

INTEGRATED REPORT

Financial Review

2025

Year ended March 31, 2025

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.

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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, 2025, the global economy progressed in a generally stable manner despite regional differences, as inflation subsided and policy interest rate cuts gradually spread. Although Japan’s economy continued to experience a phase of rising prices and interest rates, improvements in the employment and income environment, along with inbound tourism demand, supported the ongoing moderate recovery.

In the domestic construction market, public-sector investment remained firm and corporate capital investment continued to increase. In construction costs, material and equipment prices remained high overall, and labor costs also rose in some regions and occupations due to high construction activity.

Against this backdrop, under the Kajima Group Medium-Term Business Plan (FY2024–2026), the Group has focused its efforts on construction and real estate development businesses in both Japan and overseas.

As a result, the Group’s financial results for the fiscal year ended March 31, 2025, were as follows.

Consolidated construction contract awards, both in Japan and overseas, fell below the high recorded in the previous fiscal year, coming in at ¥2,624.5 billion, down 10.3% year-on-year (compared with ¥2,927.2 billion in the previous fiscal year). Non-consolidated contract awards, including those for the real estate development and other businesses, declined 5.8% year on year to ¥1,831.1 billion (compared with ¥1,944.0 billion in the previous fiscal year).

Revenues rose 9.3% year on year to ¥2,911.8 billion (compared with ¥2,665.1 billion in the previous fiscal year), mainly due to increased revenues from overseas subsidiaries and affiliates.

As for profit figures, operating income increased 11.5% year on year to ¥151.8 billion (compared with ¥136.2 billion in the previous fiscal year) and net income attributable to owners of the parent increased 9.4% to ¥125.8 billion (compared with ¥115.0 billion in the previous fiscal year) due to higher gross profits in the construction business and the real estate development and other businesses.

Our performance by business was as follows.
In the Company’s construction business, revenues exceeded forecasts in both the civil engineering and building construction businesses due to steady construction progress, especially on large-scale projects. Gross profit margins in both the civil engineering (15.4%) and the building construction (9.6%) businesses were higher than in the previous fiscal year (13.7% and 9.2%, respectively). In the civil engineering business, improvement was seen each quarter up to the end of the fiscal year, and the building construction business showed improvement particularly from the third quarter onward. We believe we were able to accurately respond to rising construction costs while steadily growing profits. In the real estate development and other businesses, the delivery of condominiums and sales of office buildings in the fourth quarter progressed as planned, resulting in revenues and profits significantly exceeding those of the previous fiscal year.

Domestic subsidiaries and affiliates overall delivered lower revenues and profits compared to the previous fiscal year, when there were high sales of real estate for sale held by real estate development related subsidiaries and affiliates, but they maintained stable performance, primarily driven by the construction business, and contributed to consolidated financial results.

In the construction business at overseas subsidiaries and affiliates, both revenues and gross profit exceeded those of the previous fiscal year due to contributions from the U.S. construction company acquired in the first quarter and the

recovery of gross profit in Southeast Asia, among other factors. The real estate development and other businesses secured solid performance by carrying out timely sales of assets in each region, including 16 distribution warehouses in the U.S. and 3 in Europe.

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 11.2% year on year to ¥404.1 billion (compared with ¥363.3 billion in the previous fiscal year) due to steady progress on large-scale projects in particular.

Segment profit increased 53.4% to ¥35.7 billion (compared with ¥23.2 billion in the previous fiscal year) due to higher revenues and an improved gross profit margin.

(Billions of yen)			
(Years ended March 31)	2025	2024	2025/2024 (%)
Revenues	404.1	363.3	11.2
Segment profit	35.7	23.2	53.4

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

Revenues decreased 4.6% year on year to ¥1,053.4 billion (compared with ¥1,104.2 billion in the previous fiscal year) due to relatively low work volume on large-scale construction projects during this period.

Despite the decline in revenues, segment profit came in roughly at the same level as the previous fiscal year due to an improved gross profit margin, at ¥51.2 billion, a 3.9% decline year on year (compared with ¥53.3 billion in the previous fiscal year).

(Billions of yen)			
(Years ended March 31)	2025	2024	2025/2024 (%)
Revenues	1,053.4	1,104.2	(4.6)
Segment profit	51.2	53.3	(3.9)

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

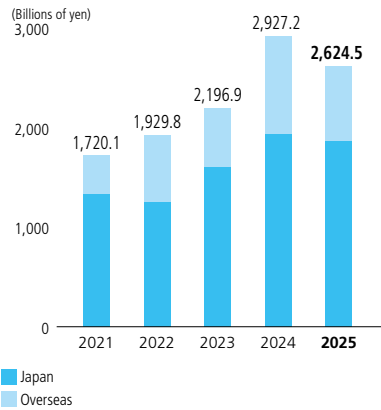
Revenues increased 19.9% year on year to ¥102.3 billion (compared with ¥85.3 billion in the previous fiscal year), and segment profit increased 51.0% to ¥27.8 billion (compared with ¥18.4 billion in the previous fiscal year) due to increased revenues and gross profit from sales according to plan in the real estate sales business.

(Billions of yen)			
(Years ended March 31)	2025	2024	2025/2024 (%)
Revenues	102.3	85.3	19.9
Segment profit	27.8	18.4	51.0

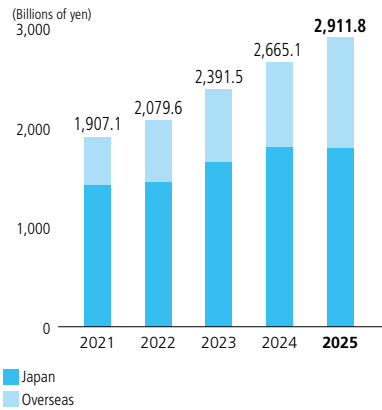
Domestic Subsidiaries and Affiliates (Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues fell 3.5% year on year to ¥354.6 billion (compared with ¥367.4 billion in the previous fiscal year), and segment profit declined 32.1% year on year to ¥16.4 billion (compared

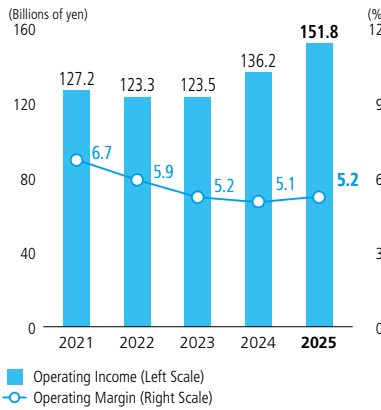
Construction Contract Awards
Years ended March 31



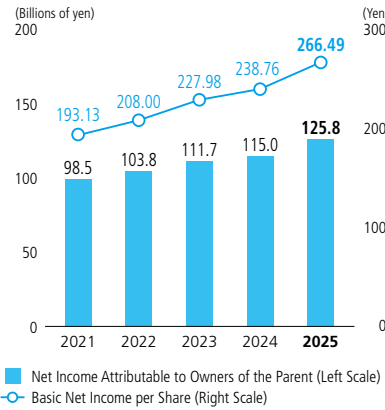
Revenues
Years ended March 31



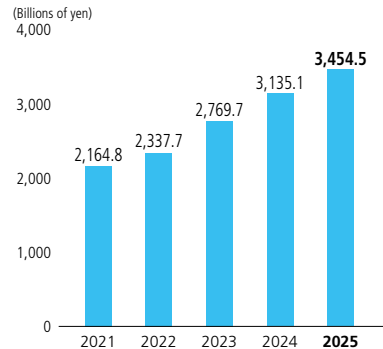
Operating Income / Operating Margin
Years ended March 31



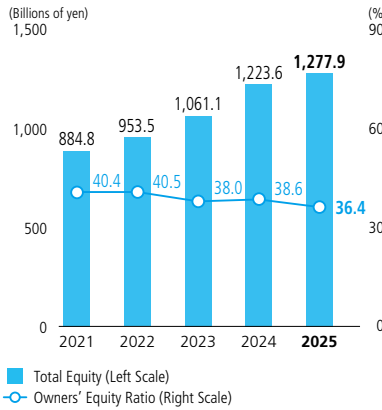
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



with ¥24.1 billion in the previous fiscal year). This decline was in comparison to the notably high revenues and segment profit in the previous fiscal year driven by sales of real estate for sale held by real estate development related subsidiaries and affiliates.

(Billions of yen)

(Years ended March 31)	2025	2024	2025/2024 (%)
Revenues	354.6	367.4	(3.5)
Segment profit	16.4	24.1	(32.1)

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 29.6% year on year to ¥1,114.5 billion (compared with ¥859.6 billion in the previous fiscal year), exceeding ¥1 trillion, with increases in both the construction business and the real estate development and other businesses.
Segment profit increased 18.6% year on year to ¥20.0 billion (compared with ¥16.9 billion in the previous fiscal year), mainly due to higher gross profits in the construction business in Southeast Asia and the real estate development and other businesses in the U.S.

