INTEGRATED REPORT

Financial Review 2024

Year ended March 31, 2024

The consolidated financial statements of Kajima Corporation and its consolidated subsidiaries and the notes to consolidated financial statements are audited by Deloitte Touche Tohmatsu LLC. They have been prepared for the purpose of construction contract awards outside Japan.

Of the contents in the Financial Review (with the exception of the Summary and Forecast of Business Performance), the consolidated financial statements, notes to consolidated financial statements, and independent auditor's report, have been copied from documents prepared and issued for the aforementioned purpose.

Contents

Summary and Forecast of Business Performance

Amounts less than ¥0.1 billion have been rounded down.

Overview of Business Performance

During the fiscal year ended March 31, 2024, the rate of inflation in many countries and regions slowed, and the trend in policy interest rates shifted from increases to holding steady. Although the pace of economic growth stagnated in some countries and regions due to the effects of higher prices and interest rates, growth remained firm overall. In Japan, amid a moderate rise in prices, the economy continued to recover due to an improved employment situation and a recovery in inbound demand, along with changes including the Bank of Japan lifting its negative interest rate policy.

In the domestic construction market, public-sector investment remained stable and corporate capital investment steadily progressed, and, as a result, construction investment continued to grow. With regard to construction costs, as material and equipment expenses remained high overall, labor costs rose as construction volume increased.

Against this backdrop, the Kajima Group has focused its efforts in Japan and overseas on the construction and real estate development businesses under the Kajima Group Medium-Term Business Plan (FY2021-2023).

As a result, the Group's financial results for the fiscal year ended March 31, 2024, were as follows.

Consolidated construction contract awards increased both in Japan and overseas, coming to ¥2,927.2 billion (compared with ¥2,196.9 billion in the previous fiscal year), a 33.2% year-on-year increase. Non-consolidated contract awards, including those for real estate development and other businesses, increased 26.6% year on year to ¥1,944.0 billion (compared with ¥1,535.7 billion in the previous fiscal year).

Revenues increased 11.4% year on year to ¥2,665.1 billion (compared with ¥2,391.5 billion in the previous fiscal year) due to higher revenues in both the construction business and the real estate development and other businesses in Japan and overseas.

Operating income was up 10.3% year on year to ¥136.2 billion (compared with ¥123.5 billion in the previous fiscal year), due to higher gross profit in the construction business in Japan and overseas, as well as in the real estate development and other businesses in Japan. Net income attributable to owners of the parent increased 2.9% to ¥115.0 billion (compared with ¥111.7 billion in the previous fiscal year). Also, in the period under review, the Company sold cross-shareholdings (27 stocks, ¥28.4 billion), and recorded a gain on sales of marketable and investment securities as other income.

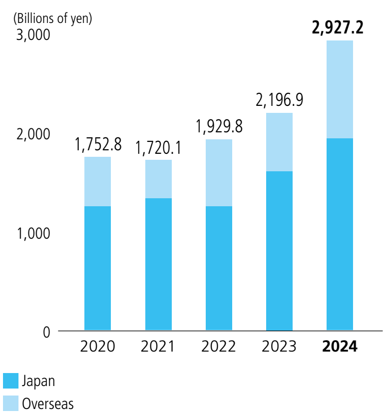
Our performance by business was as follows.

In the construction business, revenues in both the civil engineering and building construction businesses exceeded those of the previous fiscal year due to steady construction progress, especially on large-scale projects. The gross profit margin in the building construction business exceeded that of the previous fiscal year, enabling the Company to secure steady profits, despite the impact of rising construction costs in some projects. In the real estate development and other businesses, disposal of real estate for sale were implemented according to plan, contributing significantly to both revenues and profits.

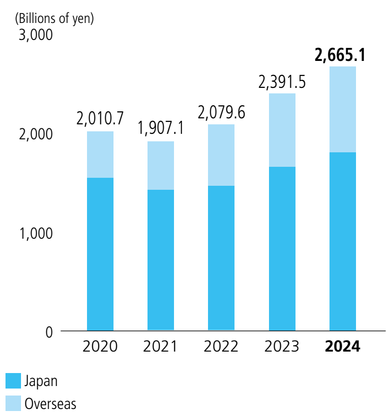
Domestic subsidiaries and affiliates reported higher revenues and profits than in the previous fiscal year due to increased revenues and gross profit margin in the construction business, as well as disposal of real estate for sale held by real estate development related subsidiaries and affiliates.

In the construction business of overseas subsidiaries and affiliates, despite the persistent impact of the COVID-19 pandemic on some construction projects in Southeast Asia, business performance has recovered since the third quarter. In the real estate development and other businesses, although the business environment in each region was affected by inflation and rising interest rates, the subsidiaries and affiliates

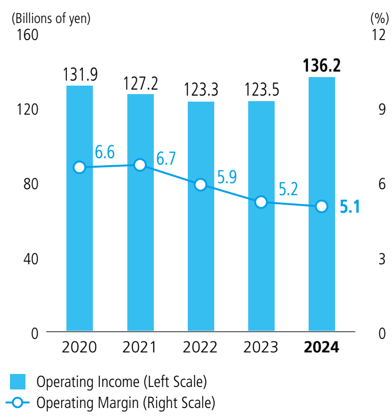
Construction Contract Awards
Years ended March 31



Revenues
Years ended March 31



Operating Income / Operating Margin
Years ended March 31



in the U.S. sold 12 properties in the distribution warehouse development business and the occupancy rate of hotels managed by the subsidiaries and affiliates in Southeast Asia improved, driving solid performance overall.

Overview of Performance by Business Segment

Segment results were as follows. (Segment results include internal sales or transfers between segments.)

Civil Engineering

(Civil engineering in the construction business operated by the Company)

Revenues increased 20.5% year on year to ¥363.3 billion (compared with ¥301.6 billion in the previous fiscal year) due to steady construction progress on large-scale projects.

Segment profit decreased 20.6% to ¥23.2 billion (compared with ¥29.3 billion in the previous fiscal year), falling below that of the previous fiscal year when the gross profit margin was particularly high.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	**363.3**	301.6	20.5
Segment profit	**23.2**	29.3	(20.6)

Building Construction

(Building construction in the construction business operated by the Company)

Revenues increased 1.7% year on year to ¥1,104.2 billion (compared with ¥1,086.2 billion in the previous fiscal year) due to favorable construction progress of large-scale projects.

Segment profit climbed 14.2% to ¥53.3 billion (compared with ¥46.6 billion in the previous fiscal year) due to improved profitability, mainly in projects completed during the period.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	**1,104.2**	1,086.2	1.7
Segment profit	**53.3**	46.6	14.2

Real Estate Development and Other

(Real estate development business, architectural, structural and other design business and engineering business operated by the Company)

Revenues increased 90.0% year on year to ¥85.3 billion (compared with ¥44.9 billion in the previous fiscal year), and segment profit jumped 156.2% to ¥18.4 billion (compared with ¥7.1 billion in the previous fiscal year), mainly due to the successful implementation of planned disposal of real estate for sale in the fiscal year.

(Billions of yen)

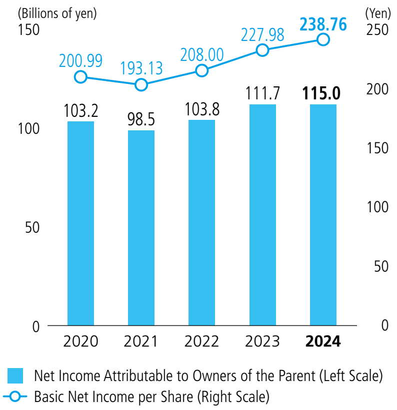
(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	**85.3**	44.9	90.0
Segment profit	**18.4**	7.1	156.2

Domestic Subsidiaries and Affiliates

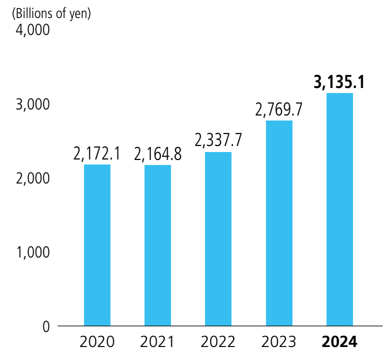
(Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues rose 4.2% year on year to ¥367.4 billion (compared with ¥352.6 billion in the previous fiscal year), while segment profit increased 38.8% to ¥24.1 billion (compared with ¥17.4 billion in the previous fiscal year), mainly due to the disposal

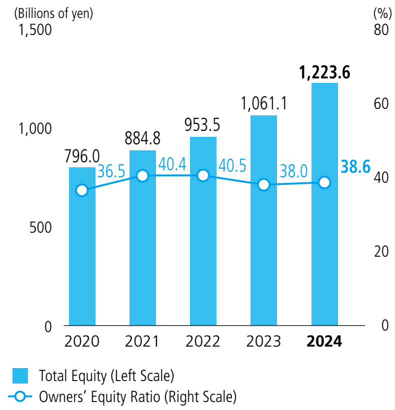
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



of real estate for sale held by real estate development related subsidiaries and affiliates.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	367.4	352.6	4.2
Segment profit	24.1	17.4	38.8

Overseas Subsidiaries and Affiliates

(Construction business, real estate development business and others overseas such as in North America, Europe, Asia, Oceania, and other areas operated by overseas subsidiaries and affiliates)

Revenues increased 16.3% year on year to ¥859.6 billion (compared with ¥739.2 billion in the previous fiscal year), mainly due to an increase in construction business revenues in the U.S. and Oceania.

Segment profit decreased 25.6% to ¥16.9 billion (compared with ¥22.7 billion in the previous fiscal year), mainly due to lower segment profit than the high level of the previous fiscal year, despite the steady gain on sales in the U.S. real estate development business.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	859.6	739.2	16.3
Segment profit	16.9	22.7	(25.6)

Analysis of Financial Position

Assets, Liabilities and Equity

Total assets at the end of the fiscal year increased ¥365.4 billion year on year to ¥3,135.1 billion (compared with ¥2,769.7 billion at the end of the previous fiscal year). Main factors were a surge in investments in securities mainly due to an increase in unrealized gains as the market value of shares held rose, an increase in inventories, and an increase in property and equipment.

Total liabilities increased ¥202.9 billion year on year to ¥1,911.4 billion (compared with ¥1,708.5 billion at the end of the previous fiscal year). This was due to an increase in interest-bearing debt as well as an increase in advances received on construction projects in progress.

Total equity increased by ¥162.5 billion year on year to ¥1,223.6 billion (compared with ¥1,061.1 billion at the end of the previous fiscal year).

In addition, the owners' equity ratio improved to 38.6%, up 0.6 points compared with 38.0% at the end of the previous fiscal year.

Cash Flows

Cash flows from operating activities in the fiscal year resulted in a net cash inflow of ¥123.7 billion (compared with a net cash outflow of ¥29.1 billion in the previous fiscal year). Main factors were income before income taxes, adjustments for depreciation and amortization, and an increase in advances received, offset by income taxes–paid and an increase in inventories as well as a decrease in payables and an increase in receivables.

Cash flows from investing activities resulted in a net cash outflow of ¥62.9 billion (compared with ¥81.7 billion in the previous fiscal year). Main factors were payment for purchases of property and equipment, disbursements for loans, and payment for purchases of marketable and investment securities, partially offset by inflows of proceeds from sales and redemption of marketable and investment securities and proceeds from collection of loans.

Cash flows from financing activities resulted in a net cash outflow of ¥9.5 billion (compared with a net cash inflow of ¥111.8 billion in the previous fiscal year). Main factors were cash dividends paid and payment for purchases of treasury stock, offset by inflows of the net of financing and repayment of short-term borrowings, long-term loans, commercial paper and bonds and proceeds from the disposal of treasury stock.

As a result, the balance of cash and cash equivalents at the end of the fiscal year increased by ¥67.8 billion year on year to ¥350.0 billion (compared with ¥282.2 billion at the end of the previous fiscal year).

(Billions of yen)

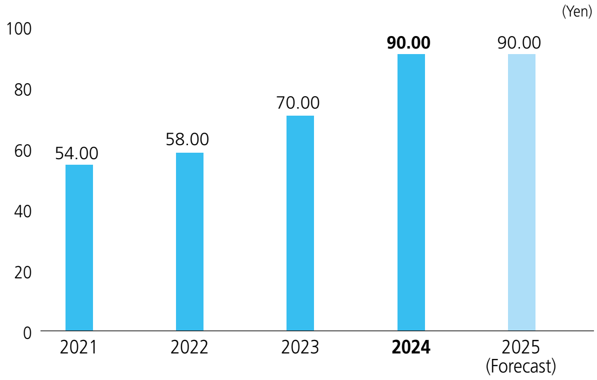
(Years ended March 31)	2024	2023	2022
Cash flows from operating activities	123.7	(29.1)	30.2
Cash flows from investing activities	(62.9)	(81.7)	(51.1)
Cash flows from financing activities	(9.5)	111.8	(20.9)
Cash and cash equivalents, end of year	350.0	282.2	267.7

Basic Profit Allocation Policy and Payment of Dividends*

The Company's basic policy is to allocate profits taking account of balance between growth investment and stockholder returns, with the aim of achieving sustainable growth and increasing corporate value, while maintaining financial soundness. Regarding dividends, the Company plans to pay dividends with a target payout ratio of 40%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment.

In consideration of the aforementioned policy, and in light of the Company's business performance of the fiscal year under review, the Company paid an annual dividend of ¥90 per share, consisting of a year-end dividend of ¥55 per share and an interim (end of second quarter) dividend of ¥35 per share. The Company also plans to pay an annual dividend of ¥90 per share (including an interim dividend of ¥45 per share) for the fiscal year ending March 31, 2025.

Cash Dividends per Share
Years ended/ending March 31



* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2024. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2025*

In the global economy, as inflation slows, we expect interest rates to decline, and the pace of growth to gradually recover. Nevertheless, the economic outlook remains uncertain, and we assume the economic situation remains difficult to assess. Furthermore, the needs of society and customers are expected to further diversify, including the push to achieve carbon neutrality and build a circular economy, and human capital will become even more important. To achieve sustainable growth in this business environment, we believe it is important to take measures needed to address the various risks that accompany these changes and pursue business by appropriately seizing opportunities.

