INTEGRATED REPORT

Financial Review 2026

Year ended March 31, 2026

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 under review, the global economy maintained an overall resilience, supported by expanding investment in AI and digital fields, despite lingering unpredictability amid heightened geopolitical risks and trade-policy uncertainty. The Japanese economy showed a moderate recovery, with wage increases progressing on the back of solid corporate earnings, although price increases continued.

In the domestic construction market, while some stagnation in capital investment by export-related companies was observed due to the impact of U.S. tariff policies, private-sector companies' appetite for growth-oriented investment remained strong, and public investment remained stable, resulting in sustained high levels of demand. Meanwhile, tight supply-demand conditions have become entrenched, and challenges persist in responding to rising construction costs and establishing appropriate construction systems.

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

As a result, the Group's financial results for the fiscal year ended March 31, 2026, were as follows.

Consolidated construction contract awards in Japan and overseas exceeded those of the previous fiscal year, increasing 24.4% year on year to ¥3,263.9 billion (compared with ¥2,624.5 billion in the previous fiscal year). Nonconsolidated contract awards, including those for the real estate development and other businesses, rose 24.3% year on year to ¥2,275.3 billion (compared with ¥1,831.1 billion in the previous fiscal year).

Revenues rose 5.3% year on year to ¥3,067.2 billion (compared with ¥2,911.8 billion in the previous fiscal year), due to higher revenues in the construction business.

As for profit figures, operating income increased 58.5% year on year to ¥240.7 billion (compared with ¥151.8 billion in the previous fiscal year), primarily due to an improved gross profit margin in the construction business. Net income attributable to owners of the parent increased 40.9% to ¥177.3 billion (compared with ¥125.8 billion in the previous fiscal year).

Our performance by business was as follows.

Revenues and gross profit from the Company's construction business significantly exceeded those of the previous fiscal year. In the civil engineering business, large-scale projects at peak construction activity progressed steadily, and in the building construction business, large-scale projects that were scheduled for completion in the fiscal year under review also advanced, contributing substantially to revenues. Across many projects, including these large-scale projects, profitability improved more than in past years thanks to cost reductions and the conclusion of additional amended contracts, and gross profit margins in the civil engineering and building construction businesses reached 24.6% and 11.8% respectively, exceeding those of the previous fiscal year (15.4% and 9.6%, respectively). We believe that, in addition to contracts concluded with appropriate construction systems secured, thorough risk management during construction contributed to the improved profitability. In the real estate development and other businesses, although revenues and profits fell below those of the previous fiscal year, when both were at high levels, the Company sold several properties held as real estate for sale, securing gross profit above expectations.

Domestic subsidiaries and affiliates delivered revenues and income exceeding those of the previous fiscal year, as sales of properties held by real estate development related subsidiaries and affiliates proceeded as planned, and revenues and gross profit in the construction business were higher.

In the construction business at overseas subsidiaries and affiliates, gross profit exceeded that of the previous fiscal year, primarily driven by improved profit margins in Europe and Southeast Asia. By contrast, in the real estate development and other businesses, gross profit and equity in earnings of partnership fell below those of the previous fiscal year, primarily because the timing of sales of some developed properties was rescheduled from the fiscal year under review to the next fiscal year or later, considering trends in interest rates and real estate transaction market conditions. As a result, net income attributable to owners of the parent for overseas subsidiaries and affiliates as a whole decreased compared with the previous fiscal year.

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 6.6% year on year to ¥430.7 billion (compared with ¥404.1 billion in the previous fiscal year) due to steady progress on large-scale projects in particular.

Segment profit increased 114.9% year on year to ¥76.7 billion (compared with ¥35.7 billion in the previous fiscal year), primarily due to a significant improvement in the gross profit margin.

(Billions of yen)

(Years ended March 31)	2026	2025	2026/2025 (%)
Revenues	**430.7**	404.1	6.6
Segment profit	**76.7**	35.7	114.9

Building Construction

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

Revenues increased 12.3% year on year to ¥1,182.9 billion (compared with ¥1,053.4 billion in the previous fiscal year), due to an increase in the construction volume of large-scale projects, primarily those scheduled for completion in the fiscal year under review.

Segment profit increased 62.6% year on year to ¥83.2 billion (compared with ¥51.2 billion in the previous fiscal year), due to higher revenues and an improved gross profit margin.

(Billions of yen)

(Years ended March 31)	2026	2025	2026/2025 (%)
Revenues	**1,182.9**	1,053.4	12.3
Segment profit	**83.2**	51.2	62.6

Real Estate Development and Other

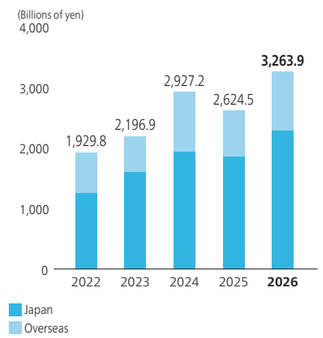
(Real estate development business, architectural, structural and other design business and engineering business operated by the Company)

Although the Company sold several real estate development properties during the fiscal year, revenues and gross profit decreased compared with the previous fiscal year, when there were sales and deliveries of highly profitable large-scale projects. Revenues decreased 5.8% year on year to ¥96.4 billion (compared with ¥102.3 billion in the previous fiscal year), and segment profit decreased 36.8% to ¥17.6 billion (compared with ¥27.8 billion in the previous fiscal year).

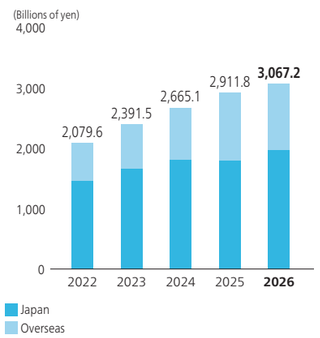
(Billions of yen)

(Years ended March 31)	2026	2025	2026/2025 (%)
Revenues	**96.4**	102.3	(5.8)
Segment profit	**17.6**	27.8	(36.8)

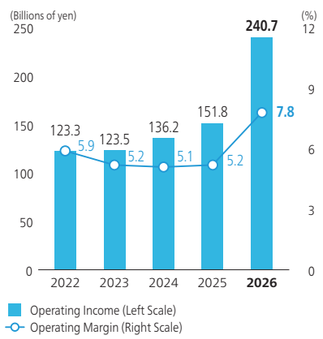
Construction Contract Awards
Years ended March 31



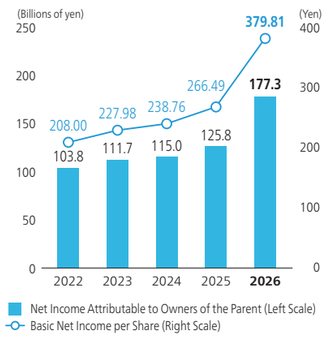
Revenues
Years ended March 31



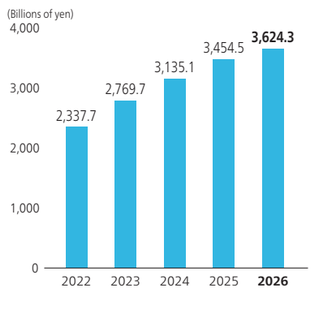
Operating Income / Operating Margin
Years ended March 31



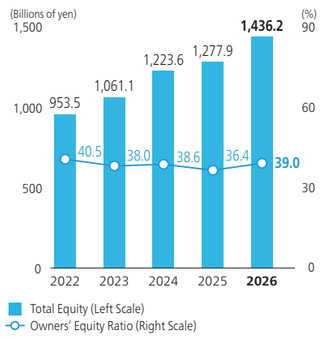
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



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)

During the fiscal year, in addition to higher revenues and an improved gross profit margin in the construction business, sales of real estate for sale held by real estate development-related subsidiaries and affiliates contributed to higher revenues and segment profit. Revenues increased 16.9% year on year to ¥414.6 billion (compared with ¥354.6 billion in the previous fiscal year), and segment profit increased 118.1% to ¥35.7 billion (compared with ¥16.4 billion in the previous fiscal year).

(Billions of yen)

(Years ended March 31)	2026	2025	2026/2025 (%)
Revenues	**414.6**	354.6	16.9
Segment profit	**35.7**	16.4	118.1

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 decreased 2.0% year on year to ¥1,091.9 billion (compared with ¥1,114.5 billion in the previous fiscal year), mainly due to a decrease in sales of developed properties in the U.S., although revenues in the construction business were higher.

Segment profit increased 32.8% year on year to ¥26.6 billion (compared with ¥20.0 billion in the previous fiscal year), primarily due to an improved gross profit margin in the construction business, although gross profit in the real estate development and other businesses was lower.

(Billions of yen)

(Years ended March 31)	2026	2025	2026/2025 (%)
Revenues	**1,091.9**	1,114.5	(2.0)
Segment profit	**26.6**	20.0	32.8

Analysis of Financial Position

Assets, Liabilities and Equity

Total assets at the end of the fiscal year increased ¥169.7 billion year on year to ¥3,624.3 billion (compared with ¥3,454.5 billion at the end of the previous fiscal year). This was mainly due to an increase in investment securities, an increase in notes and accounts receivable-trade, an increase in cash and cash equivalents, and an increase in property and equipment, offset by a decrease in inventories. The balance of strategic shareholdings at the end of the fiscal year was ¥304.1 billion (compared with ¥253.5 billion at the end of the previous fiscal year), with the ratio to total equity at 21.2% (compared with 19.8% at the end of the previous fiscal year). This reflected the sale of 23 stocks for ¥21.0 billion during the fiscal year, more than offset by a ¥71.6 billion increase in the market value of holdings due to share price changes and other factors.

Total liabilities increased ¥11.5 billion year on year to ¥2,188.1 billion (compared with ¥2,176.6 billion at the end of the previous fiscal year). This was mainly due to an increase in interest-bearing debt and an increase in income taxes payable, offset by a decrease in notes and accounts payable-trade.

Total equity increased by ¥158.2 billion year on year to ¥1,436.2 billion (compared with ¥1,277.9 billion at the end of the previous fiscal year).

In addition, the owners' equity ratio improved to 39.0%, up 2.6 points compared with 36.4% 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 ¥114.6 billion (compared with ¥30.6 billion in the previous fiscal year). Main factors were income before income taxes, adjustments for depreciation and amortization, and an increase/decrease in consumption taxes payable/consumption taxes refund receivable, offset by a decrease in trade payables, an increase in trade receivables, income taxes paid, and a decrease in advances received.

Cash flows from investing activities resulted in a net cash outflow of ¥46.5 billion (compared with ¥104.8 billion in the previous fiscal year). Main factors were payment for purchases of property and equipment, disbursements for loans, and payment for investment in unconsolidated subsidiaries and affiliates, partially offset by inflows of proceeds from collection of loans, proceeds from sales and redemption of investment securities, and proceeds from sales and redemption of investment in unconsolidated subsidiaries and affiliates.

Cash flows from financing activities resulted in a net cash outflow of ¥30.5 billion (compared with a net cash inflow of ¥61.6 billion in the previous fiscal year). This was mainly due to cash dividends paid and payments for purchases of treasury stock, offset by net cash inflows from financing and repayments of short-term borrowings, long-term borrowings, commercial paper, and bonds payable.

As a result, the balance of cash and cash equivalents at the end of the fiscal year increased by ¥42.7 billion year on year to ¥392.2 billion (compared with ¥349.5 billion at the end of the previous fiscal year).

(Billions of yen)

(Years ended March 31)	2026	2025	2024
Cash flows from operating activities	**114.6**	30.6	123.7
Cash flows from investing activities	**(46.5)**	(104.8)	(62.9)
Cash flows from financing activities	**(30.5)**	61.6	(9.5)
Cash and cash equivalents, end of year	**392.2**	349.5	350.0

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 shareholder 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 ¥146 per share, consisting of a year-end dividend of ¥90 per share and an interim (end of second quarter) dividend of ¥56 per share. The Company also plans to pay an annual dividend of ¥146 per share (including an interim dividend of ¥73 per share) for the fiscal year ending March 31, 2027.

Cash Dividends per Share
Years ended/ending March 31



* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2026. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2027*

In the global economy, demand in digital fields revolving around AI and investment in related infrastructure are expected to expand over the medium- to long-term. At the same time, the outlook remains uncertain, with concerns about a resurgence of inflation due to heightened international tensions and an unstable trade environment. In addition, the importance of human capital investment, with a focus on securing and developing diverse talent, is increasing, while structural shifts in the economy and society — including the transition to decarbonization and a circular economy — are also expected to accelerate. Achieving sustainable growth in this constantly changing business environment will require accurately identifying the challenges facing society and our customers, and continuing to deliver high-quality services and added value grounded in our proven technological capabilities.

In the construction market, while solid demand is expected for the time being both in Japan and overseas, supported by expanding private capital investment and the renewal of aging infrastructure and urban functions, fundamental challenges facing the industry persist, including a structural labor shortage and rising construction costs. Efforts to balance the resolution of social issues with medium- to long-term growth are called for — including securing skilled workers through improvements in their treatment, raising productivity through automation and labor-saving measures, and developing technologies that reduce environmental impact.

In the fiscal year ending March 31, 2027, in the domestic construction business, we will continue to work on improving productivity, while further strengthening our risk management framework in preparation for material supply shortages and rising construction costs. Gross profit margins in the Company's construction business are projected at 20.4% for the civil engineering business and 12.0% for the building construction business, and we expect to maintain steady performance. In the domestic real estate development business, business assets continue to accumulate steadily, and the sale of several properties is expected to contribute to results. For the overseas business, while carefully assessing the unstable international situation and financial environment, we aim to increase profits by proceeding with sales of real estate development properties. Our exchange rate assumption is ¥156.56 to $ 1.

Reflecting this outlook, consolidated results for the fiscal year ending March 31, 2027 are expected to show lower revenues and income compared with the fiscal year under review; however, net income attributable to owners of the parent is forecast at ¥170.0 billion, significantly exceeding the management target of "¥130.0 billion or more" set in the Kajima Group Medium-Term Business Plan (FY2024–2026).

(Billions of Yen)

(Years ending/ ended March 31)	2027 (Forecast)	2026 (Results)	2027/2026 (%)
Revenues	**2,900.0**	3,067.2	(5.5)
Operating Income	**200.0**	240.7	(16.9)
Net income attributable to owners of the parent	**170.0**	177.3	(4.1)

* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2026. Actual results may differ materially from the forecasts due to various factors.