(Billions of yen)

(Years ended March 31)	2025	2024	2025/2024 (%)
Revenues	1,114.5	859.6	29.6
Segment profit	20.0	16.9	18.6

Analysis of Financial Position

Assets, Liabilities and Equity
Total assets at the end of the fiscal year increased ¥319.4 billion year on year to ¥3,454.5 billion (compared with ¥3,135.1 billion at the end of the previous fiscal year). The increase was accounted for by an increase in notes and accounts receivable - trade, an increase in inventories, and an increase in property and equipment. The balance of strategic shareholdings at the end of the fiscal year was ¥253.5 billion (compared with ¥316.1 billion at the end of the previous fiscal year), with the ratio to total equity at 19.8% (compared with 25.8% at the end of the previous fiscal year), partly due to the sale of 34 stocks for ¥20.3 billion during the fiscal year.
Total liabilities increased ¥265.1 billion year on year to ¥2,176.6 billion (compared with ¥1,911.4 billion at the end

of the previous fiscal year). This was mainly due to an increase in interest-bearing debt, an increase in notes and accounts payable - trade, and an increase in advances received on construction projects in progress.
Total equity increased by ¥54.3 billion year on year to ¥1,277.9 billion (compared with ¥1,223.6 billion at the end of the previous fiscal year).
In addition, the owners’ equity ratio dropped to 36.4%, down 2.2 points compared with 38.6% 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 ¥30.6 billion (compared with ¥123.7 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 a decrease due to increase/decrease in consumption taxes payable/ consumption taxes refund receivable, income taxes-paid, an increase in receivables, and an increase in inventories.
Cash flows from investing activities resulted in a net cash outflow of ¥104.8 billion (compared with ¥62.9 billion in the previous fiscal year). Main factors were payments for purchases of property and equipment, disbursements for loans, and payment for investments in unconsolidated subsidiaries and affiliates, 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 inflow of ¥61.6 billion (compared with a net cash outflow of ¥9.5 billion in the previous fiscal year). This was mainly due to inflows of the net of financing and repayment of short-term borrowings, long-term loans, commercial paper and bonds, offset by cash dividends paid and payment for purchases of treasury stock.

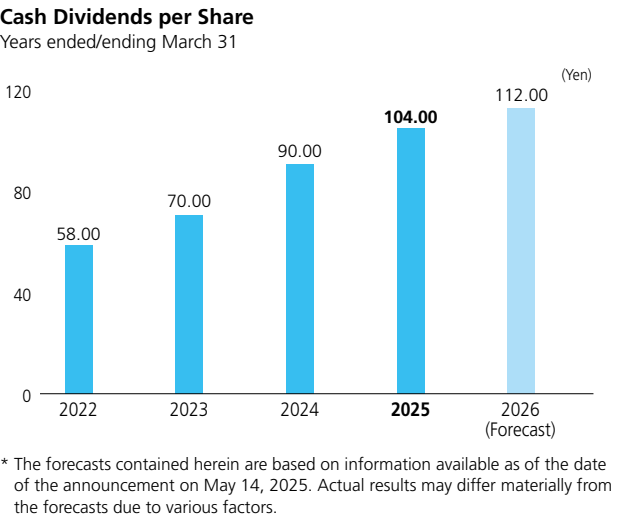
As a result, the balance of cash and cash equivalents at the end of the fiscal year decreased by ¥0.5 billion year on year to ¥349.5 billion (compared with ¥350.0 billion at the end of the previous fiscal year).

(Billions of yen)

(Years ended March 31)	2025	2024	2023
Cash flows from operating activities	30.6	123.7	(29.1)
Cash flows from investing activities	(104.8)	(62.9)	(81.7)
Cash flows from financing activities	61.6	(9.5)	111.8
Cash and cash equivalents, end of year	349.5	350.0	282.2

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 ¥104 per share, consisting of a year-end dividend of ¥59 per share and an interim (end of second quarter) dividend of ¥45 per share. The Company also plans to pay an annual dividend of ¥112 per share (including an interim dividend of ¥56 per share) for the fiscal year ending March 31, 2026.



Forecast for the Fiscal Year Ending March 31, 2026*

In the global economy, uncertainty regarding the economic outlook is increasing due to trade and monetary policies in various countries and regions, as well as geopolitical risks. Furthermore, societal demands and customer needs are expected to continue evolving, with human capital

becoming increasingly important and environmental concerns necessitating a shift toward a circular economy. We believe that accurately identifying these various changes and challenges, and providing solutions based on solid technical capabilities and new value, is essential to achieving sustainable growth.
In the construction market, we anticipate solid construction demand to continue for the time being, both in Japan and overseas. In particular, investments related to measures to address aging infrastructure and to digitalization are expected to expand over the medium to long term. On the other hand, it will remain necessary to monitor rising construction costs, and it will be a significant challenge to establish a construction system with capacity to meet robust demand fully. Along with thorough cost management, we see an increasing need to strengthen construction capabilities, including those within the supply chain, by improving the remuneration and benefits of construction workers and enhancing productivity.
In the domestic construction business in the fiscal year ending March 31, 2026, we aim to maintain high revenues by establishing a solid construction system, including partner companies and skilled workers, while also accurately addressing rising construction costs and promoting productivity improvements to enhance gross profit margins. In the domestic real estate development business, the results of our investments to date are steadily materializing, and we plan to sell multiple properties. As for overseas businesses, although we need to carefully assess the economic impact of trade policies in various countries and regions, we will strive to improve profitability in both the construction and real-estate development businesses by thoroughly managing risk and strategically timing our business initiatives. Our exchange rate assumption is ¥145 to \$1.
Reflecting the outlook for each business, we expect consolidated revenues and profits for the fiscal year ending March 31, 2026, to increase, for a fifth consecutive fiscal year of growth.

(Billions of yen)

(Years ending/ ended March 31)	2026 (Forecast)	2025 (Results)	2026/2025 (%)
Revenues	2,950.0	2,911.8	1.3
Operating income	159.0	151.8	4.7
Net income attributable to owners of the parent	130.0	125.8	3.3

* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2025. 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)
	2025	2024	2025
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 19).....	¥ 349,541	¥ 350,064	\$ 2,330,273
Marketable securities (Notes 5 and 19).....	194	170	1,293
Operational investments in securities (Notes 5 and 19).....	11,396	11,311	75,973
Notes and accounts receivable—trade (Notes 4.a, 10, 17.c and 19).....	1,061,540	940,304	7,076,933
Allowance for doubtful accounts (Note 19).....	(8,795)	(6,667)	(58,633)
Inventories:			
Construction projects in progress	13,129	8,357	87,527
Development projects in progress,			
real estate for sale and other (Note 10).....	532,719	486,237	3,551,460
Other current assets (Notes 10 and 19).....	177,405	128,213	1,182,701
Total current assets.....	2,137,129	1,917,989	14,247,527
PROPERTY AND EQUIPMENT:			
Land (Notes 6, 7, 8 and 10).....	291,683	277,428	1,944,553
Buildings and structures (Notes 7, 8 and 10).....	212,195	203,926	1,414,633
Machinery, equipment and other (Notes 7 and 10).....	35,861	30,289	239,074
Construction in progress (Notes 8 and 10).....	48,863	28,535	325,753
Total property and equipment.....	588,602	540,178	3,924,013
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 5, 10 and 19).....	292,162	349,721	1,947,747
Investments in unconsolidated subsidiaries and affiliates (Notes 10 and 19).....	105,316	92,773	702,107
Investments in real estate joint ventures	103,232	75,911	688,213
Long-term loans receivable (Notes 9, 10 and 19).....	23,022	12,899	153,480
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 10 and 19).....	126,364	86,397	842,427
Allowance for doubtful accounts (Note 19).....	(2,050)	(2,588)	(13,667)
Deferred tax assets (Note 16).....	16,973	3,407	113,153
Other assets (Notes 7, 8, 10 and 14).....	63,842	58,462	425,613
Total investments and other assets.....	728,861	676,982	4,859,073
TOTAL.....	¥ 3,454,592	¥ 3,135,149	\$ 23,030,613

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 10 and 11).....	¥ 293,834	¥ 274,680	\$ 1,958,893
Commercial paper (Note 12).....	70,000	—	466,667
Current portion of long-term debt (Notes 10, 11 and 19).....	103,100	87,646	687,333
Notes and accounts payable—trade.....	631,710	583,998	4,211,400
Advances received:			
Construction projects in progress (Notes 4.b, 13 and 17.c).....	250,009	203,326	1,666,727
Development projects in progress,			
real estate for sale and other (Notes 4.b and 17.c).....	6,558	12,650	43,720
Income taxes payable.....	22,572	32,612	150,480
Accrued expenses.....	86,296	68,625	575,307
Other current liabilities (Notes 3, 4.b and 17.c).....	232,895	242,463	1,552,633
Total current liabilities.....	1,696,974	1,506,000	11,313,160
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10, 11 and 19).....	340,770	264,855	2,271,800
Deferred tax liabilities (Note 16).....	8,811	12,534	58,740
Deferred tax liabilities on revaluation surplus of land (Note 6).....	21,012	20,606	140,080
Liability for retirement benefits (Note 14).....	57,509	61,344	383,393
Equity loss in excess of investments in and loans to			
unconsolidated subsidiaries and affiliates.....	—	1,205	—
Other long-term liabilities (Note 10).....	51,527	44,949	343,514
Total long-term liabilities.....	479,629	405,493	3,197,527
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 18, 20 and 21)			
EQUITY (Note 15):			
Common stock, authorized, 1,250,000,000 shares;			
issued, 528,656,011 shares.....	81,447	81,447	542,980
Capital surplus.....	43,461	43,821	289,739
Retained earnings (Note 25.a).....	970,256	891,884	6,468,373
Treasury stock—at cost,			
57,913,211 shares in 2025 and 47,481,596 shares in 2024 (Note 25.b).....	(95,977)	(67,511)	(639,847)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5).....	120,564	159,759	803,760
Deferred gain on derivatives under hedge accounting (Note 20).....	5,831	5,143	38,873
Revaluation surplus of land (Note 6).....	20,305	21,309	135,367
Foreign currency translation adjustments.....	105,597	69,801	703,980
Defined retirement benefit plans (Note 14).....	6,643	4,486	44,287
Total.....	1,258,127	1,210,139	8,387,512
Noncontrolling interests.....	19,862	13,517	132,414
Total equity.....	1,277,989	1,223,656	8,519,926
TOTAL.....	¥ 3,454,592	¥ 3,135,149	\$ 23,030,613

