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Securities code: 1878

June 6, 2023

(Commencement date of electronic provision measures: May 26, 2023)

To Our Shareholders

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

Notice of Convocation of the 49th Ordinary General Meeting of Shareholders

We hereby inform you that the 49th Ordinary General Meeting of Shareholders of the Company will be held as described below.

Measures for electronic provision are taken for this meeting and the matters for electronic provision measures are posted as “Notice of Convocation of the 49th Ordinary General Meeting of Shareholders” on the website below.

<The Company’s website>

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

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

<TSE’s website (Listed Company Search)>

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

If you are not attending the meeting, you may exercise your voting rights in advance via postal mail or the Internet. **Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 26, 2023 (Monday).**

- Date and Time:** June 27, 2023 (Tuesday) 11:00 a.m. (Reception desk opens at 10:00 a.m.)
- Place:** 4-1, Shinonome 1-chome, Koto-ku, Tokyo
ROOFLAG Rental Housing Exhibition Hall

3. Agenda for the Meeting:

Matters to be reported:

- The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 49th Fiscal Term (April 1, 2022 to March 31, 2023)
- The Non-consolidated Financial Statements for the 49th Fiscal Term (April 1, 2022 to March 31, 2023)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus for the 49th Fiscal Term

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

- Proposal No. 3:** Election of Eight (8) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 4:** Election of Four (4) Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 5:** Determination of Amount of Remuneration, etc. of Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 6:** Determination of Amount of Remuneration, etc. of Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 7:** Determination of Amount and Details of Stock Compensation, etc., for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) and Executive Officers

Notes:

1. Although the system for electronic provision of materials for general meetings of shareholders have been introduced, the paper copy of the notice of convocation has been sent to shareholders uniformly as in previous times regardless of the request for the paper copy regarding this meeting. In addition, the sending procedure of materials for general meetings of shareholders may change for subsequent meetings.
2. For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arriving at the meeting.
3. If you vote by proxy, please make sure your proxy presents the Letter of Attorney along with the Voting Rights Exercise Form to the receptionist. In addition, pursuant to the provisions of the Articles of Incorporation of the Company, only one (1) shareholder holding the voting right of the Company is entitled to exercise a proxy voting right on your behalf.
4. If there are any amendments to the matters for electronic provision measures, the revised version will be posted on the websites where the original versions are posted.
5. As part of our efforts to be environmentally friendly, the attending officers and the meeting staff of the Company will dress in a “cool biz” style (without jacket and tie). Please dress lightly upon attending the meeting.
6. Pursuant to the provisions of law and Article 16, Paragraph 2 of the Articles of Incorporation of the Company, the paper copy to be sent to shareholders does not include the following matters for electronic provision measures: “Main business”, “Employees”, “Main place of business”, “Main creditors and borrowing amounts”, “Other significant matters concerning shares”, “Matters concerning share options of the Company” and “Systems to ensure proper business activities and the outline of the operation status of the systems” in Business Report, “Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements” in Consolidated Financial Statements and “Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements” in Non-consolidated Financial Statements.

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 49th Fiscal Term

Appropriation of surplus for the 49th Fiscal Term is reported as follows:

Year-End Dividend

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

In light of these standards, the Company will set a dividend of 259 yen per share for the year-end dividend of the 49th Fiscal Term.

The annual dividend to be paid would be 516 yen per share (up 5 yen per share from the previous fiscal year) including the interim dividend of 257 yen per share paid in November last year.

(1) Type of dividend property

Cash

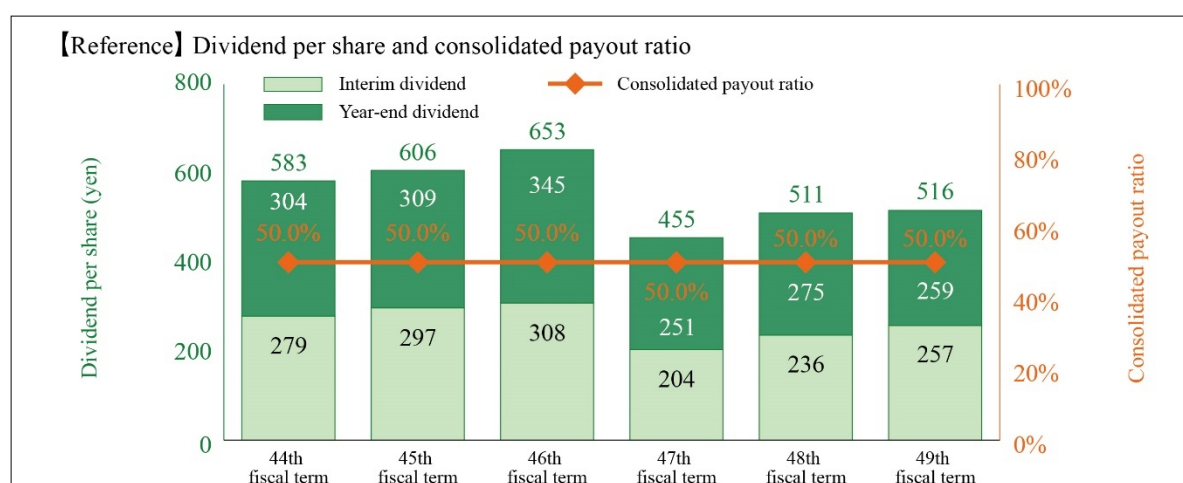
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 259 yen per common share of the Company

Total amount: 17,839,219,405 yen

(3) Effective date of dividend payment

June 28, 2023



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

1. Reasons for the amendment

The provisions shall be established, deleted, and amended if necessary for the following main purposes.

- (1) We will shift the focus of the Board of Directors to supervision of group management, speeding up the decision-making process and strengthening supervision by defining the roles of supervision and business execution through making the transition to a “Company with an Audit & Supervisory Committee” from the present “Company with an Audit & Supervisory Board.”
- (2) It shall be stipulated that important decisions of business execution can be delegated to Directors to achieve speedy decision-making and quick business execution.
- (3) It shall be stipulated that dividend payment, etc. may also be determined by the Board of Directors to make execution practical for highly efficient capital policy and dividend policy.

2. Description of the Amendment

Description of amendment is as follows:

Additionally, the amendment to the Articles of Incorporation in this Proposal shall come into effect at the conclusion of this Ordinary General Meeting of Shareholders.

(Amended part is underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1-Article 3 (Omitted)	Article 1- Article 3 (Unchanged)
(Organs)	(Organs)
Article 4 The Company shall establish the following organs other than the general meeting of shareholders and Board of Directors:	Article 4 The Company shall establish the following organs other than the general meeting of shareholders and Board of Directors:
1. Board of Directors	1. Board of Directors
2. Audit & Supervisory Board Members	2. <u>Audit & Supervisory Committee</u>
<u>3. Audit & Supervisory Board</u>	<Deleted>
4. Accounting Auditor	<u>3. Accounting Auditor</u>
Article 5 (Omitted)	Article 5 (Unchanged)
Chapter 2 Shares	Chapter 2 Shares
Article 6 (Omitted)	Article 6 (Unchanged)
<u>(Acquisition of Treasury Stock)</u>	<Deleted>
<u>Article 7 The Company may acquire treasury stock by market transactions, etc. upon resolution by the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act.</u>	<Deleted>
<u>Article 8-Article 12</u> (Omitted)	<u>Article 7-Article 11</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3 General Meeting of Shareholders</p> <p><u>Article 13-Article 14</u> (Omitted)</p> <p>(Convener and Chairperson)</p> <p><u>Article 15</u> The general meeting of shareholders of the Company is convened and chaired by <u>President and Director</u> except as otherwise provided in laws and regulations.</p> <p>2. In case of any accidents to <u>President and Director</u>, other Directors shall substitute for <u>President and Director</u> in accordance with the order prescribed by the Board of Directors in advance.</p> <p><u>Article 16-Article 18</u> (Omitted)</p> <p>Chapter 4 Director and Board of Directors</p> <p>(Number)</p> <p><u>Article 19</u> The number of <u>Directors</u> of the Company shall be <u>twenty (20)</u> or less.</p> <p style="text-align: center;"><Newly established></p> <p>(Election)</p> <p><u>Article 20</u></p> <p style="text-align: center;"><Newly established></p> <p>The resolution for election of the Company’s Directors shall be made upon attendance of the shareholders who have one third or more of the voting rights among the voting rights possessed by shareholders who may exercise voting rights and voted by the majority of their voting rights.</p> <p>2. Directors of the Company shall not be elected by cumulative vote.</p>	<p>Chapter 3 General Meeting of Shareholders</p> <p><u>Article 12-Article 13</u> (Unchanged)</p> <p>(Convener and Chairperson)</p> <p><u>Article 14</u> The general meeting of shareholders of the Company is convened and chaired by <u>Representative Director</u> except as otherwise provided in laws and regulations.</p> <p>2. In case of any accidents to <u>Representative Director</u>, other Directors shall substitute for <u>Representative Director</u> in accordance with the order prescribed by the Board of Directors in advance.</p> <p><u>Article 15-Article 17</u> (Unchanged)</p> <p>Chapter 4 Director and Board of Directors</p> <p>(Number)</p> <p><u>Article 18</u> The number of <u>Directors</u> <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> of the Company shall be <u>ten (10)</u> or less.</p> <p>2. <u>The number of Directors who are Audit & Supervisory Committee Members of the Company shall be five (5) or less.</u></p> <p>(Election)</p> <p><u>Article 19</u> <u>Directors of the Company shall be elected at the general meeting of shareholders, differentiating Directors who are Audit & Supervisory Committee Members from other Directors.</u></p> <p>2. The resolution for election of the Company’s Directors shall be made upon attendance of the shareholders who have one third or more of the voting rights among the voting rights possessed by shareholders who may exercise voting rights and voted by the majority of their voting rights.</p> <p>3. Directors of the Company shall not be elected by cumulative vote.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of office) <u>Article 21</u> The terms of office of the Company's <u>Directors</u> shall be until the conclusion of the ordinary general meeting of shareholders related to the last fiscal term among the fiscal terms ending within <u>two years</u> after their election.</p> <p style="text-align: center;"><Newly established></p> <p>2. <u>The terms of office of the Directors elected as substitutes or additions shall be until the expiration of the existing Directors' terms of office.</u></p> <p style="text-align: center;"><Newly established></p> <p style="text-align: center;"><Newly established></p>	<p>(Term of office) <u>Article 20</u> The terms of office of the Company's <u>Directors (excluding Directors who are Audit & Supervisory Committee Members)</u> shall be until the conclusion of the ordinary general meeting of shareholders related to the last fiscal term among the fiscal terms ending within <u>one year</u> after their election.</p> <p>2. <u>The terms of office of the Company's Directors who are Audit & Supervisory Committee Members shall be until the conclusion of the ordinary general meeting of shareholders related to the last fiscal term among the fiscal terms ending within two years after their election.</u></p> <p style="text-align: center;"><Deleted></p> <p>3. <u>The terms of office of the Directors who are Audit & Supervisory Committee Members elected as substitutes for the Directors who are Audit & Supervisory Committee Members, resigning before their expiration of the terms of office, shall be until the expiration of the terms of office of the resigned Directors who are Audit & Supervisory Committee Members.</u></p> <p>4. <u>The effective period of the resolution for the substitute Directors who are Audit & Supervisory Committee Members elected pursuant to Article 329, Paragraph 3 of the Companies Act shall be until the beginning of the ordinary general meeting of shareholders related to the last fiscal term among the fiscal terms ending within two years after their election, unless shortened by the resolution.</u></p>
<p>(<u>Representative Director and Directors holding managerial positions</u>) <u>Article 22</u> The Board of Directors of the Company shall elect Representative Director by its resolution.</p>	<p>(<u>Representative Director</u>) <u>Article 21</u> The Board of Directors of the Company shall elect Representative Director from <u>among Directors (excluding Directors who are Audit & Supervisory Committee Members)</u> by its resolution.</p>