1. Consolidated Financial Statements and other

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets			
Current assets			
Cash and cash equivalents	¥ 392,273	¥ 349,540	$ 2,453,546
Notes and accounts receivable-trade (*1,*4)	1,112,406	1,061,540	6,957,755
Marketable securities	367	193	2,295
Operational investments in securities	11,365	11,395	71,084
Inventories-real estate for sale (*4)	278,796	280,787	1,743,782
Inventories-construction projects in progress (*8)	20,350	13,129	127,282
Inventories-development projects in progress (*4)	169,715	248,058	1,061,514
Inventories-other	8,899	3,873	55,660
Other (*4)	197,776	177,404	1,237,027
Allowance for doubtful accounts	(10,425)	(8,794)	(65,205)
Total current assets	2,181,525	2,137,129	13,644,764
Noncurrent assets			
Property and equipment			
Buildings and structures-net (*2,*4)	236,985	212,194	1,482,267
Machinery, vehicles, tools, furniture and fixtures-net (*2,*4)	27,241	24,400	170,384
Land (*3,*4)	292,689	291,683	1,830,679
Construction in progress (*4)	48,662	48,862	304,365
Other-net (*2,*4)	11,732	11,460	73,380
Total property and equipment	617,311	588,601	3,861,089
Intangible assets (*4)	31,032	29,968	194,095
Investments and other assets			
Investments in securities	348,931	292,162	2,182,455
Investments in unconsolidated subsidiaries and affiliates (*4)	129,766	105,316	811,646
Long-term loans receivable (*5)	15,709	19,001	98,254
Long-term loans to unconsolidated subsidiaries and affiliates (*4)	123,219	126,364	770,696
Asset for retirement benefits	7,812	5,458	48,861
Deferred tax assets	7,591	16,973	47,479
Other	163,767	135,667	1,024,311
Allowance for doubtful accounts	(2,326)	(2,049)	(14,548)
Total investments and other assets	794,471	698,893	4,969,170
Total noncurrent assets	1,442,815	1,317,462	9,024,362
Total assets	¥ 3,624,341	¥ 3,454,592	$ 22,669,133

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥ 536,387	¥ 631,710	$ 3,354,934
Short-term borrowings (*4)	387,157	379,117	2,421,547
Commercial paper	—	70,000	—
Current portion of bonds payable (*4)	20,000	14,800	125,093
Income taxes payable	51,291	22,572	320,809
Advances received on construction projects in progress (*6)	224,527	250,009	1,404,347
Advances received on development projects in progress, real estate for sale and other (*6)	6,976	6,557	43,632
Provision for warranties for completed construction projects	15,561	13,008	97,329
Provision for loss on construction projects in progress (*8)	24,497	25,094	153,221
Provision for directors' bonuses	278	240	1,738
Provision for stock awards	1,767	1,480	11,052
Other (*6)	336,315	282,383	2,103,546
Total current liabilities	1,604,762	1,696,974	10,037,290
Long-term liabilities			
Bonds payable (*4)	105,850	95,850	662,059
Long-term borrowings (*4)	320,126	232,246	2,002,289
Deferred tax liabilities	14,157	8,810	88,547
Deferred tax liabilities on revaluation surplus of land (*3)	20,969	21,011	131,154
Liability for retirement benefits	53,785	57,509	336,408
Other (*4)	68,470	64,200	428,258
Total long-term liabilities	583,358	479,628	3,648,724
Total liabilities	2,188,120	2,176,603	13,686,014
Equity			
Shareholders' equity			
Common stock	81,447	81,447	509,425
Capital surplus	43,461	43,461	271,835
Retained earnings	1,093,668	970,255	6,840,555
Treasury stock	(114,510)	(95,976)	(716,224)
Total shareholders' equity	1,104,065	999,187	6,905,585
Accumulated other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale securities	161,895	120,563	1,012,603
Deferred gain (loss) on derivatives under hedge accounting	6,953	5,830	43,488
Revaluation surplus of land (*3)	20,214	20,305	126,432
Foreign currency translation adjustments	112,991	105,597	706,723
Defined retirement benefit plans	8,894	6,643	55,629
Total accumulated other comprehensive income (loss)	310,949	258,940	1,944,889
Noncontrolling interests	21,204	19,861	132,624
Total equity	1,436,220	1,277,988	8,983,112
Total liabilities and equity	¥ 3,624,341	¥ 3,454,592	$ 22,669,133

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Revenues			
Construction projects (*1)	¥ 2,678,680	¥ 2,511,002	$ 16,754,315
Real estate and other (*1)	388,595	400,814	2,430,541
Total revenues	3,067,275	2,911,816	19,184,857
Cost of revenues			
Construction projects (*2,*3,*5)	2,331,407	2,281,720	14,582,230
Real estate and other (*3)	309,999	306,898	1,938,947
Total cost of revenues	2,641,407	2,588,619	16,521,184
Gross profit			
Construction projects	347,272	229,281	2,172,079
Real estate and other	78,595	93,915	491,587
Total gross profit	425,868	323,197	2,663,672
Selling, general and administrative expenses (*4,*5)	185,087	171,314	1,157,661
Operating income	240,780	151,882	1,506,004
Other income (expenses)			
Interest income	20,893	16,858	130,679
Dividends income	7,699	6,986	48,154
Equity in earnings of unconsolidated subsidiaries and affiliates	3,216	2,815	20,115
Equity in earnings of partnership	—	6,907	—
Gain on sales of noncurrent assets (*6)	2,152	5,826	13,460
Gain on sales of investment securities	15,274	13,979	95,534
Valuation gain on investment securities	81	37	506
Interest expense	(26,070)	(22,016)	(163,059)
Provision for doubtful accounts	(3,172)	(772)	(19,839)
Equity in losses of partnership	(605)	—	(3,784)
Loss on sales of noncurrent assets (*7)	(140)	(4)	(875)
Loss on disposals of noncurrent assets (*8)	(798)	(2,547)	(4,991)
Loss on sales of investment securities	(19)	(0)	(118)
Valuation loss on investment securities	(720)	(1,233)	(4,503)
Loss on impairment of long-lived assets (*9)	(655)	(621)	(4,096)
Litigation settlement	(203)	—	(1,269)
Other-net	(2,320)	(1,998)	(14,510)
Other income-net	14,610	24,217	91,381
Income before income taxes	255,391	176,100	1,597,391
Income taxes-current	81,035	53,656	506,848
Income taxes-deferred	(4,439)	(4,010)	(27,764)
Total income taxes	76,595	49,645	479,078
Net income	178,796	126,454	1,118,313
Net income attributable to noncontrolling interests	1,462	637	9,144
Net income attributable to owners of the parent	¥ 177,334	¥ 125,817	$ 1,109,169

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Net income	¥ 178,796	¥ 126,454	$ 1,118,313
Other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale securities	41,288	(39,199)	258,243
Deferred gain (loss) on derivatives under hedge accounting	207	(468)	1,294
Revaluation surplus of land	0	(603)	0
Foreign currency translation adjustments	10,136	38,055	63,397
Defined retirement benefit plans	2,242	2,169	14,023
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates	(1,990)	378	(12,446)
Total other comprehensive income (loss) (*1)	51,885	332	324,524
Comprehensive income (loss)	¥ 230,682	¥ 126,787	$ 1,442,844
Total comprehensive income (loss) attributable to:			
Owners of the parent	¥ 229,434	¥ 124,661	$ 1,435,038
Noncontrolling interests	1,247	2,125	7,799

3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2026

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2025	¥ 81,447	¥ 43,461	¥ 970,255	¥ (95,976)	¥ 999,187
Changes during the period					
Change in ownership interest of the parent due to transactions with noncontrolling interests		(0)			(0)
Cash dividends paid			(54,012)		(54,012)
Net income attributable to owners of the parent			177,334		177,334
Purchase of treasury stock				(20,025)	(20,025)
Disposition of treasury stock as stock delivery trust				1,491	1,491
Reversal of revaluation surplus of land			90		90
Net changes other than shareholders' equity					
Net changes during the period	—	(0)	123,412	(18,533)	104,878
Balance as of March 31, 2026	¥ 81,447	¥ 43,461	¥ 1,093,668	¥ (114,510)	¥ 1,104,065

	Accumulated other comprehensive income (loss)						Noncontrolling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Revaluation surplus of land	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance as of April 1, 2025	¥ 120,563	¥ 5,830	¥ 20,305	¥ 105,597	¥ 6,643	¥ 258,940	¥ 19,861	¥ 1,277,988
Changes during the period								
Change in ownership interest of the parent due to transactions with noncontrolling interests								(0)
Cash dividends paid								(54,012)
Net income attributable to owners of the parent								177,334
Purchase of treasury stock								(20,025)
Disposition of treasury stock as stock delivery trust								1,491
Reversal of revaluation surplus of land			(90)			(90)		0
Net changes other than shareholders' equity	41,331	1,122		7,393	2,250	52,099	1,343	53,442
Net changes during the period	41,331	1,122	(90)	7,393	2,250	52,009	1,343	158,231
Balance as of March 31, 2026	¥ 161,895	¥ 6,953	¥ 20,214	¥ 112,991	¥ 8,894	¥ 310,949	¥ 21,204	¥ 1,436,220

Year Ended March 31, 2025

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2024	¥ 81,447	¥ 43,821	¥ 891,884	¥ (67,510)	¥ 949,642
Changes during the period					
Change in ownership interest of the parent due to transactions with noncontrolling interests		(360)			(360)
Cash dividends paid			(47,846)		(47,846)
Net income attributable to owners of the parent			125,817		125,817
Purchase of treasury stock				(30,011)	(30,011)
Disposition of treasury stock as stock delivery trust				1,545	1,545
Reversal of revaluation surplus of land			400		400
Net changes other than shareholders' equity					
Net changes during the period	—	(360)	78,371	(28,466)	49,544
Balance as of March 31, 2025	¥ 81,447	¥ 43,461	¥ 970,255	¥ (95,976)	¥ 999,187

	Accumulated other comprehensive income (loss)						Noncontrolling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Revaluation surplus of land	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance as of April 1, 2024	¥ 159,758	¥ 5,142	¥ 21,308	¥ 69,800	¥ 4,485	¥ 260,496	¥ 13,516	¥ 1,223,655
Changes during the period								
Change in ownership interest of the parent due to transactions with noncontrolling interests								(360)
Cash dividends paid								(47,846)
Net income attributable to owners of the parent								125,817
Purchase of treasury stock								(30,011)
Disposition of treasury stock as stock delivery trust								1,545
Reversal of revaluation surplus of land			(1,003)			(1,003)		(603)
Net changes other than shareholders' equity	(39,194)	687		35,796	2,157	(552)	6,344	5,791
Net changes during the period	(39,194)	687	(1,003)	35,796	2,157	(1,556)	6,344	54,333
Balance as of March 31, 2025	¥ 120,563	¥ 5,830	¥ 20,305	¥ 105,597	¥ 6,643	¥ 258,940	¥ 19,861	¥ 1,277,988

Year Ended March 31, 2026

(Thousands of U.S. Dollars)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2025	$ 509,425	$ 271,835	$ 6,068,645	$ (600,300)	$ 6,249,605
Changes during the period					
Change in ownership interest of the parent due to transactions with noncontrolling interests		(0)			(0)
Cash dividends paid			(337,828)		(337,828)
Net income attributable to owners of the parent			1,109,169		1,109,169
Purchase of treasury stock				(125,250)	(125,250)
Disposition of treasury stock as stock delivery trust				9,325	9,325
Reversal of revaluation surplus of land			562		562
Net changes other than shareholders' equity					
Net changes during the period	—	(0)	771,903	(115,918)	655,979
Balance as of March 31, 2026	$ 509,425	$ 271,835	$ 6,840,555	$ (716,224)	$ 6,905,585

	Accumulated other comprehensive income (loss)						Noncontrolling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Revaluation surplus of land	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance as of April 1, 2025	$ 754,084	$ 36,464	$ 127,001	$ 660,476	$ 41,549	$ 1,619,589	$ 124,224	$ 7,993,420
Changes during the period								
Change in ownership interest of the parent due to transactions with noncontrolling interests								(0)
Cash dividends paid								(337,828)
Net income attributable to owners of the parent								1,109,169
Purchase of treasury stock								(125,250)
Disposition of treasury stock as stock delivery trust								9,325
Reversal of revaluation surplus of land			(562)			(562)		0
Net changes other than shareholders' equity	258,512	7,017		46,240	14,073	325,863	8,400	334,263
Net changes during the period	258,512	7,017	(562)	46,240	14,073	325,300	8,400	989,686
Balance as of March 31, 2026	$ 1,012,603	$ 43,488	$ 126,432	$ 706,723	$ 55,629	$ 1,944,889	$ 132,624	$ 8,983,112

4) Consolidated Statement of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Operating activities			
Income before income taxes	¥ 255,391	¥ 176,100	$ 1,597,391
Adjustments for:			
Income taxes-paid	(52,559)	(63,960)	(328,740)
Depreciation and amortization	33,472	30,851	209,357
Loss on impairment of long-lived assets	655	621	4,096
Increase (decrease) in allowance for doubtful accounts	3,504	2,732	21,916
Increase (decrease) in provision for warranties for completed construction projects	2,446	1,152	15,298
Increase (decrease) in provision for loss on construction projects in progress	(596)	(2,994)	(3,727)
Increase (decrease) in provision for stock awards	286	(48)	1,788
Increase (decrease) in liability for retirement benefits	(537)	(704)	(3,358)
Decrease (increase) in asset for retirement benefits	(2,355)	(743)	(14,729)
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(3,216)	(2,815)	(20,115)
Loss (gain) on sales or disposals of noncurrent assets-net	(1,214)	(3,274)	(7,593)
Loss (gain) on sales of investment securities-net	(15,254)	(13,979)	(95,409)
Valuation loss (gain) on investment securities-net	638	1,195	3,990
Decrease (increase) in receivables	(64,528)	(55,739)	(403,602)
Decrease (increase) in operational investments in securities	30	(84)	187
Decrease (increase) in inventories-real estate for sale	89,070	78,901	557,105
Decrease (increase) in inventories-construction projects in progress	(7,169)	(5,061)	(44,839)
Decrease (increase) in inventories-development projects in progress	(74,965)	(89,334)	(468,882)
Decrease (increase) in inventories-other	(5,015)	(71)	(31,367)
Increase (decrease) in payables	(97,417)	10,940	(609,313)
Increase (decrease) in advances received	(26,295)	38,931	(164,467)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	57,320	(82,344)	358,518
Other-net	22,915	10,361	143,326
Net cash provided by (used in) operating activities	114,606	30,632	716,825

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Investing activities			
Decrease (increase) in time deposits excluding cash equivalents-net	(5,907)	57	(36,946)
Payment for purchases of property and equipment	(50,508)	(66,612)	(315,911)
Proceeds from sales of property and equipment	5,014	7,846	31,361
Payment for purchases of intangible assets	(5,618)	(3,227)	(35,138)
Payment for purchases of investment securities	(4,186)	(4,676)	(26,182)
Payment for investment in unconsolidated subsidiaries and affiliates	(14,182)	(6,868)	(88,704)
Proceeds from sales and redemption of investment securities	21,275	20,371	133,068
Proceeds from sales and redemption of investment in unconsolidated subsidiaries and affiliates	13,936	2,274	87,165
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation (*1)	—	(124)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation (*1)	—	3,047	—
Disbursements for loans	(36,582)	(53,756)	(228,809)
Proceeds from collection of loans	34,221	15,628	214,041
Other-net	(3,975)	(18,797)	(24,862)
Net cash provided by (used in) investing activities	(46,513)	(104,836)	(290,924)
Financing activities			
Increase (decrease) in short-term borrowings-net	1,194	(162)	7,468
Issuance (repayment) of commercial paper-net	(70,000)	70,000	(437,828)
Proceeds from long-term borrowings	178,369	128,314	1,115,642
Repayments of long-term borrowings	(78,295)	(80,719)	(489,711)
Proceeds from issuance of bonds	38,055	60,495	238,022
Redemption of bonds	(22,855)	(35,267)	(142,950)
Repayments of lease obligations	(3,502)	(3,425)	(21,903)
Payment for purchases of treasury stock	(20,025)	(30,011)	(125,250)
Cash dividends paid	(54,012)	(47,846)	(337,828)
Capital infusion from noncontrolling shareholders	3,770	3,164	23,580
Dividends paid to noncontrolling shareholders	(2,997)	(2,662)	(18,745)
Other-net	(228)	(191)	(1,426)
Net cash provided by (used in) financing activities	(30,526)	61,687	(190,930)
Foreign currency translation adjustments on cash and cash equivalents	5,757	12,508	36,008
Net increase (decrease) in cash and cash equivalents	43,323	(8)	270,971
Cash and cash equivalents, beginning balance	349,540	350,064	2,186,264
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(591)	(515)	(3,696)
Cash and cash equivalents, ending balance	¥ 392,273	¥ 349,540	$ 2,453,546

[Notes to Consolidated Financial Statements]

(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.