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)
	2025	2024	2025
REVENUES:			
Construction projects (Notes 3 and 17).....	¥ 2,511,002	¥ 2,322,282	\$ 16,740,013
Real estate and other (Notes 8 and 17).....	400,814	342,894	2,672,093
Total revenues.....	2,911,816	2,665,176	19,412,106
COST OF REVENUES:			
Construction projects (Note 3).....	2,281,720	2,115,748	15,211,467
Real estate and other (Note 8).....	306,899	257,926	2,045,993
Total cost of revenues.....	2,588,619	2,373,674	17,257,460
Gross profit.....	323,197	291,502	2,154,646
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	171,314	155,276	1,142,093
Operating income.....	151,883	136,226	1,012,553
OTHER INCOME (EXPENSES):			
Interest and dividends.....	23,845	16,205	158,967
Interest expense.....	(22,571)	(14,406)	(150,473)
Foreign currency exchange (loss) gain.....	(797)	69	(5,313)
Equity in earnings of unconsolidated subsidiaries and affiliates.....	2,815	4,059	18,767
Equity in earnings of partnership.....	6,907	5,744	46,047
Provision for doubtful accounts.....	(772)	(402)	(5,147)
Gain (loss) on sales or disposals of property and equipment—net (Note 8).....	3,274	(942)	21,827
Gain on sales of marketable and investment securities—net (Note 5).....	13,980	13,886	93,200
Valuation loss on marketable and investment securities—net (Note 5).....	(1,196)	(193)	(7,973)
Loss on sales of investments in unconsolidated subsidiaries and affiliates—net.....	—	(42)	—
Loss on impairment of long-lived assets (Notes 7, 8 and 26.c).....	(621)	—	(4,140)
Gain on step acquisitions (Note 2.w).....	—	6,175	—
Litigation settlement.....	—	(66)	—
Other—net.....	(646)	2,619	(4,308)
Other income—net.....	24,218	32,706	161,454
INCOME BEFORE INCOME TAXES.....	176,101	168,932	1,174,007
INCOME TAXES (Note 16):			
Current.....	53,657	57,827	357,713
Deferred.....	(4,011)	(5,511)	(26,740)
Total income taxes.....	49,646	52,316	330,973

See notes to consolidated financial statements.

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME.....	126,455	116,616	843,034
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS.....	(637)	(1,582)	(4,247)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT.....	¥ 125,818	¥ 115,034	\$ 838,787
Yen			U.S. Dollars
PER SHARE OF COMMON STOCK (Note 24):			
Basic net income.....	¥ 266.49	¥ 238.76	\$ 1.777
Cash dividends applicable to the year.....	104.00	90.00	0.693

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)
	2025	2024	2025
NET INCOME.....	¥ 126,455	¥ 116,616	\$ 843,034
OTHER COMPREHENSIVE INCOME (Note 22):			
Unrealized (loss) gain on available-for-sale securities.....	(39,199)	56,461	(261,327)
Deferred (loss) gain on derivatives under hedge accounting.....	(469)	508	(3,127)
Revaluation surplus of land.....	(603)	—	(4,020)
Foreign currency translation adjustments.....	38,056	27,071	253,707
Defined retirement benefit plans.....	2,169	2,896	14,460
Share of other comprehensive income in unconsolidated subsidiaries and affiliates.....	378	3,146	2,520
Total other comprehensive income.....	332	90,082	2,213
COMPREHENSIVE INCOME.....	¥ 126,787	¥ 206,698	\$ 845,247
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent.....	¥ 124,662	¥ 204,590	\$ 831,080
Noncontrolling interests.....	2,125	2,108	14,167

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31, 2025 and 2024						
	Thousands	Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	
						Unrealized Gain on Available- for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 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
Net income attributable to owners of the parent.....	—	—	—	125,818	—	—	—
Cash dividends paid:							
Final for prior year, ¥55.00 per share.....	—	—	—	(26,591)	—	—	—
Interim for current year, ¥45.00 per share.....	—	—	—	(21,255)	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests.....	—	—	(360)	—	—	—	—
Reversal of revaluation surplus of land.....	—	—	—	400	—	—	—
Purchase of treasury stock.....	(11,136)	—	—	—	(30,011)	—	—
Purchase of treasury stock as stock delivery trust.....	—	—	—	—	—	—	—
Disposition of treasury stock.....	—	—	—	—	—	—	—
Disposition of treasury stock as stock delivery trust.....	705	—	—	—	1,545	—	—
Net change in the year.....	—	—	—	—	—	(39,195)	688
BALANCE, MARCH 31, 2025.....	470,743	¥ 81,447	¥ 43,461	¥ 970,256	¥ (95,977)	¥ 120,564	¥ 5,831

	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, 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
Net income attributable to owners of the parent.....	—	—	—	125,818	—	125,818
Cash dividends paid:						
Final for prior year, ¥55.00 per share.....	—	—	—	(26,591)	—	(26,591)
Interim for current year, ¥45.00 per share.....	—	—	—	(21,255)	—	(21,255)
Change in ownership interest of the parent due to transactions with noncontrolling interests.....	—	—	—	(360)	—	(360)
Reversal of revaluation surplus of land.....	(1,004)	—	—	(604)	—	(604)
Purchase of treasury stock.....	—	—	—	(30,011)	—	(30,011)
Purchase of treasury stock as stock delivery trust.....	—	—	—	—	—	—
Disposition of treasury stock.....	—	—	—	—	—	—
Disposition of treasury stock as stock delivery trust.....	—	—	—	1,545	—	1,545
Net change in the year.....	—	35,796	2,157	(554)	6,345	5,791
BALANCE, MARCH 31, 2025.....	¥ 20,305	¥ 105,597	¥ 6,643	¥ 1,258,127	¥ 19,862	¥ 1,277,989

See notes to consolidated financial statements.

Years Ended March 31, 2025 and 2024

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	
					Unrealized Gain on Available- for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 2024.....	\$ 542,980	\$ 292,139	\$ 5,945,893	\$ (450,073)	\$ 1,065,060	\$ 34,287
Net income attributable to owners of the parent.....	—	—	838,787	—	—	—
Cash dividends paid:						
Final for prior year, \$0.37 per share.....	—	—	(177,273)	—	—	—
Interim for current year, \$0.30 per share.....	—	—	(141,700)	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests.....	—	(2,400)	—	—	—	—
Reversal of revaluation surplus of land.....	—	—	2,666	—	—	—
Purchase of treasury stock.....	—	—	—	(200,074)	—	—
Purchase of treasury stock as stock delivery trust.....	—	—	—	—	—	—
Disposition of treasury stock.....	—	—	—	—	—	—
Disposition of treasury stock as stock delivery trust.....	—	—	—	10,300	—	—
Net change in the year.....	—	—	—	—	(261,300)	4,586
BALANCE, MARCH 31, 2025.....	\$ 542,980	\$ 289,739	\$ 6,468,373	\$ (639,847)	\$ 803,760	\$ 38,873
	Thousands of U.S. Dollars (Note 1)					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2024.....	\$ 142,060	\$ 465,340	\$ 29,907	\$ 8,067,593	\$ 90,113	\$ 8,157,706
Net income attributable to owners of the parent.....	—	—	—	838,787	—	838,787
Cash dividends paid:						
Final for prior year, \$0.37 per share.....	—	—	—	(177,273)	—	(177,273)
Interim for current year, \$0.30 per share.....	—	—	—	(141,700)	—	(141,700)
Change in ownership interest of the parent due to transactions with noncontrolling interests.....	—	—	—	(2,400)	—	(2,400)
Reversal of revaluation surplus of land.....	(6,693)	—	—	(4,027)	—	(4,027)
Purchase of treasury stock.....	—	—	—	(200,074)	—	(200,074)
Purchase of treasury stock as stock delivery trust.....	—	—	—	—	—	—
Disposition of treasury stock.....	—	—	—	—	—	—
Disposition of treasury stock as stock delivery trust.....	—	—	—	10,300	—	10,300
Net change in the year.....	—	238,640	14,380	(3,694)	42,301	38,607
BALANCE, MARCH 31, 2025.....	\$ 135,367	\$ 703,980	\$ 44,287	\$ 8,387,512	\$ 132,414	\$ 8,519,926

