Independent Auditor's Report

June 26, 2025

The Board of Directors
SEIKITOKYU KOGYO CO., LTD.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Masato Nakagawa
Designated Engagement Partner
Certified Public Accountant

Takashi Nakamura
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Section 2, paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non consolidated balance sheet, the non consolidated statement of income, the non consolidated statement of changes in net assets, the notes to the non consolidated financial statements and the related supplementary schedules of SEIKITOKYU KOGYO CO., LTD. (the "Company") applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

Other information comprises the information included in disclosure documents that contain audited financial statements, but does not include the financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

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

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Balance Sheet
for the year ended March 31, 2025

Assets	Yen (millions) 2025	U.S. dollars (thousands) (Note 2) 2025
Current assets:		
Cash and deposits	¥ 6,806	$ 45,519
Trade receivables		
Notes receivables	1,650	11,033
Accounts receivables	37,888	253,398
Total trade receivables	39,538	264,431
Inventories		
Cost on uncompleted construction contracts	34	227
Raw materials and supplies	337	2,257
Total inventories	371	2,484
Short-term loans receivable	15	100
Other current assets	2,355	15,753
Total current assets	49,085	328,287
Non-current assets:		
Property, plant and equipment (Notes 3 and 4)	24,350	162,852
Intangible assets	149	997
Investment and other assets		
Subsidiaries and affiliates	1,783	11,923
Other securities	348	2,332
Deferred tax assets (Note 9)	1,182	7,903
Prepaid pension costs	2,149	14,370
Guarantee deposits and other investments (Note 5)	454	3,036
Allowance for doubtful accounts	(138)	(921)
Total investments and other assets	5,778	38,643
Total non-current assets	30,277	202,492
Total assets	¥ 79,362	$ 530,779

Liabilities and Net assets	Yen (millions) 2025	U.S. dollars (thousands) (Note 2) 2025
Current liabilities:		
Short-term loans payable (Note 4)	¥ 8,185	$ 54,742
Trade payables		
Notes payables	7,924	52,996
Accounts payables	15,101	100,998
Total trade payables	23,025	153,994
Income taxes payable	1,210	8,094
Advances received on uncompleted construction contracts	699	4,672
Provision for warranties for completed construction	128	856
Provision for loss on construction contracts	28	187
Provision for bonuses	1,529	10,224
Other current liabilities	4,016	26,861
Total current liabilities	38,820	259,630
Non-current liabilities :		
Long-term loans payable (Note 4)	1,600	10,701
Provision for retirement benefits	2,778	18,582
Other non-current liabilities	82	546
Total non-current liabilities	4,460	29,829
Total liabilities	43,280	289,459
Net assets:		
Shareholders' equity (Note 6)		
Share capital	2,000	13,376
Capital surplus	624	4,173
Retained earnings	34,021	227,538
Treasury stock - 815,440 shares	(672)	(4,493)
Total shareholders' equity	35,973	240,594
Unrealized gain on investment securities	109	726
Total net assets	36,082	241,320
Total liabilities and net assets	¥ 79,362	$ 530,779

See accompanying notes to non consolidated financial statements.

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Statement of Income
for the year ended March 31, 2025

	Yen (millions)	U.S. dollars (thousands) (Note 2)
	2025	2025
Completed construction contracts:		
Net sales	¥ 75,119	$ 502,398
Cost of sales	65,959	441,140
Gross profit	9,160	61,258
Finished goods:		
Net sales	19,393	129,703
Cost of sales	17,695	118,344
Gross profit	1,698	11,359
Total:		
Net sales	94,512	632,101
Cost of sales	83,654	559,484
Gross profit	10,858	72,617
Selling, general and administrative expenses:	5,610	37,521
Operating income	5,248	35,096
Other income (Note 7):		
Interest and dividends	19	129
Other	76	510
Subtotal	95	639
Other expenses (Note 8):		
Interest	67	451
Impairment loss (Note 14)	286	1,915
Other	198	1,320
Subtotal	551	3,686
Profit before income taxes	4,792	32,049
Income taxes:		
Current	1,632	10,915
Deferred	(328)	(2,200)
Net profit	¥ 3,488	$ 23,334