Current Articles of Incorporation	Proposed Amendments
<p>2. <u>The Board of Directors of the Company may elect one (1) for Chairman and Director, President and Director respectively, and some for Vice President and Director, Managing Director and Senior Managing Director respectively by its resolution.</u></p> <p>(Remuneration, etc.)</p> <p><u>Article 23</u> The remuneration, bonus, and other benefits on fortune granted by the Company as compensation for the execution of duties (<u>hereinafter, remuneration, etc.</u>) for the Directors of the Company shall be determined by the resolution at the general meeting of shareholders.</p> <p>(Convocation and Chairperson of the Board of Directors)</p> <p><u>Article 24</u> The meeting of Board of Directors of the Company is convened and chaired by <u>President and Director</u> except as otherwise provided in laws and regulations.</p> <p>2. In case of any accidents to <u>President and Director</u>, other Directors shall substitute for <u>President and Director</u> in accordance with the order prescribed by the Board of Directors in advance.</p> <p>3. The notice of convocation for the meeting of Board of Directors of the Company shall be sent to the <u>Directors and the Audit & Supervisory Board Members</u> at least three days prior to the meeting date. However, in case of emergency, the period may be shortened.</p> <p><u>Article 25</u> (Omitted)</p> <p style="text-align: center;"><Newly established></p> <p>Article 26-Article 27 (Omitted)</p>	<p style="text-align: center;"><Deleted></p> <p>(Remuneration, etc.)</p> <p><u>Article 22</u> The remuneration, bonus, and other benefits on fortune granted by the Company as compensation for the execution of duties for the Directors of the Company shall be determined by the resolution at the general meeting of shareholders, <u>differentiating Directors who are Audit & Supervisory Committee Members from other Directors.</u></p> <p>(Convocation and Chairperson of the Board of Directors)</p> <p><u>Article 23</u> The meeting of Board of Directors of the Company is convened and chaired by <u>Representative Director</u> except as otherwise provided in laws and regulations.</p> <p>2. In case of any accidents to <u>Representative Director</u>, other Directors shall substitute for <u>Representative Director</u> in accordance with the order prescribed by the Board of Directors in advance.</p> <p>3. The notice of convocation for the meeting of Board of Directors of the Company shall be sent to the <u>Directors</u> at least three days prior to the meeting date. However, in case of emergency, the period may be shortened.</p> <p><u>Article 24</u> (Unchanged)</p> <p><u>(Delegation to Directors of the decisions of business execution)</u></p> <p><u>Article 25</u> The Company may delegate the <u>decisions of important business execution (excluding the matters prescribed in Paragraph 5 of the Article) to Directors upon resolution by the Board of Directors in accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act.</u></p> <p>Article 26-Article 27 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board</u></p>	<p><u>Chapter 5 Audit & Supervisory Committee</u></p>
<p><u>(Number)</u></p>	
<p><u>Article 28 The number of Audit & Supervisory Board Members shall be four (4) or less.</u></p>	<p><Deleted></p>
<p><u>(Election)</u></p>	
<p><u>Article 29 The resolution for election of the Company's Audit & Supervisory Board Members shall be made upon attendance of the shareholders who have one third or more of the voting rights among the voting rights possessed by shareholders who may exercise voting rights and voted by the majority of their voting rights.</u></p>	<p><Deleted></p>
<p><u>(Term of office)</u></p>	
<p><u>Article 30 The terms of office of the Company's Audit & Supervisory Board Members shall be until the conclusion of the ordinary general meeting of shareholders related to the last fiscal term among the fiscal terms ending within four years after their election.</u></p>	<p><Deleted></p>
<p><u>2. The terms of office of the Audit & Supervisory Board Members elected as substitutes for the Audit & Supervisory Board Members, resigning before their expiration of the terms of office, shall be until the expiration of the terms of office of the resigned Audit & Supervisory Board Members.</u></p>	<p><Deleted></p>
<p><u>(Standing Audit & Supervisory Board Members)</u></p>	
<p><u>Article 31 The Audit & Supervisory Board of the Company shall elect Standing Audit & Supervisory Board Members by its resolution.</u></p>	<p><Deleted></p>
<p><u>(Remuneration, etc.)</u></p>	
<p><u>Article 32 The remuneration, etc. for the Audit & Supervisory Board Members of the Company shall be determined by the resolution at the general meeting of shareholders.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Convocation of the <u>Audit & Supervisory Board</u>) <u>Article 33</u> The notice of convocation for the meeting of <u>Audit & Supervisory Board</u> of the Company shall be sent to <u>the Audit & Supervisory Board Members</u> at least three days prior to the meeting date. However, in case of emergency, the period may be shortened.</p> <p>(Provisions of the <u>Audit & Supervisory Board</u>) <u>Article 34</u> The other matters regarding the <u>Audit & Supervisory Board</u> of the Company are in the provisions of the <u>Audit & Supervisory Board</u> prescribed by the <u>Audit & Supervisory Board</u>.</p> <p>(Exemption of the <u>Audit & Supervisory Board Members</u> from their liability) <u>Article 35</u> The Company may exempt the <u>Audit & Supervisory Board Members (including the former Audit & Supervisory Board Members)</u> from their liability for damages caused by neglect of duty at the amount limited by laws and regulations upon resolution by the Board of Directors in accordance with the provisions of <u>Article 426, Paragraph 1 of the Companies Act</u>.</p> <p>2. <u>The Company may enter into an agreement with Outside Audit & Supervisory Board Members to limit their liability for damages caused by neglect of duty in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. However, the minimum amount of the liability based on the agreements shall be the amount stipulated by laws and regulations.</u></p> <p style="text-align: center;">Chapter 6 Calculation</p> <p><u>Article 36</u> (Omitted)</p> <p style="text-align: center;"><Newly established></p>	<p>(Convocation of the <u>Audit & Supervisory Committee</u>) <u>Article 28</u> The notice of convocation for the meeting of <u>Audit & Supervisory Committee</u> of the Company shall be sent to <u>each Audit & Supervisory Committee Members</u> at least three days prior to the meeting date. However, in case of emergency, the period may be shortened.</p> <p>(Provisions of the <u>Audit & Supervisory Committee</u>) <u>Article 29</u> The other matters regarding the <u>Audit & Supervisory Committee</u> of the Company are in the provisions of the <u>Audit & Supervisory Committee</u> prescribed by the <u>Audit & Supervisory Committee</u>.</p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;">Chapter 6 Calculation</p> <p><u>Article 30</u> (Unchanged)</p> <p>(Organs to determine cash dividends, etc.) <u>Article 31</u> The Company may determine the matters prescribed in <u>Article 459, Paragraph 1 of the Companies Act</u> including cash dividends, etc. by the resolution of the Board of Directors except as otherwise provided in laws and regulations.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Record date of cash dividends) <u>Article 37</u> The Company's record date of year-end dividend shall be March 31 annually. <Newly established></p> <p>2. Besides <u>the description</u> above, the Company may distribute cash dividends with determination of the record date.</p> <p>(Interim dividend) <u>Article 38</u> The Company may distribute interim dividend to set the record date of <u>September 30 annually by the resolution of the Board of Directors.</u></p> <p><u>Article 39</u> (Omitted) <Newly established></p> <p><Newly established></p> <p><Newly established></p>	<p>(Record date of cash dividends) <u>Article 32</u> The Company's record date of year-end dividend shall be March 31 annually.</p> <p>2. <u>The Company's record date of interim dividend shall be September 30 annually.</u></p> <p>3. Besides <u>the two descriptions</u> above, the Company may distribute cash dividends with determination of the record date.</p> <p><Deleted></p> <p><u>Article 33</u> (Unchanged)</p> <p><u>Supplementary provisions</u> <u>(Transitional measures regarding exemption of the Audit & Supervisory Board Members from their liability)</u></p> <p>1. <u>The Company may exempt the Audit & Supervisory Board Members (including the former Audit & Supervisory Board Members) from their liability for damages under Article 423, Paragraph 1 of the Companies Act, relating to the act before the conclusion of the 49th Ordinary General Meeting of Shareholders at the amount limited by laws and regulations upon resolution by the Board of Directors.</u></p> <p>2. <u>The agreement to limit the liability under Article 423, Paragraph 1 of the Companies Act, relating to the act of the Audit & Supervisory Board Members (including the former Audit & Supervisory Board Members) before the conclusion of the 49th Ordinary General Meeting of Shareholders shall be still under the provisions of Article 35, Paragraph 2 of the Articles of Incorporation, which is before the amendment by the resolution of the general meeting.</u></p>

Proposal No. 3: Election of Eight (8) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Subject to the approval of Proposal No. 2 “Partial Amendment to the Articles of Incorporation”, the Company shall make the transition to a Company with an Audit & Supervisory Committee. Therefore, the terms of office of all eleven (11) Directors are to expire at the conclusion of this year’s Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members), including two (2) Outside Directors. Each candidate for Director (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors based on the recommendations from the Nominating and Remuneration Committee.

This Proposal shall come into effect at the time that the amendment regarding Proposal No. 2 “Partial Amendment to the Articles of Incorporation” comes into effect.

If all twelve (12) candidates of this proposal and Proposal No. 4 are elected as originally proposed, five (5) of the twelve (12) Directors will qualify as independent outside officers who have satisfied the independence criteria established by the Company. As independent outside officers will account for more than one-third of all Directors, they will continue to enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

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

Candidate No.	Name	Position and responsibilities in the Company	
1	Kei Takeuchi	Representative Director, Chief Executive Officer General Manager of Construction Business Headquarters Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee	Reappointment
2	Yoshihiro Mori	Director, Managing Executive Officer General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.	Reappointment
3	Masafumi Tate	Director, Senior Executive Officer General Manager of Design Management Department	Reappointment
4	Tsukasa Okamoto	Senior Executive Officer General Manager of Finance and Accounting Department	New appointment
5	Yutaka Amano	Senior Executive Officer General Manager of Real Estate Development Headquarters	New appointment
6	Yoshimasa Tanaka	Senior Executive Officer General Manager of Corporate Business Headquarters	New appointment
7	Mami Sasaki	Outside Director Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee	Reappointment Outside Director Independent Officer
8	Atsushi Iritani	Outside Director Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee	Reappointment Outside Director Independent Officer

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

2. Candidates, Ms. Mami Sasaki and Mr. Atsushi Iritani are candidates for Outside Director. The Company has designated

them as independent officers as they satisfy the independence criteria established by the Company as well as standards for independence established by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.

3. The Company has entered into a Limited Liability Agreement with Ms. Mami Sasaki and Mr. Atsushi Iritani. The Company will continue with the Limited Liability Agreement with them if the reelection of both candidates is approved. Outlines of this Limited Liability Agreement are described below:
 - In the event that the Company bears liability for damages caused by neglect of the duty of Director (excluding Business Executive Directors, etc.), the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
 - The limited liability stated above shall be applicable only when the Director (excluding Business Executive Officers and Directors, etc.) performs his or her duty in good faith and without material negligence.
4. The Company has entered into an Indemnity Agreement set forth in Article 430-2, Paragraph 1 of the Companies Act with Mr. Kei Takeuchi, Mr. Yoshihiro Mori, Mr. Masafumi Tate, Ms. Mami Sasaki and Mr. Atsushi Iritani. The Company shall compensate the expenses described in Paragraph 1-1 and the losses in Paragraph 1-2 within the scope stipulated by laws and regulations. The Company will continue with the said Agreement with them if the election of each candidate is approved. In addition, if the election of Mr. Tsukasa Okamoto, Mr. Yutaka Amano and Mr. Yoshimasa Tanaka is approved, the Company will enter into the agreement with them with the same conditions.
5. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure all of its Officers. The insurance policy covers legal damages and litigation expenses to be borne by the insureds. If the candidates are appointed as Director, each of them will be insured under the insurance contract. The Company plans to renew the insurance contract with the same conditions during their terms of office.



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

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

<Reason for nomination as candidate for Director>

Mr. Takeuchi has long been involved in the sales divisions of the Daito Group's core business, construction and real estate businesses. In the construction business, Mr. Takeuchi has been engaged in revitalizing the sales organization and exploring new sales channels, while in the real estate business he has worked to maintain healthy occupancy rates and to improve the earning power, etc. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Takeuchi, while as Representative Director leading the entire Daito Group, as the operating officer in the construction business, is performing his duties to recover construction orders, increase design capabilities and technological capabilities, and establish new sales methods that match the changing social situation.

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



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

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

<Reason for nomination as candidate for Director>

Mr. Mori has long been involved in the real estate business, the Daito Group's core business, and has been engaged in credit operation to ensure appropriate rent in the whole-building lease business and revenue growth opportunities in the leasing business. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Mori, as the operating officer in the real estate business, is performing his duties to recruit tenants, enhance the quality of management services, and make digital transformation (DX) for operations related to the real estate business. Mr. Mori, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge and experience.



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

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

<Reason for nomination as candidate for Director>

Mr. Tate has long been involved in the design divisions of the Daito Group's core business, construction business, and has engaged in product development, increasing accuracy in design and quality survey and cost reduction. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Tate is performing his duties to provide the industry's highest level of products and to achieve a low-carbon society through construction including familiarization of ZEH rental housing.