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)
	2025	2024	2025
OPERATING ACTIVITIES:			
Income before income taxes.....	¥ 176,101	¥ 168,932	\$ 1,174,007
Adjustments for:			
Income taxes—paid.....	(63,960)	(50,537)	(426,400)
Depreciation and amortization.....	30,851	27,271	205,673
Increase in provision for doubtful accounts.....	2,732	1,181	18,213
Foreign currency exchange (gain) loss.....	(710)	1,022	(4,733)
Equity in earnings of unconsolidated subsidiaries and affiliates.....	(2,815)	(4,059)	(18,767)
Valuation loss on marketable and investment securities—net.....	1,196	193	7,973
(Gain) loss on sales or disposals of property and equipment—net.....	(3,274)	942	(21,827)
Gain on sales of marketable and investment securities—net.....	(13,980)	(13,886)	(93,200)
Loss on sales of investments in unconsolidated subsidiaries and affiliates—net.....	—	42	—
Loss on impairment of long-lived assets.....	621	—	4,140
Gain on step acquisitions.....	—	(6,175)	—
Changes in operating assets and liabilities:			
Increase in operational investments in securities.....	(84)	—	(560)
Increase in receivables.....	(55,739)	(31,639)	(371,593)
Increase in inventories.....	(15,566)	(48,704)	(103,773)
Increase (decrease) in payables.....	10,941	(33,204)	72,940
Increase in advances received.....	38,932	52,267	259,547
Increase in accrued expenses.....	12,645	4,798	84,300
(Decrease) increase in liability for retirement benefits.....	(705)	3,263	(4,700)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable.....	(82,344)	51,715	(548,960)
Increase in other assets.....	(11,358)	(10,997)	(75,720)
Increase in other liabilities.....	3,074	60,663	20,493
Other—net.....	4,074	(49,354)	27,160
Net cash provided by operating activities.....	30,632	123,734	204,213
INVESTING ACTIVITIES:			
Decrease (increase) in time deposits excluding cash equivalents—net.....	58	(644)	387
Payment for purchases of marketable and investment securities.....	(4,677)	(13,535)	(31,180)
Payment for investments in unconsolidated subsidiaries and affiliates.....	(8,952)	(6,424)	(59,680)
Proceeds from sales and redemption of marketable and investment securities.....	20,550	29,155	137,000
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates.....	4,078	1,360	27,187
Payment for purchases of property and equipment.....	(66,613)	(41,502)	(444,087)
Proceeds from sales of property and equipment.....	7,847	1,260	52,313
Payment for purchases of intangible assets.....	(3,228)	(2,635)	(21,520)
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 23.a).....	(124)	(2,447)	(827)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 23.a).....	3,048	—	20,320
Disbursements for loans.....	(53,757)	(41,423)	(358,380)
Proceeds from collection of loans.....	15,674	25,950	104,493
Other—net.....	(18,740)	(12,040)	(124,933)
Net cash used in investing activities.....	(104,836)	(62,925)	(698,907)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term borrowings—net.....	(162)	36,084	(1,080)
Issuance (repayment) of commercial paper—net.....	70,000	(40,000)	466,667
Proceeds from long-term loans.....	128,315	106,771	855,433
Repayment of long-term loans.....	(80,719)	(64,714)	(538,127)
Proceeds from issuance of bonds.....	60,495	—	403,300
Redemption of bonds.....	(35,268)	(39)	(235,120)
Repayment of lease obligations.....	(3,426)	(2,880)	(22,840)
Payment for purchases of treasury stock (Note 23.b).....	(30,011)	(15,060)	(200,073)
Proceeds from disposal of treasury stock (Note 23.b).....	1	5,046	7
Cash dividends paid.....	(47,847)	(36,851)	(318,980)
Capital infusion from noncontrolling shareholders.....	3,164	4,282	21,093
Dividends paid to noncontrolling shareholders.....	(2,662)	(2,203)	(17,747)
Other—net.....	(192)	(2)	(1,280)
Net cash provided by (used in) financing activities.....	61,688	(9,566)	411,253
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS.....	12,508	9,630	83,388
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(8)	60,873	(53)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	350,064	282,253	2,333,760
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN SCOPE OF CONSOLIDATION.....	(515)	6,938	(3,434)
CASH AND CASH EQUIVALENTS, END OF YEAR.....	¥ 349,541	¥ 350,064	\$ 2,330,273

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

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, 2024, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2025.

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 ¥150 to \$1, the approximate rate of exchange at March 31, 2025. 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, 2025, include the accounts of the Company and its 181 (173 in 2024) 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 34 (33 in 2024) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 107 (107 in 2024) 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, 2025, the Company had 1 special purpose entity (1 in 2024) 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 ¥26,847 million (\$178,980 thousand) and ¥26,842 million (\$178,947 thousand), respectively, as of March 31, 2025, and ¥25,276 million and ¥25,271 million, respectively, as of March 31, 2024. In addition, the Company recognized lease payments of ¥2,251 million (\$15,007 thousand) and ¥2,270 million based on lease agreements of real estate for the years ended March 31, 2025 and 2024, respectively. The investment in silent partnership was ¥847 million (\$5,647 thousand) and ¥847 million as of March 31, 2025 and 2024, respectively, and its related distributed profit was ¥719 million (\$4,793 thousand) and ¥918 million for the year ended March 31, 2025 and 2024, respectively.

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, 2025

1) Number of consolidated subsidiaries	: 181 Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Kajima Tatemono Sogo Kanri Co., Ltd.; Eaton Real Estate Co. Ltd. and its 4 subsidiaries; Chemical Grouting Co., Ltd.; Kajima U.S.A. Inc. (KUSA) and its 38 subsidiaries; Kajima Europe Ltd. (KE) and its 40 subsidiaries; Kajima Asia Pacific Holdings Pte. Ltd. (KAP) and its 51 subsidiaries; Kajima Australia Pty. Ltd. (KA) and its 28 subsidiaries; Chung-Lu Construction Co., Ltd. and 9 other subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	: 34 ARTES Corporation, Japan Sea Works Co., Ltd., Kajima Institute Publishing Co., Ltd. and 31 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, 2025

1) Newly consolidated companies	: 2 subsidiaries of Eaton Real Estate Co. Ltd., 3 subsidiaries of KUSA, 1 subsidiary of KE, 4 subsidiaries of KAP and 1 subsidiary of KA due to establishment and acquisition
2) Companies excluded from consolidation	: 1 subsidiary of KE due to liquidation and 2 subsidiaries of KAP due to transfer to affiliates resulting from sales of interests
3) Companies newly accounted for using the equity method	: 8 affiliates due to establishment, acquisition and transfer from consolidated companies resulting from sales of interests
4) Companies excluded from the equity method	: 7 affiliates due to sales of interests, liquidation and decrease of influence

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, both 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, 2025 and 2024, decreased by ¥130 million (\$867 thousand) and ¥13 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 ¥9,115 million (\$60,767 thousand) and ¥8,263 million for the years ended March 31, 2025 and 2024, 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 ¥404,251 million (\$2,695,007 thousand) and ¥377,978 million as of March 31, 2025 and 2024, 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 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 business and the real estate development and other businesses, the alternative treatment is applied when 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, 2025 and 2024, totaled ¥22,207 million (\$148,047 thousand) and ¥20,762 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 ("derivatives") 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.

Derivatives 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. 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.
- x. 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, 2025 and 2024.
- 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.
- y. Change in Accounting Policy — The Company has applied "The Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No.46 issued by the Accounting Standards Board of Japan ("ASBJ") on March 22, 2024) from the beginning of the year ended March 31, 2025. The Company has recorded corporate taxes related to the global minimum tax rules based on a reasonable estimate, calculated from the difference between the base tax rate (15%) and the tax rates applicable in the countries where its subsidiaries are located. The application of the new accounting policy had an immaterial impact on the consolidated financial statements for the year ended March 31, 2025.
- z. New Accounting Pronouncements — On September 13, 2024, the ASBJ issued ASBJ Statement No. 34, "Accounting Standard for Leases" and ASBJ Guidance No. 33, "Implementation Guidance on Accounting Standard for Leases."
- (1) Overview
- The accounting standards require lessees to record assets and liabilities for all leases, consistent with the International Accounting Standards.
- (2) Scheduled date of application
- The accounting standards are scheduled to be applied from the beginning of the year ending March 31, 2028.
- (3) Impact of the application of the accounting standards
- The company is currently evaluating the impact of the new standards on its consolidated financial statements and related disclosures.
- aa. Additional Information
- (1) Stock Delivery Trust for Directors and Executive Officers
- 1) Overview of the transaction
- The Company has 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 ¥1,156 million (\$7,707 thousand) and 527 thousand shares, respectively, as of March 31, 2025, and ¥1,656 million and 756 thousand shares, respectively, as of March 31, 2024.
- (2) Stock Delivery Trust for Employees
- 1) Overview of the transaction
- The Company has 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 ¥2,345 million (\$15,633 thousand) and 1,070 thousand shares, respectively, as of March 31, 2025, and ¥3,389 million and 1,547 thousand shares, respectively, as of March 31, 2024.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Estimates of total construction revenue, total construction costs and the progress of the contract are made in accordance with the method of recognizing revenue over time, as the performance obligation to transfer the promised goods or services to the customer is satisfied (hereinafter, "the percentage-of-completion method").

(1) Carrying amounts

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Construction revenue recognized by the percentage-of-completion method	¥ 2,388,728	¥ 2,197,910	\$ 15,924,853
Construction costs recognized by the percentage-of-completion method	2,180,772	2,012,633	14,538,480
Provision for loss on construction projects in progress (recorded in other current liabilities)	25,094	28,089	167,293

(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, 2025 and 2024, consisted of the following:

a. Receivables from contracts with customers and contract assets

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Notes receivable—trade	¥ 13,116	¥ 16,460	\$ 87,440
Accounts receivable—trade	480,759	440,419	3,205,060
Contract assets	558,894	478,995	3,725,960

b. Contract liabilities

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Advances received:			
Construction projects in progress	¥ 250,009	¥ 203,326	\$ 1,666,727
Development projects in progress, real estate for sale and other	3,125	10,531	20,833
Other current liabilities	56,423	16,701	376,153
Total	¥ 309,557	¥ 230,558	\$ 2,063,713

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, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Current:			
Government and corporate bonds	¥ 194	¥ 170	\$ 1,293
Preferred equity investment.....	9,771	9,771	65,140
Other	1,625	1,540	10,833
Total	¥ 11,590	¥ 11,481	\$ 77,266
Non-current:			
Equity securities	¥ 267,299	¥ 327,708	\$ 1,781,993
Government and corporate bonds	1,479	1,220	9,860
Other	23,384	20,793	155,894
Total	¥ 292,162	¥ 349,721	\$ 1,947,747

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2025 and 2024, were as follows:

As of March 31, 2025	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 88,962	¥ 171,316	¥ (548)	¥ 259,730
Government and corporate bonds	1,718	2	(47)	1,673
Other	1,755	632	(36)	2,351
Total	¥ 92,435	¥ 171,950	¥ (631)	¥ 263,754

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, 2025	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	\$ 593,080	\$ 1,142,107	\$ (3,653)	\$ 1,731,534
Government and corporate bonds	11,453	13	(313)	11,153
Other	11,700	4,213	(240)	15,673
Total	\$ 616,233	\$ 1,146,333	\$ (4,206)	\$ 1,758,360

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥273 million as of March 31, 2024.