In the construction market, construction demand is expected to continue to grow both in Japan and overseas, driven by investments in production facilities related to environment and advancing technology and upgrading aging buildings and infrastructure. On the other hand, we must pay attention to the application of overtime work restrictions in the domestic construction industry and the potential for escalating construction costs worldwide. To help ensure the sustainability of the construction industry, we need to improve construction worker compensation and benefits, pursue work-style reforms, and raise productivity while providing high quality value and services to meet demand.

In this business environment, we launched the Kajima Group Medium-Term Business Plan (FY2024-2026). Under the new Medium-Term Business Plan, we will work to further strengthen our core domestic construction, real estate development and overseas businesses, while, as a technology-based company, creating new value by expanding our value chain and promoting R&D and innovation. In doing so, we intend to build the future by working together with society and our customers. The plan sets forth the following drivers of our growth strategy: (1) enhance domestic construction business, (2) expand growth areas, (3) create new value as a technology-based company, and (4) ensure sustainability.

In the domestic construction business in the fiscal year ending March 31, 2025, we expect to achieve solid performance by delivering steady construction work to meet strong construction demand in the civil engineering and building construction businesses, and by making efforts to raise productivity and lower costs. In the domestic real estate development business, just as in the fiscal year under review, we plan to sell multiple properties, which will contribute to revenues and profits. In the overseas business, we expect the recovery of performance in Southeast Asia to progress. In the U.S. and Europe, the business environment surrounding prices and interest rates is expected to remain uncertain, but we will seek to increase revenues and profits across the overseas businesses as a whole by taking measures to counter risks and seizing opportunities to address market and interest rate trends. Our exchange rate assumption is ¥141.83 to $1.00.

Reflecting this outlook, results for the fiscal year ending March 31, 2025, are forecast to show, on a consolidated basis, an increase in revenues as well as net income attributable to owners of the parent remaining above the ¥100 billion mark.

(Billions of yen)

(Years ending/ ended March 31)	2025 (Forecast)	2024 (Results)	2025/2024 (%)
Revenues	**2,780.0**	2,665.1	4.3
Operating income	**132.0**	136.2	(3.1)
Net income attributable to owners of the parent	**105.0**	115.0	(8.7)

* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2024. Actual results may differ materially from the forecasts due to various factors.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

Note: In the financial statements and notes, all yen and U.S. dollar amounts are rounded to the nearest million yen and thousand dollars respectively, except where otherwise stated.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 20)	**¥ 350,064**	¥ 282,253	**$ 2,318,305**
Marketable securities (Notes 5 and 20)	**170**	384	**1,126**
Operational investments in securities (Notes 5 and 20)	**11,311**	11,624	**74,907**
Notes and accounts receivable—trade (Notes 4.a, 10, 17.c and 20)	**940,304**	899,621	**6,227,179**
Allowance for doubtful accounts (Note 20)	**(6,667)**	(5,417)	**(44,152)**
Inventories:			
Construction projects in progress	**8,357**	9,955	**55,343**
Development projects in progress, real estate for sale and other (Note 10)	**486,237**	419,667	**3,220,113**
Other current assets (Notes 10 and 20)	**128,213**	133,497	**849,092**
Total current assets	**1,917,989**	1,751,584	**12,701,913**
PROPERTY AND EQUIPMENT:			
Land (Notes 6, 7, 8 and 10)	**277,428**	274,026	**1,837,272**
Buildings and structures (Notes 7, 8 and 10)	**203,926**	159,364	**1,350,503**
Machinery, equipment and other (Notes 7 and 10)	**30,289**	25,580	**200,589**
Construction in progress (Notes 8 and 10)	**28,535**	19,570	**188,974**
Total property and equipment	**540,178**	478,540	**3,577,338**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 5, 10 and 20)	**349,721**	270,615	**2,316,033**
Investments in unconsolidated subsidiaries and affiliates (Notes 10 and 20)	**92,773**	85,527	**614,391**
Long-term loans receivable (Notes 9, 10 and 20)	**12,899**	6,273	**85,424**
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 10 and 20)	**86,397**	54,628	**572,166**
Allowance for doubtful accounts (Note 20)	**(2,588)**	(2,864)	**(17,139)**
Deferred tax assets (Note 16)	**3,407**	13,348	**22,563**
Other (Notes 8, 10 and 14)	**134,373**	112,067	**889,887**
Total investments and other assets	**676,982**	539,594	**4,483,325**
TOTAL	**¥ 3,135,149**	¥ 2,769,718	**$ 20,762,576**

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 10 and 11)	¥ **274,680**	¥ 223,754	$ **1,819,073**
Commercial paper (Note 12)	**—**	40,000	**—**
Current portion of long-term debt (Notes 10, 11 and 20)	**87,646**	23,440	**580,437**
Notes and accounts payable—trade	**583,998**	603,868	**3,867,536**
Advances received:			
Construction projects in progress (Notes 4.b, 13 and 17.c)	**203,326**	149,818	**1,346,530**
Development projects in progress, real estate for sale and other (Notes 4.b and 17.c)	**12,650**	7,608	**83,775**
Income taxes payable	**32,612**	25,279	**215,973**
Accrued expenses	**68,625**	60,328	**454,470**
Other current liabilities (Notes 3, 4.b and 17.c)	**242,463**	185,673	**1,605,715**
Total current liabilities	**1,506,000**	1,319,768	**9,973,509**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10, 11, 20 and 26.c)	**264,855**	262,449	**1,754,007**
Deferred tax liabilities (Note 16)	**12,534**	254	**83,007**
Deferred tax liabilities on revaluation surplus of land (Note 6)	**20,606**	20,628	**136,464**
Liability for retirement benefits (Note 14)	**61,344**	62,099	**406,252**
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	**1,205**	1,205	**7,980**
Other long-term liabilities (Note 10)	**44,949**	42,170	**297,674**
Total long-term liabilities	**405,493**	388,805	**2,685,384**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 19, 21 and 22)			
EQUITY (Note 15):			
Common stock, authorized, 1,250,000,000 shares; issued, 528,656,011 shares	**81,447**	81,447	**539,384**
Capital surplus	**43,821**	41,990	**290,205**
Retained earnings (Note 26.a)	**891,884**	813,653	**5,906,517**
Treasury stock—at cost, 47,481,596 shares in 2024 and 42,570,843 shares in 2023 (Notes 2.y, 18 and 26.b)	**(67,511)**	(55,673)	**(447,093)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5)	**159,759**	103,272	**1,058,007**
Deferred gain (loss) on derivatives under hedge accounting (Note 21)	**5,143**	(31)	**34,060**
Revaluation surplus of land (Note 6)	**21,309**	21,357	**141,119**
Foreign currency translation adjustments	**69,801**	44,820	**462,258**
Defined retirement benefit plans (Note 14)	**4,486**	1,596	**29,709**
Total	**1,210,139**	1,052,431	**8,014,166**
Noncontrolling interests	**13,517**	8,714	**89,517**
Total equity	**1,223,656**	1,061,145	**8,103,683**
TOTAL	¥ **3,135,149**	¥ 2,769,718	$ **20,762,576**

See notes to consolidated financial statements.

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
REVENUES:			
Construction projects (Notes 3 and 17)	**¥ 2,322,282**	¥ 2,106,971	**$ 15,379,351**
Real estate and other (Notes 8 and 17)	**342,894**	284,608	**2,270,821**
Total revenues	**2,665,176**	2,391,579	**17,650,172**
COST OF REVENUES:			
Construction projects (Note 3)	**2,115,748**	1,910,877	**14,011,576**
Real estate and other (Note 8)	**257,926**	213,602	**1,708,119**
Total cost of revenues	**2,373,674**	2,124,479	**15,719,695**
Gross profit	**291,502**	267,100	**1,930,477**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**155,276**	143,573	**1,028,318**
Operating income	**136,226**	123,527	**902,159**
OTHER INCOME (EXPENSES):			
Interest and dividends	**16,205**	16,514	**107,318**
Interest expense	**(14,406)**	(4,829)	**(95,404)**
Foreign currency exchange gain (loss)	**69**	(759)	**457**
Equity in earnings of unconsolidated subsidiaries and affiliates	**4,059**	5,625	**26,881**
Equity in earnings of partnership	**5,744**	17,116	**38,040**
Provision for doubtful accounts	**(402)**	(304)	**(2,662)**
(Loss) gain on sales or disposals of property and equipment—net (Note 8)	**(942)**	3,821	**(6,238)**
Gain on sales of marketable and investment securities—net (Note 5)	**13,886**	6,488	**91,960**
Valuation loss on marketable and investment securities—net (Note 5)	**(193)**	(1,405)	**(1,278)**
(Loss) gain on sales of investments in unconsolidated subsidiaries and affiliates—net	**(42)**	1,959	**(278)**
Gain on step acquisitions (Note 2.x)	**6,175**	—	**40,894**
Litigation settlement	**(66)**	(3)	**(437)**
Loss on impairment of long-lived assets (Notes 7 and 27.c)	**—**	(337)	**—**
Other—net	**2,619**	(158)	**17,343**
Other income—net	**32,706**	43,728	**216,596**
INCOME BEFORE INCOME TAXES	**168,932**	167,255	**1,118,755**
INCOME TAXES (Note 16):			
Current	**57,827**	57,533	**382,960**
Deferred	**(5,511)**	(4,343)	**(36,497)**
Total income taxes	**52,316**	53,190	**346,463**

See notes to consolidated financial statements.

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
NET INCOME	**116,616**	114,065	**772,292**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(1,582)**	(2,276)	**(10,477)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 115,034**	¥ 111,789	**$ 761,815**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 25):			
Basic net income	**¥ 238.76**	¥ 227.98	**$ 1.581**
Cash dividends applicable to the year	**90.00**	70.00	**0.596**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
NET INCOME	¥ **116,616**	¥ 114,065	$ **772,292**
OTHER COMPREHENSIVE INCOME (Note 23):			
Unrealized gain (loss) on available-for-sale securities	**56,461**	(2,090)	**373,914**
Deferred gain on derivatives under hedge accounting	**508**	603	**3,364**
Foreign currency translation adjustments	**27,071**	36,511	**179,278**
Defined retirement benefit plans (Note 14)	**2,896**	1,696	**19,179**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates	**3,146**	(1,100)	**20,834**
Total other comprehensive income	**90,082**	35,620	**596,569**
COMPREHENSIVE INCOME	¥ **206,698**	¥ 149,685	$ **1,368,861**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ **204,590**	¥ 146,355	$ **1,354,901**
Noncontrolling interests	**2,108**	3,330	**13,960**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2024 and 2023

	Thousands	Millions of Yen					
						Accumulated Other Comprehensive Income	
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 2022	492,438	¥ 81,447	¥ 42,314	¥ 731,275	¥ (45,921)	¥ 105,356	¥ (731)
Net income attributable to owners of the parent	—	—	—	111,789	—	—	—
Cash dividends paid:							
Final for prior year, ¥31.00 per share	—	—	—	(15,265)	—	—	—
Interim for current year, ¥29.00 per share	—	—	—	(14,287)	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	(370)	—	—	—	—
Reversal of revaluation surplus of land	—	—	—	141	—	—	—
Purchase of treasury stock	(6,566)	—	—	—	(10,026)	—	—
Disposition of treasury stock as restricted stock remuneration	213	—	46	—	274	—	—
Net change in the year	—	—	—	—	—	(2,084)	700
BALANCE, MARCH 31, 2023	486,085	81,447	41,990	813,653	(55,673)	103,272	(31)
Net income attributable to owners of the parent	**—**	**—**	**—**	**115,034**	**—**	**—**	**—**
Cash dividends paid:							
Final for prior year, ¥41.00 per share	**—**	**—**	**—**	**(19,929)**	**—**	**—**	**—**
Interim for current year, ¥35.00 per share	**—**	**—**	**—**	**(16,922)**	**—**	**—**	**—**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**7**	**—**	**—**	**—**	**—**
Reversal of revaluation surplus of land	**—**	**—**	**—**	**48**	**—**	**—**	**—**
Purchase of treasury stock	**(4,911)**	**—**	**—**	**—**	**(10,014)**	**—**	**—**
Purchase of treasury stock as stock delivery trust	**(2,303)**	**—**	**—**	**—**	**(5,046)**	**—**	**—**
Disposition of treasury stock	**2,303**	**—**	**1,824**	**—**	**3,222**	**—**	**—**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**56,487**	**5,174**
BALANCE, MARCH 31, 2024	**481,174**	**¥ 81,447**	**¥ 43,821**	**¥ 891,884**	**¥ (67,511)**	**¥ 159,759**	**¥ 5,143**

	Millions of Yen					
		Accumulated Other Comprehensive Income				
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2022	¥ 21,498	¥ 10,589	¥ (122)	¥ 945,705	¥ 7,862	¥ 953,567
Net income attributable to owners of the parent	—	—	—	111,789	—	111,789
Cash dividends paid:						
Final for prior year, ¥31.00 per share	—	—	—	(15,265)	—	(15,265)
Interim for current year, ¥29.00 per share	—	—	—	(14,287)	—	(14,287)
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	(1)	(0)	(371)	1	(370)
Reversal of revaluation surplus of land	(141)	—	—	—	—	—
Purchase of treasury stock	—	—	—	(10,026)	—	(10,026)
Disposition of treasury stock as restricted stock remuneration	—	—	—	320	—	320
Net change in the year	—	34,232	1,718	34,566	851	35,417
BALANCE, MARCH 31, 2023	21,357	44,820	1,596	1,052,431	8,714	1,061,145
Net income attributable to owners of the parent	**—**	**—**	**—**	**115,034**	**—**	**115,034**
Cash dividends paid:						
Final for prior year, ¥41.00 per share	**—**	**—**	**—**	**(19,929)**	**—**	**(19,929)**
Interim for current year, ¥35.00 per share	**—**	**—**	**—**	**(16,922)**	**—**	**(16,922)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**—**	**7**	**—**	**7**
Reversal of revaluation surplus of land	**(48)**	**—**	**—**	**—**	**—**	**—**
Purchase of treasury stock	**—**	**—**	**—**	**(10,014)**	**—**	**(10,014)**
Purchase of treasury stock as stock delivery trust	**—**	**—**	**—**	**(5,046)**	**—**	**(5,046)**
Disposition of treasury stock	**—**	**—**	**—**	**5,046**	**—**	**5,046**
Net change in the year	**—**	**24,981**	**2,890**	**89,532**	**4,803**	**94,335**
BALANCE, MARCH 31, 2024	**¥ 21,309**	**¥ 69,801**	**¥ 4,486**	**¥ 1,210,139**	**¥ 13,517**	**¥ 1,223,656**

See notes to consolidated financial statements.