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



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

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

<Reason for nomination as candidate for Director>

Mr. Okamoto is qualified as a certified public accountant and has been involved in the finance and accounting departments of the Daito Group and engaged in strengthening the foundation of finance and accounting functions and worked for the consolidated account settlement of the Group since he joined the Company.

Currently, Mr. Okamoto, as the chief officer of finance and accounting, is performing his duties to promote financial strategies including for the Group companies and to enhance internal control in the area of finance and accounting.

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



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

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

<Reason for nomination as candidate for Director>

Mr. Amano has long been involved in the technology departments and the business strategy departments of the Daito Group and has been engaged in creating new value including product development, new business launching, M&A strategies, while he also has experience as the officer in the field of sales.

Currently, Mr. Amano, as the operating officer of real estate development departments, is performing his duties to explore new sales channels including own developed housing supply and strengthening renovation and resale business.

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



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

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

<Reason for nomination as candidate for Director>

Mr. Tanaka has long been involved in the construction business, the Daito Group's core business, and has been engaged in promoting sales activities as the officer in the field of sales, while he also has experience of supporting sales and building the environment for control in the sales management departments of the head office.

Currently, Mr. Tanaka, as the operating officer of corporate business departments, is performing his duties to achieve management with sustainability including operational efficiency improvement, reforms in the way that employees work, and diversity promotion.

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



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

April 1983	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
March 1985	Joined Morgan Stanley Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
January 1991	Vice President, Morgan Stanley Securities Co., Ltd.
February 1994	Executive Director, Morgan Stanley Securities Co., Ltd.
December 2000	Managing Director, Morgan Stanley Securities Co., Ltd.
April 2004	Managing Director and Head of Sales, Fixed Income Division of Credit Suisse First Boston Securities (Japan) Ltd. (currently Credit Suisse Securities (Japan) Limited)
June 2015	Outside Director of the Company (current position)
October 2018	External Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd. (current position)

■ Years since the assumption of office as Outside Director: 8 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% attendance ratio)

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

Ms. Sasaki has many years of management experience in companies operating in the field of global financial business and has extensive experience and broad insights. Based on these experience and insights, Ms. Sasaki is fully performing her duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing invaluable opinions from various angles, including from a female perspective as well as a global perspective, and from an investor standpoint.

Therefore, Ms. Sasaki has been nominated as a candidate for Outside Director in the expectation that she will continue to contribute to diversity management and provide sound advice based on her experience and insights, make decisions on important matters and fulfill supervisory function on the overall management.



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

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

■ Years since the assumption of office as Outside Director: 2 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% attendance ratio)

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

Mr. Iritani has been engaged in crisis management operations such as financial legal affairs and compliance as an attorney, and has also been involved in audit operations at financial institutions as a certified public accountant. Thus, he has extensive experience and broad insights. Based on these experience and insights, Mr. Iritani is fully performing his duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing invaluable opinions from various angles, including the perspectives of compliance and risk management.

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

Proposal No. 4: Election of Four (4) Directors Who Are Audit & Supervisory Committee Members

Subject to the approval of Proposal No. 2 “Partial Amendment to the Articles of Incorporation”, the Company shall make the transition to a Company with an Audit & Supervisory Committee. For this reason, the Company proposes that shareholders elect four (4) Directors, including three (3) Outside Directors. Each candidate for Director is determined by the Board of Directors based on the recommendations from the Nominating and Remuneration Committee.

This proposal shall come into effect at the time that the amendment regarding Proposal No. 2 “Partial Amendment to the Articles of Incorporation” comes into effect.

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

Candidate No.	Name	Position in the Company	
1	Shuji Kawai	Director General Manager of Audit & Supervisory Committee Preparatory Department	New appointment
2	Masa Matsushita	Outside Audit & Supervisory Board Member Committee Member of Governance Committee	New appointment Outside Director Independent Officer
3	Takashi Shoda	Outside Director Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee	New appointment Outside Director Independent Officer
4	Kenji Kobayashi	Outside Audit & Supervisory Board Member Committee Member of Governance Committee	New appointment Outside Director Independent Officer

- (Notes)
- There is no special interest between each of the candidates and the Company.
 - Candidates, Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi are candidates for Outside Director. The Company has designated Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi as independent officers under the provision set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.
 - The Company will enter into a Limited Liability Agreement with each candidate if the election of each candidate is approved. Outlines of this Limited Liability Agreement are described below:
 - In the event that the Company bears liability for damages caused by neglect of the duty of Director (excluding Business Executive Directors, etc.), the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
 - The limited liability stated above shall be applicable only when the Director (excluding Business Executive Officers and Directors, etc.) performs his or her duty in good faith and without material negligence.
 - The Company has entered into an Indemnity Agreement set forth in Article 430-2, Paragraph 1 of the Companies Act with Mr. Shuji Kawai, Mr. Masa Matsushita, Mr. Takashi Shoda and Mr. Kenji Kobayashi. The Company shall compensate the expenses described in Paragraph 1-1 and the losses in Paragraph 1-2 within the scope stipulated by laws and regulations. The Company will continue with the said Agreement with them if the election of each candidate is approved.
 - The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure all of its Officers. The insurance policy covers legal damages and litigation expenses to be borne by the insureds. If the candidates are appointed as Director, each of them will be insured under the insurance contract. The Company plans to renew the insurance contract with the same conditions during their terms of office.



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

- April 1989 Joined the Company
- April 2012 Executive Officer,
General Manager of Corporate Planning Division
- June 2012 Director and Executive Officer,
General Manager of Corporate Planning Division
- April 2013 Director and Executive Officer,
General Manager of Subsidiaries Business Headquarters,
General Manager of Corporate Planning Division
- April 2014 Director, Managing Executive Officer and
General Manager of Corporate Management Headquarters,
In charge of Corporate Planning Division, New System Development Division,
Total Quality Control Division, CSR Promotion Department, and Lease Business
Network Department
- April 2017 Managing Director,
General Manager of Corporate Management Headquarters and Subsidiary Business
Headquarters
In charge of Corporate Planning Division, Total Quality Control Division and Legal
Services Division
- April 2018 Managing Director, General Manager of Corporate Management Headquarters and
Subsidiary Business Headquarters
In charge of Corporate Planning Division, Total Quality Control Division, Legal
Division and Public Relations Department
- April 2019 Managing Director, General Manager of Corporate Management Headquarters and
Subsidiary Business Headquarters
- April 2023 Director, General Manager of Audit & Supervisory Committee Preparatory
Department (current position)

<Reason for nomination as candidate for Director who is an Audit & Supervisory Committee Member>

Mr. Kawai has long been involved in management administration divisions and the businesses of the subsidiaries of the Company and has been engaged in stabilizing the Daito Group's management foundation by managing the areas of compliance, accounting, legal affairs, governance, etc. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Mr. Kawai, therefore, has been nominated as a candidate for Director who is an Audit & Supervisory Committee Member based on the judgment that it is in our best interest that hereafter he fulfills the audit and supervisory functions over the Company's management based on his abundant insights and experience in business execution of the Company.



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

April 1989	Registered with Tokyo Bar Association; Joined Tokyo Aoyama Law Office (currently Baker & McKenzie)
January 1999	Director, GE Yokogawa Medical System K.K. (currently GE Healthcare)
March 2003	Vice President and Director, Japan General Electric K.K. (GE Japan)
September 2005	Director and Senior Executive Officer, FAST RETAILING CO., LTD.
July 2010	Director, Siemens K.K.
March 2011	Director of the Board, Managing Executive Officer, KOKUYO Co., Ltd.
May 2017	Representative Director, Adastria Co., Ltd.
April 2018	Outside Director, CYPRESS. INC (current position)
January 2020	Vice President and General Counsel, Okinawa Institute of Science and Technology School Corporation
April 2020	Outside Director, afterFIT Co., Ltd.
June 2021	Outside Audit & Supervisory Board Member of the Company (current position)
August 2022	Outside Auditor, TEHARA Industry Co., Ltd. (current position)
March 2023	Outside Auditor, Asilla, Inc. (current position)

■ Years since the assumption of office as Outside Audit & Supervisory Board Member : 2 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles>

Mr. Matsushita has specialized knowledge regarding corporate legal affairs and finance as an attorney, and extensive experience and insight as a corporate manager. He also has worked in several countries and has experience in the IT system field. Mr. Matsushita is fully performing his duties of overseeing the management of the Company by providing invaluable opinions from various angles, including the perspectives of compliance and risk management.

Therefore, Mr. Matsushita has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member in the expectation that hereafter he fulfills the audit and supervisory functions over the Company's management based on his strong expertise and experience.



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

June 2001	Director, General Manager, Overseas Medical Sales Division, SANKYO CO., LTD. (currently DAIICHI SANKYO COMPANY, LIMITED)
June 2002	Managing Director, SANKYO CO., LTD.
June 2003	Representative Director and President, SANKYO CO., LTD.
September 2005	Representative Director, President and CEO, DAIICHI SANKYO COMPANY, LIMITED
June 2010	Representative and Chairman, DAIICHI SANKYO COMPANY, LIMITED
June 2014	Consultant, DAIICHI SANKYO COMPANY, LIMITED
June 2015	Outside Director, Ube Industries, Ltd. (currently UBE Corporation)
June 2017	Outside Director of the Company (current position)
June 2019	Outside Director, Audit and Supervisory Committee Member, Ube Industries, Ltd. (currently UBE Corporation) (scheduled to retire in June 2023)
September 2019	Outside Director, RIKEN Innovation Co., Ltd. (current position)

■ Years since the assumption of office as Outside Director: 6 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles>

Mr. Shoda has long been engaged in the management of DAIICHI SANKYO COMPANY, LIMITED as a corporate manager, and has extensive experience and broad insights regarding corporate management, as well as insights regarding overall global business management by a Japanese company. He also has experience as an audit & supervisory committee member in listed companies. Mr. Shoda is fully performing his duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing invaluable opinions from various angles, including both standpoints of execution and supervision.

Therefore, Mr. Shoda has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member in the expectation that hereafter he fulfills the audit and supervisory functions over the Company's management based on his abundant knowledge and experience.



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

April 1987	Joined Mitsui Trust and Banking Company, Limited
September 1989	Joined Asahi Shinwa Accounting Corporation
April 1994	Joined Nagano Morita CPA Office (U.S.)
October 2001	Director, Shin Nihon Ernst & Young Co., Ltd.
April 2005	Managing Director, Ernst & Young Transaction Advisory Service Co., Ltd.
July 2007	Representative, Kenji Kobayashi Certified Public Accountant Office (current position)
July 2007	Joint CEO, BVCJ, Co., Ltd. (current position)
March 2013	Director, ZEN HOLDINGS Co., Ltd.
March 2015	Representative Director, ZEN HOLDINGS Co., Ltd.
June 2021	Outside Audit & Supervisory Board Member of the Company (current position)
September 2022	Outside Auditor, Hotel Management International K.K. (current position)

■ Years since the assumption of office as Outside Audit & Supervisory Board Member : 2 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles>

Mr. Kobayashi has specialized knowledge regarding finance and accounting as a certified public accountant, extensive experience and insight as a corporate manager as well as experiences in the fields of construction and real estate, and as an M&A advisor. Mr. Kobayashi is fully performing his duties of overseeing the management of the Company by providing invaluable opinions from various angles, including knowledge of the industry and the perspective of business strategy. Therefore, Mr. Kobayashi has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member in the expectation that hereafter he fulfills the audit function over the Company's management based on his abundant knowledge and experience.

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

	Name	Expertise/Career	Corporate management	Business strategy/Marketing	Technology/Research and development/Quality control	Finance/Accounting	Sustainability	Governance/Compliance/Risk management	International/Overseas business
Directors	Kei Takeuchi	-	●	●	●			●	
	Yoshihiro Mori	-	●	●			●		
	Masafumi Tate	-	●		●		●		
	Tsukasa Okamoto	Certified public accountant				●		●	
	Yutaka Amano	-		●	●				
	Yoshimasa Tanaka	-		●			●		
	Outside Director Mami Sasaki	Formerly in foreign-affiliated financial institution Management				●	●	●	●
	Outside Director Atsushi Iritani	Attorney/Certified public accountant Former prosecutor				●	●	●	●
Directors (Audit & Supervisory Committee Members)	Shuji Kawai	-	●			●		●	●
	Outside Director Takashi Shoda	Former corporate manager	●		●			●	●
	Outside Director Masa Matsushita	Attorney Former corporate manager	●			●		●	●
	Outside Director Kenji Kobayashi	Certified public accountant Corporate manager	●			●		●	●

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

[Reference] Guidelines for Selecting Outside Officers

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

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

[Reference] Independence Criteria for Outside Officers

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

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

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

(Notes)

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

Proposal No. 5: Determination of Amount of Remuneration, etc. of Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The amount of remuneration of Directors of the Company is the sum of the fixed portion which is capped at 1.0 billion yen per year (including the Outside Directors' remuneration capped at 50 million yen) and the variable portion which is capped at 1.5%, a maximum of 2.0 billion yen, of consolidated net income for the fiscal year under review (not exceeding 1.0 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20.0 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders held on June 27, 2007, and as it is up to the present. However, on the approval of Proposal No. 2 "Partial Amendment to the Articles of Incorporation," the Company shall make the transition to a Company with an Audit & Supervisory Committee. Therefore, the Company will abolish that resolution and newly set the amount of remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same shall apply in this Proposal) including performance-linked remuneration to the amount capped at 2.0 billion yen per year (including the Outside Directors' remuneration capped at 100 million yen).