The information for available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, was as follows:

Year Ended March 31, 2025	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 20,322	¥ 13,980	¥ (0)
Government and corporate bonds	33	0	—
Other.....	—	—	—
Total	¥ 20,355	¥ 13,980	¥ (0)

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, 2025	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	\$ 135,480	\$ 93,200	\$ (0)
Government and corporate bonds	220	0	—
Other.....	—	—	—
Total	\$ 135,700	\$ 93,200	\$ (0)

The impairment losses on available-for-sale securities were ¥1,042 million (\$6,947 thousand) and ¥252 million for the years ended March 31, 2025 and 2024, 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 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, 2025, the Companies recognized impairment losses of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Machinery, equipment and other	Hiroshima Prefecture and other	2
Idle properties	Machinery, equipment and other	Kanagawa Prefecture and others	6
Other	Intangible asset (Customer relationships)	Georgia, U.S.A.	1

For purposes of evaluating and measuring impairment, assets used for business are evaluated by branch office and idle properties are evaluated individually.

The carrying amounts of certain assets used for business were devalued to their recoverable amounts due to declining profitability. The carrying amounts of idle properties were devalued to their recoverable amounts due to the lack of prospects for future use. The carrying amount of the intangible asset was devalued to its recoverable amount due to the lack of prospects for the initially projected profits.

As a result, the Companies recognized impairment losses of ¥621 million (\$4,140 thousand), which consisted of assets used for business of ¥88 million (\$587 thousand), idle properties of ¥362 million (\$2,413 thousand) and an intangible asset of ¥171 million (\$1,140 thousand) for the year ended March 31, 2025.

The recoverable amounts of assets used for business and idle properties 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. The intangible asset (customer relationships) was evaluated for impairment in accordance with U.S. GAAP, and its recoverable amount was calculated as zero.

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 these rental properties was ¥15,041 million (\$100,273 thousand), gain on sales or disposals of property and equipment—net was ¥190 million (\$1,267 thousand) and loss on impairment of long-lived assets was ¥97 million (\$647 thousand) for the year ended March 31, 2025. The net of rental income and operating expenses for those rental properties was ¥11,073 million and loss on sales or disposals of property and equipment—net was ¥34 million for the year ended March 31, 2024.

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, 2024	Increase	As of March 31, 2025	As of March 31, 2025
¥ 302,886	¥ 40,881	¥ 343,767	¥ 623,645

Millions of Yen			
Carrying amount		Fair value	
As of April 1, 2023	Increase	As of March 31, 2024	As of March 31, 2024
¥ 252,371	¥ 50,515	¥ 302,886	¥ 554,581

Thousands of U.S. Dollars			
Carrying amount		Fair value	
As of April 1, 2024	Increase	As of March 31, 2025	As of March 31, 2025
\$ 2,019,240	\$ 272,540	\$ 2,291,780	\$ 4,157,633

- 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, 2025, primarily consisted of construction of buildings and other of ¥25,974 million (\$173,160 thousand). Increase during the financial year ended March 31, 2024, primarily consisted of consolidating real estate of ¥33,797 million of an affiliate, that was previously accounted for using the equity method, due to acquisition of additional interests.
- (3) Fair value of properties as of March 31, 2025 and 2024, 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, 2025, the following assets of the Companies were pledged to secure the repayment of the current portion of long-term debt of ¥74,517 million (\$496,780 thousand), long-term debt of ¥117,830 million (\$785,533 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	¥ 974	\$ 6,493
Inventories:		
Development projects in progress, real estate for sale and other	259,542	1,730,280
Other current assets	70	468
Land	34,638	230,920
Buildings and structures	38,582	257,213
Machinery, equipment and other	1,138	7,587
Construction in progress	1,268	8,453
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	10,952	73,013
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	524	3,493
Intangible assets (recorded in "other" in investments and other assets)	13,998	93,320
Total	¥ 361,686	\$ 2,411,240

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2025 and 2024, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2025 and 2024, were 4.06% and 4.51%, respectively.

Long-term debt as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Long-term loans, due 2025 – 2039	¥ 317,529	¥ 257,912	\$ 2,116,859
Corporate bonds, due 2025 – 2031	110,650	80,068	737,667
Lease obligations	15,691	14,521	104,607
Total	443,870	352,501	2,959,133
Current portion of long-term debt	(103,100)	(87,646)	(687,333)
Total	¥ 340,770	¥ 264,855	\$ 2,271,800

Long-term loans as of March 31, 2025 and 2024, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2025 and 2024, were 4.66% and 5.19%, 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, 2025 and 2024, were 0.70% 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, 2025, were as follows:

Years Ending	Millions of Yen	Thousands of U.S. Dollars
March 31		
2026	¥ 103,100	\$ 687,333
2027	89,335	595,567
2028	101,634	677,560
2029	19,266	128,440
2030	61,057	407,047
2031 and thereafter	69,478	463,186
Total	¥ 443,870	\$ 2,959,133

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million (\$1,333,333 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2025.

12. COMMERCIAL PAPER

As of March 31, 2025, commercial paper consisted of 89-day notes issued by the Company, with a weighted-average interest rate of 0.61%

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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year.....	¥ 69,823	¥ 70,481	\$ 465,487
Current service cost	4,351	4,468	29,007
Interest cost	939	769	6,260
Actuarial gains	(3,617)	(1,185)	(24,113)
Benefits paid	(6,242)	(4,782)	(41,613)
Other	204	72	1,359
Balance at end of year	¥ 65,458	¥ 69,823	\$ 436,387

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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 14,573	¥ 11,321	\$ 97,153
Expected return on plan assets	121	110	807
Actuarial gains	56	3,066	373
Contributions from the employer	135	132	900
Benefits paid	(220)	(205)	(1,467)
Other	134	149	894
Balance at end of year	¥ 14,799	¥ 14,573	\$ 98,660

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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 1,379	¥ 1,415	\$ 9,193
Benefit cost	269	202	1,793
Benefits paid	(235)	(210)	(1,567)
Contributions to the funds	(55)	(51)	(366)
Other	35	23	234
Balance at end of year	¥ 1,393	¥ 1,379	\$ 9,287

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, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 9,718	¥ 10,189	\$ 64,787
Plan assets.....	(15,410)	(15,146)	(102,734)
Total	(5,692)	(4,957)	(37,947)
Unfunded defined benefit obligation	57,744	61,586	384,961
Net liability for defined benefit obligation	¥ 52,052	¥ 56,629	\$ 347,014

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥ 57,509	¥ 61,344	\$ 383,393
Asset for retirement benefits	(5,457)	(4,715)	(36,379)
Net liability for defined benefit obligation	¥ 52,052	¥ 56,629	\$ 347,014

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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 4,351	¥ 4,468	\$ 29,007
Interest cost	939	769	6,260
Expected return on plan assets	(121)	(110)	(807)
Recognized actuarial (gains)	(414)	(70)	(2,760)
Benefit cost in simplified method	269	202	1,793
Other	35	(232)	234
Net periodic benefit costs	¥ 5,059	¥ 5,027	\$ 33,727

f. Other comprehensive income

Amounts recognized in other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial gains	¥ 3,249	¥ 4,159	\$ 21,660

g. Accumulated other comprehensive income

Amounts recognized in accumulated other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
Unrecognized actuarial gains	¥ 9,724	¥ 6,475	\$ 64,827

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
Equity investments.....	59 %	62 %
Debt investments	17	16
Cash and cash equivalents	12	11
General accounts with life insurance companies	8	8
Other	4	3
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, 2025 and 2024, were set forth as follows:

	2025	2024
Discount rate	1.2% to 1.6%	0.9% to 1.2%
Expected rate of return on plan assets	1.0%	1.0%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥4,201 million (\$28,007 thousand) and ¥3,703 million for the years ended March 31, 2025 and 2024, 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 14, 2024, 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 11,133 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, 2025 and 2024.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
Deferred tax assets:			
Valuation loss on property and equipment	¥ 23,811	¥ 22,763	\$ 158,740
Accounts payable—trade, accrued expense, and other	22,606	19,881	150,707
Liability for retirement benefits	17,168	18,119	114,453
Other	63,740	56,508	424,933
Subtotal	127,325	117,271	848,833
Valuation allowance	(44,938)	(42,352)	(299,586)
Total	82,387	74,919	549,247
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(52,344)	(67,747)	(348,960)
Other	(21,881)	(16,299)	(145,874)
Total	(74,225)	(84,046)	(494,834)
Net deferred tax assets (liabilities)	¥ 8,162	¥ (9,127)	\$ 54,413

As of March 31, 2025, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2025. As for one of the domestic consolidated subsidiaries, its tax loss carryforwards will gradually expire by 2035. Due to the uncertainty in the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset a portion of the related deferred tax assets in the amount of ¥5,221 million (\$34,807 thousand) and ¥5,022 million as of March 31, 2025 and 2024, 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 year ended March 31, 2025, was as follows:

	2025
Normal effective statutory tax rate	30.5 %
Expenses not deductible for income tax purposes	2.0
Income not taxable for income tax purposes	(0.4)
Tax credits for research and development	(1.5)
Tax credits for promoting wage increase	(2.5)
Effect of tax rate increase	(0.5)
Other—net	0.6
Actual effective tax rate	28.2 %

Information for the year ended March 31, 2024, is not disclosed, because the difference was not more than 5% of the normal effective statutory tax rate.