Years Ended March 31, 2024 and 2023

	Thousands of U.S. Dollars (Note 1)					
					Accumulated Other Comprehensive Income	
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2023	$ 539,384	$ 278,079	$ 5,388,430	$ (368,695)	$ 683,921	$ (205)
Net income attributable to owners of the parent	—	—	**761,815**	—	—	—
Cash dividends paid:						
Final for prior year, $0.27 per share	—	—	**(131,980)**	—	—	—
Interim for current year, $0.23 per share	—	—	**(112,066)**	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**46**	—	—	—	—
Reversal of revaluation surplus of land	—	—	**318**	—	—	—
Purchase of treasury stock	—	—	—	**(66,318)**	—	—
Purchase of treasury stock as stock delivery trust	—	—	—	**(33,417)**	—	—
Disposition of treasury stock	—	**12,080**	—	**21,337**	—	—
Net change in the year	—	—	—	—	**374,086**	**34,265**
BALANCE, MARCH 31, 2024	**$ 539,384**	**$ 290,205**	**$ 5,906,517**	**$ (447,093)**	**$ 1,058,007**	**$ 34,060**

	Thousands of U.S. Dollars (Note 1)					
	Accumulated Other Comprehensive Income					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2023	$ 141,437	$ 296,821	$ 10,570	$ 6,969,742	$ 57,709	$ 7,027,451
Net income attributable to owners of the parent	—	—	—	**761,815**	—	**761,815**
Cash dividends paid:						
Final for prior year, $0.27 per share	—	—	—	**(131,980)**	—	**(131,980)**
Interim for current year, $0.23 per share	—	—	—	**(112,066)**	—	**(112,066)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	—	**46**	—	**46**
Reversal of revaluation surplus of land	**(318)**	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(66,318)**	—	**(66,318)**
Purchase of treasury stock as stock delivery trust	—	—	—	**(33,417)**	—	**(33,417)**
Disposition of treasury stock	—	—	—	**33,417**	—	**33,417**
Net change in the year	—	**165,437**	**19,139**	**592,927**	**31,808**	**624,735**
BALANCE, MARCH 31, 2024	**$ 141,119**	**$ 462,258**	**$ 29,709**	**$ 8,014,166**	**$ 89,517**	**$ 8,103,683**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 168,932**	¥ 167,255	**$ 1,118,755**
Adjustments for:			
Income taxes—paid	**(50,537)**	(54,301)	**(334,682)**
Depreciation and amortization	**27,271**	24,712	**180,603**
Increase in provision for doubtful accounts	**1,181**	3,156	**7,821**
Foreign currency exchange loss	**1,022**	1,041	**6,768**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(4,059)**	(5,625)	**(26,881)**
Valuation loss on marketable and investment securities—net	**193**	1,405	**1,278**
Loss (gain) on sales or disposals of property and equipment—net	**942**	(3,821)	**6,238**
Gain on sales of marketable and investment securities—net	**(13,886)**	(6,488)	**(91,960)**
Loss (gain) on sales of investments in unconsolidated subsidiaries and affiliates—net	**42**	(1,959)	**278**
Gain on step acquisitions	**(6,175)**	—	**(40,894)**
Loss on impairment of long-lived assets	**—**	337	**—**
Changes in operating assets and liabilities:			
Increase in operational investments in securities	**—**	(2,944)	**—**
Increase in receivables	**(31,639)**	(154,642)	**(209,530)**
Increase in inventories	**(48,704)**	(140,649)	**(322,543)**
(Decrease) Increase in payables	**(33,204)**	87,943	**(219,894)**
Increase in advances received	**52,267**	23,041	**346,139**
Increase (decrease) in accrued expenses	**4,798**	(135)	**31,775**
Increase in liability for retirement benefits	**3,263**	1,137	**21,609**
(Increase) decrease in other assets	**(10,997)**	17,073	**(72,828)**
Increase in other liabilities	**60,662**	10,483	**401,735**
Other—net	**2,362**	3,865	**15,643**
Net cash provided by (used in) operating activities	**123,734**	(29,116)	**819,430**
INVESTING ACTIVITIES:			
(Increase) decrease in time deposits excluding cash equivalents—net	**(644)**	2,272	**(4,265)**
Payment for purchases of marketable and investment securities	**(13,535)**	(2,406)	**(89,636)**
Payment for investments in unconsolidated subsidiaries and affiliates	**(6,424)**	(20,685)	**(42,543)**
Proceeds from sales and redemption of marketable and investment securities	**29,155**	16,061	**193,079**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates	**1,360**	10,084	**9,007**
Payment for purchases of property and equipment	**(41,502)**	(60,737)	**(274,848)**
Proceeds from sales of property and equipment	**1,260**	11,825	**8,344**
Payment for purchases of intangible assets	**(2,635)**	(16,213)	**(17,450)**
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 24.a)	**(2,447)**	—	**(16,205)**
Disbursements for loans	**(41,423)**	(27,645)	**(274,325)**
Proceeds from collection of loans	**25,950**	11,533	**171,854**
Other—net	**(12,040)**	(5,832)	**(79,734)**
Net cash used in investing activities	**(62,925)**	(81,743)	**(416,722)**
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	**36,084**	59,685	**238,967**
Repayment of commercial paper—net	**(40,000)**	—	**(264,901)**
Proceeds from long-term loans	**106,771**	114,096	**707,093**
Repayment of long-term loans	**(64,714)**	(46,404)	**(428,570)**
Proceeds from issuance of bonds	**—**	30,106	**—**
Redemption of bonds	**(39)**	—	**(258)**
Repayment of lease obligations	**(2,880)**	(3,030)	**(19,073)**
Payment for purchases of treasury stock (Note 24.b)	**(15,060)**	(10,026)	**(99,735)**
Proceeds from disposal of treasury stock (Note 24.b)	**5,046**	—	**33,417**
Cash dividends paid	**(36,851)**	(29,552)	**(244,046)**
Capital infusion from noncontrolling shareholders	**4,282**	2,362	**28,358**
Dividends paid to noncontrolling shareholders	**(2,203)**	(4,936)	**(14,589)**
Payment for purchases of shares of subsidiaries not resulting in change in scope of consolidation—net	**(0)**	(277)	**(0)**
Other—net	**(2)**	(130)	**(14)**
Net cash (used in) provided by financing activities	**(9,566)**	111,894	**(63,351)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**9,630**	13,485	**63,775**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**60,873**	14,520	**403,132**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**282,253**	267,733	**1,869,225**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**6,938**	—	**45,948**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 350,064**	¥ 282,253	**$ 2,318,305**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2024

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Kajima Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2023, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2024.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2024, include the accounts of the Company and its 173 (154 in 2023) significant subsidiaries.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Another 33 (34 in 2023) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 107 (108 in 2023) affiliates were accounted for using the equity method.

(The Company, its subsidiaries and affiliates are collectively referred to as the "Group.")

Goodwill, the excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary or affiliate at the date of acquisition, is amortized using the straight-line method over its useful life that goodwill is expected to have an effect.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from intercompany transactions is also eliminated.

As of March 31, 2024, the Company had 1 special purpose entity (1 in 2023) which was established and is being operated for the purpose of liquidation of real estate, and as such is not consolidated in accordance with Japanese GAAP. The total assets and liabilities of the special purpose entity were ¥25,276 million ($167,391 thousand) and ¥25,271 million ($167,358 thousand), respectively, as of March 31, 2024, and ¥26,340 million and ¥26,335 million, respectively, as of March 31, 2023. The Company purchased real estate of ¥13,048 million in aggregate from a special purpose entity and received a refund of investment of ¥670 million during the year ended March 31, 2023. In addition, the Company recognized lease payments of ¥2,270 million ($15,033 thousand) and ¥3,048 million based on lease agreements of real estate for the years ended March 31, 2024 and 2023, respectively. The investment in silent partnership was ¥847 million ($5,609 thousand) and ¥847 million as of March 31, 2024 and 2023, respectively, and its related distributed profit was ¥918 million ($6,079 thousand) for the year ended March 31, 2024, and ¥5,423 million including profit due to liquidation of a special entity for the year ended March 31, 2023.

The breakdown and changes of fully consolidated companies and companies accounted for using the equity method are summarized below:

(1) Breakdown as of March 31, 2024

1) Number of consolidated subsidiaries	:	173 Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Kajima Tatemono Sogo Kanri Co., Ltd.; Eaton Real Estate Co. Ltd. and its 2 subsidiaries; Chemical Grouting Co., Ltd.; Kajima U.S.A. Inc. (KUSA) and its 35 subsidiaries; Kajima Europe Ltd. (KE) and its 40 subsidiaries; Kajima Asia Pacific Holdings Pte. Ltd. (KAP) and its 49 subsidiaries; Kajima Australia Pty. Ltd. (KA) and its 27 subsidiaries; Chung-Lu Construction Co., Ltd. and 9 other subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	33 ARTES Corporation, Japan Sea Works Co., Ltd., Kajima Institute Publishing Co., Ltd., and 30 other companies
3) Number of affiliates accounted for using the equity method	:	107 Engineering and Risk Services Corporation, Azuma Kanko Kaihatsu Co., Ltd., Katabami Corporation and 104 other companies

(2) Changes for the year ended March 31, 2024

1) Newly consolidated companies	:	2 subsidiaries of KUSA, 14 subsidiaries of KE, 1 subsidiary of KAP and 2 subsidiaries of KA due to establishment and acquisition Kajima Corporation (China) Co., Ltd. due to increased materiality
2) Companies excluded from consolidation	:	1 subsidiary of the Company due to termination of the silent partnership agreement
3) Companies newly accounted for using the equity method	:	6 affiliates due to establishment, acquisition and increased materiality
4) Companies excluded from the equity method	:	1 subsidiary and 7 affiliates due to liquidation, sale of interests and transfer to consolidated companies resulting from acquisition of additional interests and increased materiality

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Japanese accounting standards prescribe that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS Accounting Standards or accounting principles generally accepted in the United States of America ("U.S. GAAP") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized costs of research and development; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Affiliates for the Equity Method — Japanese accounting standards require adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliates in accordance with either IFRS Accounting Standards or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized costs of research and development; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign affiliate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred.

e. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

f. Inventories — Construction projects in progress are stated at cost as determined on a specific project basis. Related general and administrative expenses and financial charges are principally excluded from such costs.

Japanese accounting standards require that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

As a result, gross profit for the years ended March 31, 2024 and 2023, decreased by ¥13 million ($86 thousand) and ¥22 million, respectively.

However, in the case of certain overseas subsidiaries, construction projects in progress, development projects in progress and real estate for sale are stated at cost, when not in excess of net realizable value.

g. Capitalization of Interest — Interest costs incurred for real estate development projects conducted by certain overseas subsidiaries have been capitalized as part of the development costs of such projects. Interest expenses capitalized were ¥8,263 million ($54,722 thousand) and ¥3,450 million for the years ended March 31, 2024 and 2023, respectively.

h. Marketable Securities, Operational Investments in Securities and Investments in Securities — Marketable securities, operational investments in securities and investments in securities are classified and accounted for, depending on management's intent, as follows:

(1) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings;

(2) Held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and

(3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The securities held by the Companies are mainly classified as available-for-sale securities. The cost of securities sold is determined based on the moving-average method. Nonmarketable available-for-sale equity securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

i. Property and Equipment — Property and equipment are principally stated at cost, net of accumulated depreciation and less gains deferred on the sale and replacement of certain assets. Depreciation has been principally computed using the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016.

The estimated useful lives for buildings and structures range from 2 to 60 years, and for machinery, equipment and other, range from 2 to 20 years.

However, in the accounts of certain overseas subsidiaries, depreciation is principally calculated using the straight-line method over the estimated useful lives of the respective assets.

Accumulated depreciation totaled ¥377,978 million ($2,503,166 thousand) and ¥362,054 million as of March 31, 2024 and 2023, respectively.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section.

The amount directly deducted from the acquisition cost of construction in progress due to the conversion of rights in connection with a Type 1 Urban Redevelopment Project under the Urban Redevelopment Law was ¥23,229 million ($153,834 thousand) for the year ended March 31, 2024.

j. Long-Lived Assets — The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Allowance for Doubtful Accounts — Allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding. However, the overseas consolidated subsidiaries provide for such possible losses using management's estimate.

l. Retirement Benefits — The Company and certain consolidated subsidiaries have funded and/or unfunded retirement benefit plans covering their employees. In addition, the Company and certain consolidated subsidiaries have defined contribution plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss on a straight-line basis over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

m. Asset Retirement Obligation — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Significant Basis for Recording Revenues and Costs — The main performance obligations of the Companies in their primary businesses and the point in time when the Companies typically satisfy the performance obligations (when the Companies typically recognize revenues) are as follows:

(1) Construction business

The Companies carry out civil engineering, building construction, equipment and other general construction work based on executed construction contracts, and have performance obligations to deliver products such as completed buildings to customers. When a control over the promised goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. The progress of the satisfaction is primarily measured based on the ratio of the cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

(2) Real estate development and other

The Companies carry out real estate development, architectural, structural and other design and engineering services based on executed real estate sales and outsourcing contracts, and have performance obligations to provide services or deliver properties/deliverables to customers. When a control over the promised goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. In other cases, revenue is recognized at a point in time when such properties/deliverables are delivered because it is considered that the performance obligation is to be satisfied at a point in time and the revenue is recognized at the time when the properties/deliverables are delivered. In case of applying the method to recognize revenue over time, the progress of the satisfaction of the performance obligation is primarily measured based on the ratio of the cumulative costs incurred by the end of the financial year against the total estimated costs.