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 ¥159.88 to $1, the rate of exchange as of March 31, 2026. 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.

Japanese yen amounts are rounded down to the nearest million yen, and U.S. dollar amounts are rounded down to the nearest thousand dollars, except where otherwise stated.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 185

Names of major consolidated subsidiaries

Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Kajima Tatemono Sogo Kanri Co., Ltd.; Eaton Real Estate Co. Ltd.; Chemical Grouting Co., Ltd.; Kajima U.S.A. Inc. (KUSA); Kajima Europe Ltd. (KE); Kajima Asia Pacific Holdings Pte. Ltd. (KAP); Kajima Australia Pty. Ltd. (KA)

1 consolidated subsidiary of Eaton Real Estate Co., Ltd.; 3 consolidated subsidiaries of KUSA; and 1 consolidated subsidiary of KE have been newly included in the scope of consolidation from the consolidated fiscal year ended March 31, 2026, due to acquisition of equity.

Silent partnership with Sakurajima Kaihatsu LLC, acting as the operator, was excluded from the scope of consolidation and accounted for using the equity method after becoming an affiliate due to receipt of silent partnership investment from external parties.

(2) Names of major unconsolidated subsidiaries

ARTES Corporation; Japan Sea Works Co., Ltd.; Kajima Institute Publishing Co., Ltd.

Unconsolidated subsidiaries are excluded from the scope of consolidation, as all of the unconsolidated subsidiaries are small-sized companies, and their total assets, revenues, net income (loss) and retained earnings (accumulated deficit) have no material effect on the consolidated financial statements.

(3) Disclosed special purpose company

An overview of disclosed special purpose companies, including transactions with such entities and the related transaction amounts, is disclosed in the section entitled "Disclosed Special Purpose Companies."

2. Application of the equity method

(1) The equity method is applied to investments in all of 34 unconsolidated subsidiaries and 106 affiliates.

Names of major unconsolidated subsidiaries

As described in "1. Scope of consolidation (2) Names of major unconsolidated subsidiaries."

Names of major affiliates

Engineering and Risk Service Corporation, Azuma Kanko Kaihatsu Co., Ltd., Katabami Corporation

The equity method has been newly applied to 4 affiliates due to the acquisition of shares or equity and 1 affiliate that was

excluded from the scope of consolidation due to receipt of silent partnership investment from external parties from the consolidated fiscal year ended March 31, 2026.

1 subsidiary and 5 affiliates that were liquidated were excluded from the scope of application of the equity method.

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

(2) Other

Investment difference arising from investments in equity-method investees (excluding negative goodwill), is amortized on a straight-line basis over the period in which the related benefits are expected to be realized.

3. The fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, Eaton Real Estate Co., Ltd., KUSA, KE, KAP, KA and 168 other companies have a fiscal year-end of December 31. Their financial statements as of December 31, 2025, are used in the preparation of the consolidated financial statements. Significant transactions during the period from January 1 to March 31, 2026, have been adjusted in the consolidated financial statements. The fiscal years of the other consolidated subsidiaries are the same as that of the Company.

4. Accounting policies

(1) 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.

(2) 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.

(3) 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.

(4) Valuation standards and methods for significant assets

1) Marketable securities

Available-for-sale securities

Financial instruments other than those without a market price

Fair value method (All valuation differences are recorded directly in equity, and the cost of securities sold is determined using the moving average method)

Financial instruments without a market price

Cost method based on the moving average method

2) Derivatives: In principle, the fair value method

3) Inventories

Real estate for sale	Cost method based on the specific identification method (Carrying amount is written down to reflect a decline in profitability)
Construction projects in progress	Cost method based on the specific identification method
Development projects in progress	Cost method based on the specific identification method (Carrying amount is written down to reflect a decline in profitability)

However, certain overseas consolidated subsidiaries apply the lower of cost or market method based on the specific identification method to real estate for sale, inventories-construction projects in progress and inventories-development projects in progress in accordance with the accounting standards of their respective countries.

(5) Depreciation methods for major depreciable assets

1) Property and equipment (excluding leased assets and right-of-use assets)

Domestic consolidated companies are mainly using the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding building improvements) and building improvements and structures acquired on or after April 1, 2016, are calculated by the straight-line method. The useful lives and residual values are based on the same criteria as those stipulated in the Corporation Tax Act.

Overseas consolidated subsidiaries are mainly using the straight-line method over their estimated useful lives.

2) Intangible assets (excluding leased assets and right-of-use assets)

The straight-line method is applied.

In addition, domestic consolidated companies use the straight-line method based on the internal useful life (5 years) for software for internal use.

3) Leased assets

Leased assets under finance leases without transfer of ownership

The straight-line method is applied on the assumption that the lease term is equal to its useful life and the residual value is zero.

4) Right of use assets

The straight-line method is applied over the shorter of the lease term or the asset's useful life, with a residual value of zero.

(6) 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.

(7) Basis for recognition of significant provisions

1) Allowance for doubtful accounts

Domestic consolidated companies provide for possible credit losses on receivables. For general receivables, the allowance is

calculated based on historical loss rates, while for doubtful receivables and other specific receivables, collectibility is assessed individually and the estimated uncollectible amounts are recorded.

The overseas consolidated subsidiaries account for estimated uncollectible amounts.

2) Provision for warranties for completed construction projects

To provide for costs required under liability for nonconformity related to completed construction work, a provision is recorded based on the construction revenue recognized in the current consolidated fiscal year, using the historical actual rate from the previous two consolidated fiscal years as a basis and taking into consideration estimated future expenditures.

3) Provision for loss on construction projects in progress

To provide for potential losses related to contracted construction projects, an estimated amount of losses on construction projects not yet delivered as of the end of the current consolidated fiscal year is recognized.

4) Provision for directors' bonuses

Some domestic consolidated subsidiaries provide for the estimated amount of directors' bonuses as of the end of the current consolidated fiscal year.

5) Provision for stock awards

To provide for the delivery of the Company's shares based on the Stock Delivery Regulations for directors and employees established by the Company, an estimated amount of the Company's shares corresponding to the points granted to directors and employees as of the end of the current consolidated fiscal year is recognized.

(8) Method of accounting for retirement benefits

In calculating the retirement benefit obligation, the method of attributing the estimated amount of retirement benefit to the period up to the end of the current consolidated fiscal year is based on the benefit calculation formula.

Actuarial gains and losses are amortized on a straight-line basis over a fixed number of years (10 years), within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, and are recognized as expenses or reductions of expenses starting from the following consolidated fiscal year.

For certain overseas consolidated subsidiaries, the amount of retirement benefit obligations is recognized based on the estimated amount as of the end of the current consolidated fiscal year, in accordance with the accounting standards of their respective countries.

(9) Basis for recognition of significant revenues and expenses

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 provide civil engineering, building construction, equipment and other general construction services based on executed construction contracts and have performance obligations to deliver such products to customers.

When 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 toward completion is primarily measured based on the ratio of the cumulative construction costs incurred by the end of the fiscal year against the total estimated construction costs.

2) Real estate development and other

The Companies develop and sell real estate and provide 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 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 when the properties or deliverables are delivered, as the performance obligation is considered to be satisfied at that point in 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 fiscal year against the total estimated costs.

In addition, in the construction, development and other business, 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.

(10) Method of accounting for significant hedging activities

1) Hedge accounting method

As a general rule, deferred hedge accounting is applied.

For foreign exchange forward contracts and currency swaps, if the requirements for designation accounting are met, designation accounting is applied. For interest rate swaps, if the requirements for the exceptional method are met, the exceptional method is applied.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Foreign exchange forward contract	Foreign currency-denominated monetary receivables and payables, and forecast transactions
Currency swap	Foreign currency-denominated monetary receivables and payables, and forecast transactions
Interest rate swap	Borrowings, bonds and other

3) Hedging policy

The Companies hedge foreign exchange risk and interest rate risk primarily in accordance with the Company's internal regulations, namely the "Derivatives Transaction Guidelines" and the "Risk Management Procedures Manual."

4) Method for assessing hedge effectiveness

For foreign exchange forward contracts and currency swaps, the Companies confirm in a prospective test that the critical terms of the hedged item and the hedging instrument are consistent, and also confirm on a quarterly basis in a retrospective test that there have been no changes in those terms.

For forecast foreign currency transactions, the likelihood of execution has been confirmed to be extremely high through both prospective and retrospective effectiveness tests, based on a comprehensive consideration of past transaction performance and other relevant factors.

For interest rate swaps, hedge effectiveness is assessed and confirmed through both prospective and retrospective testing by performing a ratio analysis of the cumulative historical fluctuations (generally over a period of approximately 5 years) in the hedged items and the hedging instruments.

However, when the critical terms of the hedging instrument and the hedged item are identical, and it can be assumed that changes in market value or cash flows will be completely offset both at the inception of the hedge and on an ongoing basis, the assessment of hedge effectiveness is omitted.

5) Other

To minimize credit risk, counterparties to derivative transactions are limited to domestic and overseas financial institutions with high creditworthiness.

(11) Method and period of amortization of goodwill

Amortization is performed on a straight-line basis over the period in which the effect is expected to be realized.

(12) Scope of cash and cash equivalents in the consolidated balance sheet and consolidated statement of cash flows

Consists of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible into cash and subject to only an insignificant risk of changes in value.

(13) Accounting standards not yet applied

Accounting Standard for Leases (ASBJ(*) Statement No. 34 issued on September 13, 2024)

Implementation Guidance on Accounting Standard for Leases (ASBJ(*) Guidance No. 33 issued on September 13, 2024), etc.

1) Overview

Similar to international accounting standards, it prescribes the treatment whereby assets and liabilities are recognized for all leases of lessees.

2) Scheduled date of application

It is scheduled to be applied from the beginning of the year ending March 31, 2028.

3) Effect of adopting the relevant accounting standard

The impact on the consolidated financial statements is currently being assessed.

(*) ASBJ: Accounting Standards Board of Japan

(14) Other significant matters for the preparation of consolidated financial statements

1) Accounting treatment of deferred assets

Bond issuance costs are charged to expense in full as incurred.

2) Note on capitalization of interest into the acquisition cost of assets

Interest expense is recognized as periodic cost.

However, overseas consolidated subsidiaries, in accordance with the accounting standards of their respective countries, capitalize interest incurred on funds used for real estate development and other business as part of the acquisition cost of inventories-development projects in progress.

The amount capitalized was ¥5,068 million ($31,698 thousand) in the year ended March 31, 2026, and ¥9,115 million in the year ended March 31, 2025.

3) Accounting treatment of consumption tax and local consumption tax equivalents

The tax-exclusion method is applied.

4) Application of the group tax sharing system

The group tax sharing system is applied.

5) Accounting principles and procedures adopted where relevant accounting standards do not specify treatment

Joint ventures formed by the Company and certain domestic consolidated subsidiaries with other companies for the purpose of obtaining and executing construction projects are not accounted for as separate entities. Construction revenue and costs arising from such joint ventures are recognized in proportion to each party's ownership interest in the joint venture.

6) 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.

7) 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 foreign exchange forward contracts or currency swaps.

8) 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 (loss) in a separate component of equity.

(Significant Accounting Estimate)

Estimates of total construction revenue, total construction costs and the progress of the contract under 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. Amounts recognized in the consolidated financial statements

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended / As of March 31, 2026	Year Ended / As of March 31, 2025	Year Ended / As of March 31, 2026
Revenues from construction projects recognized by the percentage-of-completion method	¥ 2,554,980	¥ 2,388,728	$ 15,980,610
Cost of revenues for construction projects recognized by the percentage-of-completion method	2,231,963	2,180,772	13,960,238
Provision for loss on construction projects in progress	24,497	25,094	153,221

2. Information on the significant accounting estimate

The revenues from construction projects are calculated by multiplying the total estimated construction revenue by the progress principally based on cumulative construction costs incurred by the end of the consolidated fiscal 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 consolidated fiscal year against the total estimated construction costs.

As construction progresses, the aforementioned estimates are influenced by factors such as the variation orders regarding changes in construction methods or scope, the fluctuations of the price in the construction materials and labor market, and the changes of construction costs led by condition changes related to projects. Such factors could have a material impact on the amount of revenues from construction projects, cost of revenues for construction projects and provision for loss on construction projects in progress in the consolidated financial statements for the following consolidated fiscal year.

(Additional Information)

(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 (the "Directors") of the Company using a trust structure.

The Company has proposed, as agenda items (resolutions) at the Annual General Meeting of Shareholders scheduled to be held on June 26, 2026, "Partial amendments to the Articles of Incorporation" and "Determination of the amount and details of performance-linked stock remuneration for Directors (excluding Audit & Supervisory Committee Members and Outside Directors)." If these proposals are approved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee, and the eligible individuals under the Plan will be the Company's Directors (excluding Audit & Supervisory Committee Members and Outside Directors) and Executive Officers.

The Plan clarifies the link between the remuneration of the Directors and the Company's performance as well as stock value. 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 shareholders. 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 ¥678 million ($4,240 thousand) and 309,610 shares, respectively, as of March 31, 2026, and ¥1,155 million and 527,498 shares, respectively, as of March 31, 2025.

(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 ¥1,330 million ($8,318 thousand) and 607,477 shares, respectively, as of March 31, 2026, and ¥2,345 million and 1,070,320 shares, respectively, as of March 31, 2025.

