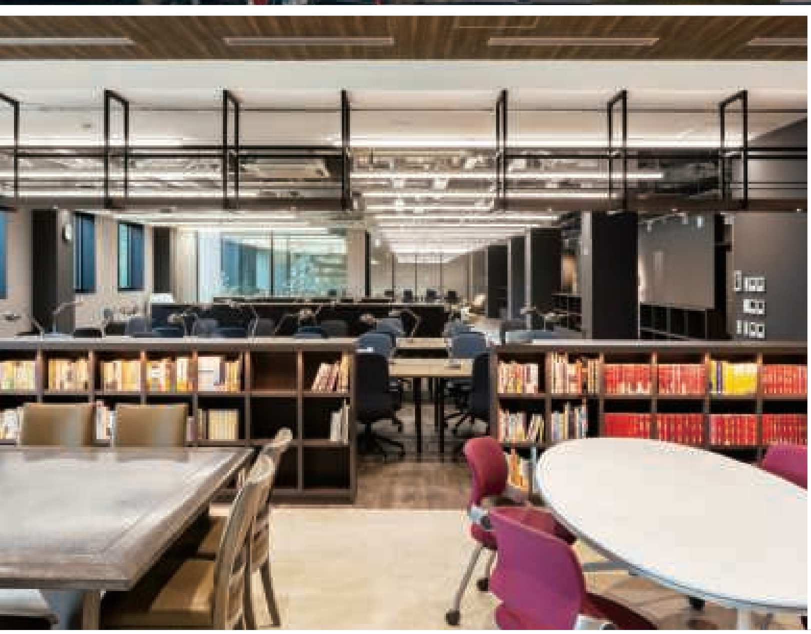
Okumura Corporation

Annual Report 2024



Tsuji Culinary Institute TOKYO

奥村組
OKUMURA CORPORATION

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OKUMURA CORPORATION

Profile

Since Okumura was established in 1907, our mission has been to contribute to society through our business under our corporate mottos, “steadfast management” and “sincere operation.”

We will continue to accumulate a wealth of technical expertise and, as a general contractor company with a harmonious mix of civil engineering and architectural construction, make steady strides forward in our aim to realize comfortable, safe and secure lives for people, and a sustainable society as well.

Contents

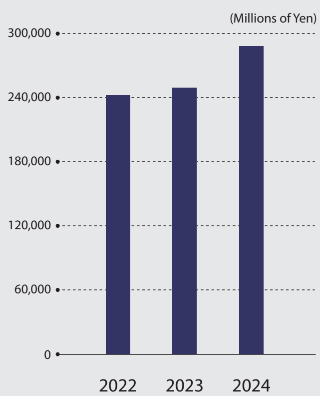
Financial Highlights

For the years ended March 31	2022	2023	**2024**	**2024**
Consolidated:		Millions of Yen		Thousands of U.S. Dollars
Net sales	¥242,459	¥249,443	**¥288,147**	**$1,903,213**
Operating income	12,647	11,847	**13,708**	**90,543**
Net income attributable to owners of the parent	12,542	11,262	**12,493**	**82,517**
Total assets	332,349	343,728	**384,750**	**2,541,284**
Total equity	167,425	173,216	**191,574**	**1,265,348**
Per Share:		Yen		U.S. Dollars
Basic net income	¥334.11	¥306.08	**¥339.30**	**$2.24**
Cash dividends applicable to the year	172.00	223.00	**237.00**	**1.57**

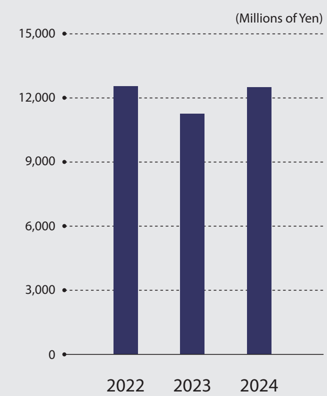
*"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the fiscal period of March 2022. Accordingly, the summaries of business results for the fiscal period of March 2022 and thereafter represent performance results after applying the said accounting standards, etc.

Note: The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2024, of ¥151.40=$1.

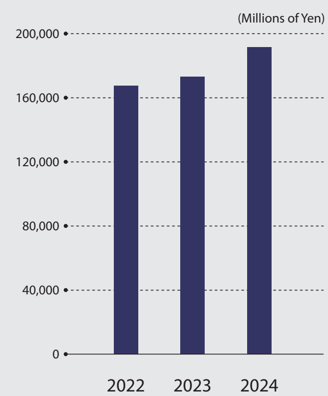
Net Sales



Net income attributable to owners of the parent



Total Equity



Disclaimer Regarding Forecasts and Projections

This Annual Report includes forecasts, projections and other predictive statements that represent Okumura's assumptions and expectations in light of currently available information. These forecasts, etc., are based on industry trends, circumstances involving clients and other factors, and involve risks, variables and uncertainties. The Okumura Group's actual performance results may differ from those projected in this Annual Report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein.

To Our Shareholders

We would like to thank our shareholders for their continuing support and encouragement and wish each one of them the greatest success in their endeavors.

A general overview of our business performance for the fiscal period of March 2024 (April 1, 2023 to March 31, 2024) is provided below.

Results for the Year Ended March 31, 2024

During the period under review, economic activity continued to return to normal, due mainly to the novel coronavirus (COVID-19) reclassified as a Category 5 infectious disease, but the pace of recovery in the Japanese economy was sluggish due to ongoing factors such as the soaring price of goods and the slowdown in overseas economies. In this climate, construction investment was robust. However, the business environment for the construction industry still does not warrant optimism mainly due to materials prices remaining elevated.