On March 31, 2025, a tax reform law was enacted in Japan, raising the normal effective statutory tax rate for the Company and its domestic subsidiaries from approximately 30.5% to 31.4%, effective for the financial years beginning on or after April 1, 2026. As a result of this change, the Company recognized a decrease in net deferred tax assets by ¥664 million (\$4,427 thousand) and an increase in deferred tax liabilities on revaluation surplus of land by ¥603 million (\$4,020 thousand). Additionally, accumulated other comprehensive income decreased by ¥2,185 million (\$14,567 thousand) in the consolidated balance sheet as of March 31, 2025. The change also resulted in a decrease in income taxes—deferred of ¥918 million (\$6,120 thousand) in the consolidated statement of income for the year ended March 31, 2025.

In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42 issued by the ASBJ 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, 2025 and 2024, were as follows:

(1) Reportable segments

Year Ended March 31, 2025	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	¥ 404,143	¥ 1,052,902	¥ —	¥ 126,561	¥ 927,057	¥ 2,510,663
Real estate and other	—	—	77,379	103,409	166,519	347,307
Revenues from contracts with customers	404,143	1,052,902	77,379	229,970	1,093,576	2,857,970
Other revenues	—	—	20,575	12,494	20,777	53,846
Total	¥ 404,143	¥ 1,052,902	¥ 97,954	¥ 242,464	¥ 1,114,353	¥ 2,911,816

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, 2025	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	\$ 2,694,287	\$ 7,019,347	\$ —	\$ 843,739	\$ 6,180,380	\$ 16,737,753
Real estate and other	—	—	515,860	689,393	1,110,127	2,315,380
Revenues from contracts with customers	2,694,287	7,019,347	515,860	1,533,132	7,290,507	19,053,133
Other revenues	—	—	137,166	83,294	138,513	358,973
Total	\$ 2,694,287	\$ 7,019,347	\$ 653,026	\$ 1,616,426	\$ 7,429,020	\$ 19,412,106

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

(2) Geographical areas

Year Ended March 31, 2025		Millions of Yen					
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	¥ 1,581,358	¥ 556,247	¥ 55,940	¥ 168,456	¥ 144,763	¥ 3,899	¥ 2,510,663
Real estate and other	180,705	125,852	6,594	33,848	285	23	347,307
Revenues from contracts with customers	1,762,063	682,099	62,534	202,304	145,048	3,922	2,857,970
Other revenues	32,947	4,733	4,138	12,028	—	—	53,846
Total	¥ 1,795,010	¥ 686,832	¥ 66,672	¥ 214,332	¥ 145,048	¥ 3,922	¥ 2,911,816

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, 2025		Thousands of U.S. Dollars					
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	\$ 10,542,387	\$ 3,708,313	\$ 372,933	\$ 1,123,040	\$ 965,087	\$ 25,993	\$ 16,737,753
Real estate and other	1,204,700	839,014	43,960	225,653	1,900	153	2,315,380
Revenues from contracts with customers	11,747,087	4,547,327	416,893	1,348,693	966,987	26,146	19,053,133
Other revenues	219,646	31,553	27,587	80,187	—	—	358,973
Total	\$ 11,966,733	\$ 4,578,880	\$ 444,480	\$ 1,428,880	\$ 966,987	\$ 26,146	\$ 19,412,106

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 in the construction business and the 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 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 toward 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 the costs incurred to satisfy the performance obligations are expected to be recoverable, 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, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Receivables from contracts with customers:			
Balance at beginning of year	¥ 456,879	¥ 440,965	\$ 3,045,860
Balance at end of year	493,875	456,879	3,292,500
Contract assets:			
Balance at beginning of year	478,995	455,368	3,193,300
Balance at end of year	558,894	478,995	3,725,960
Contract liabilities:			
Balance at beginning of year	230,558	176,760	1,537,053
Balance at end of year	309,557	230,558	2,063,713

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 for the years ended March 31, 2025 and 2024, which were included in the balance of contract liabilities at the beginning of the years, were ¥201,250 million (\$1,341,667 thousand) and ¥158,793 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, 2025:

	Millions of Yen	Thousands of
	2025	U.S. Dollars
		2025
Within one year	¥ 2,213,148	\$ 14,754,320
After one to three years	1,398,666	9,324,440
After three years	269,161	1,794,407
Total	¥ 3,880,975	\$ 25,873,167

18. LEASES

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

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Due within one year	¥ 10,381	¥ 8,237	\$ 69,207
Due after one year	50,939	30,101	339,593
Total	¥ 61,320	¥ 38,338	\$ 408,800

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Due within one year	¥ 25,497	¥ 22,080	\$ 169,980
Due after one year	113,586	99,747	757,240
Total	¥ 139,083	¥ 121,827	\$ 927,220

19. 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 20 for more details regarding derivatives.
In addition, the Company entered into committed loan facility agreements totaling ¥200,000 million (\$1,333,333 thousand) with several Japanese banks to manage liquidity risk related to fund procurement.

- 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 ¥20,318 million (\$135,453 thousand) and ¥20,013 million as of March 31, 2025 and 2024, respectively. Also, please see Note 20 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, 2025 and 2024, were as follows. However, financial instruments that do not have a quoted market price in an active market are not included.

As of March 31, 2025	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	¥ 1,061,540	¥	¥
Allowance for doubtful accounts	(6,596)		
	1,054,944	1,051,789	(3,155)
Marketable securities and investments in securities			
Available-for-sale securities	263,754	263,754	—
Long-term loans receivable	23,022		
Long-term loans to unconsolidated subsidiaries and affiliates	126,364		
Allowance for doubtful accounts	(485)		
	148,901	148,156	(745)
Total	¥ 1,467,599	¥ 1,463,699	¥ (3,900)
LIABILITIES			
Current portion of long-term debt	¥ 103,100	¥ 103,041	¥ (59)
Long-term debt	340,770	337,025	(3,745)
Total	¥ 443,870	¥ 440,066	¥ (3,804)

As of March 31, 2024	Millions of Yen		
	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, 2025	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	\$ 7,076,933	\$	\$
Allowance for doubtful accounts	(43,973)		
	7,032,960	7,011,927	(21,033)
Marketable securities and investments in securities			
Available-for-sale securities	1,758,360	1,758,360	—
Long-term loans receivable	153,480		
Long-term loans to unconsolidated subsidiaries and affiliates	842,427		
Allowance for doubtful accounts	(3,234)		
	992,673	987,706	(4,967)
Total	\$ 9,783,993	\$ 9,757,993	\$ (26,000)
LIABILITIES			
Current portion of long-term debt	\$ 687,333	\$ 686,940	\$ (393)
Long-term debt	2,271,800	2,246,833	(24,967)
Total	\$ 2,959,133	\$ 2,933,773	\$ (25,360)

(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
	2025	2024	2025
Investments in securities			
Available-for-sale:			
Equity securities	¥ 7,569	¥ 8,306	\$ 50,459
Preferred equity investment	12,111	9,771	80,740
Investments in unconsolidated subsidiaries and affiliates ..	105,316	92,773	702,107
Total	¥ 124,996	¥ 110,850	\$ 833,306

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			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2025				
Cash and cash equivalents	¥ 349,541	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	195	901	673	—
Notes and accounts receivable—trade	946,154	112,573	1,857	956
Other current assets				
Time deposits due after three months of the date of acquisition	4,946	—	—	—
Long-term loans receivable	2,744	18,974	4	4,044
Long-term loans to unconsolidated subsidiaries and affiliates	12,028	52,901	59,662	13,801
Total	¥ 1,315,608	¥ 185,349	¥ 62,196	¥ 18,801

	Millions of Yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2024				
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

	Thousands of U.S. Dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
As of March 31, 2025				
Cash and cash equivalents	\$ 2,330,273	\$ —	\$ —	\$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	1,300	6,007	4,487	—
Notes and accounts receivable—trade	6,307,693	750,487	12,380	6,373
Other current assets				
Time deposits due after three months of the date of acquisition	32,973	—	—	—
Long-term loans receivable	18,293	126,493	27	26,960
Long-term loans to unconsolidated subsidiaries and affiliates	80,187	352,673	397,747	92,007
Total	\$ 8,770,719	\$ 1,235,660	\$ 414,641	\$ 125,340

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, 2025	Millions of Yen Fair value			
	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	¥ 250,379	¥ —	¥ 9,351	¥ 259,730
Government and corporate bonds	851	822	—	1,673
Other	889	1,462	—	2,351
Derivative transactions:				
To which hedge accounting is not applied	—	121	—	121
To which hedge accounting is applied	—	197	—	197
Total	¥ 252,119	¥ 2,602	¥ 9,351	¥ 264,072
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	¥ —	¥ 158	¥ —	¥ 158
To which hedge accounting is applied	—	1	—	1
Total	¥ —	¥ 159	¥ —	¥ 159

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 applied	¥ —	¥ 421	¥ —	¥ 421
Total	¥ —	¥ 421	¥ —	¥ 421

As of March 31, 2025	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	\$ 1,669,193	\$ —	\$ 62,341	\$ 1,731,534
Government and corporate bonds	5,673	5,480	—	11,153
Other	5,927	9,746	—	15,673
Derivative transactions:				
To which hedge accounting is not applied	—	807	—	807
To which hedge accounting is applied	—	1,313	—	1,313
Total	\$ 1,680,793	\$ 17,346	\$ 62,341	\$ 1,760,480
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	\$ —	\$ 1,053	\$ —	\$ 1,053
To which hedge accounting is applied	—	7	—	7
Total	\$ —	\$ 1,060	\$ —	\$ 1,060

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

As of March 31, 2025	Millions of Yen Fair value			
	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ 1,051,789	¥ —	¥ 1,051,789
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	—	33,084	115,072	148,156
Derivative transactions:				
To which hedge accounting is applied	—	15	—	15
Total	¥ —	¥ 1,084,888	¥ 115,072	¥ 1,199,960
LIABILITIES				
Corporate bonds	¥ —	¥ 108,925	¥ —	¥ 108,925
Long-term loans	—	230,166	—	230,166
Total	¥ —	¥ 339,091	¥ —	¥ 339,091

As of March 31, 2024	Millions of Yen Fair value			
	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

As of March 31, 2025	Thousands of U.S. Dollars Fair value			
	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	\$ —	\$ 7,011,927	\$ —	\$ 7,011,927
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	—	220,560	767,146	987,706
Derivative transactions:				
To which hedge accounting is applied	—	100	—	100
Total	\$ —	\$ 7,232,587	\$ 767,146	\$ 7,999,733
LIABILITIES				
Corporate bonds	\$ —	\$ 726,167	\$ —	\$ 726,167
Long-term loans	—	1,534,440	—	1,534,440
Total	\$ —	\$ 2,260,607	\$ —	\$ 2,260,607

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, as 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. 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, interest rate options, 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, 2025	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:	Adjusted net asset method	Net asset value
Equity securities (unlisted equity securities).....		
As of March 31, 2024	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:	Adjusted net asset method	Net asset value
Equity securities (unlisted equity securities).....		