In the construction, real estate development and other businesses, the alternative treatment is applied in case the duration of transaction, such as from the beginning of the transaction to the point when the performance obligation is expected to be fully satisfied, is distinctively short. In such cases, the revenue is recognized at the point when the performance obligations are fully satisfied rather than being recognized over time.

o. Costs of Research and Development and Debenture Issuance — All research and development costs and debenture issuance costs are charged to income as incurred. Costs of research and development for the years ended March 31, 2024 and 2023, totaled ¥20,762 million ($137,497 thousand) and ¥18,219 million, respectively.

p. Leases — Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

All other leases are mainly accounted for as operating leases.

q. Bonuses to Directors — Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

r. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Company and certain domestic consolidated subsidiaries have applied the Group Tax Sharing System.

s. Accounting Principles and Procedures Adopted where the Relevant Accounting Standards are not Specified — Joint ventures, which the Company and its certain domestic consolidated subsidiaries form with other companies for the purpose of winning and managing construction projects, are not accounted as separate entities, but the construction revenue and the construction costs arising in the joint ventures are proportioned to individual financial statements in accordance with the share in the joint venture.

t. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date. The foreign currency exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts or currency swaps.

u. Foreign Currency Financial Statements — The balance sheet accounts and revenue and expense accounts of the overseas consolidated subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

v. Derivatives and Hedging Activities — The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are principally utilized by the Companies to reduce the risks arising from the factors mentioned above. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows:

(1) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and

(2) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The derivative instruments applied for forecasted or committed transactions are measured at fair value, but the unrealized gains and losses are deferred until the underlying transactions are completed.

The monetary debts and credits denominated in foreign currencies, for which foreign exchange forward contracts or currency swaps are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts or currency swaps qualify for hedge accounting.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income.

w. Per Share Information — Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because the Companies did not have dilutive shares for the years ended March 31, 2024 and 2023.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective financial years including dividends to be paid after the end of the year.

x. Gain on Step Acquisitions — For the year ended March 31, 2024, the Companies recognized a gain on step acquisition resulting from consolidating an affiliate of KE previously accounted for using the equity method by acquiring additional interests.

y. Additional Information

(1) Stock Delivery Trust for Directors and Executive Officers

1) Overview of the transaction

During the year ended March 31, 2024, the Company introduced a performance-linked stock remuneration plan (the "Plan") for Directors (excluding Outside Directors) and Executive officers (collectively, the "Directors") of the Company using a trust structure.

The Plan makes interrelation between the remuneration of the Directors and the Company's performance as well as stock value clearer. Therefore, the Plan enhances motivation of the Directors to contribute to improve the performance and corporate value over the medium- to long-term by sharing the benefit and risk of stock value fluctuations with stockholders.

The Plan is a stock remuneration plan under which the Company establishes a trust (the "Trust") through a monetary contribution. The Trust acquires the Company's common stocks (the "Company's Stocks") for delivery by the Trust to each Director, in a number corresponding to the points awarded by the Company to that Director.

2) The Company's Stocks remaining in the Trust

The Company's Stocks remaining in the Trust are recorded as treasury stock in equity by the carrying amount (excluding the incidental charges). The carrying amount and the number of shares were ¥1,656 million ($10,967 thousand) and 756 thousand shares, respectively, as of March 31, 2024.

(2) Stock Delivery Trust for Employees

1) Overview of the transaction

During the year ended March 31, 2024, the Company introduced an incentive plan (the "Plan") for employees at or above a certain position.

The Plan aims to enhance the awareness of management participation and motivation toward the Company's performance among those employees at senior management positions.

The Plan is a stock remuneration plan under which the Company establishes a trust (the "Trust") through a monetary contribution. The Trust acquires the Company's common stocks (the "Company's Stocks") for delivery by the Trust to each employee, in a number corresponding to the points awarded by the Company to that employee.

2) The Company's Stocks remaining in the Trust

The Company's Stocks remaining in the Trust are recorded as treasury stock in equity by the carrying amount (excluding the incidental charges). The carrying amount and the number of shares were ¥3,389 million ($22,444 thousand) and 1,547 thousand shares, respectively, as of March 31, 2024.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Estimate on total construction revenue, total construction costs and the progress of the contract concerning the method to recognize revenue over time as the performance obligation to transfer the promised goods or services to the customer is satisfied (hereinafter, "Percentage-of-Completion Method")

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Construction revenue recognized by the Percentage-of-Completion Method	¥ **2,197,910**	¥ 1,984,311	$ **14,555,695**
Construction costs recognized by the Percentage-of-Completion Method	**2,012,633**	1,808,322	**13,328,695**
Provision for loss on construction projects in progress (recorded in other current liabilities)	**28,089**	14,749	**186,020**

(2) Information on the significant accounting estimate

The construction revenue is calculated by multiplying the total estimated construction revenue by the progress principally based on cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

The estimation of the total construction revenue and the total construction costs is based on the operational budget which is compiled at the beginning of the construction and updated in a timely manner. At the same time, the progress of the contract is principally estimated by the ratio of the cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

As construction progresses, the aforementioned estimation is influenced by factors such as: 1) the variation orders regarding changes in construction methods or scope; 2) the fluctuations of the price in the construction materials and labor market; and 3) the changes of construction costs led by condition changes related to projects. Such factors could have material impact on the amount of construction revenue, construction costs and provision for loss on construction projects in progress in the consolidated financial statements for the following financial year.

4. CONTRACT ASSETS AND LIABILITIES

Receivables from contracts with customers, contract assets, and contract liabilities as of March 31, 2024 and 2023, consisted of the following:

a. Receivables from contracts with customers and contract assets

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Notes receivable—trade	¥ **16,460**	¥ 39,341	$ **109,007**
Accounts receivable—trade	**440,419**	401,624	**2,916,682**
Contract assets	**478,995**	455,368	**3,172,152**

b. Contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Advances received:			
Construction projects in progress	¥ **203,326**	¥ 149,818	$ **1,346,530**
Development projects in progress, real estate for sale and other	**10,531**	5,175	**69,742**
Other current liabilities	**16,701**	21,767	**110,602**
Total	¥ **230,558**	¥ 176,760	$ **1,526,874**

5. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Current:			
Government and corporate bonds	**¥ 170**	¥ 384	**$ 1,126**
Preferred equity investment	**9,771**	9,771	**64,709**
Other	**1,540**	1,853	**10,198**
Total	**¥ 11,481**	¥ 12,008	**$ 76,033**
Non-Current:			
Equity securities	**¥ 327,708**	¥ 259,863	**$ 2,170,252**
Government and corporate bonds	**1,220**	1,059	**8,079**
Other	**20,793**	9,693	**137,702**
Total	**¥ 349,721**	¥ 270,615	**$ 2,316,033**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2024 and 2023, were as follows:

As of March 31, 2024	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥ 94,349**	**¥ 225,420**	**¥ (367)**	**¥ 319,402**
Government and corporate bonds	**1,416**	**15**	**(41)**	**1,390**
Other	**1,698**	**659**	**(37)**	**2,320**
Total	**¥ 97,463**	**¥ 226,094**	**¥ (445)**	**¥ 323,112**

As of March 31, 2023	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 107,846	¥ 150,938	¥ (5,940)	¥ 252,844
Government and corporate bonds	1,499	5	(61)	1,443
Other	1,772	649	(81)	2,340
Total	¥ 111,117	¥ 151,592	¥ (6,082)	¥ 256,627

As of March 31, 2024	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 624,828**	**$ 1,492,848**	**$ (2,430)**	**$ 2,115,246**
Government and corporate bonds	**9,378**	**99**	**(272)**	**9,205**
Other	**11,245**	**4,364**	**(245)**	**15,364**
Total	**$ 645,451**	**$ 1,497,311**	**$ (2,947)**	**$ 2,139,815**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥273 million ($1,808 thousand) and ¥213 million as of March 31, 2024 and 2023, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2024 and 2023, was as follows:

Year Ended March 31, 2024	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 28,449**	**¥ 13,933**	**¥ (22)**
Government and corporate bonds	**194**	**—**	**(7)**
Other	**166**	**0**	**(18)**
Total	**¥ 28,809**	**¥ 13,933**	**¥ (47)**

Year Ended March 31, 2023	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 10,180	¥ 6,546	¥ (56)
Government and corporate bonds	31	0	(0)
Other	47	—	(2)
Total	¥ 10,258	¥ 6,546	¥ (58)

Year Ended March 31, 2024	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 188,404**	**$ 92,272**	**$ (146)**
Government and corporate bonds	**1,285**	**—**	**(46)**
Other	**1,099**	**0**	**(120)**
Total	**$ 190,788**	**$ 92,272**	**$ (312)**

The impairment losses on available-for-sale securities were ¥252 million ($1,669 thousand) and ¥1,315 million for the years ended March 31, 2024 and 2023, respectively.

6. REVALUATION OF LAND

Under the "Law of Land Revaluation," the Company and a domestic consolidated subsidiary adopted a one-time revaluation of their own-use land in Japan to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

7. LONG-LIVED ASSETS

For the year ended March 31, 2023, the Companies recognized impairment losses of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Land, Building and structures, etc.	Kochi Prefecture and others	4

For purposes of evaluating and measuring impairment, assets used for business are individually evaluated.

The carrying amounts of certain assets used for business were devalued to their recoverable amounts, due to substantial declines in their fair market value.

As a result, the Companies recognized impairment losses of ¥337 million for the year ended March 31, 2023.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Companies principally used the appraisal value, less the cost of disposal, for calculating the net selling price at disposition.

8. INVESTMENT PROPERTY

The Companies own certain rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia and others). The net of rental income and operating expenses for those rental properties was ¥11,073 million ($73,331 thousand) and loss on sales or disposals of property and equipment—net was ¥34 million ($225 thousand) for the year ended March 31, 2024. The net of rental income and operating expenses for those rental properties was ¥10,653 million and gain on sales or disposals of property and equipment—net was ¥3,924 million for the year ended March 31, 2023.

In addition, the carrying amounts, changes in such balances and fair values of such properties were as follows:

Millions of Yen

Carrying amount			Fair value
As of April 1, 2023	**Increase/(Decrease)**	**As of March 31, 2024**	**As of March 31, 2024**
¥ 252,371	**¥ 50,515**	**¥ 302,886**	**¥ 554,581**

Millions of Yen

Carrying amount			Fair value
As of April 1, 2022	Increase/(Decrease)	As of March 31, 2023	As of March 31, 2023
¥ 219,296	¥ 33,075	¥ 252,371	¥ 471,962

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2023	**Increase/(Decrease)**	**As of March 31, 2024**	**As of March 31, 2024**
$ 1,671,331	**$ 334,537**	**$ 2,005,868**	**$ 3,672,722**

Notes:
(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
(2) Increase during the financial year ended March 31, 2024, primarily consisted of consolidating real estate of ¥33,797 million ($223,821 thousand) of an affiliate, that was previously accounted for using the equity method, due to acquisition of additional interests. Increase during the financial year ended March 31, 2023, primarily consisted of the purchase of real estate of ¥39,130 million.
(3) Fair value of properties as of March 31, 2024 and 2023, was measured as follows:
1) Fair value of domestic properties is principally measured by the Companies in accordance with its Real Estate Appraisal Standard, including adjustments using indexes.
2) Fair value of overseas properties is principally measured by third-party appraisal reports.

9. LONG-TERM LOANS RECEIVABLE

Long-term loans receivable primarily consists of loans to business partners and customers of the Companies.

10. PLEDGED ASSETS

As of March 31, 2024, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥2,875 million ($19,040 thousand), current portion of long-term debt of ¥45,398 million ($300,649 thousand), long-term debt of ¥140,754 million ($932,146 thousand) and other long-term liabilities of ¥2 million ($13 thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade	¥ **885**	$ **5,861**
Inventories:		
Development projects in progress, real estate for sale and other	**272,681**	**1,805,834**
Other current assets	**72**	**478**
Land	**27,685**	**183,344**
Buildings and structures	**34,907**	**231,172**
Machinery, equipment and other	**1,091**	**7,225**
Construction in progress	**164**	**1,086**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**13,175**	**87,252**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**593**	**3,927**
Intangible assets (recorded in "other" in investments and other assets)	**13,998**	**92,702**
Total	¥ **365,251**	$ **2,418,881**

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2024 and 2023, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2024 and 2023, were 4.51% and 3.19%, respectively.

Long-term debt as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Long-term loans, due 2024 – 2061	¥ **257,912**	¥ 193,926	$ **1,708,026**
Corporate bonds, due 2024 – 2028	**80,068**	80,106	**530,252**
Lease obligations	**14,521**	11,857	**96,166**
Total	**352,501**	285,889	**2,334,444**
Current portion included in current liabilities	**(87,646)**	(23,440)	**(580,437)**
Total	¥ **264,855**	¥ 262,449	$ **1,754,007**

Long-term loans as of March 31, 2024 and 2023, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2024 and 2023, were 5.19% and 4.02%, respectively. The Companies issue corporate bonds to meet the financial needs and the weighted-average interest rates for the outstanding balances of such corporate bonds as of March 31, 2024 and 2023, were 0.46% and 0.46%, respectively. Certain short-term and long-term bank loans of the Company and its domestic consolidated subsidiaries are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. However, the Company and its domestic consolidated subsidiaries have never received such a request.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2024, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ **87,646**	$ **580,437**
2026	**90,214**	**597,444**
2027	**69,351**	**459,278**
2028	**66,052**	**437,430**
2029	**8,179**	**54,166**
2030 and thereafter	**31,059**	**205,689**
Total	¥ **352,501**	$ **2,334,444**

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million ($1,324,503 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2024.