In these circumstances, the Company's consolidated net sales increased 15.5% year on year to ¥288,147 million. This led to an increase of 10.0% year on year in consolidated gross profit to ¥35,192 million and an increase of 15.7% year on year in consolidated operating income to ¥13,708 million. Net income attributable to owners of the parent rose 10.9% year on year to ¥12,493 million.

Dividend for the Year Ended March 31, 2024

The Company decided to pay a dividend of ¥237.00 per share (interim dividend of ¥77.00, year-end dividend of ¥160.00) for the period ended March 31, 2024 based on its policy regarding profit sharing.

In order to achieve a balance between proactive investment as we work to achieve our "Vision toward 2030" and steadily share profits with all shareholders, the Group has determined its shareholder return policy as follows.

Shareholder Return Policy

Basic policy

To distribute profits in line with business performance and flexibly implement the purchase of treasury stock, premised on the continuation of stable dividends.

Policy from FY2022 to FY2024

◆ Consolidated payout ratio of 70% or more

(Dividend on equity ratio (DOE) of 2.0% or more, regardless of business performance.
Note: Dividend on equity ratio (DOE) = Total annual dividends (interim + year-end) ÷ equity)

Medium Term Business Plan

Despite some uncertainties such as overseas economies and the continuing surge in prices, the outlook for the Japanese economy is expected to follow a modest recovery trajectory underpinned mainly by domestic demand due partly to improvements in employment and wages. In the construction industry, although construction investment is forecast to remain strong, the business environment remains unpredictable due to factors such as concerns about the impact on the construction industry from regulations applying from April 2024 that cap overtime hours worked.

Under these circumstances, the Okumura Group will aim to continue to grow into the future by responding to the trust placed in us by society through reliable technologies and honest business operations. This includes developing businesses and services that anticipate changing social needs and undertaking initiatives for ESG/SDGs in an integrated manner. We will push ahead with initiatives founded on the basic policies for business strategies upheld in our Medium Term Business Plan (FY2022-FY2024), the second step toward the realization of our "Vision toward 2030."

Specifically, we will pursue the "enhancement of corporate value" by improving our productivity and technological advantage through operational changes, organizational reforms, and the promotion of digital transformation (DX). At the same time, we will continue to work toward the "expansion of business domains," including further expansion of the real estate business, the building of resilient foundations for our overseas business and the promotion of biomass power generation business, which is beyond the realm of a traditional construction company. We will continue with our efforts to "leverage our human resources" by upgrading our internal programs to help all employees achieve a good work-life balance, as well as giving our diverse people the opportunity to flourish.

Additionally, in order to accelerate these initiatives, we opened our new office, "X Innovation Center," which is intended to enable our diverse people to perform at their fullest potential, in Tokyo's Marunouchi area in October 2023. We will work to strengthen open innovation backed by diverse internal and external resources, including using this office as a base for technological development through strengthened collaboration between industry, academia, the government and the private sector as well as the development of new businesses through exchanges with venture companies.

The Company looks forward to the continued support and guidance of our shareholders.

June 2024

T. Okumura

Takanori Okumura
President and Representative Director

Review of Operations

CIVIL ENGINEERING

Major Projects Completed

Sotetsu-Tokyu Link Line, Shin-Yokohama Tunnel

Work period: April 2015 to June 2023
Closed-type shield tunneling method (segment), Construction of new rail tunnel from 4 km 365.00 m to 7 km 669.04 m (length 3,304.04 m), Sotetsu-Tokyu Link Line

Substructure work for No. 7 Bridge, Shin Maruyama Dam National Route 418, Year 2021

Work period: March 2022 to March 2024
Road earthwork: 1 set, abutment work: 1 unit, temporary construction: 1 set, construction length: 240 m

Sakamoto Tunnel, Sakamoto Section (tentative), National Route 168

Work period: October 2020 to August 2023
Construction length: 917 m, NATM tunnel length: 899 m

Horinouchi Daini Bridge and other 4 bridges anti-seismic reinforcement work on the Ise Expressway

Work period: September 2021 to September 2023
Bridges: 5, substructure reinforcement (RC lining, continuous fiber sheets, etc.): 76 units, prevention work for faulting: 20 units

Orders Received

Contract CF680B, Circular Line North Section, Taipei MRT

Work period: April 2023 to July 2029
Shield Tunnel work: length 4,537 m (6 spans), internal diameter: φ5.6 m, Shield Tunneling Machine: 3 unit, soil improvement: 1 set, building protection work: 1 set

R5 Kasumigaura Water Delivery Ishioka Tunnel (fifth work area) Newly Established

Work period: June 2023 to June 2026
New tunnel construction work: construction length 4,458 m, Shield Tunneling Machine manufacturing: 1 set, road earthwork: 1 set, Shield Tunnel work (internal diameter 3.5 m, external diameter 3.9 m), lining: 1 set, temporary construction: 1 set, temporary facility construction: 1 set, soil improvement: 1 set

Hokkaido Shinkansen Kyoritsu Roadbed

Work period: July 2023 to January 2027
Length: 3,921 m, rigid frame bridges: 31 units, RC T-girder bridges: 34 units, RC piers : 6 units, PC-GRS integrated bridge: 1 unit, PC through girder (fixed support structure , girder length 60 m): 1 unit, cast-in-situ RC piles : approx. 450 units, reinforced soil (embankment) : 160,000 m^3, protective base embankment: 100,000 m^3