At the Board of Directors meeting held on May, 2023, the Company determined the determination policy for remuneration of individual Directors subject to the approval of Proposal No. 2, this Proposal and Proposal No. 7 as originally proposed. The outline of the policy is as described on page 34 to 36 below and this Proposal is necessary and rational to grant the remuneration of individual Directors in line with the said policy. In addition, the proposal was deliberated by the "Nominating and Remuneration Committee," which is chaired by an Outside Director and is composed of Representative Director and all of Outside Directors. For these reasons, we have judged this Proposal is appropriate.

If Proposal No. 2 and No. 3 are approved as originally proposed, the number of Directors will be eight (8) (including two (2) Outside Directors).

This Proposal shall come into effect at the time that the amendment regarding Proposal No. 2 "Partial Amendment to the Articles of Incorporation" comes into effect.

Proposal No. 6: Determination of Amount of Remuneration, etc. of Directors Who Are Audit & Supervisory Committee Members

On the approval of Proposal No. 2 “Partial Amendment to the Articles of Incorporation,” the Company shall make the transition to a Company with an Audit & Supervisory Committee.

Accordingly, the Company will set the maximum amount of remuneration of Directors who are Audit & Supervisory Committee Members to an amount capped at 200 million yen per year to make the remuneration level appropriate for the duties of Directors who are Audit & Supervisory Committee Members.

This Proposal is made in consideration of the circumstances including the recent economic situation, the business scale of the Company, the future composition of the Board of Directors, the duties of Directors who are Audit & Supervisory Committee Members, and other conditions. In addition, the proposal was deliberated by the “Nominating and Remuneration Committee,” which is chaired by an Outside Director and is composed of Representative Director and all of Outside Directors. For these reasons, we have judged the said remuneration is appropriate.

If Proposal No. 2 and No. 4 are approved as originally proposed, the number of Directors who are Audit & Supervisory Committee Members will be four (4).

This Proposal shall come into effect at the time that the amendment regarding Proposal No. 2 “Partial Amendment to the Articles of Incorporation” comes into effect.

Proposal No. 7: Determination of Amount and Details of Stock Compensation, etc., for Directors (Excluding Directors who Are Audit & Supervisory Committee Members) and Executive Officers

1. Reasons for proposal and reasons of appropriateness of the said compensation

Although the Company had obtained the approval for the introduction of a stock compensation plan (hereinafter referred to as the “Plan”) intended for Directors (excluding Outside Directors and non-residents in Japan) at the 45th Ordinary General Meeting of Shareholders held on June 25, 2019 until now, if Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company shall make the transition to a Company with an Audit & Supervisory Committee. Therefore, the Company will abolish the Plan and request approval for the Plan again. In addition, this Proposal is set separately from the remuneration requested for approval on Proposal No. 5 “Determination of Amount of Remuneration of Directors (Excluding Directors Who Are Audit & Supervisory Committee Members).”

Upon transition to a Company with an Audit & Supervisory Committee, the eligibles for the Plan are set to Directors and Executive Officers who conclude the delegation contracts with the Company (excluding Directors who are Audit & Supervisory Committee Members and non-residents in Japan; hereinafter correctively referred to as “Directors, etc.”) but other details are effectively as approved at the 45th Ordinary General Meeting of Shareholders.

At the Board of Directors meeting held on May, 2023, the Company determined the determination policy for remuneration of individual Directors subject to the approval of Proposal No. 2, Proposal No. 5 and this Proposal as originally proposed. The outline of the policy is as described on page 34 to 36 below and this Proposal is necessary and rational to grant the remuneration of individual Directors in line with the said policy. In addition, the proposal was deliberated by the Nominating and Remuneration Committee, which is chaired by an Outside Director and is composed of Representative Director and all of Outside Directors. For these reasons, we believe this Proposal is appropriate.

If Proposal No. 2 and No. 3 are approved as originally proposed, the number of Directors subject to this Plan will be eight (8) (including two (2) Outside Directors). In addition, as mentioned above, the Plan also covers the Executive Officers who concluded the delegation contracts with the Company (as of this time, the number of Executive Officers concurrently not serving as Director but subject to the Plan is five (5)). Although the compensation, etc. based on the Plan include the compensation, etc. for the Executive Officers, the amount and details of the whole compensation, etc. based on the Plan is proposed as the compensation, etc. of Directors, etc. in the Proposal, with the possibility that the said Executive Officers may newly assume the position of Director during the covered period of the Trust (defined in 2. (1) below).

This Proposal shall come into effect at the time that the amendment regarding Proposal No.2 comes into effect.

2. Amount, details, etc., of compensation, etc. under the Plan

(1) Outline of the Plan

This Plan is a stock-linked compensation plan in which a trust (hereinafter referred to as the “Trust”) acquires the Company shares using the amount of compensation for Directors, etc. contributed by the Company, and through that Trust, the Company shares and the money equivalent to the amount gained from the disposal of the Company shares (hereinafter referred to as the “Company Shares, etc.”) are transferred and delivered to Directors, etc. (see (2) and below for details).

The Plan is comprised of a “performance-linked portion” where the transfer and delivery of the Company Shares, etc., are made after the expiry of the covered period (as described in (2) below) and a “non-performance-linked portion” where the transfer and delivery of the Company Shares, etc., are made upon the retirement of Directors, etc. The “performance-linked portion,” intended for Directors excluding Outside Directors and Executive Officers who conclude the delegation contracts with the Company (hereinafter referred to as the “Business Executive Officer, etc.”), is intended to enhance the awareness of the contribution of Business Executive Officers, etc. to improving the medium- to long-term business performance and increasing the corporate value of the Company, whereas the “non-performance-linked portion” is intended to strengthen the common interest between Directors, etc. and shareholders through shareholding by Directors, etc.

(i) Persons covered under this Proposal who are subject to transfer and delivery of the Company Shares, etc.	<ul style="list-style-type: none"> • Directors (excluding Directors who are Audit & Supervisory Committee Members and non-residents in Japan) • Executive Officers (excluding non-residents in Japan)
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(ii) Impact of the Company shares covered under this Proposal on the total number of outstanding shares	
Maximum amount of money contributed by the Company (see (2) below)	<ul style="list-style-type: none"> • The maximum amount of money to be contributed during the three fiscal years shall be 1.9 billion yen (including 15 million yen to Outside Directors).
Maximum number of the Company Shares, etc., to be transferred and delivered from the Trust to Directors, etc. and method to acquire the Company shares (see (2) and (3) below)	<ul style="list-style-type: none"> • The maximum number of points (number of the Company shares) granted to Directors, etc. during the three fiscal years, the covered period, is 210,000 points (including 1,200 points to Outside Directors). • The ratio of 70,000 points, which is the average number of points per fiscal year of the aforementioned maximum points, to the total number of outstanding shares of the Company (as of March 31, 2023; after deducting treasury stock) is approximately 0.1%. • The Company shares will be acquired from the stock market or from the Company (through the disposal of treasury stock, which excludes treasury stock acquired for the purpose of retirement as part of shareholder return). No dilution of shares will be caused in case of acquiring additional shares involved in the amendment of the Plan because the Company shares will be acquired from the stock market.

(iii) Detailed conditions for achieving performance targets (see (3) below)	[Business Executive Officers, etc.]
	<ul style="list-style-type: none"> • Points will be granted on the condition that 20% ROE and 50% payout ratio are achieved, with regard to both the performance-linked portion and the non-performance-linked portion. • The performance-linked portion shall fluctuate according to the achievement level of the Company's performance targets, etc. (during the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2025, in addition to the growth rate of consolidated operating income, non-financial indicators (reduction rate of CO₂ emissions, the proportion of females in management personnel, employees' engagement, and compliance penetration level) will be adopted).
	[Outside Directors (excluding Directors who are Audit & Supervisory Committee Members)]
	<ul style="list-style-type: none"> • None (granted with fixed points)

(iv) Timing of transfer and delivery to Directors, etc. of the Company Shares, etc. (see (4) below)	Performance-linked portion	After expiry of the covered period
	Non-performance-linked portion	Upon retirement of the positions

(2) Maximum amount of money to be contributed by the Company

This Plan covers the consecutive three fiscal years (hereinafter referred to as the "Covered Period"). Currently, the established trust exists for Directors (excluding Outside Directors and non-residents in Japan) covering the three fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025. Therefore, the Covered Period right after the amendment to the Plan by this Proposal shall be the three fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025.

The Company will contribute a total amount of up to 1.9 billion yen (including 15 million yen to Outside Directors) as compensation to Directors, etc. for each Covered Period to establish the Trust for a 3-year trust period, the beneficiaries of which are Directors, etc. who meet the beneficiary requirements.

The Trust will acquire the Company shares from the stock market or from the Company (through the disposal of treasury stock, which excludes treasury stock acquired for the purpose of retirement as part of shareholder return), using the entrusted money as a source of funds, in accordance with the instructions made by the trust administrator. During the trust period, the Company will grant points (as described in (3) below) to Directors, etc., and the Trust will transfer and deliver the Company Shares, etc., to Directors, etc.

Upon the expiry of the trust period of the Trust, the Company plans to continue the Plan by setting up a new Trust or amending the trust agreement and making an additional trust (such amendment to the trust agreement and additional trust, if any, shall be deemed equivalent to the establishment of the Trust).

In case where the Plan is continued by amending the trust agreement, the trust period shall be extended for three years, and the three fiscal years after the extension of the trust period shall be

deemed as the new Covered Period. The Company shall make an additional contribution within the total amount of 1.9 billion yen (including 15 million yen to Outside Directors) for each extended trust period and continue to grant points to Directors, etc. during such extended trust period, whereas the Trust shall continue to transfer and deliver the Company Shares etc., to Directors, etc. during such extended trust period; provided, however, that, if the Company shares and money remain in the trust property, in the case such additional contribution is made, at the end of the trust period before such extension (excluding the Company Shares, etc., that correspond to the points granted but have not been transferred and delivered to Directors, etc.) (hereinafter such remaining shares and money referred to as “Remaining Shares, etc.”), the total amount of such Remaining Shares, etc., and the trust money to be additionally contributed by the Company shall be within the range of 1.9 billion yen (including 15 million yen to Outside Directors).

Furthermore, if Directors, etc. who may meet the beneficiary requirements remain in office upon the expiry of the trust period, no points will be granted to Directors, etc. thereafter, whereas the trust period of the Trust may be extended up to 10 years until the transfer and delivery of the Company Shares, etc., to such Directors, etc. are completed.

(3) Calculation method and upper limit, etc. of the number of the Company Shares, etc., to be acquired by Directors, etc.

The Company Shares, etc., shall be transferred and delivered according to the accumulated amount of each type of points related to (i) performance-linked portion and (ii) non-performance-linked portion for Business Executive Officers, etc., points related to (ii) non-performance-linked portion for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same shall apply) (hereinafter referred to as “Cumulative Points”). The points related to (i) (ii) for Business Executive Officers, etc. will be granted on the condition that 20% ROE and 50% payout ratio are achieved.

(i) Performance-linked portion

Points to be determined based on job titles are granted every year during the trust period and are fluctuated according to the achievement level of the Company’s performance targets, etc. During the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2025, the Company plans to adopt, in addition to the growth rate of consolidated operating income, non-financial indicators (reduction rate of CO₂ emissions, the proportion of females in management personnel, employees’ engagement, and compliance penetration level). The indicators during the Covered Period of the fiscal year ending March 31, 2026 and the subsequent fiscal years will be determined separately by the Board of Directors.

(ii) Non-performance-linked portion

Points to be determined based on job titles are granted every year during the trust period

One point shall be equivalent to one share of the Company’s common shares; provided, however, that, if the Company shares held in the Trust increase or decrease due to a stock split, a gratis allotment of shares, a consolidation of shares, etc., the Company will adjust the number of Company shares to be transferred and delivered per point according to the rate of such increase or decrease.