12. COMMERCIAL PAPER

Commercial paper was represented by 28-day paper issued by the Company with the weighted-average interest rate of 0.00% as of March 31, 2023.

13. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

The Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

14. RETIREMENT BENEFITS

The Company, its domestic consolidated subsidiaries, and certain overseas consolidated subsidiaries have funded and/or unfunded defined benefit plans covering their employees. In addition, the Company, certain domestic and overseas consolidated subsidiaries have defined contribution plans.

Under the defined benefit pension plans, which are all funded, employees terminating their employment are entitled to either a lump-sum payment or an annuity, determined based on the rate of pay at the time of termination and years of service.

The severance lump-sum payment plans, which are mostly unfunded, except for a certain plan that is deemed to be funded where a consolidated subsidiary contributes qualified plan assets to an employee retirement benefit trust, provide for a lump-sum payment to terminated employees, determined based on accumulated points allocated each month according to an employee's job classification and performance, or on the rate of pay at the time of termination and years of service.

Certain consolidated subsidiaries account for their retirement benefit plans using the simplified method.

a. Changes in defined benefit obligation

The changes in defined benefit obligation for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 70,481**	¥ 72,409	**$ 466,762**
Current service cost	**4,468**	4,691	**29,589**
Interest cost	**769**	492	**5,093**
Actuarial gains	**(1,185)**	(2,430)	**(7,848)**
Benefits paid	**(4,782)**	(4,770)	**(31,669)**
Other	**72**	89	**477**
Balance at end of year	**¥ 69,823**	¥ 70,481	**$ 462,404**

Note: Retirement benefit plans accounted for using the simplified method are excluded.

b. Changes in plan assets

The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 11,321**	¥ 11,915	**$ 74,974**
Expected return on plan assets	**110**	74	**728**
Actuarial gains (losses)	**3,066**	(126)	**20,305**
Contributions from the employer	**132**	191	**874**
Benefits paid	**(205)**	(254)	**(1,358)**
Refund of plan assets	**—**	(535)	**—**
Other	**149**	56	**987**
Balance at end of year	**¥ 14,573**	¥ 11,321	**$ 96,510**

Note: Retirement benefit plans accounted for using the simplified method are excluded.

c. Changes in net defined benefit liability accounted for using the simplified method

The changes in net defined benefit liability accounted for using the simplified method for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 1,415	¥ 1,380	$ 9,371
Benefit cost	202	212	1,338
Benefits paid	(210)	(156)	(1,391)
Contributions to the funds	(51)	(46)	(338)
Other	23	25	152
Balance at end of year	¥ 1,379	¥ 1,415	$ 9,132

d. Reconciliation with the consolidated balance sheet

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation	¥ 10,189	¥ 10,118	$ 67,477
Plan assets	(15,146)	(11,845)	(100,305)
Total	(4,957)	(1,727)	(32,828)
Unfunded defined benefit obligation	61,586	62,302	407,854
Net liability for defined benefit obligation	¥ 56,629	¥ 60,575	$ 375,026

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits	¥ 61,344	¥ 62,099	$ 406,252
Asset for retirement benefits	(4,715)	(1,524)	(31,226)
Net liability for defined benefit obligation	¥ 56,629	¥ 60,575	$ 375,026

Notes:

(1) Retirement benefit plans accounted for using the simplified method are included.

(2) Asset for retirement benefits is included in "other" in investments and other assets in the consolidated balance sheet.

e. Periodic benefit costs

The components of net periodic benefit costs for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Service cost	¥ 4,468	¥ 4,691	$ 29,589
Interest cost	769	492	5,093
Expected return on plan assets	(110)	(74)	(728)
Recognized actuarial (gains) losses	(70)	172	(464)
Benefit cost in simplified method	202	212	1,338
Other	(232)	(79)	(1,537)
Net periodic benefit costs	¥ 5,027	¥ 5,414	$ 33,291

f. Other comprehensive income

Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Actuarial gains	¥ 4,159	¥ 2,452	$ 27,543

g. Accumulated other comprehensive income

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrecognized actuarial gains	**¥ 6,475**	¥ 2,315	**$ 42,881**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2024 and 2023, consisted of the following:

	2024	2023
Equity investments	**62 %**	56 %
Debt investments	**16**	16
Cash and cash equivalents	**11**	14
General accounts with life insurance companies	**8**	9
Other	**3**	5
Total	**100 %**	100 %

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

i. Assumptions

Assumptions used for the years ended March 31, 2024 and 2023, were set forth as follows:

	2024	2023
Discount rate	**0.9% to 1.2%**	0.5% to 0.8%
Expected rate of return on plan assets	**1.0%**	1.0%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥3,703 million ($24,523 thousand) and ¥3,504 million for the years ended March 31, 2024 and 2023, respectively.

15. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the financial year in addition to the year-end dividend upon resolution at the stockholders' meeting. Additionally, for companies that meet certain criteria including: (1) having a Board of Directors; (2) having independent auditors; (3) having an Audit & Supervisory Board; and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the financial year if the company has prescribed so in its articles of incorporation. However, such article is not stipulated in the articles of incorporation of the Company.

Semiannual interim dividends can be paid once a year upon resolution by the Board of Directors as stipulated in the articles of incorporation of the Company.

b. Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the stockholders.

c. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

At the Board of Directors' Meeting held on May 15, 2023, the Company resolved matters related to acquisition of its own shares in accordance with Article 156 of the Companies Act, applicable pursuant to Article 165, Paragraph 3 of the said Act. The number of shares acquired based on the resolution was 4,905 thousand shares.

At the Board of Directors' Meeting held on August 9, 2023, the Company resolved to dispose of its own shares as stock remuneration. The number of shares disposed of based on the resolution was 2,303 thousand shares.

16. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% for the years ended March 31, 2024 and 2023.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Deferred tax assets:			
Valuation loss on property and equipment	**¥ 22,763**	¥ 22,533	**$ 150,748**
Liability for retirement benefits	**18,119**	19,257	**119,993**
Other	**76,389**	65,444	**505,888**
Subtotal	**117,271**	107,234	**776,629**
Valuation allowance	**(42,352)**	(39,658)	**(280,477)**
Total	**74,919**	67,576	**496,152**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(67,747)**	(45,014)	**(448,656)**
Other	**(16,299)**	(9,468)	**(107,940)**
Total	**(84,046)**	(54,482)	**(556,596)**
Net deferred tax assets and liabilities	**¥ (9,127)**	¥ 13,094	**$ (60,444)**

As of March 31, 2024, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2024. Due to the uncertainty in the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset part of the related deferred tax assets in the amount of ¥5,022 million ($33,258 thousand) and ¥3,652 million as of March 31, 2024 and 2023, respectively.

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 and 2023, is not disclosed, because the differences were not more than 5% of the normal effective statutory tax rate.

In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42 issued by the Accounting Standards Board of Japan on August 12, 2021), the Company and certain domestic consolidated subsidiaries have adopted accounting treatment and disclosure of corporate and local corporate income taxes or relevant tax effect accounting.

17. REVENUES

a. Disaggregation of revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2024 and 2023, were as follows:

(1) Reportable segments

Year Ended March 31, 2024	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	**¥ 363,334**	**¥ 1,102,933**	**¥ —**	**¥ 130,630**	**¥ 725,069**	**¥ 2,321,966**
Real estate and other	**—**	**—**	**62,161**	**115,332**	**117,421**	**294,914**
Revenues from contracts with customers	**363,334**	**1,102,933**	**62,161**	**245,962**	**842,490**	**2,616,880**
Other revenues	**—**	**—**	**19,836**	**11,578**	**16,882**	**48,296**
Total	**¥ 363,334**	**¥ 1,102,933**	**¥ 81,997**	**¥ 257,540**	**¥ 859,372**	**¥ 2,665,176**

Year Ended March 31, 2023	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	¥ 301,623	¥ 1,073,734	¥ —	¥ 121,653	¥ 609,666	¥ 2,106,676
Real estate and other	—	—	20,682	106,207	113,685	240,574
Revenues from contracts with customers	301,623	1,073,734	20,682	227,860	723,351	2,347,250
Other revenues	—	—	20,481	8,930	14,918	44,329
Total	¥ 301,623	¥ 1,073,734	¥ 41,163	¥ 236,790	¥ 738,269	¥ 2,391,579

Year Ended March 31, 2024	Thousands of U.S. Dollars					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	**$ 2,406,185**	**$ 7,304,192**	**$ —**	**$ 865,099**	**$ 4,801,782**	**$ 15,377,258**
Real estate and other	**—**	**—**	**411,662**	**763,788**	**777,623**	**1,953,073**
Revenues from contracts with customers	**2,406,185**	**7,304,192**	**411,662**	**1,628,887**	**5,579,405**	**17,330,331**
Other revenues	**—**	**—**	**131,364**	**76,676**	**111,801**	**319,841**
Total	**$ 2,406,185**	**$ 7,304,192**	**$ 543,026**	**$ 1,705,563**	**$ 5,691,206**	**$ 17,650,172**

Note: Revenues from lease transactions, etc. are included in other revenues.

(2) Geographical areas

Year Ended March 31, 2024	Millions of Yen						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	**¥ 1,595,097**	**¥ 398,680**	**¥ 38,051**	**¥ 147,132**	**¥ 140,013**	**¥ 2,993**	**¥ 2,321,966**
Real estate and other	**177,318**	**92,564**	**5,499**	**19,323**	**172**	**38**	**294,914**
Revenues from contracts with customers	**1,772,415**	**491,244**	**43,550**	**166,455**	**140,185**	**3,031**	**2,616,880**
Other revenues	**30,975**	**5,350**	**564**	**11,407**	**—**	**—**	**48,296**
Total	**¥ 1,803,390**	**¥ 496,594**	**¥ 44,114**	**¥ 177,862**	**¥ 140,185**	**¥ 3,031**	**¥ 2,665,176**

Year Ended March 31, 2023	Millions of Yen						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	¥ 1,495,724	¥ 313,007	¥ 65,950	¥ 127,072	¥ 103,199	¥ 1,724	¥ 2,106,676
Real estate and other	126,710	95,135	4,462	14,099	94	74	240,574
Revenues from contracts with customers	1,622,434	408,142	70,412	141,171	103,293	1,798	2,347,250
Other revenues	28,970	5,007	448	9,904	—	—	44,329
Total	¥ 1,651,404	¥ 413,149	¥ 70,860	¥ 151,075	¥ 103,293	¥ 1,798	¥ 2,391,579

Year Ended March 31, 2024	Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	**$ 10,563,557**	**$ 2,640,264**	**$ 251,994**	**$ 974,384**	**$ 927,238**	**$ 19,821**	**$ 15,377,258**
Real estate and other	**1,174,291**	**613,007**	**36,417**	**127,967**	**1,139**	**252**	**1,953,073**
Revenues from contracts with customers	**11,737,848**	**3,253,271**	**288,411**	**1,102,351**	**928,377**	**20,073**	**17,330,331**
Other revenues	**205,132**	**35,431**	**3,735**	**75,543**	**—**	**—**	**319,841**
Total	**$ 11,942,980**	**$ 3,288,702**	**$ 292,146**	**$ 1,177,894**	**$ 928,377**	**$ 20,073**	**$ 17,650,172**

Note: Revenues from lease transactions, etc. are included in other revenues.

b. Basic information to understand revenues from contracts with customers

(1) Information regarding contracts and performance obligations

The Companies operate businesses in the construction, real estate development and other businesses for domestic and overseas customers. In the construction business, the Companies carry out civil engineering, building construction, equipment and other general construction work based on executed construction contracts, and have performance obligations to deliver products such as completed buildings to customers. In addition, in the real estate development and other businesses, the Companies carry out real estate development, architectural, structural and other design and engineering services based on executed real estate sales and outsourcing contracts, and have performance obligations to provide services or deliver properties/deliverables to customers.

Because the payment conditions for the promised considerations with customers differ by each contract, there is no material relationship between the timing of satisfaction and the timing of payment for the performance obligations.

(2) Information regarding determination of the transaction price

Variable consideration based on price indexing clauses stipulated in contracts is included in the transaction price only to the extent where it is probable that, resolution of uncertainty over variable consideration will not cause significant reduction of revenue. In addition, for the financing components included in the promised considerations with customers, adjustment regarding the interest rate is not made as it is considered immaterial.

(3) Information regarding allocation of the transaction prices to performance obligations

When multiple performance obligations exist in a contract, such as partial delivery of a constructed product, the transaction price is allocated to each performance obligation. If the amount for each performance obligation is specified in the contract, such amount is considered as the individual transaction price. If the amount is not specified, the transaction price is allocated in a reasonable manner based on estimates.

(4) Information regarding the timing of the satisfaction of performance obligations

In the construction business, because building construction is mainly performed on the customer's land, it is considered that the customer has control of the constructed product as the work progresses. Therefore, the Companies consider the performance obligations to be satisfied over time, and estimate the progress of the satisfaction of the performance obligations, and recognize revenue based on the progress.

In sales of properties in the real estate development business, as the Companies have performance obligations to deliver properties based on real estate sales contracts, it is considered that the performance obligations are to be satisfied at a point in time and the revenue is recognized at the time when the properties are delivered. In addition, in the case of design services and other businesses, assets without an alternative use to the Companies, such as the design drawings are created as the work progresses and the Companies are considered to have an enforceable right to receive payment for the work completed to date. Therefore, the Companies consider the performance obligations to be satisfied over time, and estimate the progress of the satisfaction of the performance obligations, and recognize revenue based on the progress.

The progress of the satisfaction is primarily measured based on the ratio of the cumulative costs incurred by the end of financial year against the estimated total costs.