Anti-seismic Reinforcement Work for Minakami Bridges for Kan-Etsu Expressway

Work period: March 2024 to February 2029
Anti-seismic reinforcement work for Ishikura Bridge, Terama Bridge, Konita Bridge, Minakami Bridge, and Yoshinozawa Bridge between Minakami IC and Yuzawa IC. Bridge pier anti-seismic reinforcement work: 16 units / expansion joint replacement: 4 locations / support replacement work: 60 units / bridge collapse prevention systems: 168 units / parapet improvement work : 2 locations

BUILDINGS

Major Projects Completed

GLP ALFALINK Nagareyama 5 & 6

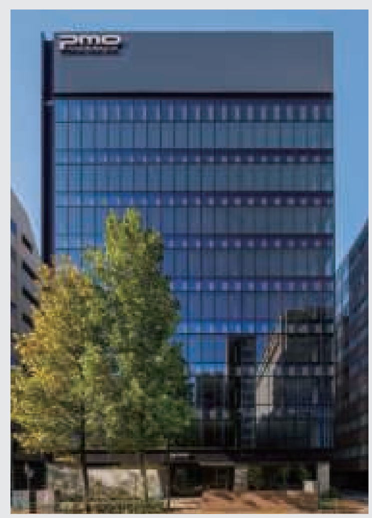
Work period: May 2021 to April 2023
Structure: PCaPC and partial steel
Total floor space: 234,237.69 m²

NITORI Nagoya DC

Work period: March 2022 to March 2024
Structure: Steel
Total floor space: 126,996.1 m²

Kaizuka City Hall

Work period: March 2020 to May 2023
Structure: Steel
Total floor space: 12,351.4 m²



PMO Ginza II

Work period: July 2022 to October 2023
Structure: Steel
Total floor space: 5,519.72 m²

Orders Received

Mitsugaoka Logistics Facility Development Project (provisional name)

Work period: February 2024 to February 2025
Structure: Structural Steel
Total floor space: 21,276.35 m²

DPL Chiba Yotsukaido II New Building Construction

Work period: July 2023 to July 2025
Structure: PCaPC, partial Structural Steel
Total floor space: 306,570.38 m²

Higashi Umeda Building Plan Building Construction

Work period: November 2023 to September 2025
Structure: Structural Steel and CFT (floors 1-3)
Total floor space: 14,614.22 m²

Cultural Hall Maintenance Construction Work

Work period: March 2024 to March 2027
Structure: RC and partial Structural Steel
Total floor space: 18,112.62 m²

Sustainability-related Initiatives

Throughout its history, the Okumura Group has upheld its management philosophy of "Contribute to bettering the world through the expansion of business endeavor, excel as a corporate entity committed to the principles of 'steadfast management' and 'sincere operation,' and continue to play an essential role in society." Based on this management philosophy, we are pushing ahead with our business activities as we strive to achieve our future vision set out in "Vision toward 2030." The vision presented by the Okumura Group brings together our goals for achieving a "sustainable and symbiotic society," which is the aim of the SDGs. We anticipate value creation through our business activities contributing to the SDGs.

We declared our endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) in April 2022. We will aim to realize a sustainable society as we push ahead with the disclosure of climate change-related information based on the four frameworks in the TCFD recommendations: (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics and Targets.

Note: The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) to consider how to engage in the disclosure of climate-related information.

(1) Governance

The Group has established the ESG/SDGs Promotion Committee as an organization to deliberate on issues and other matters related to ESG/SDGs and for the promotion of strategic initiatives.

Among the urgent issues faced by the construction industry are improvement in long working hours and realizing a five-day work week. We have also established the Workstyle Reform Promotion Committee as an expert committee to promote workstyle reforms across the company as well as swiftly as possible.

Both committees are chaired by the President and Representative Director and composed of the heads of each Head Office section and the presidents of the East Japan and West Japan Branch Offices. The results of its deliberations are submitted or reported to the Board of Directors as necessary, and a framework is in place for appropriate monitoring by the Board of Directors.

(2) Strategy

Policies related to climate change, etc.

Under the Okumura Group's basic philosophy of "creating and sustaining an environment that is friendly to both people and the planet," we strive to prevent environmental pollution, reduce environmental burden, and protect the environment. We are working toward the "realization of a sustainable society" in addressing sustainability issues, including climate change, based on a recognition of these as key management issues.

We analyze the impact that risks and opportunities will have on the organization, including those related to climate, through an examination (scenario analysis) based on the "2°C or lower scenario" and the "4° scenario." Please refer to ★ in Table 1 for issues related to climate change.

- 2°C or lower scenario: A scenario that assumes that the rise in average global temperatures will be kept well within 2°C above pre-industrial levels and continuing efforts will be made to keep the rise in temperatures within 1.5°C.
- 4°C scenario: A scenario that assumes that the rise in average global temperatures will be approximately 4°C above pre-industrial levels.

Based on the results of these analyses as well as issues and other matters, we have set non-financial targets in our Medium Term Business Plan (FY2022-FY2024) for the "stable supply of renewable energy-derived electric power," "promotion of measures for CO_2 emissions reductions at the construction stage," and "promotion of measures for CO_2 emissions reductions at the design stage." We have also established "greenhouse gas (GHG) emission reduction targets" as a metric and target for use in assessing and managing climate-related risks and opportunities. Based on these targets, we are advancing initiatives to achieve a decarbonized society, including contributions to CO_2 emissions reductions and mitigation of CO_2 emissions.