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Statement of Changes in Net Assets
for the year ended March 31, 2025

	Shareholders' equity (Notes 2 and 6)				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
			(Millions of yen)		
Balance at April 1, 2024	¥ 2,000	¥ 512	¥ 33,816	¥ (787)	¥ 35,541
Changes during the year					
Dividend of surplus			(3,283)		(3,283)
Net income for the period			3,488		3,488
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		112		116	228
Net changes of items other than shareholders' equity					—
Total changes during period	—	112	205	115	432
Balance as of March 31, 2025	¥ 2,000	¥ 624	¥ 34,021	¥ (672)	¥ 35,973

	Accumulated other comprehensive	
	Unrealized gain on investment securities	Total net assets
	(Millions of yen)	
Balance at April 1, 2024	¥ 82	¥ 35,623
Changes during the year		
Dividend of surplus		(3,283)
Net income for the period		3,488
Purchase of treasury stock		(1)
Disposal of treasury stock		228
Net changes of items other than shareholders' equity	27	27
Total changes during period	27	459
Balance as of March 31, 2025	¥ 109	¥ 36,082

SEIKITOKYU KOGYO CO., LTD.

Non Consolidated Statement of Changes in Net Assets
for the year ended March 31, 2025

	Shareholders' equity (Notes 2 and 6)				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	(Thousands of U.S. dollars)				
Balance at April 1, 2024	$ 13,376	$ 3,425	$ 226,161	$ (5,263)	$ 237,699
Changes during the year					
Dividend of surplus			(21,957)		(21,957)
Net income for the period			23,334		23,334
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		748		776	1,524
Net changes of items other than shareholders' equity					—
Total changes during period	—	748	1,377	770	2,895
Balance as of March 31, 2025	$ 13,376	$ 4,173	$ 227,538	$ (4,493)	$ 240,594

	Accumulated other comprehensive	
	Unrealized gain on investment securities	Total net assets
	(Thousands of U.S. dollars)	
Balance at April 1, 2024	$ 550	$ 238,249
Changes during the year		
Dividend of surplus		(21,957)
Net income for the period		23,334
Purchase of treasury stock		(6)
Disposal of treasury stock		1,524
Net changes of items other than shareholders' equity	176	176
Total changes during period	176	3,071
Balance as of March 31, 2025	$ 726	$ 241,320

Notes to the Non Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Non Consolidated Financial Statements

The accompanying non consolidated financial statements have been prepared from the accounts maintained by the SEIKITOKYU KOGYO CO., LTD. (the “Company”) in accordance with the provisions set forth in the Companies Act of Japan and in conformity with accounting principles generally accepted in Japan, which may differ in some material respects from accounting principles generally accepted and applied in countries and jurisdictions other than Japan.

Certain items presented in the Japanese non consolidated financial statements have been reclassified for presentation solely for the convenience of readers outside Japan.

In addition, the notes to the non consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Method of Accounting for Significant revenues and expenses

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Guidance No. 30, March 31, 2020).

The Company's main businesses are construction business and manufacturing and sales business of pavement materials. The details of performance obligations in each business are as follows.

Construction business:
The Company is engaged in paving, civil engineering, and other businesses related to construction work in general, and is obligated to perform construction work under construction contracts with its customers. Under such construction contracts, since the value of the property increases and the customer obtains control of the asset as the Company proceeds with the construction work, the performance obligation is satisfied over a certain period of time and is satisfied as the construction progresses over the contract period. Therefore, the measurement of the degree of completion of the satisfaction of performance obligations for construction work, etc. is based on the percentage of incurred costs up to the end of each reporting period to the estimate of total construction cost. For construction contracts for which the percentage-of-completion for satisfaction of performance obligations cannot be estimated reasonably, revenue is recognized on a cost recovery method only to the extent of contract costs incurred will be recoverable. The transaction price is determined by the construction contract, and the payments from customers are received in stages at the time stipulated in the contract. The amount of payments from customers does not include any significant financing component. There is no significant variable consideration that could change the amount of the payments from customers.