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)
	2025	2024
Balance at beginning of year	¥ 7,711	¥ 6,368
Fair value gain recognized in other comprehensive income	1,139	922
Net increase due to purchases, sales, issuance and settlement	501	421
Balance at end of year	¥ 9,351	¥ 7,711

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

20. DERIVATIVES

The Companies enter into derivatives, including principally foreign exchange forward contracts, currency swap agreements, interest rate swap agreements and interest rate option agreements.

The Companies do not hold or issue derivatives for trading or speculative purposes and it is the Companies' policy to use derivatives solely 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					
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	
As of March 31, 2025					
Foreign exchange forward contracts					
Buying:					
Czech Koruna forward	¥ 13,177	¥ —	¥ (45)	¥ (45)	
Euro forward	582	295	(7)	(7)	
Chinese Yuan forward	79	—	9	9	
U.S. Dollar forward	2	—	0	0	
Selling:					
Euro forward	¥ 1,717	¥ 371	¥ 10	¥ 10	
Total	¥ 15,557	¥ 666	¥ (33)	¥ (33)	
Interest rate swaps					
Pay—fix / Receive—float	¥ 4,935	¥ 4,869	¥ (83)	¥ (83)	
Interest rate options					
Interest rate cap	¥ 6,004	¥ 6,004	¥ 79	¥ 79	
Total	¥ 10,939	¥ 10,873	¥ (4)	¥ (4)	

Millions of Yen					
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	
As of March 31, 2024					
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)	

Thousands of U.S. Dollars					
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	
As of March 31, 2025					
Foreign exchange forward contracts					
Buying:					
Czech Koruna forward	\$ 87,846	\$ —	\$ (299)	\$ (299)	
Euro forward	3,880	1,967	(47)	(47)	
Chinese Yuan forward	527	—	60	60	
U.S. Dollar forward	13	—	—	—	
Selling:					
Euro forward	\$ 11,447	\$ 2,473	\$ 67	\$ 67	
Total	\$ 103,713	\$ 4,440	\$ (219)	\$ (219)	
Interest rate swaps					
Pay—fix / Receive—float	\$ 32,900	\$ 32,460	\$ (553)	\$ (553)	
Interest rate options					
Interest rate cap	\$ 40,027	\$ 40,027	\$ 526	\$ 526	
Total	\$ 72,927	\$ 72,487	\$ (27)	\$ (27)	

b. Derivative transactions to which hedge accounting is applied

Millions of Yen					
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value	
As of March 31, 2025					
Foreign exchange forward contracts					
Buying:					
U.S. Dollar forward	Accounts payable—trade	¥ 47	¥ —	¥ (1)	
Euro forward	Accounts payable—trade	4	—	(0)	
Selling:					
Euro forward	Accounts receivable—trade	¥ 8,688	¥ 751	¥ 198	
Total		¥ 8,739	¥ 751	¥ 197	
Interest rate swaps					
Pay—fix / Receive—float	Current portion of long-term debt	¥ 3,881	¥ 1,694	¥ 15	
Total		¥ 3,881	¥ 1,694	¥ 15	

Millions of Yen					
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value	
As of March 31, 2024					
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	—	0	
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)	

Thousands of U.S. Dollars					
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value	
As of March 31, 2025					
Foreign exchange forward contracts					
Buying:					
U.S. Dollar forward	Accounts payable—trade	\$ 313	\$ —	\$ (7)	
Euro forward	Accounts payable—trade	27	—	(0)	
Selling:					
Euro forward	Accounts receivable—trade	\$ 57,920	\$ 5,007	\$ 1,320	
Total		\$ 58,260	\$ 5,007	\$ 1,313	
Interest rate swaps					
Pay—fix / Receive—float	Current portion of long-term debt	\$ 25,873	\$ 11,293	\$ 100	
Total		\$ 25,873	\$ 11,293	\$ 100	

21. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2025, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥20,930 million (\$139,533 thousand).

22. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of
	2025	2024	U.S. Dollars
			2025
Unrealized (loss) gain on available-for-sale securities:			
(Losses) gains arising during the year.....	¥ (42,267)	¥ 94,750	\$ (281,780)
Reclassification adjustments to profit or loss.....	(12,401)	(13,856)	(82,673)
Amount before income taxes and income tax effect.....	(54,668)	80,894	(364,453)
Income taxes and income tax effect.....	15,469	(24,433)	103,126
Total	¥ (39,199)	¥ 56,461	\$ (261,327)
Deferred (loss) gain on derivatives under hedge accounting:			
Gains arising during the year.....	¥ 568	¥ 1,475	\$ 3,787
Reclassification adjustments to profit or loss.....	(1,119)	(885)	(7,460)
Amount before income taxes and income tax effect.....	(551)	590	(3,673)
Income taxes and income tax effect.....	82	(82)	546
Total	¥ (469)	¥ 508	\$ (3,127)
Revaluation surplus of land:			
Income taxes and income tax effect.....	¥ (603)	—	\$ (4,020)
Total.....	¥ (603)	¥ —	\$ (4,020)
Foreign currency translation adjustments:			
Adjustments arising during the year.....	¥ 38,222	¥ 27,071	\$ 254,813
Reclassification adjustments to profit or loss.....	(166)	—	(1,106)
Amount before income taxes and income tax effect.....	38,056	27,071	253,707
Income taxes and income tax effect.....	—	—	—
Total	¥ 38,056	¥ 27,071	\$ 253,707
Defined retirement benefit plans:			
Adjustments arising during the year.....	¥ 3,663	¥ 4,229	\$ 24,420
Reclassification adjustments to profit or loss.....	(414)	(70)	(2,760)
Amount before income taxes and income tax effect.....	3,249	4,159	21,660
Income taxes and income tax effect.....	(1,080)	(1,263)	(7,200)
Total	¥ 2,169	¥ 2,896	\$ 14,460
Share of other comprehensive income			
in unconsolidated subsidiaries and affiliates:			
Gains arising during the year.....	¥ 407	¥ 3,683	\$ 2,713
Reclassification adjustments to profit or loss.....	(29)	(471)	(193)
Adjustment for acquisition cost of assets.....	—	(66)	—
Total	¥ 378	¥ 3,146	\$ 2,520
Total other comprehensive income	¥ 332	¥ 90,082	\$ 2,213

23. 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 KUSA which was acquired through the acquisition of shares during the year ended March 31, 2025, as well as reconciliation between the acquisition cost and the proceeds from the said acquisition were as follows:

	Millions of Yen	Thousands of
	2025	U.S. Dollars
		2025
Current assets	¥ 25,099	\$ 167,326
Non-current assets.....	3,308	22,053
Goodwill.....	2,005	13,367
Current liabilities.....	(24,695)	(164,633)
Long-term liabilities.....	(842)	(5,613)
Noncontrolling interests.....	(84)	(560)
Acquisition cost.....	4,791	31,940
Accounts payable.....	(1,678)	(11,187)
Cash and cash equivalents of the subsidiary.....	(6,161)	(41,073)
Net proceeds from acquisition	¥ 3,048	\$ 20,320

The components of assets acquired and liabilities assumed of a newly consolidated subsidiary of KAP which was acquired through the acquisition of shares during the year ended March 31, 2025, as well as reconciliation between the acquisition cost and the payment for the said acquisition were as follows:

	Millions of Yen	Thousands of
	2025	U.S. Dollars
		2025
Current assets	¥ 5,835	\$ 38,901
Non-current assets.....	391	2,607
Goodwill.....	164	1,093
Current liabilities.....	(5,809)	(38,727)
Long-term liabilities.....	(91)	(607)
Noncontrolling interests.....	(280)	(1,867)
Acquisition cost.....	210	1,400
Cash and cash equivalents of the subsidiary.....	(86)	(573)
Net payment for acquisition	¥ 124	\$ 827

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
	2024
Current assets	¥ 2,276
Non-current assets.....	35,996
Current liabilities.....	(7,707)
Long-term liabilities.....	(15,680)
Foreign currency translation adjustments.....	381
Valuation by the equity method until the acquisition of control.....	(5,223)
Gain on step acquisitions.....	(6,175)
Acquisition cost.....	3,868
Cash and cash equivalents of the subsidiary.....	(1,421)
Net payment for acquisition	¥ 2,447

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, 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, which was the proceeds from the Company's disposal of its treasury stocks to the trust accounts, for the year ended March 31, 2024.

24. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2025 and 2024, 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
<u>For the year ended March 31, 2025:</u>				
Basic EPS				
Net income attributable to common stockholders	¥ 125,818	472,120	¥ 266.49	\$ 1.777
<u>For the year ended March 31, 2024:</u>				
Basic EPS				
Net income attributable to common stockholders	¥ 115,034	481,790	¥ 238.76	

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, 2025 and 2024, were 1,743 thousand shares and 1,343 thousand shares, respectively.

25. SUBSEQUENT EVENTS

a. Appropriation of retained earnings

On June 27, 2025, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥59.00 (\$0.393) per share (final for the year ended March 31, 2025) for a total amount of ¥27,924 million (\$186,160 thousand). Dividend of ¥94 million (\$627 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, 2025, 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 improve capital efficiency and expand shareholder returns
- (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:9 million shares (upper limit)
(The ratio to the aggregate number of issued shares (excluding own shares): 1.9%)

3) Aggregate acquisition price of shares:¥20,000 million (\$133,333 thousand) (upper limit)

4) Acquisition period:May 15, 2025 to September 30, 2025

5) Acquisition method:Market purchases on the Tokyo Stock Exchange
- (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:5,474,900 shares

3) Aggregate acquisition price of shares:¥19,999,976,900 (\$133,333,179)

4) Acquisition period:May 15, 2025 to July 9, 2025 (on a trade basis)

5) Acquisition method:Market purchases on the Tokyo Stock Exchange

26. 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. Additionally, the Company's domestic and overseas subsidiaries and affiliates collaborate 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 or loss of each reportable segment is measured by its operating income or 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, 2025		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	¥ 404,143	¥ 1,052,902	¥ 97,954	¥ 242,464	¥ 1,114,353	¥ 2,911,816	¥ —	¥ 2,911,816
Intersegment sales or transfers	—	572	4,445	112,141	149	117,307	(117,307)	—
Total	¥ 404,143	¥ 1,053,474	¥ 102,399	¥ 354,605	¥ 1,114,502	¥ 3,029,123	¥ (117,307)	¥ 2,911,816
Segment profit	¥ 35,704	¥ 51,225	¥ 27,838	¥ 16,404	¥ 20,071	¥ 151,242	¥ 641	¥ 151,883
Other:								
Depreciation	¥ 2,005	¥ 5,226	¥ 3,581	¥ 7,809	¥ 12,326	¥ 30,947	¥ (96)	¥ 30,851
Amortization of goodwill.....	—	—	—	—	846	846	—	846

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, 2025		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	\$ 2,694,287	\$ 7,019,347	\$ 653,026	\$ 1,616,426	\$ 7,429,020	\$ 19,412,106	\$ —	\$ 19,412,106
Intersegment sales or transfers	—	3,813	29,634	747,607	993	782,047	(782,047)	—
Total	\$ 2,694,287	\$ 7,023,160	\$ 682,660	\$ 2,364,033	\$ 7,430,013	\$ 20,194,153	\$ (782,047)	\$ 19,412,106
Segment profit	\$ 238,027	\$ 341,500	\$ 185,586	\$ 109,360	\$ 133,807	\$ 1,008,280	\$ 4,273	\$ 1,012,553
Other:								
Depreciation	\$ 13,367	\$ 34,840	\$ 23,873	\$ 52,060	\$ 82,173	\$ 206,313	\$ (640)	\$ 205,673
Amortization of goodwill.....	—	—	—	—	5,640	5,640	—	5,640

Notes:

- (1) The reconciliation adjustments to segment profits, which amounted to a profit of ¥641 million (\$4,273 thousand) and ¥119 million for the years ended March 31, 2025 and 2024, respectively, primarily consist of eliminations 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, 2025	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 2,511,002	¥ 262,291	¥ 138,523	¥ 2,911,816

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, 2025	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	\$ 16,740,013	\$ 1,748,607	\$ 923,486	\$ 19,412,106

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2025						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,795,010	¥ 686,832	¥ 66,672	¥ 214,332	¥ 145,048	¥ 3,922	¥ 2,911,816

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

Thousands of U.S. Dollars						
2025						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
\$ 11,966,733	\$ 4,578,880	\$ 444,480	\$ 1,428,880	\$ 966,987	\$ 26,146	\$ 19,412,106

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, 2025 and 2024, solely consisted of revenues in the U.S.A.

2) Property and equipment

Millions of Yen						
2025						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 456,690	¥ 22,950	¥ 41,463	¥ 65,906	¥ 1,580	¥ 13	¥ 588,602

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

Thousands of U.S. Dollars						
2025						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
\$ 3,044,600	\$ 153,000	\$ 276,420	\$ 439,373	\$ 10,533	\$ 87	\$ 3,924,013

(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, 2025 and 2024.

c. Information about impairment losses of assets

	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
Impairment losses of assets	¥ 621	\$ 4,140

Notes:

(1) Impairment losses of assets of ¥621 million (\$4,140 thousand) for the year ended March 31, 2025, consisted of assets used for business of ¥88 million (\$587 thousand), idle properties of ¥362 million (\$2,413 thousand) and intangible asset of ¥171 million (\$1,140 thousand). 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, 2025 and 2024

Millions of Yen		Thousands of U.S. Dollars
2025	2024	2025
¥ 846	¥ 396	\$ 5,640

(2) Carrying amounts of goodwill as of March 31, 2025 and 2024

Millions of Yen		Thousands of U.S. Dollars
2025	2024	2025
¥ 2,568	¥ 1,120	\$ 17,120

Note: Goodwill is not allocated to operating segments.

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, 2025, 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, 2025, 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 ¥2,388,728 million (\$15,924,853 thousand) by applying the percentage-of-completion method out of total construction revenue of ¥2,511,002 million (\$16,740,013 thousand) for the year ended March 31, 2025. Out of the construction revenue balance under the percentage-of-completion method, ¥1,371,742 million (\$9,144,947 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, including the review and approval of the operational budget related to the total construction revenue and the total construction costs at the start of each project. The Company also designs and operates internal controls for modification and approval of the revised budget which includes estimates based on the actual progress of construction at the end of each reporting period.	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 commencement of construction and whether the revised budgets related to the total construction revenue and the total construction costs were appropriately updated and approved during the construction period to reflect changes in each project's circumstances in a 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.

In addition to the Company's construction contracts becoming higher in monetary value and longer in contractual duration, the construction costs, such as construction materials and labor costs, have remained high in recent years. Therefore, if the following situations occur, there may be a material impact to the consolidated financial statements.	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 elapsed time (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 on construction projects identified as high-risk, depending on the outcome of our analysis:
(1) Total construction revenue may include estimates when a scope change or a change order in an active contract is not finalized with the customer as of year-end. For additional order amounts for unsettled or revised portions of a contract, estimates are made based on certain assumptions, such as adding the expected profit margin to the anticipated costs arising from changes. However, these estimates are particularly susceptible to the status of negotiations with the customer, which involve a high degree of uncertainty. Construction revenues may not be recognized appropriately at the end of each period if the percentage-of-completion method is applied based on a contract in such situation.	Audit procedures for total construction revenue
(2) The total construction costs may increase significantly due to unforeseen events, such as unexpected incidents or delays occurring after the initial operational budget has been established, or significant fluctuations in the prices of construction materials and labor during the course of the project. While estimates of the total construction costs are made based on certain assumptions using future construction plans, price fluctuation forecasts, and past performance, they are particularly susceptible to the status of negotiations regarding order amounts with subcontractors and the impact of future construction plans, thus uncertainty is involved in these forecasts and estimates. In such cases, revising the total construction costs may require time, and there is a risk that the updates may not be made in a timely manner, particularly when construction costs remain at elevated levels. If the percentage-of-completion method is applied under such circumstances, construction revenues may not be recognized appropriately at the end of each reporting period.	(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 reasonableness of the estimates by inquiring with the relevant construction managers and inspecting supporting evidence and project management documentation related to the expected costs and assumed profit margins.
	Audit procedures for total construction costs
	(3) If a construction project's gross margin ratio was significantly higher or lower than in the previous periods, or if an estimated total construction costs significantly increased or decreased compared to the previous consolidated fiscal year, we inquired with the relevant construction managers and inspected supporting evidence and project management documentation to evaluate the reasonableness of the underlying factors. (4) Regarding the operational budget costs and any revisions to the total construction costs after the commencement, we inquired with the relevant construction managers and inspected supporting evidence and project management documentation such as construction plans, price statistics, and past performance to evaluate the reasonableness of the estimates.

(3) As percentage of completion at year-end is calculated based on the total construction costs, it may not be calculated appropriately if the total construction costs are not updated in a timely manner as mentioned in (2).	Audit procedures for percentage of completion (actual costs incurred)
Based on the above, we determined that the Company's revenue recognition using the percentage-of-completion method was of particular significance for the fiscal year ended March 31, 2025, as accounting estimates for total construction revenue, total construction costs, and percentage of completion involve inherent uncertainty and rely significantly on management's forecasts and judgments. Accordingly, we identified this as a key audit matter.	(5) If there is a significant discrepancy between the percentage of completion and the elapsed time, or if a monthly trend analysis indicated that the actual monthly costs had increased or decreased significantly compared to the previous month, we inquired with the relevant construction managers and inspected supporting evidence and project management documentation to evaluate the reasonableness of these factors and the percentage of completion. (6) We inspected evidence such as invoices for the actual costs incurred. We also conducted site visits for selected construction projects to observe the progress and assess its consistency with the related 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 2025, which were charged by us and our network firms to the Company and its subsidiaries were ¥959 million and ¥104 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, 2025

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.