Policy related to human capital, etc.

The Okumura Group has set "leverage our human resources" as a basic policy of its business strategy in the Medium Term Business Plan (FY2022 to FY2024). In order to promote the creation of workplaces enabling all employees to prosper, we have formulated the "Human Resources Policy" and "Work Environment Improvement Policy," and our initiatives are based on these policies.

Human Resources Policy

The Okumura Group believes that the development of human resources able to embody our management philosophy is essential for continued sustained growth, and we will therefore focus on developing human resources that steadfastly and sincerely value trust, are able to act on their own initiative and are full of a drive for growth.

Specifically, we will systematically and proactively provide training by rank in response to job performance abilities and training by occupation with the aim of learning specialist knowledge. At the same time, we also seek to enhance human resource readiness through appropriate compensation reflecting evaluations of performance records and demonstrated capabilities as well as feedback of the evaluation results.

Additionally, in order to promote digital transformation (DX) and achieve further productivity gains, we will focus on securing and developing experts, while also engaging in education to lift IT literacy companywide.

Beyond this, we have been working to lift employee engagement and morale in order to improve earnings over the medium and long term as well as bolster corporation value, including the introduction in April 2023 of the "Stock Benefit Trust for Employees."

Work Environment Improvement Policy

In our "Vision toward 2030," the Okumura Group set out its plans to be "a company that its employees are proud of and that leverages and values its people," spurred by our vision of being a company that continues to grow while sharing our wealth with all people involved with us.

In order to achieve this, we will work to create a workplace where

Table 1: ESG/SDGs-related material issues (materiality)

ESG	SDGs		ESG/SDGs-related risks and opportunities	Impact if the risk or opportunity materializes*1	Significance under the 2°C or lower scenario*2	Significance under the 4°C scenario*2	Type of risk or opportunity	Timing	The Okumura Group's ESG/SDGs-related challenges*3
E	11 Sustainable cities and communities; 9 Industry, innovation and infrastructure; 13 Climate action	Risks	**Increasingly frequent and devastating large-scale disasters due to abnormal weather associated with climate change as well as earthquakes and typhoons**	**Deterioration of the foundation for livelihood and industry due to the failure of infrastructure, as well as damages to assets held**	**4**	**5**	**Physical risk (acute)/Transition risk (regulatory, market)**	**Short, medium, and long term**	**Contribution to resilient infrastructure development ★**
E	15 Life on land; 13 Climate action; 14 Life below water; 6 Clean water and sanitation; 12 Responsible consumption and production	Risks	**Destruction of the natural environment due to rising temperatures associated with climate change and development without regard for the environment**	**Destruction of ecosystems and the pollution of water sources; decline in orders received due to the deterioration of corporate valuations**	**4**	**5**	**Physical risk(acute, chronic)/Transition risk (regulatory, reputation)**	**Short, medium, and long term**	**Promotion of environmentally friendly businesses ★**
E	12 Responsible consumption and production; 13 Climate action	Risks	Skyrocketing materials and outsourcing costs due to the introduction of carbon taxes (carbon pricing) associated with climate change	Decline in profitability due to the increase in construction costs	4	3	Transition risk (regulatory, market)	Short, medium, and long term	Promotion of decarbonization ★
E	12 Responsible consumption and production; 14 Life below water; 15 Life on land	Risks	Waste of the natural resources contained in construction materials	Decline in sustainability due to the depletion of natural resources	3	3	Transition risk (market)	Medium and long term	Effective use of resources through recycling
S	8 Decent work and economic growth	Risks	Dangerous working environments	Decline in worker motivation	3	3	Physical risk (acute)/ Transition risk (market)	Short and medium term	Safe and secure working environments
S	11 Sustainable cities and communities	Risks	Increase in vacant houses and shops, as well as derelict buildings	Deterioration in the public security and hygienic environment, disasters due to building collapse, and a decrease in real estate rental income	3	3	Physical risk (chronic)/Transition risk (market)	Medium and long term	Effective use of real estate stock
S	5 Gender equality; 8 Decent work and economic growth; 4 Quality education; 10 Reduced inequalities	Risks	Lack of diversity in working environments	Outflow of female employees and other diverse talent, and the loss of employment opportunities	3	3	Physical risk (acute)/ Transition risk (market)	Short and medium term	Promotion of diversity-focused management
E·S	9 Industry, innovation and infrastructure; 8 Decent work and economic growth; 13 Climate action	Risks	Deterioration in working environments due to rising temperatures associated with climate change	Increase in the risk of heatstroke and rise in construction costs due to lower labor productivity	3	4	Physical risk (chronic)/ Transition risk (market)	Short, medium, and long term	Promotion of mechanization, labor saving and greater efficiency ★
E	13 Climate action; 11 Sustainable cities and communities	Opportunities	Increase in demand for more energy-saving buildings as climate change countermeasures	Progressive shift to energy-saving buildings	4	3	Products and services, market	Short, medium, and long term	Energy-saving design of buildings ★
E	7 Affordable and clean energy; 13 Climate action	Opportunities	Rise in demand for clean energy as a climate change countermeasure	Spread of power generation methods with low CO_2 emissions	4	3	Products and services, energy sources, market	Short, medium, and long term	Promotion of renewable energy businesses ★
S	8 Decent work and economic growth; 9 Industry, innovation and infrastructure	Opportunities	Advance of ICT and its application to construction techniques	Better construction techniques through ICT	3	3	Products and services, market	Short, medium, and long term	Enhancement of technical capabilities and productivity through ICT
S	8 Decent work and economic growth; 3 Good health and well-being	Opportunities	**Reduction in overtime work through more efficient operations**	**Increase in the attraction of the construction industry and the promotion of employee health**	**4**	**4**	**Products and services**	**Short and medium term**	**Promotion of workstyle reforms**
S	8 Decent work and economic growth	Opportunities	Progressively more diverse workstyles and greater employment mobility	Realization of diverse workstyles	3	3	Products and services	Short and medium term	Promotion of decent work
S·G	9 Industry, innovation and infrastructure; 11 Sustainable cities and communities	Opportunities	Rise in demand for high-quality infrastructure	Construction of long-lived infrastructure	3	3	Products and services, resilience	Medium and long term	Assurance and enhancement of construction quality
S·G	17 Partnerships for the goals	Opportunities	Promotion of collaboration with local communities and companies	Demonstration of synergies through partnerships with local communities and companies	3	3	Products and services, market	Short, medium, and long term	Collaboration with local communities and companies