Manufacturing and sales business of pavement materials:
The Company manufactures and sells asphalt mixture and other construction materials and is obligated to deliver the goods under sales contracts with customers. The performance obligation is satisfied at the time the goods are delivered, and revenue is recognized at the time of delivery. The transaction price is determined by the contract with the customer and is received in accordance with the contract. The amount of payments from customers does not include any significant financing component. There is no significant variable consideration that could change the amount of the payments from customers.

(c) Inventories

Inventories are stated at cost, cost being determined by the identified cost method for cost on uncompleted construction contracts or by the moving average method for raw materials and supplies. Cost of inventories for raw materials and supplies is written-down when their carrying amounts become unrecoverable.

(d) Investments

Investments in subsidiaries and affiliates are carried at cost. The cost of subsidiaries and affiliates sold is computed based on the moving average method.

Other securities (securities which are neither trading, held-to-maturity securities nor investments in subsidiaries and affiliates) with market value are carried at the market value on the balance sheet date. The difference between the acquisition cost and the market value of other securities is recognized as unrealized gain on investment securities in the balance sheet, net of tax effect.

Non-marketable securities classified as other securities are carried at cost. The cost of other securities sold is computed based on the moving average method.

(e) Property, Plant and Equipment (Excluding leased assets)

The Company computes depreciation of Property, plant and equipment by the declining balance method, however, buildings (excluding structures attached to the buildings) and building facilities and structures acquired on or after April 1, 1998 are depreciated by the straight-line method. Rates for depreciation are based on the estimated useful lives of the assets according to their general class, type of construction, and use.

The estimated useful lives are principally as follows:

Buildings and structures	7 to 50 years
Machinery, equipment and vehicles	5 to 7 years
Tools, furniture and fixtures	5 to 20 years

(f) Intangible Assets (Excluding leased assets)

Computer software for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(g) Leases

Depreciation of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with a residual value of zero.

(h) Income Taxes

Deferred tax assets and liabilities have been recognized in the non consolidated financial statements for the year ended March 31, 2025 with respect to the differences between the financial reporting and tax bases of assets and liabilities, and were measured using the enacted tax rates which will be in effect when the differences are expected to be reversed. Valuation allowances are recognized for the deferred tax assets that are not considered to be recoverable.

(i) Allowance for Doubtful Accounts

General provision for doubtful accounts is recorded by applying a certain reserve percentage of the receivables based on the experience from past transactions. When considered necessary, specific reserves are recognized based on the assessment of individual receivables.

(j) Provision for Warranties for Completed Construction

Provision for warranties for completed construction is recorded at an estimated amount, based on the actual number of defects and related warranty costs stipulated in completed construction contracts.

(k) Provision for Loss on Construction Contracts

Provision for loss on construction contracts is recorded for estimated future losses related to the construction contracts in progress.

(l) Provision for Bonuses

Provision for bonuses is stated at the estimated amount of bonuses which the Company is anticipated to pay to its employees.

(m) Provision for Retirement Benefits and Prepaid Pension Costs

Provision for retirement benefits for employees has been recorded mainly at an amount calculated based on the retirement benefit obligations and the fair values of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss. The retirement benefit obligations are allocated to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is amortized by the straight-line method over a period of 13 years, which is shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized from the following year in which the gains or losses are recognized. Amortization is primarily calculated by the straight-line method over 10 years, which is shorter than the average remaining years of service of the employees.

(n) Accounting Principles and Procedures Adopted When Provisions of Relevant Accounting Standards are Unclear

With respect to construction projects and asphalt plants conducted by the Company as a joint venture with other companies, the Company accounts for them in proportion to its own share ratio.