The total number of points to be granted to Directors, etc. during the trust period of the Trust shall be up to 210,000 points (including 1,200 points to Outside Directors) per three fiscal years. The number of shares to be acquired by the Trust during the Covered Period (hereinafter referred to as “Number of Shares to be Acquired”) shall be limited to the number of shares (210,000 shares) that is equivalent to the upper limit of such points. If the aforementioned adjustment is made, the upper limit of the Number of Shares to be Acquired shall also be adjusted accordingly. The upper limit of the total number of Company Shares, etc., to be transferred and delivered to Directors, etc. was

determined based on the upper limit of the trust money as mentioned in (2) above, while the latest stock prices, etc., were taken into account.

(4) Outline of timing and method of transfer and delivery of the Company shares, etc., to Directors, etc. and other conditions of share transfer

(i) Performance-linked portion

The transfer and delivery of the Company shares, etc., related to the performance-linked portion shall be made after the expiry of the Covered Period.

Those Business Executive Officers, etc. who meet the beneficiary requirements shall receive from the Trust the Company Shares equivalent to 50% of the Cumulative Points related to the performance-linked portion (shares less than one unit shall be rounded up), and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust.

If an incumbent Business Executive Officer, etc. dies before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the Covered Period, the heir of such Business Executive Officer, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if a Business Executive Officer, etc. becomes a non-resident of Japan before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the Covered Period, such Business Executive Officer, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(ii) Non-performance-linked portion

The transfer and delivery of the Company shares, etc., related to the non-performance-linked portion shall be made upon the retirement of Directors, etc. Those Directors, etc. who meet the beneficiary requirements shall receive from the Trust the Company shares equivalent to 50% of the Cumulative Points related to the non-performance-linked portion (shares less than one unit shall be rounded up) that are granted before retirement, and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust.

If an incumbent Director, etc. dies during the trust period, the heir of such Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if a Director, etc. becomes a non-resident of Japan during the trust period, such Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(iii) Forfeiture, etc. of stock compensation

In case of the occurrence of retrospective amendment to account settlement due to material error or misconduct in accounting, or the judgement of the Board of Directors to admit the occurrence of material violation, etc. of the delegation contracts, etc. by Directors, etc., the Company shall be able to deprive the said Directors, etc. of all or part of the right to receive stock compensation, or demand the compensation equivalent to all or part of the granted stock compensation.

(5) Voting rights of the Company shares held in the Trust

No voting rights of the Company shares held in the Trust shall be exercised during the trust period from the standpoint of ensuring neutrality to the corporate management of the Company.

(6) Handling of dividends of the Company shares held in the Trust

The dividends to be paid on the Company shares held in the Trust shall be received by the Trust and will be used to cover trust fees and trust expenses. The residual money after trust fees and trust expenses are covered, if any, upon the final closure of the Trust shall be donated to an organization that has no conflict of interest with the Company.

If the Trust is continuously used, however, such residual money shall be used as a source of funds for share acquisition.

(7) Other details of the Plan

The other details of the Plan shall be determined by the Board of Directors each time upon the establishment of the Trust, amendment to the trust agreement and additional contribution to the Trust.

[Reference] Outline of the determination policy for remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

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

1. Basic policy for remuneration of officers

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

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

2. Remuneration level

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

3. Composition of Remuneration

Based on the basic policy above, the composition of remuneration focuses on incentives. Specifically, the remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as "Business Executive Directors") is composed of basic remuneration, bonuses on performance and stock compensation and its proportion is 1 : 0.6 : 0.6 (in case of 100% of achievement rate for performance targets). In the future, the target proportion is 1 : 2-3 : 2-3.

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

(Basic remuneration)

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

(Bonuses on performance)

Bonuses on performance are granted during the specified period annually as short-term incentives in each fiscal term according to the achievement rate of targets with the range of 0% to 130 %.

However, the bonuses shall be granted within the ranges of multiplying the consolidated net income (profit attributable to owners of the parent) by a specific ratio to share common interests with shareholders.

The indicators to measure the achievement of targets will be selected considering the mid-term management plan and materiality. We will pay attention to make the incentives appropriate for achievement of the mid-term management plan and materiality by adopting non-financial indicators and individual evaluations besides financial indicators.

(Stock compensation)

Stock compensation shall be granted for the purposes of promoting incentive for enhancement of mid- to long-term corporate performance and corporate value of the Daito Group and the awareness of sharing common interests with our shareholders.

Specifically, stock compensation of Business Executive Directors is comprised of a performance-linked portion and a non-performance-linked portion. For the performance-linked portion, points to be determined based on job titles are granted every year and the points fluctuate within the range of 0% - 150% according to the achievement level of targets and the stock is granted according to the points during the specific period after the expiry of the Covered Period (for three years). For the non-performance-linked portion, points to be determined based on job titles are granted every year and the stock is granted according to cumulative points upon retirement of the position. In addition, the granting of points for Business Executive Directors is subject to the achievement of ROE 20% and 50 % of payout ratio.

The indicators to measure the achievement of targets will be selected considering the mid-term management plan and materiality. We will pay attention to make the incentives appropriate for achievement of the mid-term management plan and materiality by adopting non-financial indicators besides financial indicators.

In addition, for Business Executive Directors, possession of the Company's stock equivalent to (annual) basic remuneration or more (including potentially possessed stock) is recommended in principle within five years after assuming the position.

Stock compensation of Outside Directors shall be non-performance-linked and fixed in consideration of their roles.

4. Determination process of remuneration

The Company established the Nominating and Remuneration Committee as an advisory organ for the Board of Directors to secure the properness and transparency of remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same applies).

Determination policy for remuneration, etc. of individual Directors (including remuneration level, remuneration composition, and the setting of targets for performance-linked remuneration) is determined by the Board of Directors through sufficient deliberations by the Nominating and Remuneration Committee.

The amount of remuneration of individual Directors is determined by President and Representative Director entrusted by the Board of Directors based on the determination policy. Specifically, for the non-performance-linked portion of basic remuneration and stock compensation, the Nominating and Remuneration Committee makes a draft of remuneration amounts and President and Representative Director determines the amount. For the performance-linked portion, the individual remuneration amounts are determined by applying calculation formula after the evaluation of each Business Executive Director relating to the performance-linked portion is deliberated by the Nominating and Remuneration Committee and President and Representative Director received recommendations from Nominating and Remuneration Committee.

5. Forfeiture, etc. of stock compensation

In case of the resolution of the Board of Directors for retrospective amendment to account settlement due to material error or misconduct in accounting, or the judgement of the Board of Directors to admit the occurrence of material violation of the delegation contracts between the Company and the Director during the Director's office, the Nominating and Remuneration Committee is consulted by Board of Directors, and deliberates whether to confiscate all or part of the right to receive bonuses or stock compensation or not, whether to demand the return of all or part of the granted bonuses and stock compensation or not, and shall make recommendations to Board of Directors based on the result. In addition, if a Director move to competing company without the Company's permission, the Nominating and Remuneration Committee will be consulted by the Board of Directors, and shall deliberate whether to demand the return of all or part of stock compensation or not, and shall make recommendations to Board of Directors based on the result.

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

(Appendix) Business Report
(From April 1, 2022 to March 31, 2023)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2023, the Japanese economy showed signs of gradual recovery with normalization of social activities following the relaxation of movement restrictions due to the novel coronavirus infection (COVID-19). However, in the housing industry, the outlook for the future still remains uncertain, affected by the soaring prices of materials and energy, progressing depreciation of yen, and other conditions. Therefore, we need to keep monitoring closely the impacts on supply chains accompanied by continuous global inflation.

New housing starts remained at the almost the same level, decreased by 0.5% on a cumulative basis from April 2022 to March 2023 compared to the same period of the previous fiscal year. Meanwhile, in the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties increased by 5.0% on a cumulative basis from April 2022 to March 2023 compared to the same period of the previous fiscal year, a year-on-year increase for 25 consecutive months.

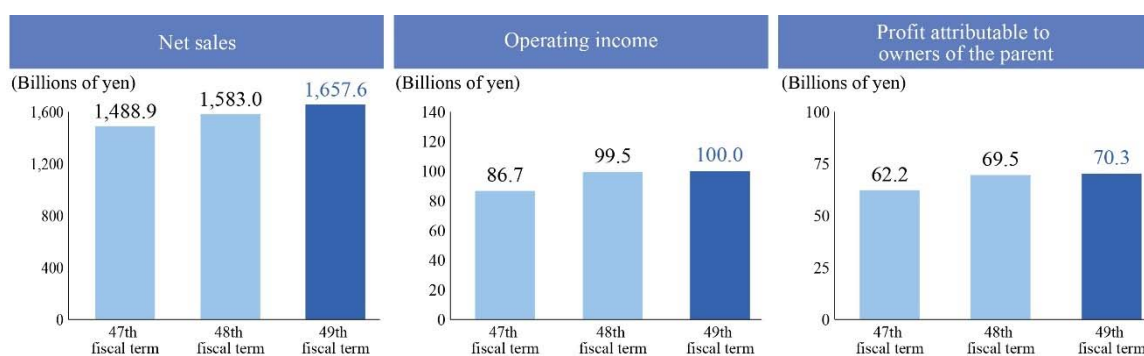
Under such circumstances, going forward, demand for rental buildings with high convenience, safety and comfort will continue to be steady in the field of rental housing. The Group is expected to acquire expertise about the management of sound rental buildings in accordance with tenants' demands and take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

The Company continues to further reinforce our rental housing business and peripheral businesses including the stock type of business using the number of properties under management of more than 1.2 million. At the same time, we will aim to promote new businesses besides the rental housing business steadily and maximize revenue.

(ii) Overview of Daito Group

During the fiscal year ended March 31, 2023, the Daito Group achieved sales and profit growth for two consecutive years. Overachieving the planned targets, we recorded net sales in the amount of 1,657,626 million yen (up 4.7% year-on-year), and posted an operating income of 100,000 million yen (up 0.4% year-on-year), ordinary income of 103,898 million yen (up 0.2% year-on-year), and current term profit attributable to owners of the parent of 70,361 million yen (up 1.1% year-on-year).

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



(iii) Progress and Results by Segment

■ Construction Business

In the construction business, net sales of completed construction contracts increased by 6.2% year-on-year to 459,572 million yen mainly due to steady progress in construction works. Meanwhile, the gross profit margin for completed projects dropped 3.4 points from the previous fiscal year to 21.3% due to, among others, soaring material prices including imported lumber.

Orders received increased 19.7% year-on-year to 503,770 million yen and construction orders in hand as of March 31, 2023 increased 1.5% year-on-year to 721,871 million yen.



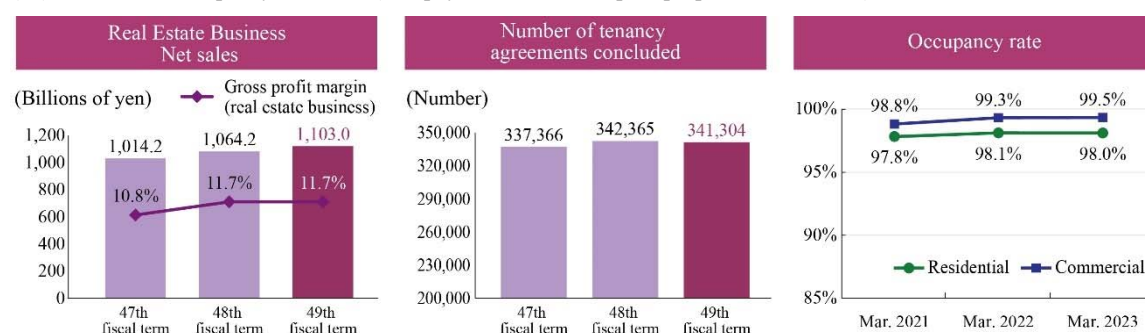
■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System and the record high-level occupancy rate allowed Daito Kentaku Partners Co., Ltd., our whole-building lease provider, to increase its rental income, while House Leave Co., Ltd., which offers joint guarantor-free services, increased its revenues, resulting in a 3.6% rise in net sales year-on-year to 1,103,002 million yen.

The number of tenancy agreements concluded (*1) dropped 0.3% year-on-year to 341,304, the same level as the previous fiscal year, because of few available vacancies to recruit tenants due to high occupancy rates of the properties managed by the Company. The rent-based occupancy rate (*2) of our leased residential properties as of March 31, 2023 decreased 0.1 points year-on-year to 98.0%, while the rent-based occupancy rate of our leased commercial properties increased 0.2 points year-on-year to 99.5%.