*1 **Negative impact** is described for risks and **positive impact** is described for opportunities.
*2 Significance is evaluated using the two axes of probability and impact. Each is given a score from 1 to 5, with 5 indicating the highest degree of significance (5: Extremely high; 4: High; 3: Medium; 2: Low; 1: Extremely low).
*3 The ESG/SDGs-related material issues (materiality) for the Okumura Group are indicated in **green** type. The ★ and ★ marks indicate climate change-related issues.

all employers can prosper by securing a safe and engaging environment and by fostering a corporate climate that values individuality and creativity to ensure that diverse human resources, including women, can realize each of the greatest potential.

Specifically, we will promote workstyle reforms and make human resources investments to improve employee motivation by establishing workplaces where diverse human resources can prosper.

As part of these efforts, we are steadily working to promote women's participation. In addition to actively recruiting and training female employees, we are establishing workplaces where women can work with a sense of security through enhanced systems to support the balance between childcare and work. Through this, we are steadily promoting women's participation in leadership positions.

We also proactively support the health promotion of our employees. By establishing an environment where employees can demonstrate their individuality and abilities to the maximum extent possible, we strive to achieve the wellbeing of all employees, both mental and physical health.

In October 2023, we opened our new office in Tokyo's Marunouchi area, "Cross Innovation Center," which is designed to harness our diverse human resources to the utmost. The office has obtained the highest S rank in the "CASBEE-Wellness Office" evaluation.

*CASBEE-Wellness Office evaluation is a tool evaluating building specifications, performance and initiatives that support the maintenance and promotion of the health and comfort of building users.

(3) Risk Management

At the Okumura Group, the ESG/SDGs Promotion Committee and the Workstyle Reform Promotion Committee analyzes, identifies, and assesses issues associated with ESG/SDGs and comprehensively manages associated risks, including appropriate reviews of materiality in accordance with changes in the business environment. Additionally, by reflecting measures to solve sustainability-related issues in the Medium Term Business Plan, we have established a framework that integrates our business activities and ESG/SDGs initiatives, thereby improving the effectiveness of measures for solving such issues.

(4) Metrics and Targets

Metrics and Targets Related to Climate Change

At the Okumura Group, we have set metrics and targets for use in the assessment and management of climate change-related risks and opportunities as non-financial targets in our Medium Term Business Plan (FY2022 to FY2024).

Additionally, we have set the following targets for the reduction of greenhouse gas (GHG) emissions as long-term targets. We obtained SBT certification for these targets in January 2023.

*SBT (Science Based Targets): These are greenhouse gas emission reduction targets set by companies to meet the goals of the Paris Agreement (to keep the rise in average global temperatures well within 2°C above pre-industrial levels and continue efforts to keep the rise in temperatures within 1.5°C) with the target years 5-15 years from now.

Metrics*1	GHG Emission Reduction Targets for FY2030 (Total Emissions)*2
Scope 1+2	25% (from FY2020)
Scope 3	13% (from FY2020)

*1 Scope 1: Direct greenhouse gas emissions from sources that are owned or controlled by the company
Scope 2: Indirect greenhouse gas emissions from the use of electricity, heat and vapor supplied by other companies
Scope 3: Other indirect greenhouse gas emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company

*2 (Reference)
Total emissions in FY2020: Scope 1+2 41,466.13t-CO_2, Scope 3 1,180,258.95t-CO_2
Total emissions in FY2023: Scope 1+2 51,801.65t-CO_2, Scope 3 1,291,719.97t-CO_2

Metrics and Targets Related to Human Capital

The Okumura Group has established the following metrics and targets related to our policies for human resources and work environment improvements as set out in (2) Strategy.

Metrics	Results (FY2023)	Targets (FY2024)
Percentage of female recruits	20.5%	20.0%
Percentage of women in managerial positions	4.0%	5.0%
Percentage of male employees taking childcare leave	96.9%	100%
Achievement rate of construction sites closed 8 days per 4 weeks	Civil engineering: 68.9% Buildings: 44.2%	Civil engineering: at least 90.0% Buildings: at least 75.0%
Certified Health & Productivity Management Outstanding Organization (White 500)	Certification	Certification

Major Leaguer Masataka Yoshida is featured in our TV commercials

Starting Sunday, January 28, 2024, we have begun airing two new nationwide TV commercials featuring Major League Baseball player, Mr. Masataka Yoshida, who belongs to Boston Red Sox - "The uniform epitomizing our beliefs" and "The backs carrying our instilled beliefs".