(Consolidated Balance Sheet)

*1 The amounts of receivables and contract assets arising from contract with customers included in notes and accounts receivable-trade were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Notes receivable-trade	¥ 17,777	¥ 13,115	$ 111,189
Accounts receivable-trade	588,560	480,758	3,681,260
Contract assets	502,345	558,893	3,142,012

*2 Accumulated depreciation of property and equipment

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
	¥ 416,297	¥ 404,250	$ 2,603,809

*3 The Company and 1 of its domestic consolidated subsidiaries revalue their land in accordance with the Act on Revaluation of Land (Act No.34 promulgated on March 31, 1998). The amount equivalent to the tax effect related to the revaluation difference is recorded as "Deferred tax liabilities on revaluation surplus of land" under liabilities, and the revaluation difference after deduction of the tax effect is recorded as "Revaluation surplus of land" under equity.

-Revaluation method

The revaluation is determined based on land values that serve as the basis for calculating the taxable amount of land value tax as stipulated in Article 16 of the Land-holding Tax Act (Act No. 69 of 1991), determined under the methods prescribed and published by the Commissioner of the National Tax Agency as provided in item (iv) of Article 2 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998), with reasonable adjustments applied, and based on appraisals by real estate appraisers as provided in item (v) of the same Article.

-Date of revaluation: March 31, 2002

*4 Collateral and secured liability

(1) Assets pledged as collateral for liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
(Pledged assets)			
Notes and accounts receivable-trade, etc.	¥ 1,038	¥ 974	$ 6,492
Inventories-real estate for sale	172,510	218,533	1,078,996
Inventories-development projects in progress	49,240	41,009	307,980
Buildings and structures	47,505	38,582	297,129
Machinery, vehicles, tools, furniture and fixtures	24	29	150
Land	35,222	34,638	220,302
Construction in progress	899	1,268	5,622
Other property and equipment (right-of-use assets)	1,272	1,109	7,955
Intangible assets	13,997	13,997	87,546
Investments in unconsolidated subsidiaries and affiliates	5,965	3,016	37,309
Total	¥ 327,675	¥ 353,157	$ 2,049,505
(Corresponding Obligations)			
Short-term borrowings	¥ 37,617	¥ 69,716	$ 235,282
Current portion of bonds payable	—	4,800	—
Bonds payable	25,850	25,850	161,683
Long-term borrowings	113,360	91,979	709,031
Other long-term liabilities (long-term deposits)	2	2	12
Total	¥ 176,830	¥ 192,349	$ 1,106,017

(2) Assets pledged as collateral for liabilities of affiliates were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Other current assets (short-term loans receivable)	¥ 68	¥ 69	$ 425
Investments in unconsolidated subsidiaries and affiliates	7,916	7,935	49,512
Long-term loans to unconsolidated subsidiaries and affiliates	455	523	2,845
Total	¥ 8,439	¥ 8,528	$ 52,783

*5 Long-term loans receivable

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

*6 The amounts of contract liabilities included in advances received were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Advances received on construction projects in progress	¥ 224,527	¥ 250,009	$ 1,404,347
Advances received on development projects in progress, real estate for sale and other	3,808	3,124	23,817
Other current liabilities	45,083	56,423	281,980
Total	¥ 273,419	¥ 309,557	$ 1,710,151

*7 Contingent liabilities

Guarantees are provided for bank loans and other obligations of the following companies.

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Affiliates			
Oga Wind Power Co., Ltd.	¥ 1,143	¥ 1,334	$ 7,149
Other	26	24	162
Subtotal	1,169	1,359	7,311
Others			
FDG Boiling Springs JV, LLC	6,260	0	39,154
FDG-PLT Grove Avenue JV, LLC	5,619	0	35,145
FDG-NHC Optima JV, LLC	4,167	—	26,063
FDG-KRD Exchange JV, LLC	2,592	—	16,212
RPC-FDG NODA JV, LLC	2,047	1,423	12,803
Other	16,926	18,146	105,866
Subtotal	37,614	19,570	235,263
Total	¥ 38,784	¥ 20,929	$ 242,581

With respect to guarantee obligations subject to re-guarantees, the amount borne by the Group is presented.

*8 Inventories related to construction contracts for which a loss is expected are presented on a gross basis without being offset against the provision for loss on construction projects in progress.

Amount of inventories corresponding to the provision for loss on construction projects in progress

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Inventories-construction projects in progress	¥ 0	¥ 15	$ 0

*9 Commitment line agreements with relationship banks under syndicated loan arrangements are in place to secure funding in the event of emergencies.

The maximum borrowing capacity and unused balances under these agreements at the end of the consolidated fiscal year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Maximum borrowing capacity	¥ 200,000	¥ 200,000	$ 1,250,938
Outstanding borrowings	—	—	—
Unused borrowing capacity (net)	¥ 200,000	¥ 200,000	$ 1,250,938

(Consolidated Statement of Income)

*1 Revenues from contracts with customers

Revenues from construction projects and real estate and other are not classified into revenues from contracts with customers and other revenues. The amount of revenues from contracts with customers is stated in the consolidated financial statements "[Notes to Consolidated Financial Statements] (Revenue Recognition) 1. Disaggregation of revenues from contracts with customers."

*2 Provision expense for loss on construction projects in progress included in the cost of revenues for construction projects was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
	¥ 22,265	¥ 13,424	$ 139,260

*3 Ending balance of inventories are stated at amounts after write-downs due to declines in profitability, and the following inventory valuation losses were included in the cost of revenues.

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
	¥ 3	¥ 129	$ 18

*4 The major items and amounts included in selling, general and administrative expenses were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Employees' salaries and allowances	¥ 68,539	¥ 66,545	$ 428,690
Research study expenses	19,892	17,835	124,418
Retirement benefit expenses	1,867	2,119	11,677
Provision for doubtful accounts	209	1,491	1,307
Provision for directors' bonuses	278	240	1,738
Provision for stock awards	961	1,013	6,010

*5 The total amount of research and development expenses included in general and administrative expenses and manufacturing expenses for the period was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
	¥ 24,247	¥ 22,207	$ 151,657

*6 The breakdown of gain on sales of noncurrent assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Land	¥ 1,918	¥ 5,609	$ 11,996
Machinery, vehicles, tools, furniture and fixtures	196	175	1,225
Other	38	40	237
Total	¥ 2,152	¥ 5,826	$ 13,460

*7 The breakdown of loss on sales of noncurrent assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Land	¥ 73	¥ —	$ 456
Other	67	4	419
Total	¥ 140	¥ 4	$ 875

*8 The breakdown of loss on disposals of noncurrent assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Buildings and structures	¥ 322	¥ 1,132	$ 2,014
Demolition and removal costs	369	1,322	2,307
Other	106	92	662
Total	¥ 798	¥ 2,547	$ 4,991

*9 Loss on impairment of long-lived assets

The Group recognized impairment losses on the following assets or asset groups.

Year Ended March 31, 2026

Intended Use	Type	Location	Number of assets
Operating assets	Buildings, structures, land and other	Iwate Prefecture and other	15
Idle asset	Land	Tochigi Prefecture	1

Operating assets for which impairment losses have been recognized are grouped by branch, while idle assets are grouped individually by each property.

The carrying amounts of certain operating assets were devalued to their recoverable amounts due to declining profitability. The carrying amount of the idle asset was devalued to the recoverable amount due to a decline in property prices. As a result, the Companies recognized impairment losses of ¥655 million ($4,096 thousand), which consisted of operating assets of ¥648 million ($4,053 thousand) and idle asset of ¥7 million ($43 thousand). Impairment loss of operating assets consisted of buildings and structures of ¥112 million ($700 thousand), machinery, vehicles, tools, furniture, fixtures and other of ¥150 million ($938 thousand), land of ¥368 million ($2,301 thousand) and other of ¥17 million ($106 thousand). Impairment loss of the idle asset consisted of land of ¥7 million ($43 thousand).

The recoverable amounts of these assets or asset groups 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.

Year Ended March 31, 2025

Intended Use	Type	Location	Number of assets
Operating assets	Machinery, vehicles, tools, furniture, fixtures and other	Hiroshima Prefecture and other	2
Idle assets	Machinery, vehicles, tools, furniture, fixtures and other	Kanagawa Prefecture and other	6
Other	Intangible asset (Customer relationships)	Georgia, U.S.A.	1

Operating assets for which impairment losses have been recognized are grouped by branch, while idle assets are grouped individually by each property.

The carrying amounts of certain operating assets were devalued to their recoverable amounts due to declining profitability. The carrying amounts of idle assets 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, which consisted of operating assets of ¥88 million, idle assets of ¥362 million and intangible asset of ¥170 million. Impairment loss of operating assets consisted of buildings and structures of ¥12 million, machinery, vehicles, tools, furniture, fixtures and other of ¥69 million, and other of ¥7 million. Impairment loss of idle assets consisted of buildings and structures of ¥44 million, machinery, vehicles, tools, furniture, fixtures and other of ¥264 million and land of ¥52 million.

The recoverable amounts of operating assets and idle assets were measured at the anticipated net selling price at disposition. The Companies principally used the value reasonably calculated based on estimates obtained from third parties, 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.

(Consolidated Statement of Comprehensive Income)

*1 Reclassification adjustments for other comprehensive income and income taxes and tax effects

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Unrealized gain (loss) on available-for-sale securities			
Amount incurred	¥ 74,259	¥ (42,267)	$ 464,467
Reclassification adjustment	(14,629)	(12,400)	(91,499)
Before income taxes and tax effect	59,630	(54,667)	372,967
Income taxes and tax effect	(18,342)	15,468	(114,723)
Total	41,288	(39,199)	258,243
Deferred gain (loss) on derivatives under hedge accounting			
Amount incurred	911	568	5,698
Reclassification adjustment	(632)	(1,118)	(3,952)
Before income taxes and tax effect	278	(550)	1,738
Income taxes and tax effect	(71)	81	(444)
Total	207	(468)	1,294
Revaluation surplus of land			
Income taxes and tax effect	0	(603)	0
Total	0	(603)	0
Foreign currency translation adjustments			
Amount incurred	10,182	38,222	63,685
Reclassification adjustment	(45)	(166)	(281)
Before income taxes and tax effect	10,136	38,055	63,397
Income taxes and tax effect	—	—	—
Total	10,136	38,055	63,397
Defined retirement benefit plans			
Amount incurred	4,109	3,663	25,700
Reclassification adjustment	(850)	(413)	(5,316)
Before income taxes and tax effect	3,259	3,249	20,384
Income taxes and tax effect	(1,016)	(1,079)	(6,354)
Total	2,242	2,169	14,023
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates			
Amount incurred	(2,116)	407	(13,234)
Reclassification adjustment	126	(28)	788
Total	(1,990)	378	(12,446)
Total other comprehensive income (loss)	¥ 51,885	¥ 332	$ 324,524

(Consolidated Statement of Changes in 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:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' 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 fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) Board Committees (namely, Appointment Committee, Compensation Committee and Audit Committee) or (b) an Audit & Supervisory Committee may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an Audit & Supervisory Committee, effective June 26, 2026. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

(2) 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 shareholders.

Year Ended March 31, 2026

1. The type and total number of issued shares, and the type and number of treasury stock

(Thousand shares)

	Type of stock	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Issued shares	Common stock	528,656	—	—	528,656
Treasury stock	Common stock	57,913	5,480	680	62,712

Notes: 1. The number of shares of treasury stock (common stock) includes the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees (1,597 thousand shares at the beginning of the consolidated fiscal year and 917 thousand shares at the end of the consolidated fiscal year).
2. The increase of 5,480 thousand shares of treasury stock (common stock) consists of an increase of 5,474 thousand shares due to the acquisition of treasury stock based on a resolution of the Board of Directors' Meeting, an increase of 4 thousand shares due to the purchase of shares less than one unit, and an increase of 0 thousand shares due to the acquisition of restricted stock without consideration.
3. The decrease of 680 thousand shares of treasury stock (common stock) is due to the delivery of the shares of the Company to each eligible recipient by the stock delivery trust accounts for directors, executive officers and employees.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars)	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record Date	Effective date
June 27, 2025 Annual General Meeting of Shareholders	Common stock	¥ 27,923	$ 174,649	¥ 59.00	$ 0.36	March 31, 2025	June 30, 2025
November 11, 2025 Board of Directors' Meeting	Common stock	26,197	163,854	56.00	0.35	September 30, 2025	December 2, 2025

Notes: 1. The difference between the total dividends and the amount of cash dividends paid in the consolidated statements of changes in equity is attributable to the deduction of the portion equivalent to the Company's ownership interest in dividends on the shares of the Company held by an affiliate.
2. The total dividends resolved at the Annual General Meeting of Shareholders held on June 27, 2025, include dividends of ¥94 million ($587 thousand) on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.
3. The total dividends resolved at the Board of Directors' Meeting held on November 11, 2025, include dividends of ¥51 million ($318 thousand) on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.

(2) Dividends with a record date in the consolidated fiscal year ended March 31, 2026, for which the effective date comes in the subsequent consolidated fiscal year

Resolution	Type of stock	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars)	Dividend resources	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record Date	Effective date
June 26, 2026 Annual General Meeting of Shareholders	Common stock	¥ 42,102	$ 263,335	Retained earnings	¥ 90.00	$ 0.56	March 31, 2026	June 29, 2026

Notes: 1. The above dividend-related matter has been proposed as an agenda item (resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 26, 2026.
2. The total dividends include a dividend of ¥82 million ($512 thousand) on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.

Year Ended March 31, 2025

1. The type and total number of issued shares, and the type and number of treasury stock

(Thousand shares)

	Type of stock	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Issued shares	Common stock	528,656	—	—	528,656
Treasury stock	Common stock	47,481	11,136	705	57,913

Notes: 1. The number of shares of treasury stock (common stock) includes the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees (2,303 thousand shares at the beginning of the consolidated fiscal year and 1,597 thousand shares at the end of the consolidated fiscal year).
2. The increase of 11,136 thousand shares of treasury stock (common stock) consists of an increase of 11,132 thousand shares due to the acquisition of treasury stock based on a resolution of the Board of Directors' Meeting, and an increase of 3 thousand shares due to the purchase of shares less than one unit.
3. The decrease of 705 thousand shares of treasury stock (common stock) is due to the delivery of the shares of the Company to each eligible recipient by the stock delivery trust accounts for directors, executive officers and employees.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends (Millions of Yen)	Dividends per share (Yen)	Record Date	Effective date
June 25, 2024 Annual General Meeting of Shareholders	Common stock	¥ 26,643	¥ 55.00	March 31, 2024	June 26, 2024
November 12, 2024 Board of Directors' Meeting	Common stock	21,298	45.00	September 30, 2024	December 3, 2024

Notes: 1. The difference between the total dividends and the amount of cash dividends paid in the consolidated statements of changes in equity is attributable to the deduction of the portion equivalent to the Company's ownership interest in dividends on the shares of the Company held by an affiliate.
2. The total dividends resolved at the Annual General Meeting of Shareholders held on June 25, 2024, include dividends of ¥126 million on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.
3. The total dividends resolved at the Board of Directors' Meeting held on November 12, 2024, include dividends of ¥71 million on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.