In cases where the progress of the satisfaction of performance obligations cannot be reasonably estimated, such as in the early stage of the contract when the operational budget has not yet been compiled, but at the same time, where the costs incurred to satisfy the performance obligations are expected to be recovered, the revenue is recognized only to the extent of the costs incurred to date that are expected to be recovered.

The alternative treatment is applied in case the duration of transaction, such as from the beginning of the transaction to the point when the performance obligation is expected to be fully satisfied, is distinctively short. In such cases, the revenue is recognized at the point when the performance obligations are fully satisfied rather than being recognized over time.

c. Contract balances

Receivables from contracts with customers, contract assets and contract liabilities at the beginning and end of the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Receivables from contracts with customers:			
Balance at beginning of year	¥ **440,965**	¥ 342,664	$ **2,920,298**
Balance at end of year	**456,879**	440,965	**3,025,689**
Contract assets:			
Balance at beginning of year	**455,368**	380,934	**3,015,682**
Balance at end of year	**478,995**	455,368	**3,172,152**
Contract liabilities:			
Balance at beginning of year	**176,760**	145,633	**1,170,596**
Balance at end of year	**230,558**	176,760	**1,526,874**

Contract assets are the rights of the Companies related to the performance obligations satisfied based on construction contracts in the construction business and outsourcing contracts in the real estate development and other businesses. Contract assets are transferred to receivables from contracts with customers when such rights become unconditional. Considerations for such performance obligations have been invoiced and received in accordance with the payment condition set out in the individual agreements.

Contract liabilities are the advances received from customers before the provision of services based on construction contracts in the construction business and real estate sales contracts and outsourcing contracts in the real estate development and other businesses. Contract liabilities are released upon revenue recognition.

The amounts of revenues recognized in the years ended March 31, 2024 and 2023, which were included in the balance of contract liabilities at the beginning of the years, were ¥158,793 million ($1,051,609 thousand) and ¥133,195 million, respectively. In addition, changes in contract assets are mainly due to revenue recognition (an increase in contract assets) and transfers to receivables (a decrease in contract assets). The balance at the end of the year fluctuates due to the effect of the timing of the completion of large-scale construction projects in the construction business.

Revenues recognized for performance obligations satisfied (or partially satisfied) in the past years were immaterial.

d. Transaction Prices Allocated to Remaining Performance Obligations

The following table shows the summary of the transaction prices allocated to remaining performance obligations in the construction business that are unsatisfied as of March 31, 2024:

	Millions of Yen	Thousands of U.S. Dollars
	2024	**2024**
Transaction prices allocated to remaining performance obligations (construction business):		
Within one year	¥ **1,941,639**	$ **12,858,536**
After one to three years	**1,312,633**	**8,692,934**
After three years	**223,318**	**1,478,927**
Total	¥ **3,477,590**	$ **23,030,397**

18. RELATED PARTY TRANSACTIONS

Transactions of the Company with directors of the Company

Transactions for the year ended March 31, 2023, were as follows:

	Millions of Yen
	2023
Disposal of own shares	¥ 30

Notes:

(1) The transactions are contribution-in-kind provided to the Company with monetary remuneration receivables by directors based on restricted stock remuneration plan.

(2) The disposal price for the own shares was the closing price of a share of the Company's common stock in the Tokyo Stock Exchange on the business day immediately before the Board of Directors' Meeting at which the resolution of the disposal was made.

19. LEASES

The Companies have a number of operating lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancelable.

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Due within one year	¥ **8,237**	¥ 7,793	$ **54,550**
Due after one year	**30,101**	33,967	**199,344**
Total	¥ **38,338**	¥ 41,760	$ **253,894**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Due within one year	¥ **22,080**	¥ 20,603	$ **146,225**
Due after one year	**99,747**	95,131	**660,576**
Total	¥ **121,827**	¥ 115,734	$ **806,801**

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for financial instruments

The Companies use financial instruments, mainly loans from banks, commercial paper and bonds, based on their capital financing plans for construction and development businesses. Cash surpluses, if any, are invested in low-risk financial assets such as deposits. It is the Companies' policy to use derivatives only for actual operating requirements, not for speculation.

b. Nature, extent of risks arising from financial instruments, and risk management for financial instruments

Receivables, such as notes and accounts receivable—trade, are exposed to customer credit risks. The Companies thoroughly enforce credit risk management, which principally includes credit research at the time of obtaining work and timely monitoring of credit standings.

Payment terms of payables, such as notes and accounts payable—trade, are within one year.

Although marketable securities and investments in securities are exposed to the risk of market price fluctuations, the Companies use the internal management system to recognize their fair values periodically.

Loans from banks, commercial paper and bonds are used to raise funds for construction and development business.

Derivatives mainly include foreign exchange forward contracts, currency swaps and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of future demand and collection of foreign-currency-denominated funds, and from changes in interest rates of loans from banks and bonds. Please see Note 21 for more details regarding derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million ($1,324,503 thousand) with several Japanese banks to manage exposure to liquidity risks on raising funds.

c. Fair values of financial instruments

Fair values of financial instruments are as follows. The fair values of cash and cash equivalents, other current assets (time deposits due after three months of the date of acquisition), short-term borrowings, commercial paper, notes and accounts payable—trade and income taxes payable are not disclosed because the maturities of the said financial instruments are short and the carrying values approximate fair value. In addition, the fair values of investments in partnerships and other similar entities in which the net amount of equity interest is recorded on the consolidated balance sheet are not disclosed. The carrying amounts of such investments, including operational investments in securities, were ¥20,013 million ($132,536 thousand) and ¥9,205 million as of March 31, 2024 and 2023, respectively. Also, please see Note 21 for the details of the fair values of derivatives.

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2024 and 2023, were as follows. However, financial instruments that do not have a quoted market price in an active market are not included.

	Millions of Yen		
As of March 31, 2024	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	¥ **940,304**	¥	¥
Allowance for doubtful accounts	**(5,425)**		
	934,879	**934,056**	**(823)**
Marketable securities and investments in securities			
Available-for-sale securities	**323,112**	**323,112**	**—**
Long-term loans receivable	**12,899**		
Long-term loans to unconsolidated subsidiaries and affiliates	**86,397**		
Allowance for doubtful accounts	**(1,019)**		
	98,277	**97,580**	**(697)**
Total	¥ **1,356,268**	¥ **1,354,748**	¥ **(1,520)**
LIABILITIES			
Current portion of long-term debt	¥ **87,646**	¥ **87,636**	¥ **(10)**
Long-term debt	**264,855**	**261,183**	**(3,672)**
Total	¥ **352,501**	¥ **348,819**	¥ **(3,682)**

As of March 31, 2023	Millions of Yen Carrying Amount		Fair Value		Unrealized Gain (Loss)
ASSETS					
Notes and accounts receivable—trade	¥ 899,621	¥		¥	
Allowance for doubtful accounts	(4,516)				
	895,105		894,498		(607)
Marketable securities and investments in securities					
Available-for-sale securities	256,627		256,627		—
Long-term loans receivable	6,273				
Long-term loans to unconsolidated subsidiaries and affiliates	54,628				
Allowance for doubtful accounts	(1,294)				
	59,607		59,295		(312)
Total	¥ 1,211,339	¥	1,210,420	¥	(919)
LIABILITIES					
Current portion of long-term debt	¥ 23,440	¥	23,440	¥	(0)
Long-term debt	262,449		259,230		(3,219)
Total	¥ 285,889	¥	282,670	¥	(3,219)

As of March 31, 2024	Thousands of U.S. Dollars Carrying Amount		Fair Value		Unrealized Gain (Loss)
ASSETS					
Notes and accounts receivable—trade	**$ 6,227,179**	**$**		**$**	
Allowance for doubtful accounts	**(35,928)**				
	6,191,251		**6,185,801**		**(5,450)**
Marketable securities and investments in securities					
Available-for-sale securities	**2,139,815**		**2,139,815**		**—**
Long-term loans receivable	**85,424**				
Long-term loans to unconsolidated subsidiaries and affiliates	**572,166**				
Allowance for doubtful accounts	**(6,749)**				
	650,841		**646,225**		**(4,616)**
Total	**$ 8,981,907**	**$**	**8,971,841**	**$**	**(10,066)**
LIABILITIES					
Current portion of long-term debt	**$ 580,437**	**$**	**580,371**	**$**	**(66)**
Long-term debt	**1,754,007**		**1,729,689**		**(24,318)**
Total	**$ 2,334,444**	**$**	**2,310,060**	**$**	**(24,384)**

(2) Carrying amount of financial instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 8,306**	¥ 7,019	**$ 55,006**
Preferred equity investment	**9,771**	9,771	**64,709**
Investments in unconsolidated subsidiaries and affiliates	**92,773**	85,527	**614,391**
Total	**¥ 110,850**	¥ 102,317	**$ 734,106**

The carrying amounts mentioned above include the carrying amounts of operational investments in securities that do not have a quoted market price in active markets.

d. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
As of March 31, 2024	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**¥ 350,064**	**¥ —**	**¥ —**	**¥ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**173**	**817**	**475**	**—**
Notes and accounts receivable—trade	**876,449**	**61,130**	**1,855**	**870**
Other current assets				
Time deposits due after three months of the date of acquisition	**4,652**	**—**	**—**	**—**
Long-term loans receivable	**569**	**12,342**	**5**	**552**
Long-term loans to unconsolidated subsidiaries and affiliates	**15,190**	**31,702**	**38,888**	**15,807**
Total	**¥ 1,247,097**	**¥ 105,991**	**¥ 41,223**	**¥ 17,229**

	Millions of Yen			
As of March 31, 2023	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 282,253	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	386	978	142	—
Notes and accounts receivable—trade	828,129	70,713	7	772
Other current assets				
Time deposits due after three months of the date of acquisition	3,527	—	—	—
Long-term loans receivable	39,600	5,520	5	748
Long-term loans to unconsolidated subsidiaries and affiliates	70	5,045	35,715	13,868
Total	¥ 1,153,965	¥ 82,256	¥ 35,869	¥ 15,388

	Thousands of U.S. Dollars			
As of March 31, 2024	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**$ 2,318,305**	**$ —**	**$ —**	**$ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**1,146**	**5,411**	**3,146**	**—**
Notes and accounts receivable—trade	**5,804,298**	**404,834**	**12,285**	**5,762**
Other current assets				
Time deposits due after three months of the date of acquisition	**30,808**	**—**	**—**	**—**
Long-term loans receivable	**3,768**	**81,735**	**33**	**3,656**
Long-term loans to unconsolidated subsidiaries and affiliates	**100,596**	**209,948**	**257,536**	**104,682**
Total	**$ 8,258,921**	**$ 701,928**	**$ 273,000**	**$ 114,100**

Please see Note 11 for annual maturities of long-term debt.

e. Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

As of March 31, 2024	Millions of Yen Fair value Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**¥ 311,691**	**¥ —**	**¥ 7,711**	**¥ 319,402**
Government and corporate bonds	**789**	**601**	**—**	**1,390**
Other	**891**	**1,429**	**—**	**2,320**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**67**	**—**	**67**
To which hedge accounting is applied	**—**	**939**	**—**	**939**
Total	**¥ 313,371**	**¥ 3,036**	**¥ 7,711**	**¥ 324,118**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	**¥ —**	**¥ 421**	**¥ —**	**¥ 421**
Total	**¥ —**	**¥ 421**	**¥ —**	**¥ 421**

As of March 31, 2023	Millions of Yen Fair value Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	¥ 246,476	¥ —	¥ 6,368	¥ 252,844
Government and corporate bonds	1,197	246	—	1,443
Other	920	1,420	—	2,340
Derivative transactions:				
To which hedge accounting is not applied	—	175	—	175
To which hedge accounting is applied	—	212	—	212
Total	¥ 248,593	¥ 2,053	¥ 6,368	¥ 257,014
LIABILITIES				
Derivative transactions:				
To which hedge accounting is applied	—	169	—	169
Total	¥ —	¥ 169	¥ —	¥ 169

As of March 31, 2024	Thousands of U.S. Dollars Fair value Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**$ 2,064,179**	**$ —**	**$ 51,067**	**$ 2,115,246**
Government and corporate bonds	**5,225**	**3,980**	**—**	**9,205**
Other	**5,901**	**9,463**	**—**	**15,364**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**444**	**—**	**444**
To which hedge accounting is applied	**—**	**6,219**	**—**	**6,219**
Total	**$ 2,075,305**	**$ 20,106**	**$ 51,067**	**$ 2,146,478**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	**$ —**	**$ 2,788**	**$ —**	**$ 2,788**
Total	**$ —**	**$ 2,788**	**$ —**	**$ 2,788**

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ **934,056**	¥ —	¥ **934,056**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**27,162**	**70,418**	**97,580**
Total	¥ —	¥ **961,218**	¥ **70,418**	¥ **1,031,636**
LIABILITIES				
Corporate bonds	¥ —	¥ **79,911**	¥ —	¥ **79,911**
Long-term loans	—	**204,748**	—	**204,748**
Derivative transactions:				
To which hedge accounting is applied	—	**20**	—	**20**
Total	¥ —	¥ **284,679**	¥ —	¥ **284,679**

	Millions of Yen			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ 894,498	¥ —	¥ 894,498
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	6,914	52,381	59,295
Total	¥ —	¥ 901,412	¥ 52,381	¥ 953,793
LIABILITIES				
Corporate bonds	¥ —	¥ 80,099	¥ —	¥ 80,099
Long-term loans	—	170,082	—	170,082
Derivative transactions:				
To which hedge accounting is applied	—	39	—	39
Total	¥ —	¥ 250,220	¥ —	¥ 250,220

	Thousands of U.S. Dollars			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	$ —	$ **6,185,801**	$ —	$ **6,185,801**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**179,881**	**466,344**	**646,225**
Total	$ —	$ **6,365,682**	$ **466,344**	$ **6,832,026**
LIABILITIES				
Corporate bonds	$ —	$ **529,212**	$ —	$ **529,212**
Long-term loans	—	**1,355,947**	—	**1,355,947**
Derivative transactions:				
To which hedge accounting is applied	—	**132**	—	**132**
Total	$ —	$ **1,885,291**	$ —	$ **1,885,291**

The above figures do not include the current portion of long-term loans.