(o) Significant Accounting Estimates

Estimate of the total construction cost in revenue recognized when performance obligations are satisfied over a specified over time:

Revenue recognized when performance obligations are satisfied over a specified over time was ¥75,015 million (U.S.$501,708 thousand) for the fiscal year ended March 31, 2025.

Calculation method:

Revenue recognized when performance obligations are satisfied over a specified over time is measured based on the progress of completion at the end of the fiscal year. The progress of completion is calculated based on the proportion of the cost incurred as of the end of the fiscal year to the estimated total cost of the project.

The total construction cost is accumulatively estimated based on objective prices such as standard unit price approved internally and quotation obtained from suppliers. Such estimations of total construction cost are reviewed as of the closing date, according to construction status, actual costs incurred or requests of specification changes received from customers.

Key assumptions:

Since each of the construction is highly individualized and basic specifications and work content are based on customer’s instructions, it is necessary to sufficiently incorporate the characteristics of the construction in estimating total construction cost. In doing so, certain assumptions and judgments are required based on specialized knowledge of construction and construction experience such as unit price and quantity of materials and labor.

Impact on non consolidated financial statements for the next fiscal year:

Since construction work generally takes a long period of time, key assumptions may change due to fluctuation of unit price of materials and labor, changes of construction contract during construction and delay of construction due to bad weather, etc., which may affect non consolidated financial statements for the next fiscal year.

Estimate of the impairment of fixed assets of Manufacturing and sales business of pavement materials:

Fixed assets of Manufacturing and sales business of pavement materials was ¥16,227 million (U.S.$108,525 thousand) and impairment loss was ¥286 million (U.S.$1,915 thousand) for fiscal year ended March 31, 2025.

Calculation method:

The Company determines the cash-generating units by the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Company is assessing the recognition of impairment losses for asphalt plants that have indications of impairment. An impairment loss is recognized when the undiscounted future cash flows from the relevant asset group are less than the carrying amounts. The carrying amounts of such assets are reduced to their recoverable amounts. The recoverable amount of such asset groups is measured based on fair value or value in use.

Key assumptions:

The key assumptions used in the calculation of undiscounted future cash flows are sales volumes, sales prices and raw material prices for each asphalt plant. Sales volumes, sales prices, and raw material prices are determined based on historical experience, trends in raw material prices and the extent to which raw material prices are passed through to product prices.

Impact on financial statements for the next fiscal year:

Key assumptions are subject to change based on trends in sales volumes, sales prices, raw material prices and other factors. If the recoverable amount decreases, an impairment loss may be recognized financial statements for the next fiscal year.

2. Basis of Translation

The non consolidated financial statements as of and for the year ended March 31, 2025 presented herein are denominated in Japanese yen, and solely for the convenience of the readers, have been translated into U.S. dollars at the rate of ¥149.52 = U.S.$1, the approximate rate of exchange in effect on March 31, 2025. This translation should not be construed as a representation that any of the yen amounts could be converted into U.S. dollar amounts at the above or any other rate.

3. Property, Plant and Equipment

Property, plant and equipment at March 31, 2025 are as follows:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Buildings and structures	¥ 7,114	$ 47,576
Machinery, equipment vehicles, tools, furniture and fixtures	3,005	20,099
Land	14,230	95,169
Construction in progress	1	8
Total	¥24,350	$162,852

4. Collateral Assets and Corresponding Liabilities

The following assets are provided as collateral for the borrowings at March 31, 2025:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Buildings and structures	¥1,362	$9,112
Land	492	3,288
Total	¥1,854	$12,400

Corresponding Liabilities at March 31, 2025

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Short-term loans payable	¥ 100	$ 669
Long-term loans payable	1,600	10,701
Total	¥1,700	$11,370

5. Receivables Fully Offset Against Allowance for Doubtful Accounts

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Long-term trade receivables	¥458	$3,062

6. Shareholders' Equity

In accordance with the Companies Act of Japan (the "Act"), the Company provides legal retained earnings, which is included in retained earnings. The Act requires that an amount equal to at least 10% of the amounts to be disbursed as distribution of earnings be appropriated to the legal retained earnings until the total of the legal retained earnings plus the legal capital surplus or either of them equals 25% of the share capital account.