(2) Dividends with a record date in the consolidated fiscal year ended March 31, 2025, for which the effective date comes in the subsequent consolidated fiscal year

Resolution	Type of stock	Total dividends (Millions of Yen)	Dividend resources	Dividends per share (Yen)	Record Date	Effective date
June 27, 2025 Annual General Meeting of Shareholders	Common stock	¥ 27,923	Retained earnings	¥ 59.00	March 31, 2025	June 30, 2025

Notes: 1. The above dividend-related matter has been proposed as an agenda item (resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 27, 2025.
2. The total dividends include a dividend of ¥94 million on the shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees.

(Consolidated Statement of Cash Flows)

*1 The components of assets and liabilities of newly consolidated subsidiaries which were acquired through the acquisition of shares or interests

Year Ended March 31, 2025

The components of assets and liabilities at the time of the initial consolidation of a newly consolidated subsidiary under KUSA which was acquired through the acquisition of shares, as well as the reconciliation between the acquisition cost and the net proceeds from the said acquisition were as follows:

	Millions of Yen
Current assets	¥ 25,098
Noncurrent assets	3,308
Goodwill	2,005
Current liabilities	(24,694)
Long-term liabilities	(842)
Noncontrolling interests	(84)
Acquisition cost	4,791
Accounts payable	(1,678)
Cash and cash equivalents of the subsidiary	(6,160)
Net proceeds from acquisition	¥ 3,047

The components of assets and liabilities at the time of the initial consolidation of a newly consolidated subsidiary under KAP which was acquired through the acquisition of shares, as well as the reconciliation between the acquisition cost and the net payment for the said acquisition were as follows:

	Millions of Yen
Current assets	¥ 5,833
Noncurrent assets	391
Goodwill	164
Current liabilities	(5,808)
Long-term liabilities	(91)
Noncontrolling interests	(280)
Acquisition cost	209
Cash and cash equivalents of the subsidiary	(85)
Net payment for acquisition	¥ 124

(Lease Transactions)

Operating leases

Future minimum lease payments under noncancelable operating lease transactions

Lessee

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Due within 1 year	¥ 10,094	¥ 10,380	$ 63,134
Due after 1 year	70,181	50,939	438,960
Total	¥ 80,275	¥ 61,320	$ 502,095

Lessor

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Due within 1 year	¥ 26,436	¥ 25,497	$ 165,349
Due after 1 year	100,720	113,585	629,972
Total	¥ 127,157	¥ 139,083	$ 795,327

(Financial Instruments)

1. Information on the status of financial instruments

(1) Policy for financial instruments

The Group invests temporary surplus funds when they arise, but limits such investments to highly secure financial assets such as bank deposits. In accordance with its funding plans primarily for the construction and development business, the Group finances its business through bank borrowings, commercial paper and bond issuances. Derivative transactions are used solely for actual demand purposes, and are not used for speculative or trading purposes.

(2) 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 Group thoroughly enforces 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 Group uses the internal management system to recognize their fair values periodically.

Borrowings, commercial paper and bonds payable 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 borrowings and bonds. All counterparties to derivative transactions are limited to domestic and overseas financial institutions with high creditworthiness, and no losses due to default by counterparties are anticipated. Derivative transactions are executed primarily in accordance with the Company's internal regulations, namely the "Derivatives Transaction Guidelines" and the "Risk Management Procedures Manual", which stipulate the objectives, scope, policies, responsibilities, execution procedures, and risk management framework for such transactions. The Group does not engage in derivative transactions for purposes not specified in these standards.

The accounting methods for hedge accounting are described in "4. Accounting Policies (10) Method of accounting for significant hedging activities" under "Basis of Presentation of Consolidated Financial Statements."

In addition, the Company entered into committed loan facility agreements with several Japanese banks to manage liquidity risk related to fund procurement.

(3) Supplementary information on the fair value of financial instruments

The measurement of fair value of financial instruments involves the use of various assumptions and estimates. Accordingly, the resulting fair values may differ if different assumptions are used.

In addition, the contract amounts, etc. of derivative transactions disclosed in the note "Derivative Transactions" do not, in themselves, represent the market risk associated with such transactions.

2. Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments were as follows:

As of March 31, 2026

(Millions of Yen)

	Carrying amount	Fair value	Difference
Assets			
(1) Notes and accounts receivable-trade	¥ 1,112,406		
Allowance for doubtful accounts (*2)	(4,376)		
	1,108,029	¥ 1,104,881	¥ (3,147)
(2) Marketable securities and investments in securities			
Available-for-sale securities (*3, *4)	319,414	319,414	—
(3) Long-term loans receivable	15,709		
(4) Long-term loans to unconsolidated subsidiaries and affiliates	123,219		
Allowance for doubtful accounts (*2)	(450)		
	138,478	137,410	(1,067)
Total assets	¥ 1,565,923	¥ 1,561,707	¥ (4,215)
Liabilities			
(1) Current portion of long-term bonds payable	¥ 20,000	¥ 19,868	¥ (132)
(2) Bonds payable	105,850	102,574	(3,275)
(3) Long-term borrowings	320,126	312,727	(7,399)
Total liabilities	¥ 445,976	¥ 435,169	¥ (10,807)
Derivative transactions (*5)			
1) To which hedge accounting is not applied	¥ 60	¥ 60	¥ —
2) To which hedge accounting is applied	631	641	(10)
Total derivative transactions	¥ 691	¥ 701	¥ (10)

(*1) Cash and cash equivalents, other current assets (time deposits due after three months of the date of acquisition), notes and accounts payable-trade, short-term borrowings, commercial paper, and income taxes payable are not disclosed, as they consist of cash or are settled within a short period, and their fair values approximate their carrying amounts.

(*2) Allowance for doubtful accounts corresponding to notes and accounts receivable-trade, long-term loans receivable, and long-term loans to unconsolidated subsidiaries and affiliates is deducted from each respective balance.

(*3) Investments in partnerships and similar entities, for which the Companies recognize their equity interest on a net basis in the consolidated balance sheet, are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such investments, including operational investments in securities, recorded in the consolidated balance sheet was ¥22,082 million.

(*4) Unlisted shares and other instruments without a quoted market price are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such financial instruments recorded in the consolidated balance sheet, including operational investments in securities, was as follows:

(Millions of Yen)

Classification	As of March 31, 2026
Equity securities	¥ 6,764
Preferred equity investment and other	12,402
Investments in unconsolidated subsidiaries and affiliates and other	129,766

(*5) Net receivables and payables arising from derivative transactions are presented on a net basis. When the aggregate results in a net payable position, it is indicated in parentheses.

As of March 31, 2025

(Millions of Yen)

	Carrying amount	Fair value	Difference
Assets			
(1) Notes and accounts receivable-trade	¥ 1,061,540		
Allowance for doubtful accounts (*2)	(6,596)		
	1,054,943	¥ 1,051,788	¥ (3,155)
(2) Marketable securities and investments in securities			
Available-for-sale securities (*3, *4)	263,754	263,754	—
(3) Long-term loans receivable	19,001		
(4) Long-term loans to unconsolidated subsidiaries and affiliates	126,364		
Allowance for doubtful accounts (*2)	(75)		
	145,290	144,545	(745)
Total assets	¥ 1,463,987	¥ 1,460,087	¥ (3,900)
Liabilities			
(1) Current portion of long-term bonds payable	¥ 14,800	¥ 14,740	¥ (59)
(2) Bonds payable	95,850	94,184	(1,665)
(3) Long-term borrowings	232,246	230,166	(2,079)
Total liabilities	¥ 342,896	¥ 339,091	¥ (3,804)
Derivative transactions (*5)			
1) To which hedge accounting is not applied	¥ (35)	¥ (35)	¥ —
2) To which hedge accounting is applied	195	211	(15)
Total derivative transactions	¥ 159	¥ 175	¥ (15)

(*1) Cash and cash equivalents, other current assets (time deposits due after three months of the date of acquisition), notes and accounts payable-trade, short-term borrowings, commercial paper, and income taxes payable are not disclosed, as they consist of cash or are settled within a short period, and their fair values approximate their carrying amounts.

(*2) Allowance for doubtful accounts corresponding to notes and accounts receivable-trade, long-term loans receivable, and long-term loans to unconsolidated subsidiaries and affiliates is deducted from each respective balance.

(*3) Investments in partnerships and similar entities, for which the Companies recognize their equity interest on a net basis in the consolidated balance sheet, are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such investments, including operational investments in securities, recorded in the consolidated balance sheet was ¥20,317 million.

(*4) Unlisted shares and other instruments without a quoted market price are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such financial instruments recorded in the consolidated balance sheet, including operational investments in securities, was as follows:

(Millions of Yen)

Classification	As of March 31, 2025
Equity securities	¥ 7,568
Preferred equity investment	12,111
Investments in unconsolidated subsidiaries and affiliates and other	105,316

(*5) Net receivables and payables arising from derivative transactions are presented on a net basis. When the aggregate results in a net payable position, it is indicated in parentheses.

As of March 31, 2026

(Thousands of U.S. Dollars)

	Carrying amount	Fair value	Difference
Assets			
(1) Notes and accounts receivable-trade	$ 6,957,755		
Allowance for doubtful accounts (*2)	(27,370)		
	6,930,379	$ 6,910,689	$ (19,683)
(2) Marketable securities and investments in securities			
Available-for-sale securities (*3, *4)	1,997,835	1,997,835	—
(3) Long-term loans receivable	98,254		
(4) Long-term loans to unconsolidated subsidiaries and affiliates	770,696		
Allowance for doubtful accounts (*2)	(2,814)		
	866,137	859,457	(6,673)
Total assets	$ 9,794,364	$ 9,767,994	$ (26,363)
Liabilities			
(1) Current portion of long-term bonds payable	$ 125,093	$ 124,268	$ (825)
(2) Bonds payable	662,059	641,568	(20,484)
(3) Long-term borrowings	2,002,289	1,956,010	(46,278)
Total liabilities	$ 2,789,442	$ 2,721,847	$ (67,594)
Derivative transactions (*5)			
1) To which hedge accounting is not applied	$ 375	$ 375	$ —
2) To which hedge accounting is applied	3,946	4,009	(62)
Total derivative transactions	$ 4,321	$ 4,384	$ (62)

(*1) Cash and cash equivalents, other current assets (time deposits due after three months of the date of acquisition), notes and accounts payable-trade, short-term borrowings, commercial paper, and income taxes payable are not disclosed, as they consist of cash or are settled within a short period, and their fair values approximate their carrying amounts.

(*2) Allowance for doubtful accounts corresponding to notes and accounts receivable-trade, long-term loans receivable, and long-term loans to unconsolidated subsidiaries and affiliates is deducted from each respective balance.

(*3) Investments in partnerships and similar entities, for which the Companies recognize their equity interest on a net basis in the consolidated balance sheet, are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such investments, including operational investments in securities, recorded in the consolidated balance sheet was $138,116 thousand.

(*4) Unlisted shares and other instruments without a quoted market price are not included in "Assets (2) Marketable securities and investments in securities." The carrying amount of such financial instruments recorded in the consolidated balance sheet, including operational investments in securities, was as follows:

(Thousands of U.S. Dollars)

Classification	As of March 31, 2026
Equity securities	$ 42,306
Preferred equity investment and other	77,570
Investments in unconsolidated subsidiaries and affiliates and other	811,646

(*5) Net receivables and payables arising from derivative transactions are presented on a net basis. When the aggregate results in a net payable position, it is indicated in parentheses.

Notes:

1. Scheduled maturities of monetary receivables and marketable securities with maturities after the consolidated balance sheet date

(Millions of Yen)

	As of March 31, 2026				As of March 31, 2025			
	Within 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Within 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years
Cash and cash equivalents	¥ 392,273	¥ —	¥ —	¥ —	¥ 349,540	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	1,033,233	78,056	119	996	946,153	112,573	1,856	956
Marketable securities and investments in securities								
Available-for-sale securities with maturities								
Debt securities								
Government and municipal bonds	339	360	356	—	142	674	68	—
Corporate bonds	30	342	407	—	52	226	533	—
Other	—	—	31	—	—	—	71	—
Other current assets								
Time deposits due after three months of the date of acquisition	11,021	—	—	—	4,946	—	—	—
Long-term loans receivable	10,111	15,681	3	24	2,743	18,973	4	23
Long-term loans to unconsolidated subsidiaries and affiliates	18,999	52,558	62,283	8,377	12,028	52,901	59,661	13,801
Total	¥ 1,466,010	¥ 146,998	¥ 63,202	¥ 9,398	¥ 1,315,608	¥ 185,349	¥ 62,194	¥ 14,781

(Thousands of U.S. Dollars)

	As of March 31, 2026			
	Within 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years
Cash and cash equivalents	$ 2,453,546	$ —	$ —	$ —
Notes and accounts receivable-trade	6,462,553	488,216	744	6,229
Marketable securities and investments in securities				
Available-for-sale securities with maturities				
Debt securities				
Government and municipal bonds	2,120	2,251	2,226	—
Corporate bonds	187	2,139	2,545	—
Other	—	—	193	—
Other current assets				
Time deposits due after three months of the date of acquisition	68,932	—	—	—
Long-term loans receivable	63,241	98,079	18	150
Long-term loans to unconsolidated subsidiaries and affiliates	118,832	328,734	389,560	52,395
Total	$ 9,169,439	$ 919,427	$ 395,308	$ 58,781

Notes:

2. Scheduled repayments of bonds, long-term borrowings, lease obligations, and other interest-bearing debt after the consolidated balance sheet date

(Millions of Yen)

	As of March 31, 2026						As of March 31, 2025					
	Within 1 year	Over 1 year up to 2 years	Over 2 years up to 3 years	Over 3 years up to 4 years	Over 4 years up to 5 years	Over 5 years	Within 1 year	Over 1 year up to 2 years	Over 2 years up to 3 years	Over 3 years up to 4 years	Over 4 years up to 5 years	Over 5 years
Short-term borrowings	¥ 306,676	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 293,834	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	—	—	—	—	—	—	70,000	—	—	—	—	—
Bonds payable	20,000	20,500	—	35,350	10,000	40,000	14,800	20,000	20,500	—	35,350	20,000
Long-term borrowings	80,481	98,738	52,565	21,937	65,688	81,197	85,283	66,889	78,812	17,887	24,740	43,917
Lease obligations	3,182	3,111	2,049	1,400	1,083	5,466	3,016	2,445	2,321	1,378	967	5,561
Other interest -bearing debt	40,567	—	—	—	—	—	40,070	—	—	—	—	—
Total	¥ 450,906	¥ 122,350	¥ 54,615	¥ 58,687	¥ 76,772	¥ 126,663	¥ 507,004	¥ 89,335	¥ 101,633	¥ 19,265	¥ 61,057	¥ 69,478

(Thousands of U.S. Dollars)

	As of March 31, 2026					
	Within 1 year	Over 1 year up to 2 years	Over 2 years up to 3 years	Over 3 years up to 4 years	Over 4 years up to 5 years	Over 5 years
Short-term borrowings	$ 1,918,163	$ —	$ —	$ —	$ —	$ —
Commercial paper	—	—	—	—	—	—
Bonds payable	125,093	128,221	—	221,103	62,546	250,187
Long-term borrowings	503,383	617,575	328,777	137,209	410,858	507,862
Lease obligations	19,902	19,458	12,815	8,756	6,773	34,188
Other interest -bearing debt	253,734	—	—	—	—	—
Total	$ 2,820,277	$ 765,261	$ 341,599	$ 367,069	$ 480,185	$ 792,237

3. 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 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.