Mr. Yoshida became a professional baseball player through continued hard work, eventually making it to the Major League. We asked him to appear in our commercials because his mindset makes him well-qualified as an ambassador to communicate our corporate image anchored by our corporate creed of "steadfast management" and "sincere operations."

The commercials can be viewed via our website.

"The uniform epitomizing our beliefs"


"The backs carrying our instilled beliefs"

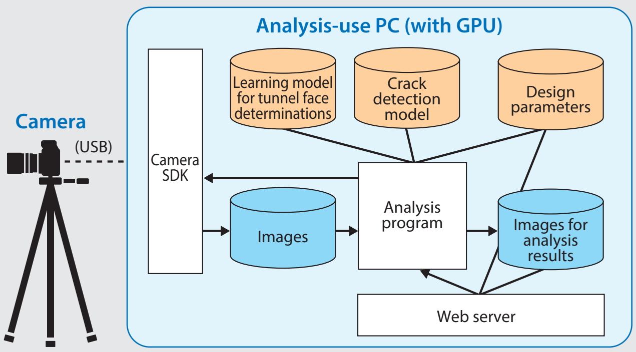
Developed "Rockfall Monitoring System" as Safety Measure for Mountain Tunnel Construction -Detecting signs of rockfalls with AI using tunnel face images-

Okumura and Research Institute of Systems Planning, Inc. have developed a "Rockfall Monitoring System" that detects cracks on the surface of mirror-sprayed concrete*1 on the tunnel face and notifies about signs of rockfalls in order to prevent rockfall*2 accidents at the tunnel face area during mountain tunnel construction.

*1 Concrete sprayed to vertical face at the front of an excavated tunnel
*2 Falling rocks, etc. from the front of an excavated tunnel

The system uses AI to detect cracks occurring in mirror-sprayed concrete using images of the tunnel face taken using cameras during the work at tunnel face area and alerts about signs of rockfalls. Using AI learning models created using images of cracks in sprayed concrete specimens and mirror-sprayed concrete, etc. as training data, cracks can be detected with a high accuracy of at least 86%. As a result, the system is to prove effective in assisting the responsible workers for monitoring the tunnel face will be able to confirm status of cracks in mirror-sprayed concrete without getting too close to the face.

Going forward, we will actively deploy this system in the site and utilize it as one of the effective tools for prevention of rockfall accidents. At the same time, we will work to identify issues with verification and address further improvements toward to the sophistication of the system.



Overview of rockfall monitoring system

Crack detection results using AI learning models

Support for the Shogaisha Jiritsu Suishin Kikou Association


X Innovation Center (Tokyo)

As part of efforts to contribute to achieving the SDGs, we have signed an official partnership agreement with the Shogaisha Jiritsu Suishin Kikou Association to support people with disabilities to live independent lives through the organization's Paralym Art program. Artworks created by artists with disabilities who are registered with Paralym Art are displayed at 30 locations, including Okumura's Head Office and other main offices, as well as on temporary fencing at its working construction sites.

We will continue to contribute to achieving the SDGs through initiatives such as these, in addition to our business activities.

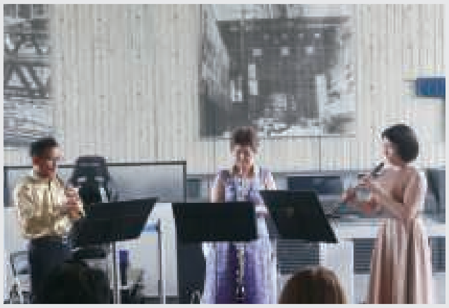

Hospital Construction Site (Hiroshima)

Operation of the Okamura Commemorative Museum

In 2007, we built the "Okumura Commemorative Museum" in Nara, a region deeply connected with Okumura Corporation, to show our gratitude for the opportunity to celebrate our centennial anniversary. The museum is designed in harmony with the atmosphere of this ancient capital. It features relaxation spaces where visitors can rest at ease and display spaces showing Okumura's history and technologies without any admission charge. The museum adopts "Seismic Isolation Technology", one of Okumura's special expertise, and it provides a space where visitors can learn about how actual Seismic Isolation System is installed. It also features an "Earthquake and Seismic Isolation Experience Simulator" that enables visitors to have the feeling of an earthquake and the effect of seismic isolation, as well as comparative seismic isolation models, by which visitors can observe the difference depending on the presence or absence of Seismic Isolation System, and a model of Shield Machine.

The museum also provides a space for performances by amateur musicians, and concerts are held for the enjoyment of visitors.

Please take time to visit when you are next in Nara.