The Act further provides that neither legal capital surplus nor the legal retained earnings is available for the payment of dividends, but either may be used to reduce or eliminate accumulated deficits by a resolution of the shareholders, or may be transferred to the share capital account by a resolution of the shareholders. The Act also provides that, if the total amount of legal capital surplus and the legal retained earnings exceeds 25% of the amount of share capital, the excess may be distributed to the shareholders, either as a return of capital or as dividends, subject to the approval of the shareholders.

7. Other Income

The composition of "Other income" for the year ended March 31, 2025 is as follows:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Interest income	¥ 11	$ 75
Dividend income	8	54
Rent income	23	155
Foreign exchange gains	32	212
Other	21	143
Total	¥95	$639

8. Other Expenses

The composition of "Other expenses" for the year ended March 31, 2025 is as follows:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Interest expenses	¥ 67	$ 451
Guarantee commission	24	158
Syndicated loan arrangement fees	21	144
Loss on waiver of receivables from subsidiaries and associates	16	104
Loss on sales of non-current assets	2	14
Loss on retirement of non-current assets	102	681
Provision of allowance for doubtful accounts for subsidiaries and associates	12	80
Impairment loss	286	1,915
Other	21	139
Total	¥551	$3,686

9. Income Taxes

The tax effects of temporary differences which gave rise to significant portions of deferred tax assets and deferred tax liabilities as at March 31, 2025 are summarized as follows:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Deferred tax assets:		
Allowance for doubtful accounts	¥188	$1,256
Provision for retirement benefits	874	5,843
Loss on valuation of golf club membership	133	894
Impairment loss	740	4,948
Provision for bonuses	468	3,131
Excess of depreciation for tax purposes	515	3,442
Loss on valuation of shares of subsidiaries and associates	382	2,555
Book value adjustment of investment of shares of subsidiaries and associates	784	5,244
Other	410	2,746
Gross deferred tax assets	4,494	30,059
Less: Valuation allowances	(2,619)	(17,521)
Total deferred tax assets	1,875	12,538
Deferred tax liabilities:		
Prepaid pension costs	693	4,635
Total deferred tax liabilities	693	4,635
Net deferred tax assets	¥1,182	$7,903

Note: "A law partially amending the Income Tax Act" (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025. As a result, a new "Special Corporate Tax for Defense" will be imposed starting from fiscal years beginning on or after April 1, 2026. Accordingly, for temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026, deferred tax assets and liabilities have been calculated using a revised statutory effective tax rate of 31.52%, instead of the previous 30.62%. The impact of this tax rate change is insignificant.

10. Related Party Transactions

Transactions with related party, for the year ended March 31, 2025 are as follows:

(a) Name (b) Type (c) Relationship (d) Percentage of equity ownership held by the Company	Description of transaction or balance	Yen (millions) Amount	U.S. dollars (thousands) Amount
(a) TOKYU CONSTRUCTION CO., LTD. (b) Principal shareholder (c) Interlocking directors and undertaking construction (Note 2) (d) (24.5%) (directly)	Transactions: (Note 1)		
	Completed construction contracts-Net sales	¥1,066	$7,127
	Balances: (Note 1)		
	Accounts receivable from: electronically recorded monetary claims-operating	173	1,158
	Completed construction contracts	344	2,299
(a) SHINSEIKI KOGYO CO., LTD. (b) Subsidiaries (c) Interlocking directors and distributing paving materials (Note 3) (d) 100% (directly)	Transactions: (Note 1)		
	Finished goods-Net sales	878	5,871
	Balances: (Note 1)		
	Accounts receivable	1,007	6,736

Note 1: Consumption taxes are not included in the transaction amounts, however, balances are accounted for with consumption taxes.