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) Financial instruments measured at the fair values in the consolidated balance sheet

As of March 31, 2026

(Millions of Yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	¥ 302,985	¥ —	¥ 11,276	¥ 314,262
Debt securities				
Government and municipal bonds	1,082	—	—	1,082
Corporate bonds	—	764	—	764
Other	—	32	—	32
Other	756	1,491	1,024	3,272
Derivative transactions:				
To which hedge accounting is not applied	—	76	—	76
To which hedge accounting is applied	—	631	—	631
Total assets	¥ 304,824	¥ 2,996	¥ 12,301	¥ 320,121
Derivative transactions:				
To which hedge accounting is not applied	¥ —	¥ 15	¥ —	¥ 15
To which hedge accounting is applied	—	0	—	0
Total liabilities	¥ —	¥ 16	¥ —	¥ 16

As of March 31, 2025

(Millions of Yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	¥ 250,379	¥ —	¥ 9,351	¥ 259,730
Debt securities				
Government and municipal bonds	851	—	—	851
Corporate bonds	—	750	—	750
Other	—	71	—	71
Other	889	1,461	—	2,350
Derivative transactions:				
To which hedge accounting is not applied	—	121	—	121
To which hedge accounting is applied	—	196	—	196
Total assets	¥ 252,119	¥ 2,601	¥ 9,351	¥ 264,072
Derivative transactions:				
To which hedge accounting is not applied	¥ —	¥ 157	¥ —	¥ 157
To which hedge accounting is applied	—	1	—	1
Total liabilities	¥ —	¥ 158	¥ —	¥ 158

As of March 31, 2026

(Thousands of U.S. Dollars)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	$ 1,895,077	$ —	$ 70,527	$ 1,965,611
Debt securities				
Government and municipal bonds	6,767	—	—	6,767
Corporate bonds	—	4,778	—	4,778
Other	—	200	—	200
Other	4,728	9,325	6,404	20,465
Derivative transactions:				
To which hedge accounting is not applied	—	475	—	475
To which hedge accounting is applied	—	3,946	—	3,946
Total assets	$ 1,906,579	$ 18,739	$ 76,938	$ 2,002,257
Derivative transactions:				
To which hedge accounting is not applied	$ —	$ 93	$ —	$ 93
To which hedge accounting is applied	—	0	—	0
Total liabilities	$ —	$ 100	$ —	$ 100

(2) Financial instruments not measured at fair values in the consolidated balance sheet

As of March 31, 2026

(Millions of Yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	¥ —	¥ 1,104,881	¥ —	¥ 1,104,881
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	—	14,166	123,244	137,410
Derivative transactions:				
To which hedge accounting is applied	—	10	—	10
Total assets	¥ —	¥ 1,119,058	¥ 123,244	¥ 1,242,302
Current portion of bonds payable	¥ —	¥ 19,868	¥ —	¥ 19,868
Bonds payable	—	102,574	—	102,574
Long-term borrowings	—	312,727	—	312,727
Total liabilities	¥ —	¥ 435,169	¥ —	¥ 435,169

As of March 31, 2025

(Millions of Yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	¥ —	¥ 1,051,788	¥ —	¥ 1,051,788
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	—	29,473	115,071	144,545
Derivative transactions:				
To which hedge accounting is applied	—	15	—	15
Total assets	¥ —	¥ 1,081,277	¥ 115,071	¥ 1,196,349
Current portion of bonds payable	¥ —	¥ 14,740	¥ —	¥ 14,740
Bonds payable	—	94,184	—	94,184
Long-term borrowings	—	230,166	—	230,166
Total liabilities	¥ —	¥ 339,091	¥ —	¥ 339,091

As of March 31, 2026

(Thousands of U.S. Dollars)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	$ —	$ 6,910,689	$ —	$ 6,910,689
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	—	88,603	770,853	859,457
Derivative transactions:				
To which hedge accounting is applied	—	62	—	62
Total assets	$ —	$ 6,999,362	$ 770,853	$ 7,770,215
Current portion of bonds payable	$ —	$ 124,268	$ —	$ 124,268
Bonds payable	—	641,568	—	641,568
Long-term borrowings	—	1,956,010	—	1,956,010
Total liabilities	$ —	$ 2,721,847	$ —	$ 2,721,847

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 debt securities 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 1 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.

Current portion of bonds payable and bonds payable

The fair values of bonds payable issued by the Company are principally measured at the quoted market prices. The fair values of these bonds payable 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 bonds payable are measured by discounting the cash flows related to the debt at discount rates that take into account the remaining periods of the bonds payable and credit risks, and are categorized as Level 2.

Long-term borrowings

The carrying amounts of long-term borrowings 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 has not substantially changed, and are categorized as Level 2. The fair values of long-term borrowings 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.

Notes:

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, 2026

Classification	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities Available-for-sale: Equity securities (unlisted equity securities) Other (investment limited partnership and similar entities)	Adjusted net asset method	Net asset value

As of March 31, 2025

Classification	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities Available-for-sale: Equity securities (unlisted equity securities)	Adjusted net asset method	Net asset value

(2) Reconciliation of beginning and ending balances

Year Ended March 31, 2026

(Millions of Yen)

	Marketable securities and investments in securities		Total
	Available-for-sale		
	Equity securities (unlisted equity securities)	Other (investment limited partnership and similar entities)	
Beginning balance	¥ 9,351	¥ —	¥ 9,351
Income or other comprehensive income			
Recognized in income (loss) (*1)	—	(41)	(41)
Recognized in other comprehensive income (*2)	1,336	—	1,336
Net increase (decrease) due to purchases, sales, issuance and settlement	588	1,066	1,654
Ending balance	¥ 11,276	¥ 1,024	¥ 12,301

(*1) Included in "Valuation gain on investment securities" and "Valuation loss on investment securities" in the consolidated statement of income

(*2) Included in "Unrealized gain (loss) on available-for-sale securities" and "Foreign currency translation adjustments" under "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

Year Ended March 31, 2025

(Millions of Yen)

	Marketable securities and investments in securities
	Available-for-sale
	Equity securities (unlisted equity securities)
Beginning balance	¥ 7,710
Recognized in other comprehensive income (*1)	1,138
Net increase (decrease) due to purchases, sales, issuance and settlement	501
Ending balance	¥ 9,351

(*1) Included in "Unrealized gain (loss) on available-for-sale securities" and "Foreign currency translation adjustments" under "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

Year Ended March 31, 2026

(Thousands of U.S. Dollars)

	Marketable securities and investments in securities		Total
	Available-for-sale		
	Equity securities (unlisted equity securities)	Other (investment limited partnership and similar entities)	
Beginning balance	$ 58,487	$ —	$ 58,487
Income or other comprehensive income			
Recognized in income (loss) (*1)	—	(256)	(256)
Recognized in other comprehensive income (*2)	8,356	—	8,356
Net increase (decrease) due to purchases, sales, issuance and settlement	3,677	6,667	10,345
Ending balance	$ 70,527	$ 6,404	$ 76,938

(*1) Included in "Valuation gain on investment securities" and "Valuation loss on investment securities" in the consolidated statement of income

(*2) Included in "Unrealized gain (loss) on available-for-sale securities" and "Foreign currency translation adjustments" under "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

(Securities)

1. Marketable securities, operational investment securities and investment securities

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current			
Government, municipal and corporate bonds	¥ 367	¥ 193	$ 2,295
Preferred equity investment	9,771	9,771	61,114
Other	1,593	1,624	9,963
Total	¥ 11,732	¥ 11,589	$ 73,380
Noncurrent			
Equity securities	¥ 321,026	¥ 267,298	$ 2,007,918
Government, municipal and corporate bonds	1,512	1,479	9,457
Other	26,392	23,383	165,073
Total	¥ 348,931	¥ 292,162	$ 2,182,455

2. Available-for-sale securities

(Millions of Yen)

Type	As of March 31, 2026			As of March 31, 2025		
	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
(1) Securities with carrying amount exceeding acquisition cost						
Equity securities	¥ 309,707	¥ 79,483	¥ 230,223	¥ 254,133	¥ 82,817	¥ 171,316
Debt securities						
Government and municipal bonds	349	344	5	—	—	—
Corporate bonds	610	595	14	179	177	1
Other	32	32	0	—	—	—
Other	2,805	2,115	689	1,963	1,332	631
Subtotal	313,505	82,571	230,933	256,276	84,327	171,949
(2) Securities with carrying amount not exceeding acquisition cost						
Equity securities	4,554	4,929	(375)	5,596	6,144	(548)
Debt securities						
Government and municipal bonds	732	745	(12)	851	883	(32)
Corporate bonds	154	155	(1)	571	584	(12)
Other	—	—	—	71	72	(1)
Other	467	532	(65)	386	423	(36)
Subtotal	5,909	6,363	(454)	7,477	8,108	(631)
Total	¥ 319,414	¥ 88,935	¥ 230,479	¥ 263,754	¥ 92,435	¥ 171,318

(Thousands of U.S. Dollars)

Type	As of March 31, 2026		
	Carrying amount	Acquisition cost	Difference
(1) Securities with carrying amount exceeding acquisition cost			
Equity securities	$ 1,937,121	$ 497,141	$ 1,439,973
Debt securities			
Government and municipal bonds	2,182	2,151	31
Corporate bonds	3,815	3,721	87
Other	200	200	0
Other	17,544	13,228	4,309
Subtotal	1,960,876	516,456	1,444,414
(2) Securities with carrying amount not exceeding acquisition cost			
Equity securities	28,483	30,829	(2,345)
Debt securities			
Government and municipal bonds	4,578	4,659	(75)
Corporate bonds	963	969	(6)
Other	—	—	—
Other	2,920	3,327	(406)
Subtotal	36,958	39,798	(2,839)
Total	$ 1,997,835	$ 556,260	$ 1,441,574

3. Available-for-sale securities which were sold

(Millions of Yen)

Type	Year Ended March 31, 2026			Year Ended March 31, 2025		
	Proceeds	Realized gain	Realized loss	Proceeds	Realized gain	Realized loss
Equity securities	¥ 20,958	¥ 15,255	¥ —	¥ 20,321	¥ 13,979	¥ 0
Debt securities						
Government and municipal bonds	30	—	0	—	—	—
Corporate bonds	32	0	0	32	0	—
Other	39	—	0	—	—	—
Other	223	18	18	—	—	—
Total	¥ 21,284	¥ 15,274	¥ 19	¥ 20,354	¥ 13,979	¥ 0

(Thousands of U.S. Dollars)

Type	Year Ended March 31, 2026		
	Proceeds	Realized gain	Realized loss
Equity securities	$ 131,085	$ 95,415	$ —
Debt securities			
Government and municipal bonds	187	—	0
Corporate bonds	200	0	0
Other	243	—	0
Other	1,394	112	112
Total	$ 133,124	$ 95,534	$ 118

4. Impairment losses on securities

The Company recognized valuation losses on investment securities of ¥656 million ($4,103 thousand) and ¥1,042 million for the years ended March 31, 2026 and 2025, respectively, due to impairment losses on available-for-sale securities.

(Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency

(Millions of Yen)

Classification	Type of transaction	As of March 31, 2026				As of March 31, 2025			
		Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)	Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)
Nonmarket transactions	Foreign exchange forward contracts								
	Buying:								
	Czech Koruna forward	¥ 8,001	¥ —	¥ (1)	¥ (1)	¥ 13,176	¥ —	¥ (44)	¥ (44)
	Euro forward	416	176	6	6	582	295	(6)	(6)
	Chinese Yuan forward	—	—	—	—	79	—	8	8
	U.S. Dollar forward	—	—	—	—	1	—	0	0
	Selling:								
	Euro forward	1,740	—	34	34	1,716	371	9	9
	U.S. Dollar forward	57	—	(1)	(1)	—	—	—	—
Total		¥ 10,216	¥ 176	¥ 37	¥ 37	¥ 15,557	¥ 666	¥ (32)	¥ (32)

(Thousands of U.S. Dollars)

Classification	Type of transaction	As of March 31, 2026			
		Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)
Nonmarket transactions	Foreign exchange forward contracts				
	Buying:				
	Czech Koruna forward	$ 50,043	$ —	$ (6)	$ (6)
	Euro forward	2,601	1,100	37	37
	Chinese Yuan forward	—	—	—	—
	U.S. Dollar forward	—	—	—	—
	Selling:				
	Euro forward	10,883	—	212	212
	U.S. Dollar forward	356	—	(6)	(6)
Total		$ 63,897	$ 1,100	$ 231	$ 231

(2) Interest rate

(Millions of Yen)

Classification	Type of transaction	As of March 31, 2026				As of March 31, 2025			
		Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)	Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)
Nonmarket transactions	Interest rate swaps								
	Pay-fix / Receive-float	¥ —	¥ —	¥ —	¥ —	¥ 4,934	¥ 4,868	¥ (82)	¥ (82)
	Interest rate options								
	Interest rate cap	6,733	6,733	22	22	6,004	6,004	78	78
Total		¥ 6,733	¥ 6,733	¥ 22	¥ 22	¥ 10,939	¥ 10,873	¥ (3)	¥ (3)

(Thousands of U.S. Dollars)

Classification	Type of transaction	As of March 31, 2026			
		Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain (loss)
Nonmarket transactions	Interest rate swaps				
	Pay-fix / Receive-float	$ —	$ —	$ —	$ —
	Interest rate options				
	Interest rate cap	42,112	42,112	137	137
Total		$ 42,112	$ 42,112	$ 137	$ 137

2. Derivative transactions to which hedge accounting is applied

(1) Currency

(Millions of Yen)

Hedge accounting method	Type of transaction	As of March 31, 2026				As of March 31, 2025			
		Major hedged items	Contract amount	Contract amount due after 1 year	Fair value	Major hedged items	Contract amount	Contract amount due after 1 year	Fair value
Principal method	Foreign exchange forward contracts								
	Buying:								
	U.S. Dollar forward	Accounts payable -trade	¥ 17	¥ —	¥ 0	Accounts payable -trade	¥ 47	¥ —	¥ (1)
	Euro forward	—	—	—	—	Accounts payable -trade	4	—	(0)
	Selling:								
	Euro forward	Accounts receivable -trade	40,235	848	630	Accounts receivable -trade	8,687	751	196
	U.S. Dollar forward	Accounts receivable -trade	8	—	(0)	—	—	—	—
Total		—	¥ 40,261	¥ 848	¥ 631	—	¥ 8,738	¥ 751	¥ 195

(Thousands of U.S. Dollars)