A concert

Consolidated Balance Sheet

Okumura Corporation and Consolidated Subsidiaries
March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2024**	2023	**2024**
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 28,918**	¥ 48,793	**$ 191,002**
Time deposits (Notes 14 and 16)	**1,330**	1,451	**8,788**
Receivables:			
Trade notes (Note 14)	**3,662**	3,007	**24,190**
Trade accounts (Note 14)	**168,656**	126,717	**1,113,975**
Unconsolidated subsidiaries and associated companies (Note 14)	**53**	2,743	**347**
Other	**5,815**	5,936	**38,410**
Allowance for doubtful receivables (Note 14)	**(190)**	(142)	**(1,254)**
Inventories (Note 5)	**8,098**	6,912	**53,489**
Prepaid expenses and other	**4,076**	3,438	**26,919**
Total current assets	**220,418**	198,855	**1,455,866**
Property, plant and equipment (Notes 6 and 7)**:**			
Land (Note 16)	**35,150**	34,668	**232,165**
Buildings and structures (Note 16)	**22,280**	22,840	**147,158**
Machinery and equipment	**16,700**	19,169	**110,304**
Furniture and fixtures	**535**	389	**3,536**
Lease assets (Note 13)	**17**	6	**114**
Construction in progress	**794**	50	**5,245**
Total property, plant and equipment	**75,476**	77,122	**498,522**
Investments and other assets:			
Investment securities (Notes 4, 14 and 16)	**68,484**	54,698	**452,338**
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 14 and 16)	**294**	307	**1,942**
Long-term loans receivable (Note 14)	**13**	12	**86**
Asset for retirement benefits (Note 8)	**5,525**	4,435	**36,494**
Deferred tax assets (Note 10)	**2**	3	**15**
Goodwill	**349**	379	**2,305**
Other assets	**16,120**	9,861	**106,469**
Allowance for doubtful receivables (Note 14)	**(1,931)**	(1,944)	**(12,753)**
Total investments and other assets	**88,856**	67,751	**586,896**
Total	**¥384,750**	¥343,728	**$2,541,284**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
Current liabilities:			
Short-term bank loans including current portion of long-term debt (Notes 7, 13 and 14)	**¥ 16,708**	¥ 10,710	**$ 110,356**
Payables:			
Trade notes (Note 14)	**2,694**	3,003	**17,795**
Trade accounts (Note 14)	**49,380**	47,265	**326,158**
Other	**3,009**	3,313	**19,874**
Advances received on construction projects in progress	**19,161**	12,594	**126,561**
Income taxes payable	**3,386**	3,051	**22,362**
Allowance for warranty work on construction projects	**627**	505	**4,141**
Allowance for losses on construction contracts	**859**	1,566	**5,675**
Deposits received (Note 16)	**19,519**	20,062	**128,926**
Suspense receipt of consumption taxes	**23,960**	17,939	**158,258**
Other	**7,064**	9,040	**46,655**
Total current liabilities	**146,367**	129,048	**966,761**
Long-term liabilities:			
Long-term debt (Notes 7, 13,14 and 15)	**5,124**	3,115	**33,845**
Non-recourse loans (Notes 7, 14, 15 and 16)	**22,334**	26,003	**147,516**
Deferred tax liabilities (Note 10)	**18,740**	11,999	**123,780**
Provision for share awards	**150**	—	**992**
Other	**461**	347	**3,042**
Total long-term liabilities	**46,809**	41,464	**309,175**
Total liabilities	**193,176**	170,512	**1,275,936**
Commitments and contingent liabilities			
Equity (Notes 9, 17 and 19)**:**			
Common stock			
authorized, 96,000,000 shares; issued, 38,665,226 shares	**19,839**	19,839	**131,036**
Capital surplus	**26,467**	26,240	**174,814**
Retained earnings	**107,685**	103,827	**711,261**
Treasury stock—at cost			
1,837,409 shares in 2024* and 1,860,310 shares in 2023	**(5,317)**	(5,185)	**(35,118)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**34,977**	24,802	**231,020**
Deferred gain on hedges	**3,840**	1,830	**25,364**
Defined retirement benefit plans	**1,201**	662	**7,934**
Total	**40,018**	27,294	**264,318**
Noncontrolling interests	**2,882**	1,201	**19,037**
Total equity	**191,574**	173,216	**1,265,348**
Total	**¥384,750**	¥343,728	**$2,541,284**

*The number of shares of treasury stock as of March 31, 2024 includes 275,000 shares of the Company held by the trust account of Employee Share Award Plan.

Consolidated Statement of Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
Net sales	**¥288,147**	¥249,443	**$1,903,213**
Cost of sales	**252,955**	217,442	**1,670,771**
Gross profit	**35,192**	32,001	**232,442**
Selling, general and administrative expenses (Note 12)	**21,484**	20,154	**141,899**
Operating income	**13,708**	11,847	**90,543**
Other income (expenses):			
Interest and dividend income	**1,300**	1,190	**8,588**
Interest expense	**(606)**	(550)	**(4,005)**
Gain on sale of investment securities	**3,206**	3,056	**21,175**
Other—net	**564**	(207)	**3,725**
Other income —net	**4,464**	3,489	**29,483**
Income before income taxes	**18,172**	15,336	**120,026**
Income taxes (Note 10)**:**			
Current	**5,770**	4,693	**38,115**
Deferred	**238**	100	**1,570**
Total income taxes	**6,008**	4,793	**39,685**
Net income	**12,164**	10,543	**80,341**
Net loss attributable to noncontrolling interests	**(329)**	(719)	**(2,176)**
Net income attributable to owners of the parent	**¥ 12,493**	¥ 11,262	**$ 82,517**

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Notes 2.p,18 and 19)**:**			
Basic net income	**¥ 339.30**	¥ 306.08	**$ 2.24**
Cash dividends applicable to the year	**237.00**	223.00	**1.57**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
Net income	**¥12,164**	¥10,543	**$ 80,341**
Other comprehensive income (Note 17)**:**			
Unrealized gain on available-for-sale securities	**10,175**	136	**67,207**
Deferred gain on hedges	**4,020**	1,461	**26,555**
Defined retirement benefit plans	**539**	(803)	**3,559**
Total other comprehensive income	**14,734**	794	**97,321**
Comprehensive income	**¥26,898**	¥11,337	**$177,662**
Total comprehensive income attributable to:			
Owners of the parent	**¥25,217**	¥11,325	**$166,561**
Noncontrolling interests	**1,681**	12	**11,101**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2024

