	¥ 81,948	¥26,791	¥2,730	¥ 55,157
Structures	3,005	118	19	3,104	1,653	101	1,451
Machinery and equipment	7,189	398	63	7,524	6,593	280	931
Vehicles	319	16	12	323	304	14	19
Tools, furniture, and supplies	2,176	174	98	2,252	1,787	197	465
Land	83,657	3,114	4,490	82,281	—	—	82,281
Lease assets	117	28	11	134	93	22	41
Construction in progress	1,127	3,025	2,587	1,565	—	—	1,565
Total tangible assets	¥175,804	¥11,683	¥8,356	¥179,131	¥37,221	¥3,344	¥141,910
Intangible assets							
Leasehold interests in land	300	—	—	300	—	—	300
Software	4,260	1,357	28	5,589	3,540	345	2,049
Others	5,098	23	0	5,121	361	98	4,760
Total intangible assets	9,658	1,380	28	11,010	3,901	443	7,109
Long-term prepaid expenses	83	14	14	83	50	22	33
Deferred assets	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

Type of assets	Thousands of U.S. dollars						
	Balance at April 1, 2023	Increase during the year	Decrease during the year	Balance at March 31, 2024	Accumulated depreciation or accumulated amortization at March 31, 2024	Depreciation for the year	Net balance at March 31, 2024
Tangible assets							
Buildings	\$ 516,570	\$31,764	\$ 7,107	\$ 541,227	\$176,943	\$18,031	\$364,284
Structures	19,849	781	127	20,503	10,918	670	9,585
Machinery and equipment	47,475	2,633	416	49,692	43,548	1,850	6,144
Vehicles	2,114	103	75	2,142	2,009	92	133
Tools, furniture, and supplies	14,375	1,147	649	14,873	11,802	1,302	3,071
Land	552,520	20,569	29,656	543,433	—	—	543,433
Lease assets	772	188	73	887	615	143	272
Construction in progress	7,437	19,980	17,085	10,332	—	—	10,332
Total tangible assets	\$1,161,112	\$77,165	\$55,188	\$1,183,089	\$245,835	\$22,088	\$937,254
Intangible assets							
Leasehold interests in land	1,981	—	—	1,981	—	—	1,981
Software	28,142	8,957	182	36,917	23,379	2,276	13,538
Others	33,664	158	0	33,822	2,384	648	31,438
Total intangible assets	63,787	9,115	182	72,720	25,763	2,924	46,957
Long-term prepaid expenses	546	95	92	549	328	148	221
Deferred assets	—	—	—	—	—	—	—
Total deferred assets	—	—	—	—	—	—	—

(a) Major increase during the year

Type of asset	Location	Purpose	Millions of yen	Thousands of U.S. dollars
Buildings	Kyoto-shi, Kyoto	For rent	¥1,985	\$13,110
Buildings	Hirakata-shi, Osaka	For rent	1,332	8,800
Land	Fukuoka-shi, Fukuoka	For rent	2,300	15,191

(b) Major decrease during the year

Type of asset	Location	Purpose	Millions of yen	Thousands of U.S. dollars
Land	Sapporo-shi, Hokkaido	For rent	¥2,280	\$15,058

17. Details on provision

	Millions of yen				
	Balance at April 1, 2023	Increase during the year	Decrease during the year (used for purpose)	Decrease during the year (other)	Balance at March 31, 2024
Allowance for doubtful accounts.....	¥ 91	¥ 398	¥ —	¥ 26	¥ 463
Provision for warranties for completed construction.....	1,658	2,522	1,329	661	2,190
Provision for bonus.....	2,740	4,294	2,740	—	4,294
Provision for bonuses for directors (and other officers).....	31	99	34	—	96
Provision for loss on construction contracts.....	7,920	1,390	3,517	1,413	4,380
Provision for loss on real estate business and other.....	34	—	34	—	—
Provision for share awards for directors (and other officers).....	107	72	2	—	177

	Thousands of U.S. dollars				
	Balance at April 1, 2023	Increase during the year	Decrease during the year (used for purpose)	Decrease during the year (other)	Balance at March 31, 2024
Allowance for doubtful accounts.....	\$ 599	\$ 2,628	\$ —	\$ 169	\$ 3,058
Provision for warranties for completed construction.....	10,950	16,658	8,778	4,367	14,463
Provision for bonus.....	18,097	28,360	18,097	—	28,360
Provision for bonuses for directors (and other officers).....	208	653	224	—	637
Provision for loss on construction contracts.....	52,308	9,179	23,228	9,331	28,928
Provision for loss on real estate business and other.....	225	—	225	—	—
Provision for share awards for directors (and other officers).....	705	479	13	—	1,171

(a) "Decrease during the year (Other)" for allowance for doubtful accounts represents the reversal amount based on the actual ratio of bad debts in the past for general accounts receivables of 21 million yen and collect of loans receivable of 5 million yen.

(b) "Decrease during the year (Other)" for provision for warranties for completed construction and provision for loss on construction contracts represents the reversal amount due to the decrease in the expected loss amount.

18. Major assets and liabilities

Omitted due to preparation of consolidated financial statements.

19. Cost of completed construction

1. Cost of completed construction

Item	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	2023	% to Total	2024	% to Total	2024	2024
Raw materials.....	¥ 65,235	23.6%	¥ 74,581	22.4%	\$ 492,574	
Labor.....	14,585	5.3%	14,034	4.2%	92,689	
(of which, outsourced labor cost).....	(14,585)	(5.3%)	(14,034)	(4.2%)	(92,689)	
Outsourcing cost.....	150,732	54.6%	195,645	58.6%	1,292,155	
Expenses.....	45,555	16.5%	49,272	14.8%	325,423	
(of which, personnel expenses).....	(15,335)	(5.6%)	(17,892)	(5.4%)	(118,170)	
Total.....	¥276,107	100.0%	¥333,532	100.0%	\$2,202,841	

Cost is calculated under the job-order cost method.