Hedge accounting method	Type of transaction	As of March 31, 2026			
		Major hedged items	Contract amount	Contract amount due after 1 year	Fair value
Principal method	Foreign exchange forward contracts				
	Buying:				
	U.S. Dollar forward	Accounts payable -trade	$ 106	$ —	$ 0
	Euro forward	—	—	—	—
	Selling:				
	Euro forward	Accounts receivable -trade	251,657	5,303	3,940
	U.S. Dollar forward	Accounts receivable -trade	50	—	(0)
Total		—	$ 251,820	$ 5,303	$ 3,946

(2) Interest rate

(Millions of Yen)

Hedge accounting method	Type of transaction	As of March 31, 2026				As of March 31, 2025			
		Major hedged items	Contract amount	Contract amount due after 1 year	Fair value	Major hedged items	Contract amount	Contract amount due after 1 year	Fair value
Special treatment of swap	Interest rate swaps Pay-fix / Receive-float	Short-term borrowings	¥ 1,668	¥ 168	¥ 10	Short-term borrowings	¥ 3,881	¥ 1,694	¥ 15
Total		—	¥ 1,668	¥ 168	¥ 10	—	¥ 3,881	¥ 1,694	¥ 15

(Thousands of U.S. Dollars)

Hedge accounting method	Type of transaction	As of March 31, 2026			
		Major hedged items	Contract amount	Contract amount due after 1 year	Fair value
Special treatment of swap	Interest rate swaps Pay-fix / Receive-float	Short-term borrowings	$ 10,432	$ 1,050	$ 62
Total		—	$ 10,432	$ 1,050	$ 62

(Retirement Benefits)

1. Outline of the retirement allowance system adopted

The Companies 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.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligation (excluding plans applying the simplified method)

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Retirement benefit obligation, beginning balance	¥ 65,457	¥ 69,823	$ 409,413
Service cost	3,959	4,351	24,762
Interest cost	1,365	938	8,537
Actuarial gains (losses)	(2,268)	(3,617)	(14,185)
Retirement benefits paid	(7,335)	(6,241)	(45,878)
Other	33	203	206
Retirement benefit obligation, ending balance	¥ 61,211	¥ 65,457	$ 382,855

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans applying the simplified method)

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Plan assets, beginning balance	¥ 14,799	¥ 14,572	$ 92,563
Expected return	133	121	831
Actuarial gains (losses)	1,837	56	11,489
Contributions from the employer	100	135	625
Retirement benefits paid	(326)	(220)	(2,039)
Other	89	134	556
Plan assets, ending balance	¥ 16,635	¥ 14,799	$ 104,046

(3) Reconciliation of beginning and ending balances of liability (asset) for retirement benefit plans under the simplified method

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Liability (asset) for retirement benefits, beginning balance	¥ 1,392	¥ 1,378	$ 8,706
Retirement benefit expenses	243	268	1,519
Retirement benefits paid	(230)	(234)	(1,438)
Contributions to the plan	(81)	(55)	(506)
Other	72	35	450
Liability (asset) for retirement benefits, ending balance	¥ 1,396	¥ 1,392	$ 8,731

Notes: 1. The ending balance of liability (asset) for retirement benefits for the year ended March 31, 2026, is a net amount comprising liability for retirement benefits of ¥1,649 million ($10,313 thousand) and asset for retirement benefits of ¥252 million ($1,576 thousand).

2. The ending balance of liability (asset) for retirement benefits for the year ended March 31, 2025, is a net amount comprising liability for retirement benefits of ¥1,618 million and asset for retirement benefits of ¥225 million.

(4) Reconciliation of the ending balance of the retirement benefit obligation and the plan asset and the liability and asset for retirement benefits recorded in the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligation of the funded plan	¥ 9,280	¥ 9,718	$ 58,043
Plan assets	(17,313)	(15,410)	(108,287)
	(8,033)	(5,692)	(50,243)
Retirement benefit obligation of the unfunded plan	54,006	57,743	337,790
Net liability and assets recorded in the consolidated balance sheet	45,973	52,051	287,546
Liability for retirement benefits	53,785	57,509	336,408
Asset for retirement benefits	(7,812)	(5,458)	(48,861)
Net liability and asset recorded in the consolidated balance sheet	¥ 45,973	¥ 52,051	$ 287,546

Note: Including plans applying the simplified method.

(5) Retirement benefit expenses and the amounts of their components

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Service cost	¥ 3,959	¥ 4,351	$ 24,762
Interest cost	1,365	938	8,537
Expected return on plan assets	(133)	(121)	(831)
Amortization of actuarial differences	(856)	(413)	(5,354)
Retirement benefit expenses calculated by the simplified method	243	268	1,519
Other	2	35	12
Retirement benefit expenses for defined benefit plans	¥ 4,580	¥ 5,058	$ 28,646

(6) Defined retirement benefit plans (other comprehensive income (loss))

The components of defined retirement benefit plans recorded in other comprehensive income (loss) (before income taxes and tax effects) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Actuarial differences	¥ 3,259	¥ 3,249	$ 20,384

(7) Defined retirement benefit plans (accumulated other comprehensive income (loss))

The components of defined retirement benefit plans recorded in accumulated other comprehensive income (loss) (before income taxes and tax effects) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Unrecognized actuarial differences	¥ 12,983	¥ 9,724	$ 81,204

(8) Matters concerning plan assets

1) Major components of plan assets

The ratios of each major category to total plan assets are as follows:

	As of March 31, 2026	As of March 31, 2025
	%	%
Equity securities	60	59
Debt securities	17	17
Cash and deposits	12	12
General accounts with life insurance company	7	8
Other	4	4
Total	100	100

2) Method of setting the expected long-term rate of return

To determine the expected long-term rate of return on plan assets, the current and expected allocation of plan assets and the current and expected long-term rate of return from the various assets comprising the plan assets are taken into account.

(9) Matters concerning the basis of actuarial calculation

Basis of calculation for major actuarial calculation

	Year Ended March 31, 2026	Year Ended March 31, 2025
Discount rate	1.9 -2.3%	1.2 -1.6%
Expected long-term rate of return	1.0%	1.0%

3. Defined contribution plan

The amount of contributions to the defined contribution plans of the Company and its consolidated subsidiaries is ¥4,297 million ($26,876 thousand) for the year ended March 31, 2026, and ¥4,201 million for the year ended March 31, 2025.

(Tax Effect Accounting)

1. Major components of deferred tax assets and liabilities

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Deferred tax assets			
Accounts payable-trade, accrued expense, and other	¥ 27,945	¥ 22,606	$ 174,787
Valuation loss on property and equipment	23,741	23,811	148,492
Liability for retirement benefits	15,411	17,167	96,391
Tax loss carryforwards	12,451	8,484	77,877
Other	60,041	55,254	375,537
Subtotal	139,591	127,324	873,098
Valuation allowance	(49,232)	(44,938)	(307,930)
Total	¥ 90,358	¥ 82,386	$ 565,161
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	¥ (70,573)	¥ (52,344)	$ (441,412)
Other	(26,351)	(21,880)	(164,817)
Total	¥ (96,924)	¥ (74,224)	$ (606,229)
Net deferred tax assets (liabilities)	¥ (6,565)	¥ 8,162	$ (41,062)

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the consolidated statement of income

	Year Ended March 31, 2026	Year Ended March 31, 2025
Normal effective statutory tax rate	No disclosure is provided, as the difference between the normal effective statutory tax rate and the actual effective tax rate is 5% or less of the normal effective statutory tax rate.	30.5%
(Adjustments)		
Expenses not deductible for income tax purposes		2.0
Income not taxable for income tax purpose		(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%

3. Accounting treatment of corporate and local corporate income taxes or relevant tax effect accounting

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.

(Investment Properties)

The Companies own certain rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia and others) for the purpose of generating rental income.

The net of rental income and expenses for these investment properties was ¥14,701 million ($91,950 thousand) (the main rental income is recorded in revenues of real estate and other and the main rental expenses are recorded in the cost of revenues of real estate and other), gain on sales of noncurrent assets of ¥418 million ($2,614 thousand), loss on sales of noncurrent assets of ¥80 million ($500 thousand), loss on disposal of noncurrent assets of ¥121 million ($756 thousand), and loss of impairment of long-lived assets of ¥7 million ($43 thousand) (each recorded as other income (expenses)) for the year ended March 31, 2026.

The net of rental income and expenses for these investment properties was ¥15,040 million (the main rental income is recorded in revenues of real estate and other, and the main rental expenses are recorded in the cost of revenues of real estate and other), gain on sales of noncurrent assets of ¥794 million, loss on sales of noncurrent assets of ¥0 million, loss on disposal of noncurrent assets of ¥604 million and loss of impairment of long-lived assets of ¥97 million (each recorded as other income (expenses)) for the year ended March 31, 2025.

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

		Millions of Yen		Thousands of U.S. Dollars
		Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Carrying amount				
	Beginning balance	¥ 343,766	¥ 302,886	$ 2,150,150
	Changes during the period	25,585	40,880	160,026
	Ending balance	369,352	343,766	2,310,182
Year-end fair value		¥ 656,126	¥ 623,644	$ 4,103,865

Notes: 1. Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
2. Increase during the year ended March 31, 2026, primarily consisted of construction of buildings and other of ¥ 24,948 million ($156,042 thousand). Increase during the year ended March 31, 2025, primarily consisted of construction of buildings and other of ¥25,973 million.
3. The year-end fair value depends on the following:
(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 local appraisers.

(Revenue Recognition)

1. Disaggregation of revenues from contracts with customers

Year Ended March 31, 2026

(Millions of Yen)

	Reportable Segments					Total
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	
Construction projects	¥ 430,767	¥ 1,180,918	¥ —	¥ 133,664	¥ 933,004	¥ 2,678,355
Real estate and other	—	—	70,734	124,047	134,247	329,028
Revenues from contracts with customers	430,767	1,180,918	70,734	257,711	1,067,252	3,007,384
Other revenues (Note)	—	—	21,942	13,405	24,543	59,891
Revenues from external customers	¥ 430,767	¥ 1,180,918	¥ 92,676	¥ 271,117	¥ 1,091,795	¥ 3,067,275

	By region						Total
	Japan	North America	Europe	Asia	Oceania	Other Areas	
Construction projects	¥ 1,742,393	¥ 505,157	¥ 71,088	¥ 171,362	¥ 184,221	¥ 4,131	¥ 2,678,355
Real estate and other	194,451	102,889	7,309	23,951	401	25	329,028
Revenues from contracts with customers	1,936,844	608,047	78,397	195,314	184,622	4,157	3,007,384
Other revenues (Note)	35,348	7,511	4,859	12,173	—	—	59,891
Revenues from external customers	¥ 1,972,192	¥ 615,558	¥ 83,256	¥ 207,487	¥ 184,622	¥ 4,157	¥ 3,067,275

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

Year Ended March 31, 2025

(Millions of Yen)

	Reportable Segments					Total
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	
Construction projects	¥ 404,143	¥ 1,052,902	¥ —	¥ 126,560	¥ 927,056	¥ 2,510,663
Real estate and other	—	—	77,379	103,408	166,519	347,307
Revenues from contracts with customers	404,143	1,052,902	77,379	229,969	1,093,575	2,857,970
Other revenues (Note)	—	—	20,574	12,494	20,777	53,845
Revenues from external customers	¥ 404,143	¥ 1,052,902	¥ 97,953	¥ 242,463	¥ 1,114,353	¥ 2,911,816

	By region						Total
	Japan	North America	Europe	Asia	Oceania	Other Areas	
Construction projects	¥ 1,581,357	¥ 556,247	¥ 55,939	¥ 168,456	¥ 144,763	¥ 3,899	¥ 2,510,663
Real estate and other	180,705	125,851	6,593	33,848	284	23	347,307
Revenues from contracts with customers	1,762,063	682,098	62,533	202,304	145,047	3,922	2,857,970
Other revenues (Note)	32,946	4,732	4,138	12,028	—	—	53,845
Revenues from external customers	¥ 1,795,010	¥ 686,831	¥ 66,671	¥ 214,332	¥ 145,047	¥ 3,922	¥ 2,911,816

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

Year Ended March 31, 2026

(Thousands of U.S. Dollars)

	Reportable Segments					Total
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	
Construction projects	$ 2,694,314	$ 7,386,277	$ —	$ 836,027	$ 5,835,651	$ 16,752,282
Real estate and other	—	—	442,419	775,875	839,673	2,057,968
Revenues from contracts with customers	2,694,314	7,386,277	442,419	1,611,902	6,675,331	18,810,257
Other revenues (Note)	—	—	137,240	83,844	153,508	374,599
Revenues from external customers	$ 2,694,314	$ 7,386,277	$ 579,659	$ 1,695,753	$ 6,828,840	$ 19,184,857

	By region						Total
	Japan	North America	Europe	Asia	Oceania	Other Areas	
Construction projects	$ 10,898,129	$ 3,159,600	$ 444,633	$ 1,071,816	$ 1,152,245	$ 25,838	$ 16,752,282
Real estate and other	1,216,230	643,538	45,715	149,806	2,508	156	2,057,968
Revenues from contracts with customers	12,114,360	3,803,146	490,349	1,221,628	1,154,753	26,000	18,810,257
Other revenues (Note)	221,090	46,978	30,391	76,138	—	—	374,599
Revenues from external customers	$ 12,335,451	$ 3,850,125	$ 520,740	$ 1,297,767	$ 1,154,753	$ 26,000	$ 19,184,857

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

2. 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 of the promised considerations with customers differ by each contract, there is no material relationship between the timing of satisfaction for the performance obligations and the timing of payment. Furthermore, contracts are determined to contain a significant financing component when it is expected that the period between the time the performance obligation is satisfied and the time the customer makes payment will exceed one year, and when the effects of financing included in the promised consideration with the customer are material.

(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, when a contract contains a significant financing component, such a component is adjusted by excluding the effects of financing from the promised consideration with the customer, using a discount rate that would be applied in a separate financing transaction between the entity and the customer at the contract inception date.

(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 fiscal 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.

3. Information on the relationship between the fulfillment of obligations under contracts with customers and cash flows arising from such contracts, as well as the amounts and timing of revenues expected to be recognized in and after the following consolidated fiscal year from contracts with customers that exist at the end of the current consolidated fiscal year

(1) Balance and other information on contract assets and liabilities

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Receivables arising from contracts with customers, Beginning balance	¥ 493,874	¥ 456,879	$ 3,089,029
Receivables arising from contracts with customers, Ending balance	606,337	493,874	3,792,450
Contract assets, Beginning balance	558,893	478,994	3,495,703
Contract assets, Ending balance	502,345	558,893	3,142,012
Contract liabilities, Beginning balance	309,557	230,558	1,936,183
Contract liabilities, Ending balance	273,419	309,557	1,710,151

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, 2026 and 2025 which were included in the balance of contract liabilities at the beginning of the years, were ¥284,201 million ($1,777,589 thousand) and ¥201,249 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.