Notes:

(1) Description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities

Marketable securities and Investments in securities

The fair values of listed equity securities, listed investment trusts and government and corporate bonds are measured at the quoted market prices. The fair values of listed equity securities, listed investment trusts and government bonds are categorized as Level 1, because they are traded in active markets. The fair values of corporate bonds are categorized as Level 2, as the quoted market prices of corporate bonds are not considered to be observed in active markets due to low market transactions. The fair values of unlisted investment trusts are measured at net asset value per unit, and are categorized as Level 2. In addition, the fair values of unlisted equity securities held by certain overseas subsidiaries are principally measured by adjusted net asset method, and are categorized as Level 3.

Derivative transactions

The fair values of interest rate swaps, foreign exchange forward contracts and currency swaps are measured by using discounted present value techniques considering observable inputs such as interest rates and foreign currency exchange rate, and are categorized as Level 2.

Notes and accounts receivable—trade

The carrying amounts of notes and accounts receivable—trade with short maturities approximate fair value, and are categorized as Level 2.

The fair values of notes and accounts receivable—trade with maturities of over one year are measured at the amount to be received at maturity discounted at the Companies' assumed corporate discount rate with consideration for the remaining terms and credit risks, and are categorized as Level 2.

Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates

The carrying amounts of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standings of the borrowers are not substantially changed, and are categorized as Level 2.

The fair values of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates with fixed interest rates are principally measured by discounting the cash flows at the Companies' assumed corporate discount rates by adding the credit spread to the appropriate indexes, such as the yield of government bonds, and are categorized as Level 2 or Level 3 depending on the materiality of the effect of unobservable inputs in the measurement of fair value.

Corporate bonds

The fair values of corporate bonds issued by the Company are principally measured at the quoted market prices. The fair values of these corporate bonds are categorized as Level 2, as the quoted market prices of corporate bonds are not considered to be observed in active markets due to low market transactions. The fair values of other corporate bonds are measured by discounting the cash flows related to the debt at discount rates that take into account the remaining periods of the bonds and credit risks, and are categorized as Level 2.

Long-term loans

The carrying amounts of long-term loans with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standing of the Company is not substantially changed, and are categorized as Level 2.

The fair values of long-term loans with fixed interest rates are measured by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rates, and are categorized as Level 2.

(2) Information about the fair value of Level 3 financial assets and liabilities, that are measured at the fair values in the consolidated balance sheet

1) Quantitative information about significant unobservable inputs

As of March 31, 2024	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:		
Equity securities (unlisted equity securities)...................	Adjusted net asset method	Net asset value

As of March 31, 2023	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:		
Equity securities (unlisted equity securities)...................	Adjusted net asset method	Net asset value

2) Reconciliation of beginning and ending balances

	Millions of Yen		Thousands of U.S. Dollars
	Marketable securities and investments in securities Available-for-sale: Equity securities (unlisted equity securities)		
	2024	2023	**2024**
Balance at beginning of year	**¥ 6,368**	¥ 5,503	**$ 42,172**
Fair value gain recognized in other comprehensive income	**922**	677	**6,106**
Net increase due to purchases, sales, issuance and settlement	**421**	188	**2,789**
Balance at end of year	**¥ 7,711**	¥ 6,368	**$ 51,067**

Fair value gain recognized in other comprehensive income is included in unrealized gain (loss) on available-for-sale securities and foreign currency translation adjustments in other comprehensive income in the consolidated statement of comprehensive income.

21. DERIVATIVES

The Companies enter into derivative financial instruments ("derivatives"), including principally foreign exchange forward contracts, currency swap agreements and interest rate swap agreements.

The Companies do not hold or issue derivatives for trading or speculative purposes and it is the Companies' policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal regulations.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Companies' business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major domestic or overseas financial institutions, the Companies do not anticipate any losses arising from credit risk.

a. Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
As of March 31, 2024	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	**¥ 439**	**¥ —**	**¥ 70**	**¥ 70**
Chinese Yuan forward	**81**	**—**	**6**	**6**
Selling:				
Thai Baht forward	**¥ 530**	**¥ —**	**¥ (9)**	**¥ (9)**
Currency swaps				
Buy—Japanese Yen / Sell—Euro	**¥ 7,844**	**¥ —**	**¥ (421)**	**¥ (421)**
Total	**¥ 8,894**	**¥ —**	**¥ (354)**	**¥ (354)**

	Millions of Yen			
As of March 31, 2023	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	¥ 2,306	¥ —	¥ 87	¥ 87
Japanese Yen forward	587	—	88	88
Total	¥ 2,893	¥ —	¥ 175	¥ 175

	Thousands of U.S. Dollars			
As of March 31, 2024	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	**$ 2,907**	**$ —**	**$ 464**	**$ 464**
Chinese Yuan forward	**537**	**—**	**40**	**40**
Selling:				
Thai Baht forward	**$ 3,510**	**$ —**	**$ (60)**	**$ (60)**
Currency swaps				
Buy—Japanese Yen / Sell—Euro	**$ 51,947**	**$ —**	**$ (2,788)**	**$ (2,788)**
Total	**$ 58,901**	**$ —**	**$ (2,344)**	**$ (2,344)**

b. Derivative transactions to which hedge accounting is applied

	Millions of Yen			
As of March 31, 2024	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**¥ 1,506**	**¥ —**	**¥ 225**
Chinese Yuan forward	Accounts payable—trade	**109**	**—**	**12**
Euro forward	Accounts payable—trade	**7**	**—**	**—**
Selling:				
Euro forward	Accounts receivable—trade	**15,036**	**728**	**702**
Total		**¥ 16,658**	**¥ 728**	**¥ 939**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**¥ 3,907**	**¥ 3,907**	**¥ (20)**
Total		**¥ 3,907**	**¥ 3,907**	**¥ (20)**

	Millions of Yen			
As of March 31, 2023	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
Chinese Yuan forward	Accounts payable—trade	¥ 3,944	¥ 257	¥ (22)
U.S. Dollar forward	Accounts payable—trade	1,063	22	19
Euro forward	Accounts payable—trade	21	—	1
Selling:				
Euro forward	Accounts receivable—trade	13,312	27	45
Total		¥ 18,340	¥ 306	¥ 43
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ 3,933	¥ 3,933	¥ (39)
Total		¥ 3,933	¥ 3,933	¥ (39)

	Thousands of U.S. Dollars			
As of March 31, 2024	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**$ 9,974**	**$ —**	**$ 1,490**
Chinese Yuan forward	Accounts payable—trade	**722**	**—**	**80**
Euro forward	Accounts payable—trade	**46**	**—**	**—**
Selling:				
Euro forward	Accounts receivable—trade	**99,576**	**4,821**	**4,649**
Total		**$ 110,318**	**$ 4,821**	**$ 6,219**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**$ 25,874**	**$ 25,874**	**$ (132)**
Total		**$ 25,874**	**$ 25,874**	**$ (132)**

22. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2024, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥23,305 million ($154,338 thousand).

23. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ **94,750**	¥ 2,862	$ **627,484**
Reclassification adjustments to profit or loss	**(13,856)**	(6,079)	**(91,762)**
Amount before income tax effect	**80,894**	(3,217)	**535,722**
Income tax effect	**(24,433)**	1,127	**(161,808)**
Total	¥ **56,461**	¥ (2,090)	$ **373,914**
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	¥ **1,475**	¥ 523	$ **9,768**
Reclassification adjustments to profit or loss	**(885)**	73	**(5,861)**
Amount before income tax effect	**590**	596	**3,907**
Income tax effect	**(82)**	7	**(543)**
Total	¥ **508**	¥ 603	$ **3,364**
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ **27,071**	¥ 36,507	$ **179,278**
Reclassification adjustments to profit or loss	**—**	4	**—**
Amount before income tax effect	**27,071**	36,511	**179,278**
Income tax effect	**—**	—	**—**
Total	¥ **27,071**	¥ 36,511	$ **179,278**
Defined retirement benefit plans:			
Adjustments arising during the year	¥ **4,229**	¥ 2,280	$ **28,007**
Reclassification adjustments to profit or loss	**(70)**	172	**(464)**
Amount before income tax effect	**4,159**	2,452	**27,543**
Income tax effect	**(1,263)**	(756)	**(8,364)**
Total	¥ **2,896**	¥ 1,696	$ **19,179**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates:			
Gains (losses) arising during the year	¥ **3,683**	¥ (871)	$ **24,390**
Reclassification adjustments to profit or loss	**(471)**	(129)	**(3,119)**
Adjustment for acquisition cost of assets	**(66)**	(100)	**(437)**
Total	¥ **3,146**	¥ (1,100)	$ **20,834**
Total other comprehensive income	¥ **90,082**	¥ 35,620	$ **596,569**

24. SUPPLEMENTAL CASH FLOW INFORMATION

a. The components of assets acquired and liabilities assumed of newly consolidated subsidiaries which were acquired through the acquisition of shares or interests

The components of assets acquired and liabilities assumed of a newly consolidated subsidiary of KE which was acquired through the acquisition of interests during the year ended March 31, 2024, as well as reconciliation between the acquisition cost and the payment for the said acquisition were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2024	2024
Current assets	¥ 2,276	$ 15,073
Non-current assets	35,996	238,384
Current liabilities	(7,707)	(51,040)
Long-term liabilities	(15,680)	(103,841)
Foreign currency translation adjustments	381	2,523
Valuation by the equity method until the acquisition of control	(5,223)	(34,589)
Gain on step acquisitions	(6,175)	(40,894)
Acquisition cost	3,868	25,616
Cash and cash equivalents of the subsidiary	(1,421)	(9,411)
Net payment for acquisition	¥ 2,447	$ 16,205

b. The payment for purchases of treasury stock and the proceeds from disposal of treasury stock

The payment for purchases of treasury stock included the outflow of ¥5,046 million ($33,417 thousand), which was spent by the trust accounts to acquire the Company's stocks from the Company in connection with the establishment of the stock delivery trusts for directors, executive officers and employees, for the year ended March 31, 2024.

The proceeds from disposal of treasury stock included the inflow of ¥5,046 million ($33,417 thousand), which was the proceeds from the Company's disposal of its treasury stocks to the trust accounts, for the year ended March 31, 2024.

25. NET INCOME PER SHARE

Basic net income per share (“EPS”) for the years ended March 31, 2024 and 2023, was as follows:

	Millions of Yen	Thousand of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted–Average Shares	EPS	
For the year ended March 31, 2024:				
Basic EPS				
Net income attributable to common stockholders	¥ 115,034	481,790	¥ 238.76	$ 1.581
For the year ended March 31, 2023:				
Basic EPS				
Net income attributable to common stockholders	¥ 111,789	490,342	¥ 227.98	

The shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees are included in the number of treasury stock deducted in the calculation of weighted-average shares for the calculation of EPS. The average numbers of such treasury stock deducted in the calculation of EPS for the years ended March 31, 2024 and 2023, were 1,343 thousand shares and none, respectively.

26. SUBSEQUENT EVENTS

a. Appropriation of retained earnings

On June 25, 2024, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥55.00 ($0.364) per share (final for the year ended March 31, 2024) for a total amount of ¥26,643 million ($176,444 thousand). Dividend of ¥127 million ($841 thousand) paid to the stock delivery trust accounts for directors, executive officers and employees is included in the total amount of the dividend.

b. Acquisition of own shares

The Company, at the Board of Directors' Meeting held on May 14, 2024, resolved matters related to acquisition of its own shares in accordance with Article 156 of the Companies Act, applicable pursuant to Article 165, Paragraph 3 of the said Act, and the acquisition has been completed.

(1) Reason for acquiring own shares
To expand shareholder returns and improve capital efficiency

(2) Details relating to the acquisition

1) Type of shares to be acquired:	Common Stock of the Company
2) Aggregate number of shares to be acquired:	12 million shares (upper limit) (The ratio to the aggregate number of issued shares (excluding own shares): 2.5%)
3) Aggregate acquisition price of shares:	¥30,000 million ($198,675 thousand) (upper limit)
4) Acquisition period:	May 15, 2024 to September 30, 2024
5) Acquisition method:	Market purchases on the Tokyo Stock Exchange (i) Market purchases through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Market purchases on the auction market based on a discretionary trading agreement

(3) Results of the acquisition based on the above resolution

1) Type of shares acquired:	Common Stock of the Company
2) Aggregate number of shares acquired:	11,132,800 shares
3) Aggregate acquisition price of shares:	¥29,999,852,200 ($198,674,518)
4) Acquisition period:	May 15, 2024 to June 7, 2024 (on a trade basis)
5) Acquisition method:	Market purchases on the Tokyo Stock Exchange (i) Market purchases through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Market purchases on the auction market based on a discretionary trading agreement

c. Issuance of unsecured bonds

The Company, at the Board of Directors' Meeting held on June 11, 2024, resolved to issue unsecured bonds with the following terms and conditions:

(1) Issue amount:	Maximum of ¥50,000 million ($331,126 thousand)
(2) Maturity:	3 to 10 years
(3) Issue price:	¥100 ($0.662) for face value of ¥100 ($0.662)
(4) Redemption price:	¥100 ($0.662) for face value of ¥100 ($0.662)
(5) Interest rate:	Not more than yield of government bond plus 1.0%
(6) Interest payment:	At the end of every six-month period
(7) Redemption schedule:	Redemption at maturity
(8) Issue date:	Any date between the date of resolution at the Board of Directors' Meeting and March 31, 2025
(9) Use of proceeds:	Capital investments, investments and loans, R&D investments, working capital, loan repayments, bond redemptions and commercial paper redemptions, etc.