Note 2: Construction services with related parties are carried out on an arm’s-length basis consistent with third party transactions, presenting a quotation for each of constructions.

Note 3: Unit prices are determined taking market prices and total costs into account.

11. Monetary Receivables and Monetary Payables to Affiliated Companies

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Short-term monetary receivables	¥1,759	$11,764
Long-term monetary receivables	89	593
Short-term monetary liabilities	3,341	22,345

12. Transactions with Affiliated Companies

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Operating transactions		
Net sales	¥2,780	$18,591
Cost of sales	1,550	10,367
Non–operating transactions	45	299

13. Amounts per Share

Amounts per share as of and for the year ended March 31, 2025 are as follows:

As of March 31

	Yen	U.S. dollars
	2025	2025
Net assets	¥985.61	$6.59

For the year ended March 31

	Yen	U.S. dollars
	2025	2025
Net Income	¥95.53	$0.64

14. Impairment Loss

The Company recognized impairment loss for the following assets or groups of assets.

Use	Classification	Location	Yen (millions)	U.S. Dollars (thousands)
Business assets	Buildings, structures, machinery, equipment, vehicles, tools, furniture, fixtures and land	Kumamoto Prefecture	¥98	$655
Business assets	Buildings, structures, machinery, equipment, vehicles, tools, furniture, fixtures and land	Hokkaido Prefecture	97	651
Business assets	Buildings, structures, machinery, equipment, vehicles, tools, furniture, fixtures and land	Tokyo Metropolis	75	502
Business assets	Buildings, structures, machinery, equipment, vehicles, tools, furniture and fixtures	Aichi Prefecture	10	68
Business assets	Buildings, structures, machinery, equipment, vehicles, tools, furniture and fixtures	Ehime Prefecture	6	39
Total	—	—	¥286	$1,915

The Company determines the cash-generating units by the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Company recognized impairment loss of ¥ 286 million (U.S.$1,915 thousand) in other expenses due to a significant decline in profitability for assets or groups of assets for the current fiscal year. The carrying amounts of such assets were reduced to their recoverable amounts.

The breakdown is as follows: Buildings and structures: ¥86 million (U.S.$578 thousand), Machinery,

equipment and vehicles: ¥129 million (U.S.$861 thousand), Tools, furniture and fixtures: ¥3 million (U.S.$23 thousand), Land: ¥68 million (U.S.$453 thousand).
The recoverable amount of such assets or asset groups is measured based on sales value or value in use.

15. Other Notes

In December 2020, the Company executed a syndicate loan contract with The Bank of Mitsubishi UFJ, Ltd. serving as the arranger (of which, the balance of the term loan as of the end of fiscal year is ¥5,000 million (U.S.$33,440 thousand)).

The following financial covenants are attached to the syndicate loan mentioned above;

(a) The amount of net assets recorded on the balance sheet and consolidated balance sheet on the last day of each accounting period in and after the fiscal year ended March 31, 2021 must be maintained to at least 75% of the amount of net assets recorded on the balance sheet and consolidated balance sheet for the fiscal year immediately preceding said fiscal year or for the fiscal year ended March 31, 2020, whichever is the higher amount.

(b) Ordinary losses* must not be recorded in two consecutive periods on the statements of income or consolidated statements of income in and after the fiscal year ended March 31, 2020.

*Ordinary income or loss is calculated by subtracting extraordinary income or loss pursuant to Japanese GAAP from income before income taxes.

(c) Net losses must not be recorded in two consecutive periods on the statements of income or consolidated statements of income in and after the fiscal year ended March 31, 2020.

(d) The total coverage ratio for the consolidated balance sheets, consolidated statements of income, and consolidated cash flow statements in and after the fiscal year ended March 31, 2021 must be maintained at 15.0 or lower.

It is stipulated under the loan that, in the event of changes in accounting standards, all concerned parties shall consult on the abovementioned financial covenants to determine the impact of the said changes.

SEIKITOKYU KOGYO CO., LTD.