(2) Transaction price allocated to the remaining performance obligations

The aggregate transaction price allocated to the remaining performance obligations in the construction business of the Companies and the periods over which revenues are expected to be recognized are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Within 1 year	¥ 2,121,393	¥ 2,213,147	$ 13,268,657
After 1 to 3 years	2,001,312	1,398,665	12,517,588
After 3 years	343,946	269,161	2,151,275
Total	¥ 4,466,652	¥ 3,880,975	$ 27,937,528

(Segment Information and other)

[Segment Information]

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and which are regularly reviewed by the Company's Board of Directors to allocate resources and assess the performance of each 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 conducted by domestic subsidiaries and affiliates
Overseas Subsidiaries and Affiliates:	Construction and real estate development businesses and other overseas operations, including those in North America, Europe, Asia, and Oceania and other areas conducted by overseas subsidiaries and affiliates

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

The accounting policies of each reportable segment are consistent with those disclosed in "Basis of Presentation of Consolidated Financial Statements." 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, 2026

(Millions of Yen)

	Reportable Segments						Reconciliations (Note 1)	Consolidated (Note 2)
	Civil Engineering	Building Construction	Real Estate Development and other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total		
Revenues:								
(1) Revenues from external customers	¥ 430,767	¥ 1,180,918	¥ 92,676	¥ 271,117	¥ 1,091,795	¥ 3,067,275	¥ —	¥ 3,067,275
(2) Intersegment revenues or transfers	—	1,982	3,739	143,549	169	149,440	(149,440)	—
Total	¥ 430,767	¥ 1,182,901	¥ 96,416	¥ 414,667	¥ 1,091,964	¥ 3,216,716	¥ (149,440)	¥ 3,067,275
Segment profit	¥ 76,742	¥ 83,292	¥ 17,607	¥ 35,774	¥ 26,655	¥ 240,071	¥ 708	¥ 240,780
Other:								
Depreciation (Note 3)	¥ 2,139	¥ 5,875	¥ 4,227	¥ 8,719	¥ 12,614	¥ 33,576	¥ (103)	¥ 33,472
Amortization of goodwill	—	—	—	—	980	980	—	980

Notes:

1. The reconciliation adjustments to segment profit, which amounted to a profit of ¥708 million, primarily consist of eliminations of intersegment transactions.
2. Consolidated segment profit is equal to operating income in the consolidated statement of income.
3. Depreciation includes amortization of long-term prepaid expenses and other related items.
4. Assets are not presented, as they are not allocated to business segments.

Year Ended March 31, 2025

(Millions of Yen)

	Reportable Segments						Reconciliations (Note 1)	Consolidated (Note 2)
	Civil Engineering	Building Construction	Real Estate Development and other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total		
Revenues:								
(1) Revenues from external customers	¥ 404,143	¥ 1,052,902	¥ 97,953	¥ 242,463	¥ 1,114,353	¥ 2,911,816	¥ —	¥ 2,911,816
(2) Intersegment revenues or transfers	—	571	4,445	112,140	148	117,306	(117,306)	—
Total	¥ 404,143	¥ 1,053,474	¥ 102,398	¥ 354,604	¥ 1,114,501	¥ 3,029,122	¥ (117,306)	¥ 2,911,816
Segment profit	¥ 35,703	¥ 51,225	¥ 27,838	¥ 16,403	¥ 20,070	¥ 151,241	¥ 641	¥ 151,882
Other:								
Depreciation (Note 3)	¥ 2,004	¥ 5,226	¥ 3,581	¥ 7,808	¥ 12,326	¥ 30,947	¥ (96)	¥ 30,851
Amortization of goodwill	—	—	—	—	845	845	—	845

Notes:

1. The reconciliation adjustments to segment profit, which amounted to a profit of ¥641 million, primarily consist of eliminations of intersegment transactions.
2. Consolidated segment profit is equal to operating income in the consolidated statement of income.
3. Depreciation includes amortization of long-term prepaid expenses and other related items.
4. Assets are not presented, as they are not allocated to business segments.

Year Ended March 31, 2026

(Thousands of U.S. Dollars)

	Reportable Segments						Reconciliations (Note 1)	Consolidated (Note 2)
	Civil Engineering	Building Construction	Real Estate Development and other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total		
Revenues:								
(1) Revenues from external customers	$ 2,694,314	$ 7,386,277	$ 579,659	$ 1,695,753	$ 6,828,840	$ 19,184,857	$ —	$ 19,184,857
(2) Intersegment revenues or transfers	—	12,396	23,386	897,854	1,057	934,701	(934,701)	—
Total	$ 2,694,314	$ 7,398,680	$ 603,052	$ 2,593,613	$ 6,829,897	$ 20,119,564	$ (934,701)	$ 19,184,857
Segment profit	$ 479,997	$ 520,965	$ 110,126	$ 223,755	$ 166,718	$ 1,501,569	$ 4,428	$ 1,506,004
Other:								
Depreciation (Note 3)	$ 13,378	$ 36,746	$ 26,438	$ 54,534	$ 78,896	$ 210,007	$ (644)	$ 209,357
Amortization of goodwill	—	—	—	—	6,129	6,129	—	6,129

Notes:

1. The reconciliation adjustments to segment profit, which amounted to a profit of $4,428 thousand, primarily consist of eliminations of intersegment transactions.
2. Consolidated segment profit is equal to operating income in the consolidated statement of income.
3. Depreciation includes amortization of long-term prepaid expenses and other related items.
4. Assets are not presented, as they are not allocated to business segments.

[Related Information]

Year Ended March 31, 2026

1. Information about products and services

(Millions of Yen)

	Construction	Real Estate	Other	Total
Revenues from external customers	¥ 2,678,680	¥ 245,116	¥ 143,479	¥ 3,067,275

(Thousands of U.S. Dollars)

	Construction	Real Estate	Other	Total
Revenues from external customers	$ 16,754,315	$ 1,533,124	$ 897,416	$ 19,184,857

2. Information about geographical areas

1) Revenues

(Millions of Yen)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,972,192	¥ 615,558	¥ 83,256	¥ 207,487	¥ 184,622	¥ 4,157	¥ 3,067,275

(Thousands of U.S. Dollars)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 12,335,451	$ 3,850,125	$ 520,740	$ 1,297,767	$ 1,154,753	$ 26,000	$ 19,184,857

Notes:

1. Revenues are classified by country or region based on the location of customers.
2. Revenues in the U.S.A. account for ¥615,467 million ($3,849,555 thousand) within total revenues in North America.

2) Property and equipment

(Millions of Yen)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 480,033	¥ 22,855	¥ 51,579	¥ 61,128	¥ 1,709	¥ 5	¥ 617,311

(Thousands of U.S. Dollars)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 3,002,458	$ 142,950	$ 322,610	$ 382,336	$ 10,689	$ 31	$ 3,861,089

3. Information about major customers

No external customer accounted for 10% or more of revenues in the consolidated statement of income.

Year Ended March 31, 2025

1. Information about products and services

(Millions of Yen)

	Construction	Real Estate	Other	Total
Revenues from external customers	¥ 2,511,002	¥ 262,290	¥ 138,523	¥ 2,911,816

2. Information about geographical areas

1) Revenues

(Millions of Yen)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,795,010	¥ 686,831	¥ 66,671	¥ 214,332	¥ 145,047	¥ 3,922	¥ 2,911,816

Notes:

1. Revenues are classified by country or region based on the location of customers.
2. Revenues in North America solely consisted of revenues in the U.S.A.

2) Property and equipment

(Millions of Yen)

Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 456,689	¥ 22,949	¥ 41,462	¥ 65,906	¥ 1,579	¥ 13	¥ 588,601

3. Information about major customers

No external customer accounted for 10% or more of revenues in the consolidated statement of income.

[Information about impairment losses of assets]

Year Ended March 31, 2026

Impairment loss ¥655 million ($4,096 thousand)

Notes:

1. The components are operating assets of ¥648 million ($4,053 thousand) and idle asset of ¥7 million ($43 thousand).
2. Impairment losses are not allocated to business segments.

Year Ended March 31, 2025

Impairment loss ¥621 million

Notes:

1. The components are operating assets of ¥88 million, idle assets of ¥362 million, and intangible asset of ¥170 million.
2. Impairment losses are not allocated to business segments.

[Information about goodwill]

Year Ended March 31, 2026

Amortization	¥980 million	($6,129 thousand)
Ending balance	¥1,898 million	($11,871 thousand)

Note: Goodwill is not allocated to business segments.

Year Ended March 31, 2025

Amortization	¥845 million
Ending balance	¥2,567 million

Note: Goodwill is not allocated to business segments.

[Information about negative goodwill]

Year Ended March 31, 2026

Not applicable.

Year Ended March 31, 2025

Not applicable.

[Related Party Information]

Year Ended March 31, 2026

Not applicable.

Year Ended March 31, 2025

Not applicable.

(Disclosed Special Purpose Companies)

1. Overview of disclosed special purpose companies and transactions using disclosed special purpose companies

The Group securitizes real estate to diversify its funding sources. In such securitizations, the Group transfers real estate (including beneficial interests in trust) to a special purpose company (in the form of a special limited liability company) and receives funds raised by the special purpose company through borrowings and other means backed by the real estate as the proceeds of the sale.

In addition, some of the real estate transferred to the special purpose companies is leased to the Group. Furthermore, the Group has entered into a silent partnership agreement with the special purpose companies and holds contributions based on such agreement. The Group plans to recover the contributed amounts.

The special purpose companies with outstanding contribution balances related to real estate securitization were as follows. The Group does not have any voting interests in such special purpose company, nor does it dispatch any officers.

	As of March 31, 2026	As of March 31, 2025
Number of special purpose companies	1	1

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total assets as of the latest fiscal year end	¥ 26,334	¥ 26,847	$ 164,711
Total liabilities as of the latest fiscal year end	26,329	26,842	164,679

2. Transaction amount and other with special purpose companies

Year Ended March 31, 2026

	Amount of major transactions		Major gains and losses		
	(Millions of Yen)	(Thousands of U.S. Dollars)	Item	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)
Silent partnership contributions (Note 1)	¥ —	$ —	Distribution of profits	¥ 969	$ 6,060
Lease transactions	—	—	Lease payments (Note 2)	2,273	14,216

Year Ended March 31, 2025

	Amount of major transactions (Millions of Yen)	Major gains and losses	
		Item	Amount (Millions of Yen)
Silent partnership contributions (Note 1)	¥ —	Distribution of profits	¥ 718
Lease transactions	—	Lease payments (Note 2)	2,251

Notes: 1. Outstanding silent partnership contributions were ¥847 million ($5,297 thousand) as of March 31, 2026, and ¥847 million as of March 31, 2025. In addition, distribution income related to the silent partnership contributions are recognized in other income (expenses).

2. Lease contracts for the real estate are entered into with the real estate trust trustee, and lease payments represent the amounts paid to the real estate trust trustee under such lease contract.

(Per Share Information)

	Yen		U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Net assets per share	¥ 3,036.89	¥ 2,672.64	$ 18.99
Net income per share	379.81	266.49	2.38

Notes: 1. Diluted net income per share is not presented as there are no potential shares.

2. The basis for calculating net assets per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Total equity	¥ 1,436,220	¥ 1,277,988	$ 8,983,112
Amount deducted from total equity	21,204	19,861	132,624
[Noncontrolling interests]	[21,204]	[19,861]	[132,624]
Equity related to common stocks	1,415,015	1,258,127	8,850,481
Number of shares of common stock (thousands) at the end of the fiscal year used in the calculation of net assets per share	465,943	470,742	—

* The shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees are included in treasury stock to be deducted from the total number of shares outstanding at the end of the fiscal year in calculating net assets per share. The number of shares of such treasury stock at the end of the fiscal year was 917 thousand shares as of March 31, 2026, and 1,597 thousand shares as of March 31, 2025.

3. The basis for calculating net income per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Year Ended March 31, 2026	Year Ended March 31, 2025	Year Ended March 31, 2026
Net income attributable to owners of the parent	¥ 177,334	¥ 125,817	$ 1,109,169
Amount not attributable to common shareholders	—	—	—
Net income attributable to owners of the parent related to common stocks	177,334	125,817	1,109,169
Weighted-average number of shares of common stock (thousands)	466,896	472,120	—

* The shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees are included in treasury stock to be deducted in calculating the average number of shares during the period in calculating net income per share. The average number of shares of such treasury stock during the period was 1,057 thousand shares for the year ended March 31, 2026, and 1,743 thousand shares for the year ended March 31, 2025.

(Subsequent Events)

(Acquisition of own shares)

The Company, at the Board of Directors' Meeting held on May 14, 2026, 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. Reasons for acquiring own shares

To improve capital efficiency and expand shareholder returns

2. Contents of the matters pertaining 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:	¥40,000 million ($250,187 thousand) (upper limit)
(4) Acquisition period:	May 15, 2026 to September 30, 2026
(5) Acquisition method:	Market purchases on the Tokyo Stock Exchange

3. Result of the acquisition based on the above resolution

(1) Type of shares acquired:	Common stock of the Company
(2) Aggregate number of shares acquired:	6,904,400 shares
(3) Aggregate acquisition price of shares:	¥39,999,721,000 ($250,185,895)
(4) Acquisition period:	May 15, 2026 to July 10, 2026 (on a trade basis)
(5) Acquisition method:	Market purchases on the Tokyo Stock Exchange

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Kajima Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2026, 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, 2026, 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 Notes to Consolidated Financial Statements—Basis of Presentation of 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

Member of
Deloitte Touche Tohmatsu Limited

Revenue Recognition from Construction Contracts over Time	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As described in "Notes to Consolidated Financial Statements—Significant Accounting Estimate" to the consolidated financial statements, the Group's construction revenues 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 "Notes to Consolidated Financial Statements—Significant Accounting Estimate" to the consolidated financial statements, the Group recognized construction revenues of ¥2,554,980 million ($15,980,610 thousand) by applying the percentage-of-completion method out of total construction revenues of ¥2,678,680 million ($16,754,315 thousand) for the year ended March 31, 2026. Out of the construction revenue balance under the percentage-of-completion method, ¥1,528,591 million ($9,560,864 thousand) was recorded by Kajima Corporation (the "Company"). When applying the percentage-of-completion method, construction revenues are calculated by multiplying the total estimated construction revenues 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 revenues, 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 revenues 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 revenues, 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 revenues and total construction costs in relation to recognizing revenues 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 revenues 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 revenues and total construction costs by comparing the accounting estimates included in last year's total construction revenues 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.

(1) Total construction revenues 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.

(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.

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 revenues, 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:

Audit procedures for total construction revenues

(1) We inspected evidence such as construction contracts and tested cash receipts for the total construction revenues.

(2) If the total construction revenues 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 the 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, quotations obtained from subcontractors, 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). Based on the above, we determined that the Company's revenue recognition using the percentage-of-completion method was of particular significance for the year ended March 31, 2026, as accounting estimates for total construction revenues, 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.	**Audit procedures for percentage of completion (actual costs incurred)** (5) If there was 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, 2026, which were charged by us and our network firms to the Company and its subsidiaries were ¥954 million and ¥184 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

November 10, 2026