In addition, the Board of Directors resolved that the director in charge of treasury of the Company be authorized to determine the issue amount, maturity, interest rate, issue date and other matters in accordance with the above terms and conditions.

d. Case of contractual nonconformity in a subsidiary

It was confirmed that Kajima Road Co., Ltd. ("Kajima Road"), a consolidated subsidiary of the Company, had used asphalt mixtures different from the design specifications in some of the road pavement construction projects. Kajima Road has conducted a quality inspection and announced that there are no immediate safety concerns for current use. Kajima Road plans to establish an external investigation committee and a technical verification committee consisting of outside attorneys to promptly identify the cause of the problem and formulate measures to prevent recurrence of such incidents. Since the investigation is still ongoing, the impact on the Company's consolidated financial results is unclear at this time.

27. SEGMENT INFORMATION

a. Segment information

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors of the Company is being performed in order to decide how resources are allocated among the Group and to assess performance of each reportable segment.

The Group operates in a wide and multilateral business. The Company organizes management divisions for each operating segment, such as civil engineering, building construction, real estate development and other, which strategize and develop their business. Also, the Company's domestic and overseas subsidiaries and affiliates cooperate with the Company to expand the range of the Group's business.

Therefore, the Group consists of five reportable segments as follows:

Civil Engineering:	Civil engineering in the construction business operated by the Company
Building Construction:	Building construction in the construction business operated by the Company
Real Estate Development and Other:	Real estate development business, architectural, structural and other design business and engineering business operated by the Company
Domestic Subsidiaries and Affiliates:	Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates
Overseas Subsidiaries and Affiliates:	Construction business, real estate development business and others overseas such as in North America, Europe, Asia, Oceania and other areas operated by overseas subsidiaries and affiliates

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." The profit (loss) of each reportable segment is measured by its operating income (loss). The contracts between the reportable segments are entered into on an arm's-length basis and in the normal course of business.

(3) Information about revenues, profit (loss), assets, liabilities and other items is as follows:

Year Ended March 31, 2024 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	¥ **363,334**	¥ **1,102,933**	¥ **81,997**	¥ **257,540**	¥ **859,372**	¥ **2,665,176**	¥ **—**	¥ **2,665,176**
Intersegment sales or transfers	**—**	**1,301**	**3,386**	**109,884**	**285**	**114,856**	**(114,856)**	**—**
Total	¥ **363,334**	¥ **1,104,234**	¥ **85,383**	¥ **367,424**	¥ **859,657**	¥ **2,780,032**	¥ **(114,856)**	¥ **2,665,176**
Segment profit	¥ **23,269**	¥ **53,312**	¥ **18,431**	¥ **24,175**	¥ **16,920**	¥ **136,107**	¥ **119**	¥ **136,226**
Other:								
Depreciation	¥ **1,607**	¥ **4,884**	¥ **3,516**	¥ **7,624**	¥ **9,750**	¥ **27,381**	¥ **(110)**	¥ **27,271**
Amortization of goodwill	**—**	**—**	**—**	**—**	**396**	**396**	**—**	**396**

Year Ended March 31, 2023 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	¥ 301,623	¥ 1,073,734	¥ 41,163	¥ 236,790	¥ 738,269	¥ 2,391,579	¥ —	¥ 2,391,579
Intersegment sales or transfers	—	12,472	3,782	115,866	969	133,089	(133,089)	—
Total	¥ 301,623	¥ 1,086,206	¥ 44,945	¥ 352,656	¥ 739,238	¥ 2,524,668	¥ (133,089)	¥ 2,391,579
Segment profit	¥ 29,302	¥ 46,678	¥ 7,195	¥ 17,418	¥ 22,738	¥ 123,331	¥ 196	¥ 123,527
Other:								
Depreciation	¥ 1,204	¥ 4,336	¥ 3,375	¥ 6,755	¥ 9,148	¥ 24,818	¥ (106)	¥ 24,712
Amortization of goodwill	—	—	—	—	646	646	—	646

Year Ended March 31, 2024 — Thousands of U.S. Dollars

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	$ **2,406,185**	$ **7,304,192**	$ **543,026**	$ **1,705,563**	$ **5,691,206**	$ **17,650,172**	$ **—**	$ **17,650,172**
Intersegment sales or transfers	**—**	**8,616**	**22,424**	**727,709**	**1,887**	**760,636**	**(760,636)**	**—**
Total	$ **2,406,185**	$ **7,312,808**	$ **565,450**	$ **2,433,272**	$ **5,693,093**	$ **18,410,808**	$ **(760,636)**	$ **17,650,172**
Segment profit	$ **154,099**	$ **353,060**	$ **122,060**	$ **160,099**	$ **112,053**	$ **901,371**	$ **788**	$ **902,159**
Other:								
Depreciation	$ **10,642**	$ **32,344**	$ **23,285**	$ **50,490**	$ **64,570**	$ **181,331**	$ **(728)**	$ **180,603**
Amortization of goodwill	**—**	**—**	**—**	**—**	**2,623**	**2,623**	**—**	**2,623**

Notes:
(1) The amount of reconciliations in segment profit, which was profit of ¥119 million ($788 thousand) and profit of ¥196 million for the years ended March 31, 2024 and 2023, respectively, mainly consisted of the elimination of intersegment transactions.
(2) Consolidated segment profit is equal to operating income in the consolidated statement of income.
(3) Assets are not allocated to operating segments.

b. Related information

(1) Information about products and services

Year Ended March 31, 2024	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 2,322,282**	**¥ 209,788**	**¥ 133,106**	**¥ 2,665,176**

Year Ended March 31, 2023	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 2,106,971	¥ 160,568	¥ 124,040	¥ 2,391,579

Year Ended March 31, 2024	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 15,379,351**	**$ 1,389,325**	**$ 881,496**	**$ 17,650,172**

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,803,390	**¥ 496,594**	**¥ 44,114**	**¥ 177,862**	**¥ 140,185**	**¥ 3,031**	**¥ 2,665,176**

Millions of Yen						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,651,404	¥ 413,149	¥ 70,860	¥ 151,075	¥ 103,293	¥ 1,798	¥ 2,391,579

Thousands of U.S. Dollars						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 11,942,980	**$ 3,288,702**	**$ 292,146**	**$ 1,177,894**	**$ 928,377**	**$ 20,073**	**$ 17,650,172**

Notes:

(1) Revenues are classified by country or region based on the location of customers.

(2) Revenues in North America for the years ended March 31, 2024 and 2023, solely consisted of revenues in the U.S.A.

2) Property and equipment

Millions of Yen						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 419,002	**¥ 18,002**	**¥ 37,922**	**¥ 63,337**	**¥ 1,894**	**¥ 21**	**¥ 540,178**

Millions of Yen						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 398,308	¥ 15,186	¥ 2,128	¥ 61,084	¥ 1,804	¥ 30	¥ 478,540

Thousands of U.S. Dollars						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 2,774,848	**$ 119,219**	**$ 251,139**	**$ 419,450**	**$ 12,543**	**$ 139**	**$ 3,577,338**

(3) Information about major customers

No external customer accounted for 10% or above of revenues in the consolidated statement of income for the years ended March 31, 2024 and 2023.

c. Information about impairment losses of assets

	Millions of Yen
	2023
Impairment losses of assets	¥ 337

Notes:
(1) Impairment losses of assets of ¥337 million for the year ended March 31, 2023, consisted of assets used for business of ¥337 million. Please see Note 7 for more details.
(2) Impairment losses of assets are not allocated to operating segments.

d. Information about goodwill
(1) Amortization of goodwill for the years ended March 31, 2024 and 2023

Millions of Yen		Thousands of U.S. Dollars
2024	2023	**2024**
¥ **396**	¥ 646	$ **2,623**

(2) Carrying amounts of goodwill as of March 31, 2024 and 2023

Millions of Yen		Thousands of U.S. Dollars
2024	2023	**2024**
¥ **1,120**	¥ 1,398	$ **7,417**

Note: Goodwill is not allocated to operating segments.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Kajima Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Revenue Recognition from Construction Contracts over Time	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As described in Note 2n. "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Significant Basis for Recording Revenues and Costs" to the consolidated financial statements, the Group's construction revenue and construction costs are recognized as the Group satisfies a performance obligation by transferring the promised goods or services to a customer if the control of those goods or services is transferred over time (hereinafter referred to as "the Percentage-of-Completion Method"). The Group measures progress towards complete satisfaction of a performance obligation, which is mainly based on the proportion of the cumulative construction costs incurred by the end of the year to the total estimated construction costs. As described in Note 3. "SIGNIFICANT ACCOUNTING ESTIMATE" to the consolidated financial statements, the Group recognized construction revenue of ¥2,197,910 million ($14,555,695 thousand) by applying the Percentage-of-Completion Method out of total construction revenue of ¥2,322,282 million ($15,379,351 thousand) for the year ended March 31, 2024. Out of the construction revenue balance under the Percentage-of-Completion Method, ¥1,385,403 million ($9,174,854 thousand) was recorded by Kajima Corporation (the "Company"). When applying the Percentage-of-Completion Method, construction revenue is calculated by multiplying the total estimated construction revenue by the progress principally based on the cumulative construction costs incurred by the end of the year against the total estimated construction costs. Total estimated construction revenue, total estimated construction costs, and the progress toward completion are affected by significant predictions and judgments made by management based on the business environment. The Company designs and operates internal controls such as reviewing and approving of operational budget related to the total construction revenue and the total construction costs at the beginning of the construction. The Company also designs and operates internal controls for modification and approval of the revised budget which includes estimation at the end of each period based on the actual progress of construction.	Our audit procedures related to testing the reasonableness of accounting estimates for total construction revenue, total construction costs, and percentage of completion included the following, among others: First, we obtained an understanding of the business environment of the Company and its industry. Then we assessed the design and operating effectiveness of controls over the processes for estimating total construction revenue and total construction costs in relation to recognizing revenue by applying the Percentage-of-Completion Method. We also involved our Information Technology ("IT") specialists to assist us with assessing the general IT controls and automated controls over IT systems used in the calculation of the construction costs and percentage of completion for each construction contract. When assessing the design and operating effectiveness of the controls, we paid particular attention to whether the operational budget was appropriately reviewed and approved at the beginning of the construction and whether budget was modified and approved after beginning construction to reflect changes in each construction's situation in an appropriate and timely manner. Next, we assessed the reasonableness of accounting estimates included in last year's total construction revenue and total construction costs by comparing the accounting estimates included in last year's total construction revenue and total construction costs with this year's finalized amounts or updated estimates. Further, we used data analysis tools to perform a risk assessment analysis for all construction projects where the Company applied the Percentage-of-Completion Method. We performed this assessment to identify any construction projects that might include the risks mentioned in the Key Audit Matter Description. In this analysis, we performed risk assessment with several thresholds for multiple indicators, such as the accounting estimates included in total construction revenue, the construction profit/loss ratio and its fluctuation, and the discrepancy between the percentage of completion and the rate of time elapsed (the percentage of time elapsed of the progress up to the end of the period to the term in the construction contract). As a result, we performed the following one or more audit procedures to the at-risk construction projects depending on the result of our analysis:

In addition to the Company's construction contracts becoming higher in monetary value and longer in contractual terms, the construction costs such as construction materials and labor costs are remaining at a high level in the recent years. Therefore, if the following situations occur, there might be material impact to the consolidated financial statements. (1) The total construction revenue may include estimates when a scope change or a change in the construction method in an active contract is not finalized with the customer as of year-end. Construction revenues might not be recognized appropriately at the end of each period if the Percentage-of-Completion Method is applied based on a contract that is to be revised due to modification, incomplete or unreasonable estimates, or if the feasibility of that contract is not high. (2) The total construction costs may increase significantly if unanticipated events occur, such as an unexpected event or construction delay that happened after the operational budget was initially complied, or construction materials and labor market fluctuate significantly during the construction progress. Uncertainty is involved in these forecasts and estimates. In such cases, it may take time to revise the total construction costs, and there is a possibility that the total construction costs are not updated in a timely manner in a situation where construction costs are remaining at a high level. If the Percentage-of-Completion Method is applied under such circumstances, construction revenues might not be recognized appropriately at the end of each reporting period. (3) As percentage of completion at year-end is calculated based on the total construction costs, it might not be calculated appropriately if the total construction costs are not updated in a timely manner as mentioned in (2). We determined that the Company's revenue recognition by applying the Percentage-of-Completion Method was our key audit matter because accounting estimates for total construction revenue, total construction costs, and percentage of completion involved uncertainty and significantly relying on management forecasts and judgments.	**Audit procedures for total construction revenue** (1) We inspected evidence such as construction contracts and tested cash receipts for the total construction revenue. (2) If the total construction revenue included accounting estimates, we assessed the basis and feasibility of the estimates by inquiring with the appropriate construction managers and inspecting evidence and project management materials. **Audit procedures for total construction costs** (3) If a construction project's gross margin ratio was significantly higher or lower than previous ratios, we inquired with the appropriate construction managers and inspected evidence and project management materials to evaluate whether the gross margin ratio was reasonable. (4) If total estimated construction costs were significantly higher or lower than the total construction costs in previous year, we inquired with the appropriate construction managers and inspected evidence and project management materials to evaluate whether the estimate was reasonable. This evaluation includes assessing whether or not the impact of construction cost increase has been appropriately reflected in the total estimated construction costs. **Audit procedures for percentage of completion (actual costs incurred)** (5) If the monthly trend analysis showed that the actual monthly costs increased or decreased significantly compared to the costs in previous month, we inquired with the appropriate construction managers and inspected evidence such as invoices and project management materials to evaluate whether the increase or decrease was reasonable. (6) We inspected evidence such as invoices for the actual costs incurred. We also visited several construction sites and observed the consistency between the construction progress and accounting estimates.

Other Information

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

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to the Company and its subsidiaries were ¥759 million and ¥51 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

July 25, 2024

The consolidated financial statements of Kajima Corporation and its consolidated subsidiaries and the notes to consolidated financial statements are audited by Deloitte Touche Tohmatsu LLC. They have been prepared for the purpose of construction contract awards outside Japan.

Of the contents in the Financial Review (with the exception of the Summary and Forecast of Business Performance), the consolidated financial statements, notes to consolidated financial statements, and independent auditor's report, have been copied from documents prepared and issued for the aforementioned purpose.