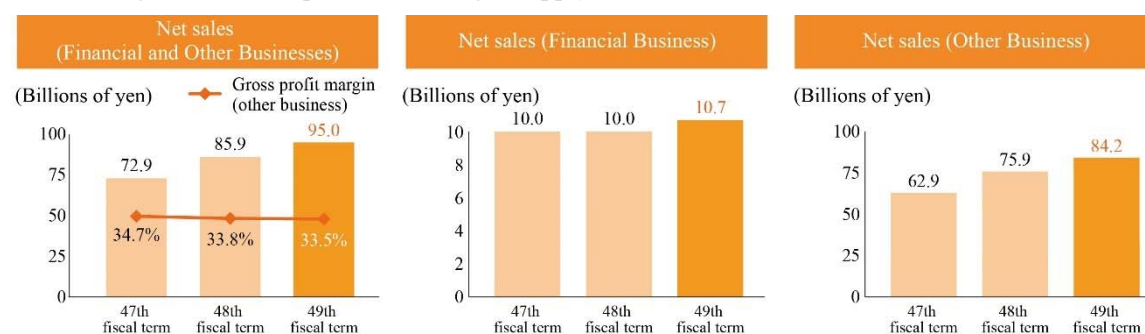
(*1) Total number of Daito Kentaku Leasing Co., Ltd. and Daito Kentaku Partners Co., Ltd. (including properties managed by other companies)

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

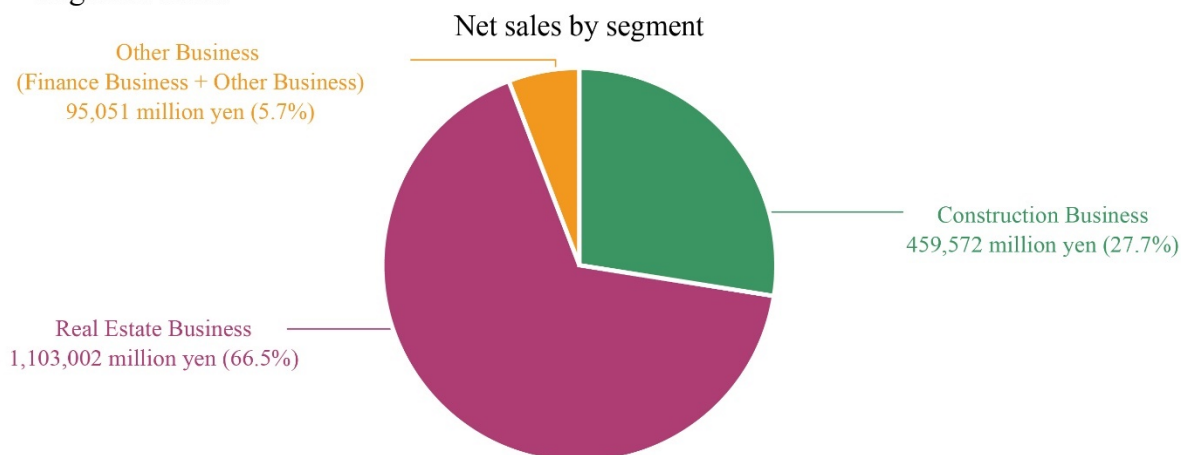


■ Other Business (Financial Business and Other Business)

Total of net sales of other business increased by 10.6% year-on-year to 95,051 million yen, and operating income increased by 4.4% year-on-year to 15,088 million yen. This was attributable to the improved occupancy rate of hotels in Malaysia following the settled situation of COVID-19, and an increase in the number of gas meters in operation in the gas supply business.



<Segment Sales>



Segment		(Reference) 48th Fiscal Term Sales (million yen)	49th Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	412,877	436,918	5.8
	Commercial	10,088	12,062	19.6
	Other	9,865	10,591	7.4
	Total	432,831	459,572	6.2
Real estate business	Whole-building lease agreements	962,662	991,029	2.9
	Improvement/repair work	33,271	36,862	10.8
	Real estate brokerage	23,633	23,337	(1.3)
	Rent guarantee business	18,312	19,166	4.7
	Power generation business	7,466	8,672	16.2
	Lease business	6,590	6,930	5.2
	Other	12,294	17,002	38.3
Total	1,064,230	1,103,002	3.6	
Financial business	Total	10,040	10,777	7.3
Other business	Total	75,901	84,274	11.0
Sum total		1,583,003	1,657,626	4.7

(2) Business Strategies

In the fiscal year ended March 31, 2023, we achieved sales and profit growth for two consecutive years in the consolidated business performance, while signs showed that the spread of COVID-19 was being settled. Meanwhile, the outlook remains uncertain with circumstances, such as rising raw material and energy prices and progressing depreciation of yen due to the unstable international situation, etc.

In the construction business, thanks to relaxation of restrictions on sales activities due to COVID-19, and expansion of the sales channels including own developed housing and other efforts, both orders received and net sales of completed construction contracts were higher than the year-earlier results. However, the situation remains severe to earn profit margins owing to the price hike on imported lumber and other raw materials, and other circumstances. We aim to continue facilitating orders through expansion of sales channels and sales staff, while striving to control costs by equalizing construction period.

In the real estate business, we achieved an increase in income as the number of units under management increased and the occupancy rates were at a high level continuously. We aim to continue maintaining high occupancy rates by making the most of our high management quality and the brand power of “e-Heya Net.” In addition, we will strengthen the franchise business and the real estate brokerage and trading businesses, thereby expanding profit.

In the other business, we achieved an increase in income as the occupancy rate in the operation of hotels in Malaysia improved following the settled situation of COVID-19, and the expansion of number of units with gas supply progressed. Keeping an eye on changes in social situations as well as on energy prices, we seek to maximize the Group synergies and foster and reinforce new businesses, striving to expand revenue.

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

[Reference] Daito Group’s Material Issues

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

Segment strategies

■Construction Business

In the construction business, we aim to expand orders through diversification of sales channels and expansion of sales staff, while establishing the Real Estate Development Business Headquarters and promoting new businesses including our in-house development business. We also seek to expand our business territory, including reinforcement in the business of commercial use buildings such as distribution facilities, etc. Active efforts will be also made toward environmentally friendly rental housing, such as net zero energy house (ZEH), thereby contributing to resolving societal issues.

■Real Estate Business

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

■Other Business (Financial Business and Other Business)

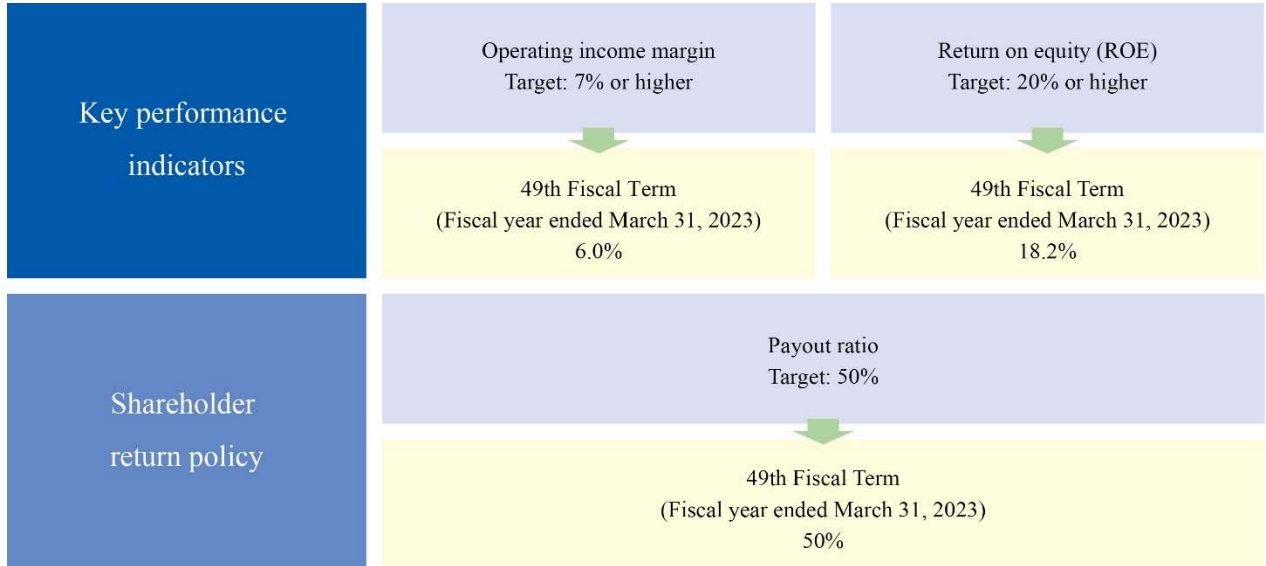
In other businesses, we will continue broadening the Daito Group's business territory by fostering and enhancing new businesses such as the service office business and the investment-purpose condominium business in addition to the existing businesses including nursing care and childcare business and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

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

[Reference] Basic Capital Policy of the Company

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

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



(3) Capital Investment, etc.

In the fiscal year ended March 31, 2023, total capital investment amounted to 28,787 million yen, which primarily consisted of the overhaul of the backbone system and installation of solar power generation facilities.

(4) Financing

Given the expiration of commitment line agreements, which were executed in preparation for the spread of COVID-19 and its prolongation, the Daito Group has again executed commitment line agreements worth 40.0 billion yen (for a period of one year) during the fiscal year under review for the purpose of securing stable and flexible methods for fund procurement and further stabilizing the financial base.

In addition, the Daito Group raised 9.0 billion yen through Green Loans for funding the capital investment for new installation of solar power generation facilities.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022	49th fiscal term: Fiscal year ended March 31, 2023 (under review)
Net sales (million yen)	1,586,293	1,488,915	1,583,003	1,657,626
Operating income (million yen)	127,956	86,738	99,594	100,000
Ordinary income (million yen)	133,028	90,607	103,671	103,898
Profit attributable to owners of the parent (million yen)	90,380	62,285	69,580	70,361
Earnings per share < EPS > (yen)	1,306.71	909.31	1,021.43	1,031.06
Total assets (million yen)	880,289	919,454	1,005,879	1,061,909
Net assets (million yen)	286,161	308,206	365,787	404,933

(ii) Trends in Assets and Income of the Company

Category	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021	48th fiscal term: Fiscal year ended March 31, 2022	49th fiscal term: Fiscal year ended March 31, 2023 (under review)
Net sales (million yen)	553,359	404,107	437,742	470,003
Operating income (million yen)	55,474	7,688	2,873	3,859
Ordinary income (million yen)	97,875	51,056	48,736	55,820
Net income (million yen)	78,464	46,767	43,005	59,219
Earnings per share < EPS > (yen)	1,134.43	682.76	631.32	867.80
Total assets (million yen)	583,695	597,870	669,348	686,272
Net assets (million yen)	125,430	132,058	138,085	153,913

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

As improper accounting treatment was discovered at a consolidated subsidiary in April, 2022, the Company has set up a research team, where internal officers of the Internal Auditing Department and the Accounting Department and external experts, including lawyers and certified public accountants, were among its members, and had it conduct an internal investigation into the improper accounting treatment. Ensuring fairness and neutrality of the investigation, the research team investigated into the improper accounting treatment and whether there had been involvement by related parties, examined similar cases, and conducted a cause analysis.

Considering the results of investigations, and the opinions from the research team, Audit & Supervisory Board and accounting auditors, at the Board of Directors meeting, we discussed and formulated recurrence preventive measures and established a team across the whole company to promote each measure and have striven to strengthen internal control of the Group. The progress is reported to the Board of Directors according to situations, and appropriate monitoring is implemented.

As of end of the fiscal year, the status of efforts to recurrence preventive measures are as follows:

1) Review the systems and environment of control in accounting departments

- (i) In the three major companies of the Group, the Company, Daito Kentaku Partners Co., Ltd., and Daito Kentaku Leasing Co., Ltd., we stipulated provisions to separate budget managing officer from accounting officer and to forbid concurrent work in the business departments by an employee of accounting. Therefore, we operate strengthening the internal control on budget management and appropriate recording.
- (ii) We stipulated allowance estimate standards and guidelines to define positive proof required in procedures of payment approval with the aim of standardizing and defining the operation procedures. As a result, we started operating organized check systems to confirm and verify properness of record basis more appropriately.
- (iii) Training three times annually is set for accounting staff of the whole group regarding appropriate financial reporting, while the action guidelines for accounting staff was established and announced to further enhance their awareness of compliance and foster an atmosphere of not allowing improper treatment.