Related Supplementary Schedules
for the year ended March 31, 2025

1. Details of Changes in Property, Plant and Equipment and Intangible assets

Changes in Property, plant and equipment at March 31, 2025 are as follows:

	Yen (millions)				U.S. dollars (thousands)
Type of Assets	Opening balance	Increase	Decrease	Ending balance	
Buildings and structures	¥ 7,527	¥ 311	¥ 127 (86)	¥ 13,160	$ 88,009
Machinery, equipment and vehicles	3,245	627	143 (129)	19,442	130,032
Tools, furniture and fixtures	200	66	5 (3)	1,178	7,877
Land	14,291	7	68 (68)	14,230	95,169
Construction in progress	—	1	—	1	8
Total	¥ 25,263	¥ 1,012	¥ 343 (286)	¥ 48,011	$ 321,095

	Yen (millions)				U.S. dollars (thousands)
Type of Assets	Acquisition cost	Accumulated depreciation	Depreciation	Net book value	
Buildings and structures	¥ 13,160	¥ 6,046	¥ 597	¥ 7,114	$ 47,576
Machinery, equipment and vehicles	19,442	16,634	921	2,808	18,779
Tools, furniture and fixtures	1,178	981	64	197	1,320
Land	14,230	—	—	14,230	95,169
Construction in progress	1	—	—	1	8
Total	¥ 48,011	¥ 23,661	¥ 1,582	¥ 24,350	$ 162,852

Changes in Intangible assets at March 31, 2025 are as follows:

	Yen (millions)				U.S. dollars (thousands)
Type of Assets	Opening balance	Increase	Decrease	Ending balance	
Intangible assets	¥ 134	¥ 51	¥ —	¥ 451	$ 3,015
Total	¥ 134	¥ 51	¥ —	¥ 451	$ 3,015

	Yen (millions)				U.S. dollars (thousands)
Type of Assets	Acquisition cost	Accumulated depreciation	Amortization	Net book value	
Intangible assets	¥ 451	¥ 302	¥ 36	¥ 149	$ 997
Total	¥ 451	¥ 302	¥ 36	¥ 149	$ 997

(Note) 1. The figures in parentheses are the amount of impairment loss for the current period.

2. The amount for Buildings and structures in the current period increased mainly due to the construction of offices, etc. at Nara Sales Office : ¥150 million (U.S.$1,005 thousand), and the construction of offices at Kansai Testing Center : ¥107 million (U.S.$712 thousand).

2. Details of Allowances and Provisions

Allowances and Provisions at March 31, 2025 are as follows:

	Yen (millions)					U.S. dollars (thousands)
	Opening Balance	Increase	Decrease: Amount used as intended	Decrease: Other	Ending balance	
Allowance for doubtful accounts	¥ 557	¥ 12	¥ 431	¥ —	¥ 138	$ 921
Provision for warranties for completed construction	18	128	18	—	128	856
Provision for loss on construction contracts	19	28	19	—	28	187
Provision for bonuses	1,651	1,529	1,651	—	1,529	10,224
Provision for retirement benefits	820	2,310	352	—	2,778	18,582

3. Details of Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2025 are as follows:

	Yen (millions)	U.S. dollars (thousands)
	2025	2025
Selling, general and administrative expenses:		
Directors' compensation	¥ 190	$ 1,271
Employees' salaries and allowances	2,443	16,337
Retirement benefit expenses	30	203
Legal welfare expenses	421	2,814
Welfare expenses	417	2,788
Repair and maintenance	33	220
Stationery expenses	273	1,825
Transportation expenses	384	2,566
Power utilities expenses	22	146
Research study expenses	202	1,349
Advertising expenses	63	418
Provision of allowance for doubtful accounts	(2)	(12)
Entertainment expenses	50	331
Contributions	11	77
Rents	184	1,232
Depreciation	161	1,078
Taxes and dues	439	2,937
Insurance expenses	34	233
Miscellaneous expenses	255	1,708
Total	¥ 5,610	$ 37,521