2. Cost of sales on estate business and other

Item	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	2023	% to Total	2024	% to Total	2024	2024
Land.....	¥ 7,453	36.5%	¥ 5,111	27.8%	\$ 33,755	
Buildings.....	3,560	17.5%	3,721	20.3%	24,579	
Expenses.....	6,459	31.7%	6,240	34.0%	41,211	
Sub-total.....	17,472	85.7%	15,072	82.1%	99,545	
Other.....	2,909	14.3%	3,289	17.9%	21,721	
Total.....	¥20,381	100.0%	¥18,361	100.0%	\$121,266	

Cost is calculated under the job-order cost method.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nishimatsu Construction Co., Ltd.

<Audit of Non-consolidated Financial Statements>

Opinion

We have audited the non-consolidated financial statements of Nishimatsu Construction Co., Ltd. (the Company) which comprise the non-consolidated balance sheets as at March 31, 2024, and the non-consolidated statements of income, comprehensive income and changes in net assets for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at March 31, 2024, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 8 to the non-consolidated financial statements, which describes the significant subsequent events. The Company has canceled a portion of its treasury shares. This cancellation is based on a resolution of the board meeting held on April 26, 2024. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period.

These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimation for the method of recognizing revenue over time

Details of key audit matters and reasons for the decision

As stated in the explanatory notes, sales from completed construction work calculated by applying the percentage of completion method of the Company are 355,580 million and account for 91.1% of the total net sales in the non-consolidated statement of income.

In applying the method of recognizing revenue over time, reasonable estimates need to be made of the total construction revenue and the total construction cost. If there is an unconfirmed additional and design change construction fee, the amount estimated based on the status of discussions with the ordering party is adjusted on the contracted amount of the total construction revenue agreed with the ordering party. In addition, the total construction cost includes the amount of estimated construction cost that will occur after the settlement date on the assumptions of costs occurred by the settlement date; outsourcing costs, material costs, etc., considering the negotiation with the partner companies; and the conditions of each individual construction contract. These estimated amounts entail uncertainty as they are calculated based on certain assumptions for each construction contract.

In many cases, changes are likely to be made to the construction contract while works are in progress, in accordance with new agreements between concerned parties. If the amount of change cannot be decided each time, the total construction revenue is estimated based on the status of discussions up to that point. Furthermore, substantial differences among each construction contract make it difficult to apply a unified method to all construction works in estimating the total construction cost.

Therefore, estimation of the total construction revenue and the total construction cost entails uncertainty, and certain assumptions in the accounting estimation may involve subjective decisions of the management. For these reasons, we judged that accounting estimation for the method of recognizing revenue over time falls under key audit matters.

Audit procedures

To review the reasonableness of the accounting estimation for method of recognizing revenue over time, we took mainly the following audit procedures.

● We assessed the design, implementation and operation of the internal control concerning the estimation of the total construction revenue and the total construction cost.

● We took mainly the following audit procedures for the construction works that have been judged to have a significant impact on the non-consolidated financial statements.

- We browsed contracts concerning the total construction revenue and records of meetings with the ordering party. The procedure includes sending a confirmation letter to the ordering party. In addition, we confirmed that the construction progress rate calculated by the cost-to-cost method is consistent with the work schedule, as well as that the total construction cost matches the figure in the estimation documents, etc. approved by the manager of the construction department in branch offices.

- We asked questions to the manager of the construction department in branch offices about the total construction revenue and the total construction cost and, as necessary, browsed documents that constitute grounds for the estimates, such as instructions and estimation documents concerning additional and design change construction.

- If any significant change had been made to the total construction revenue or the total construction cost, we asked questions to the manager of the business division and browsed additional contracts, estimation documents, etc. concerning the construction.

- We asked questions to the site manager about the items included in the estimates of the total construction revenue and the total construction cost. We also visited sites to confirm the consistency between the work schedule and the progress rate at the construction site.

Other Matter

Pursuant to Companies Act of Japan and Financial Instruments and Exchange Act of Japan, the Company has prepared separate sets of non-consolidated financial statements for the year ended March 31, 2024 in accordance with accounting principles generally accepted in Japan on which we issued separate auditor's reports dated May 13, 2024 and June 26, 2024 respectively.

Other Information

The other information comprises the information included in the documents to be submitted to the parties concerned, but does not include the non-consolidated financial statements and our auditor's report thereon. We did not perform any work on the other information as we had determined such information did not exist.

Responsibilities of Management and Corporate Auditors and Board of Auditors for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for

such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The procedures selected and applied depend on the auditor's judgement.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation, in addition, evaluate whether the presentation of non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Convenience Translation

The United States dollar amounts shown in the non-consolidated financial statements referred to above have been translated solely for convenience. We have recomputed the translation and, in our opinion, the non-consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note. 7.

<Fee-Related Information>

Fee-Related Information is presented in the independent auditor's report on the consolidated financial statements.

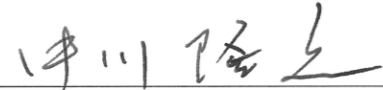
Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Gyosei & Co.

Tokyo, Japan

September 30, 2024



Takayuki Nakagawa

Designated Engagement Partner

Certified Public Accountant



Tadashi Kanai

Designated Engagement Partner

Certified Public Accountant



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