2) Review the systems and environment of control in officers and other administrative departments

- (i) Regarding the internal report system, we continue to give education and training to the persons in charge, for the purpose of protecting the reporter. At the same time, we announced again to all employees of the Group about the internal report systems and external report contact center and that they are safe systems to use. In addition, President and Representative Director and Executive Officers also sent messages by themselves to protect reporters and to strive to foster an atmosphere allowing the proper use of the system.
- (ii) We established Auditing Supervisory Department to increase the auditing frequency to headquarters departments including subsidiaries in addition to operational audits to branches priorly implemented. Furthermore, we strengthened internal auditing and J-SOX evaluation and expanded the auditing staff to start efforts for improvement of effectiveness of internal auditing. In addition, we established the Risk Management Supervisory Department dedicated to promoting internal auditing and strive to further strengthen internal control of group.
- (iii) Regular training was held four times regarding internal control and accounting for executives in the three major companies to deepen their understanding of internal control and accounting work and knowledge about prevention of improper accounting. We tried to enhance the effectiveness of precaution from the standpoint of executives.

From now on, we will regard the efforts relating to overall internal control of the Group as one of the most important management issues besides the above-mentioned recurrence preventive measures. We also aim to establish an environment of control, not allowing the efforts to become a mere facade and where the executives lead efforts with a mid- to long- term perspective.

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
 (2) **Number of shares issued** 68,877,295 shares (excluding treasury stock: 41,684 shares)
 (3) **Number of shareholders** 20,130 shareholders
 (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,301	14.96
SSBTC CLIENT OMNIBUS ACCOUNT	4,644	6.74
Custody Bank of Japan, Ltd. (Trust account)	3,751	5.45
HIKARI TSUSHIN, INC.	3,480	5.05
Co-op Suppliers' Stock Holding	1,680	2.44
Sumitomo Realty & Development Co., Ltd.	1,606	2.33
STATE STREET BANK AND TRUST COMPANY 505001	1,404	2.04
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	1,285	1.87
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	1,231	1.79
Daito Trust Construction Employees' Shareholding Association	1,134	1.65

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (41 thousand shares).
 2. The Company holds 41 thousand shares of treasury stock, excluding 478 thousand shares held by the ESOP Trust, 373 thousand shares held by the J-ESOP and 99 thousand shares held by the Board Incentive Plan (BIP).

(5) Shares transferred to the Company's officers as compensation for execution of their duties during the fiscal year under review

Category	Number of shares	Number of persons who are subject to transfer
Director (excluding Outside Director)	13,872 shares	7 persons

- (Note) Part of transferred shares were converted into money in the Board Incentive Plan and the amount equivalent to the conversion were delivered.

3. Corporate Officers

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

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

- (Notes)
1. Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki, Mr. Takashi Shoda and Mr. Atsushi Iritani are Outside Directors.
 2. Mr. Masayasu Uno, Mr. Masa Matsushita, and Mr. Kenji Kobayashi are Outside Audit & Supervisory Board Members.
 3. Audit & Supervisory Board Members Mr. Masayasu Uno and Mr. Kenji Kobayashi are qualified as Certified Public Accountants and have considerable financial and accounting knowledge.
 4. The Company has designated Directors Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki, Mr. Takashi Shoda and Mr. Atsushi Iritani, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Masa Matsushita and Mr. Kenji Kobayashi as independent officers under the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.

5. Changes in Directors' positions, responsibilities and significant concurrent positions held after the last date of the fiscal year are as follows. (Only Directors who had changes as of April 1, 2023 are presented)

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director	Kei Takeuchi	General Manager of Construction Business Headquarters Committee Member of Governance Committee Committee Member of Nominating and Remuneration Committee
Director	Yoshihiro Mori	General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters
Director	Shuji Kawai	General Manager of Audit & Supervisory Committee Preparatory Department
Director	Katsuma Kobayashi	—
Director	Koji Sato	—

(Reference) Names and responsibilities of Executive Officers as of April 1, 2023 are as follows.

Position	Name	Responsibilities
Chief Executive Officer	Kei Takeuchi	General Manager of Construction Business Headquarters
Managing Executive Officer	Yoshihiro Mori	General Manager of Real Estate Business Headquarters Representative Director and President, Daito Kentaku Partners Co., Ltd.
Senior Executive Officer	Masafumi Tate	General Manager of Design Management Department
Senior Executive Officer	Tsukasa Okamoto	General Manager of Finance and Accounting Department
Senior Executive Officer	Yutaka Amano	General Manager of Real Estate Development Headquarters
Senior Executive Officer	Yoshimasa Tanaka	General Manager of Corporate Business Headquarters
Senior Executive Officer	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters
Senior Executive Officer	Eiji Kawahara	Representative Director and President, Daito Kentaku Leasing Co., Ltd.
Senior Executive Officer	Jun Matsufuji	General Manager of Central Japan Construction Business Headquarters
Senior Executive Officer	Takeshi Shirasaki	General Manager of East Japan Construction Business Headquarters
Senior Executive Officer	Eiji Okamoto	General Manager of West Japan Construction Business Headquarters
Executive Officer	Takashi Suzuki	General Manager of Tokai Area Construction Business Department
Executive Officer	Shoji Yamada	General Manager of Chukyo Area Construction Business Department
Executive Officer	Masayuki Koishikawa	General Manager of Sales Management Department
Executive Officer	Kouichi Nakamura	General Manager of East Japan Construction Business Headquarters
Executive Officer	Tetsuya Shibata	Managing Director, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Kazuhiro Izumi	General Manager of Construction Management Department
Executive Officer	Kunihiro Takenaka	General Manager of Central Japan Construction Business Headquarters
Executive Officer	Kouichi Nonaka	General Manager of Risk Management Supervisory Department
Executive Officer	Taizou Matsukawa	Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Yukiko Arimatsu	Director, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Seiichirou Kitahara	Director, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Seiji Kakutani	General Manager of North Kyushu and Okinawa Area Construction Business Department
Executive Officer	Hitoshi Tanaka	General Manager of West Japan Construction Business Headquarters
Executive Officer	Tomoyoshi Matsumoto	Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Yutaka Takahashi	President and Representative Director, INVALIDANCE Ltd.
Executive Officer	Masamoto Nakajima	General Manager of Group Auditing Department

(2) Outline of Limited Liability Agreements

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

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

(3) Outline of indemnity agreement

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

(4) Outline of Directors and Officers Liability Insurance Contract

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

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

(i) Determination policy for remuneration of individual Directors

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

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

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

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

a. Remuneration of Directors

Directors' monetary remuneration is the sum of the fixed portion which is capped at 1.0 billion yen per year (including the Outside Directors' remuneration capped at 50 million yen) and the variable portion which is capped at 1.5% of consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review (not exceeding 1.0 billion yen, and not payable if consolidated net income [Profit attributable

to owners of the parent] for the fiscal year under review falls short of 20.0 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007. The number of Directors as of the resolution at the said General Meeting of Shareholders was 10 (including one Outside Director).

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

b. Remuneration of Audit & Supervisory Board Members

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

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

For the fiscal year under review, the Company resolved at the Board of Directors' meeting held on June 28, 2022 to delegate the authority of determining remuneration for individual Directors to Mr. Katsuma Kobayashi serving as President and Representative Director (CEO).

The delegation authorizes the Representative Director to give final approval to the results of the mutual evaluations of Directors, and evaluations of individual Directors made upon consulting the Nominating and Remuneration Committee and receiving its recommendations. Based on these evaluation results, the amount of basic remuneration, bonuses, and the number of shares to be allotted as stock compensation to individual Directors are determined.

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

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

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

Category	Number of persons paid	Fixed remuneration	Performance-linked remuneration			Total
		Basic remuneration	Bonuses	Non-monetary remuneration		
				Stock compensation	Stock options	
Internal Director	7	¥363 million	¥108 million	-	¥2 million	¥475 million
Outside Director	4	¥48 million	-	-	-	¥48 million
Outside Audit & Supervisory Board Members	3	¥62 million	-	-	-	¥62 million
Total [of which, Outside members]	14 [7]	¥474 million [¥110 million]	¥108 million [-]	- [-]	¥2 million [-]	¥586 million [¥110 million]

- (Notes)1. The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.
2. The amounts shown as stock options above are the amounts recorded during the fiscal year under review, pertaining to the stock option plan terminated in the fiscal year ended March 31, 2019. No new stock options have been allotted from the fiscal year ended March 31, 2020.
3. The headcount as of the end of the fiscal year under review is eleven (11) Directors and three (3) Audit & Supervisory Board Members.

(v) Details of remuneration of Directors

a. Basic remuneration (fixed remuneration)

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

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

To share interests with shareholders, bonuses shall be determined in consideration of the achievement, contribution, etc., of each Director during the fiscal year and be paid from the total amount of bonuses which is determined by multiplying consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review by a certain ratio determined by the Board of Directors (1.5%), which is then calculated according to a table in the regulations depending on the results of performance indicators pertaining to the construction business and real estate business, which are the Daito Group's core businesses. However, Outside Directors are not entitled to receive any bonuses. To share performance targets among Directors and employees, these indicators are the same as those used for the calculation of employees' bonuses. Total amount of bonuses shall not exceed 1.0 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20.0 billion yen. In the fiscal year under review, consolidated net income came to 70.3 billion yen, and the achievement rate of the performance indicator was 90%.

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

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

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

The plan is comprised of a performance-linked portion and a non-performance-linked portion. For the performance-linked portion, points to be determined based on job titles are granted every year and are multiplied by the achievement level (0 to 150%) of the Company's performance targets, etc. (the Company adopted the consolidated operating income growth rate as the relevant performance indicator for the plan established in 2022) after the expiry of the Covered Period. For the non-performance-linked portion, points to be determined based on job titles are granted every year.

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

Upon the expiry of the trust period of the trust, the Company continues the plan by setting up a new trust or amending the trust agreement and making an additional trust (such amendment to the trust agreement and additional trust, if any, shall be deemed equivalent to the establishment of the trust). In case where the plan is continued by amending the trust agreement, the trust period shall be extended for three years, and the three fiscal years after the extension of the trust period shall be deemed as the new Covered Period. The Company shall make an additional contribution within the total amount of 1.9 billion yen for each extended trust period and continue to grant points to Directors during such extended trust period, whereas the trust shall continue to transfer and deliver the Company shares, etc.,

to Directors during such extended trust period; provided, however, that, in the case that such additional contribution is made, if the Company shares and money remain in the trust property at the end of the trust period before such extension (excluding the Company shares, etc., that correspond to the points granted but have not been transferred and delivered to Directors), the total amount of such remaining shares, etc., and the trust money to be additionally contributed by the Company shall be within the range of 1.9 billion yen.

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

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

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

Type of remuneration		Contents	Fixed/ Variable	Maximum amount/Conditions
Basic remuneration		Determined in consideration of corporate earnings, rate of increase in employees' salary, years of employment, remuneration paid by industry peers, and contribution, etc.	Fixed	<Maximum amount>: 1.0 billion yen in total per year (including 50 million yen or less to Outside Directors)
Bonuses		Total amount is determined by multiplying consolidated net income by 1.5% and in accordance with a table in the regulations depending on the results of performance indicators. Amount of payment to each Director is determined in consideration of contribution, etc. made by each Director in a single fiscal year.	Variable	<Maximum amount>: 1.0 billion yen in total per year (not paid to Outside Directors) <Condition>: Consolidated net income of 20.0 billion yen or more and achievement of certain earnings results
Stock compensation	Non-performance-linked	Determined based on job titles. Granted upon the retirement of Directors.	Fixed	<Maximum amount>: Contribution of 1.9 billion yen in total over a three-year period and 210,000 shares of common stock over a three-year period
	Performance-linked	Amount based on job titles, multiplied by the achievement level (0 to 150%) of performance targets for three years. Granted after the expiry of the Covered Period (three fiscal years).	Variable	<Condition>: ROE of 20% or higher and payout ratio of 50% or higher

(6) Outside Officers

(i) Important concurrent positions and relationship with the Company

a. Outside Directors

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	From June to August in 2022, the Company had business transaction with Yamaguchi Toshiaki Law Firm, where Mr. Yamaguchi serves as Representative Attorney, regarding internal investigation into the improper accounting issue.
	Director, Japan Governance Research Association	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.	
Mami Sasaki	Outside Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd.	There is no business transactional relationship between the party and the Company.
Takashi Shoda	Outside Director, Audit and Supervisory Committee Member, UBE Corporation	There is no business transactional relationship between these parties and the Company.
	Outside Director, RIKEN Innovation Co., Ltd.	
Atsushi Iritani	Nagashima Ohno & Tsunematsu	There is no business transactional relationship between these parties and the Company.
	Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd.	
	Outside Audit & Supervisory Board Member of TRAINOCATE Holdings, Ltd.	

b. Outside Audit & Supervisory Board Members

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

(ii) Main activities during the fiscal year under review

a. Outside Directors

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities and outline of duties performed in expected roles
Toshiaki Yamaguchi	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his strong expertise and extensive experience as a lawyer with thorough knowledge of corporate legal affairs, risk management and corporate governance.</p> <p>In addition, as a Chairman of the Nominating and Remuneration Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted individual interviews, playing a central role in the mutual evaluations. In addition, as a Chairman of the Governance Committee, he provided advice based on his strong expertise and supervised management from an objective perspective, thereby fulfilling the role expected of him.</p>
Mami Sasaki	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, she pointed out issues on each agenda from a female perspective and an investor standpoint, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of her extensive knowledge and experience accumulated through organizational management in the global financial business.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, she was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, she also provided opinions from a financial perspective, thereby fulfilling the role expected of her in important decision-making and supervision of management.</p>
Takashi Shoda	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his extensive experience and knowledge acquired in the course of long-term involvement as a corporate manager in companies that operate global business, and his considerable insight into CSR activities acquired in the course of active engagement as a corporate manager.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, he was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, he also provided opinions on the progress of the medium-term business plan, the draft of organizational structures and other matters from the perspective of a corporate manager, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p>
Atsushi Iritani	14 times out of 14 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his extensive knowledge and experience in legal affairs and compliance, which he accumulated as an attorney and a certified public accountant.</p> <p>In addition, as a Committee Member of the Nominating and Remuneration Committee, he was involved in the mutual evaluations of executive Directors. As a Committee Member of the Governance Committee, he also provided opinions from the perspective of compliance and risk management, thereby fulfilling the role expected of him in important decision-making and supervision of management.</p>

b. Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Masayasu Uno	13 times out of 14 meetings (92.8%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge of financial and accounting as a certified public accountant and his extensive experience and insight as a business entrepreneur.</p> <p>In the Audit & Supervisory Board meetings, he reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc.</p> <p>In addition, he attended important meetings on business execution and Risk Management Committee and conducted audits targeted at major business establishments, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>
Masa Matsushita	14 times out of 14 meetings (100.0%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge regarding corporate legal affairs and finance as an attorney, and extensive experience and insight as a corporate manager.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, he attended important meetings on business execution and Risk Management Committee and conducted audits targeted at major business establishments, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>
Kenji Kobayashi	14 times out of 14 meetings (100.0%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his specialized knowledge regarding finance and accounting as a certified public accountant and extensive experience and insight as a corporate manager.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, as a Committee Member of the Governance Committee, he commented, as necessary, in important discussions on corporate governance.</p>

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

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

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 48th Fiscal Term (As of March 31, 2022)	49th Fiscal Term (As of March 31, 2023)	Account item	(Reference) 48th Fiscal Term (As of March 31, 2022)	49th Fiscal Term (As of March 31, 2023)
Current assets:	588,487	619,976	Current liabilities:	311,938	310,439
Cash and deposits	259,134	267,133	Accounts payable for construction contracts	36,479	50,141
Money held in trust	12,500	11,500	Short-term loans payable	–	1,026
Accounts receivable from completed construction contracts and other	54,610	58,154	Current portion of bonds payable	80	50
Short-term investment securities	3,101	3,999	Current portion of long-term loans payable	13,008	11,558
Real estate for sale	6,780	27,439	Lease obligations	169	310
Costs on uncompleted construction contracts	13,660	13,712	Income taxes payable	22,903	19,638
Real estate for sale and development projects in progress	15,358	11,166	Advances received on uncompleted construction contracts	39,466	41,772
Other inventories	8,586	11,957	Advances received	119,761	116,610
Prepaid expenses	72,347	74,267	Provision for bonuses	25,218	15,906
Operating loans	113,329	106,970	Provision for warranties for completed construction	1,376	1,251
Other	29,863	34,363	Provision for loss on construction contracts	–	793
Allowance for doubtful accounts	(785)	(688)	Deposits received	9,071	8,502
Noncurrent assets:	417,392	441,932	Other	44,402	42,878
Property, plant and equipment	177,627	191,382	Noncurrent liabilities:	328,152	346,537
Buildings and structures	60,392	61,894	Bonds payable	11,050	11,000
Machinery and equipment	36,320	48,286	Long-term loans payable	70,582	67,318
Tools, furniture and fixtures	2,057	1,753	Lease liabilities	388	611
Land	76,979	78,013	Deferred tax liabilities	446	428
Lease assets	640	947	Provision for repairs on whole building lease	187,469	207,185
Other	1,237	486	Net defined benefit liability	15,471	17,636
Intangible assets	36,505	34,579	Long-term guarantee deposits	31,306	30,807
Goodwill	11,337	11,356	Other	11,437	11,548
Other	25,168	23,223	Total liabilities	640,091	656,976
Investments and other assets	203,258	215,971	Net Assets		
Investment securities	47,155	50,409	Shareholders' equity:	369,882	405,439
Subordinated bonds and subordinated trust beneficiary rights	6,915	5,119	Capital stock	29,060	29,060
Deferred tax assets	95,104	100,109	Capital surplus	34,540	34,540
Other	60,129	66,965	Retained earnings	319,133	352,811
Allowance for doubtful accounts	(6,045)	(6,632)	Treasury stock	(12,852)	(10,973)
			Accumulated other comprehensive income	(8,424)	(4,090)
			Valuation difference on available-for-sale securities	2,825	2,309
			Deferred gains or losses on hedges	127	(156)
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(1,737)	4,298
			Remeasurements of defined benefit plans	(2,054)	(2,957)
			Subscription rights to shares	322	180
			Non-controlling interests	4,007	3,403
			Total net assets	365,787	404,933
Total assets	1,005,879	1,061,909	Total liabilities and net assets	1,005,879	1,061,909

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 48th Fiscal Term (From April 1, 2021 to March 31, 2022)		49th Fiscal Term (From April 1, 2022 to March 31, 2023)	
Net sales				
Net sales of completed construction contracts	432,831		459,572	
Sales on real estate business	1,064,230		1,103,002	
Other business revenue	85,941	1,583,003	95,051	1,657,626
Cost of sales				
Cost of sales of completed construction contracts	325,849		361,531	
Cost of sales on real estate business	940,146		974,455	
Cost of sales on other business	56,865	1,322,860	63,190	1,399,178
Gross profit				
Gross profit on completed construction contracts	106,982		98,040	
Gross profit-real estate business	124,084		128,546	
Gross profit-other business	29,076	260,142	31,860	258,448
Selling, general and administrative expenses		160,548		158,447
Operating income		99,594		100,000
Non-operating income				
Interest income	313		475	
Dividends income	422		406	
Commission fee	2,709		3,039	
Share of profit of entities accounted for using equity method	623		357	
Miscellaneous income	1,761	5,829	2,711	6,989
Non-operating expenses				
Interest expenses	433		428	
Commission expenses	666		487	
Foreign exchange losses	164		762	
Miscellaneous expenses	487	1,752	1,413	3,092
Ordinary income		103,671		103,898
Extraordinary income				
Gain on sales of noncurrent assets	49		212	
Gain on sales of investment securities	1		15	
Gain on sales of shares of subsidiaries and associates	10	61	-	228
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	327		492	
Impairment loss	183		1,795	
Loss on disaster	4	515	2	2,290
Income before income taxes and non-controlling interests		103,217		101,836
Income taxes – current	42,110		36,314	
Income taxes – deferred	(8,450)	33,660	(4,263)	32,051
Net income		69,557		69,785
Loss attributable to non-controlling interests		(22)		(575)
Profit attributable to owners of the parent		69,580		70,361

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 48th Fiscal Term (As of March 31, 2022)	49th Fiscal Term (As of March 31, 2023)	Account item	(Reference) 48th Fiscal Term (As of March 31, 2022)	49th Fiscal Term (As of March 31, 2023)
Current assets:	394,286	409,777	Current liabilities:	436,804	435,624
Cash and deposits	184,187	189,441	Accounts payable for construction contracts	30,522	39,496
Accounts receivable from completed construction contracts	37,858	36,308	Current portion of long-term loans payable	11,900	11,200
Short-term investment securities	3,101	3,999	Lease liabilities	35	28
Real estate for sale	995	12,581	Accounts payable - other	20,821	16,767
Costs on uncompleted construction contracts	13,022	12,163	Income taxes payable	1,645	1,277
Real estate for sale and development projects in progress	15,358	11,166	Accrued consumption taxes	3,792	2,709
Raw materials and supplies	7,317	9,750	Advances received on uncompleted construction contracts	38,934	40,497
Short-term loans receivable from subsidiaries and affiliates	116,260	113,970	Advances received	21,783	16,393
Prepaid expenses	668	672	Deposits received	292,200	295,432
Accounts receivable - other	9,901	14,331	Provision for bonuses	12,764	8,443
Advances paid	3,891	4,069	Provision for warranties for completed construction	1,311	1,188
Other	2,506	2,005	Provision for loss on construction contracts	-	793
Allowance for doubtful accounts	(781)	(684)	Other	1,091	1,395
Noncurrent assets:	275,062	276,495	Noncurrent liabilities:	94,458	96,734
Property, plant and equipment	34,667	84,011	Bonds payable	11,000	11,000
Buildings	8,106	18,574	Long-term loans payable	69,250	66,025
Structures	252	557	Lease liabilities	45	46
Machinery and equipment	29	17	Provision for retirement benefits	8,168	8,947
Tools, furniture and fixtures	538	390	Other	5,994	10,715
Land	25,436	64,345	Total liabilities	531,263	532,359
Lease assets	73	67	Net Assets		
Construction in progress	230	58	Shareholders' equity:	135,526	159,949
Intangible assets	19,005	16,527	Capital stock	29,060	29,060
Software	8,512	10,033	Capital surplus	34,540	34,540
Software in progress	10,334	6,334	Legal capital surplus	34,540	34,540
Other	158	159	Other capital surplus	0	-
Investments and other assets	221,388	175,956	Retained earnings	84,776	107,320
Investment securities	25,271	27,828	Legal retained earnings	7,265	7,265
Subordinated bonds and subordinated trust beneficiary rights	6,915	5,119	Other retained earnings	77,511	100,055
Stocks of subsidiaries and affiliates	137,260	86,531	Retained earnings brought forward	77,511	100,055
Long-term loans receivable from subsidiaries and affiliates	608	1,355	Treasury stock	(12,852)	(10,973)
Deferred tax assets	13,459	12,431	Valuation and translation adjustments:	2,267	(6,184)
Guarantee deposits	8,485	8,575	Valuation difference on available-for-sale securities	2,350	1,556
Other	29,827	34,845	Deferred gains or losses on hedges	127	(156)
Allowance for doubtful accounts	(440)	(731)	Revaluation reserve for land	(209)	(7,584)
			Subscription rights to shares	291	148
			Total net assets	138,085	153,913
Total assets	669,348	686,272	Total liabilities and net assets	669,348	686,272

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 48th Fiscal Term (From April 1, 2021 to March 31, 2022)		49th Fiscal Term (From April 1, 2022 to March 31, 2023)	
Net sales				
Net sales of completed construction contracts	434,458		462,695	
Sales on real estate business, etc.	3,284	437,742	7,308	470,003
Cost of sales				
Cost of sales of completed construction contracts	328,697		365,615	
Cost of sales on real estate business, etc.	1,412	330,110	3,412	369,028
Gross profit				
Gross profit on completed construction contracts	105,760		97,079	
Gross profit-real estate business, etc.	1,871	107,631	3,896	100,975
Selling, general and administrative expenses		104,758		97,116
Operating income		2,873		3,859
Non-operating income				
Interest income	542		560	
Interest on securities	241		237	
Dividends income	40,646		47,634	
Commission fee	2,319		2,511	
Miscellaneous income	2,945	46,695	3,056	54,000
Non-operating expenses				
Interest expenses	345		311	
Interest on bonds	16		50	
Provision of allowance for doubtful accounts	11		264	
Commission expenses	155		487	
Miscellaneous expenses	302	831	924	2,038
Ordinary income		48,736		55,820
Extraordinary income				
Gain on sales of noncurrent assets	5		173	
Gain on sales of investment securities	1		15	
Gain on sales of shares of subsidiaries and associates	10		-	
Gain on extinguishment of tie-in shares	-	16	8,035	8,224
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	78		14	
Loss on valuation of investment securities	-		815	
Loss on disaster	0		-	
Impairment loss	-	79	609	1,439
Income before income taxes		48,674		62,606
Income taxes – current	4,980		1,882	
Income taxes – deferred	688	5,668	1,504	3,386
Net income		43,005		59,219