	Thousands	Millions of Yen								
						Accumulated other comprehensive income (loss)				
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Deferred gain on hedges	Defined retirement benefit plans	Noncontrolling interests	Total equity
BALANCE, APRIL 1, 2022	36,773	¥19,839	¥26,240	¥101,711	¥(8,062)	¥24,666	¥1,099	¥1,465	¥467	¥167,425
Net income attributable to owners of the parent	—	—	—	11,262	—	—	—	—	—	11,262
Cash dividends, ¥173 per share	—	—	—	(6,364)	—	—	—	—	—	(6,364)
Purchase of treasury stock	(2)	—	—	—	(5)	—	—	—	—	(5)
Disposal of treasury stock	34	—	6	—	94	—	—	—	—	100
Cancellation of treasury stock*1	—	—	(6)	(2,782)	2,788	—	—	—	—	—
Net change in the year	—	—	—	—	—	136	731	(803)	734	798
BALANCE, MARCH 31, 2023	**36,805**	**19,839**	**26,240**	**103,827**	**(5,185)**	**24,802**	**1,830**	**662**	**1,201**	**173,216**
Net income attributable to owners of the parent	**—**	**—**	**—**	**12,493**	**—**	**—**	**—**	**—**	**—**	**12,493**
Cash dividends, ¥234 per share	**—**	**—**	**—**	**(8,635)**	**—**	**—**	**—**	**—**	**—**	**(8,635)**
Purchase of treasury stock*2	**(278)**	**—**	**—**	**—**	**(971)**	**—**	**—**	**—**	**—**	**(971)**
Disposal of treasury stock*3	**301**	**—**	**227**	**—**	**839**	**—**	**—**	**—**	**—**	**1,066**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**10,175**	**2,010**	**539**	**1,681**	**14,405**
BALANCE, MARCH 31, 2024	**36,828**	**¥19,839**	**¥26,467**	**¥107,685**	**¥(5,317)**	**¥34,977**	**¥3,840**	**¥1,201**	**¥2,882**	**¥191,574**

	Thousands of U.S. Dollars(Note 1)								
					Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Deferred gain on hedges	Defined retirement benefit plans	Noncontrolling interests	Total equity
BALANCE, MARCH 31, 2023	**$131,036**	**$173,318**	**$685,781**	**$(34,250)**	**$163,813**	**$12,086**	**$4,375**	**$7,936**	**$1,144,095**
Net income attributable to owners of the parent	**—**	**—**	**82,517**	**—**	**—**	**—**	**—**	**—**	**82,517**
Cash dividends, $1.55 per share	**—**	**—**	**(57,037)**	**—**	**—**	**—**	**—**	**—**	**(57,037)**
Purchase of treasury stock*2	**—**	**—**	**—**	**(6,415)**	**—**	**—**	**—**	**—**	**(6,415)**
Disposal of treasury stock*3	**—**	**1,496**	**—**	**5,547**	**—**	**—**	**—**	**—**	**7,043**
Net change in the year	**—**	**—**	**—**	**—**	**67,207**	**13,278**	**3,559**	**11,101**	**95,145**
BALANCE, MARCH 31, 2024	**$131,036**	**$174,814**	**$711,261**	**$(35,118)**	**$231,020**	**$25,364**	**$7,934**	**$19,037**	**$1,265,348**

See notes to consolidated financial statements.

*1 The Company cancelled some treasury stock (1 million shares) on April 5, 2022.

*2 Purchase of treasury stock for the year ended March 31, 2024 includes the acquisition of 275,000 shares of the Company by the trust account of Employee Share Award Plan.

*3 Disposal of treasury stock for the year ended March 31, 2024 includes the disposal of 275,000 shares of treasury stock through a third-party allotment associated with the introduction of Employee Share Award Plan.

Consolidated Statement of Cash Flows

Okumura Corporation and Consolidated Subsidiaries
Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
Operating activities:			
Income before income taxes	**¥18,172**	¥15,336	**$120,026**
Adjustments for:			
Income taxes—paid	**(5,399)**	(3,388)	**(35,658)**
Depreciation and amortization	**4,341**	2,302	**28,671**
Amortization of goodwill	**30**	30	**196**
Gain on sale of investment securities	**(3,206)**	(3,024)	**(21,175)**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	**(39,869)**	9,841	**(263,335)**
Increase in accumulated costs of construction projects in progress	**(514)**	(568)	**(3,396)**
Increase in other inventories	**(672)**	(878)	**(4,439)**
Increase in trade notes and accounts payable	**1,921**	3,095	**12,687**
Increase in advances received on construction projects in progress	**6,567**	1,058	**43,375**
Increase in asset for retirement benefits	**(314)**	(515)	**(2,072)**
Decrease in deposits received	**(542)**	(5,549)	**(3,582)**
Other—net	**2,346**	161	**15,497**
Total adjustments	**(35,311)**	2,565	**(233,231)**
Net cash provided by (used in) operating activities	**(17,139)**	17,901	**(113,205)**
Investing activities:			
Net decrease in time deposits	**205**	140	**1,354**
Payments for purchases of securities	**(209)**	(761)	**(1,377)**
Proceeds from sales of securities	**4,210**	5,592	**27,806**
Purchases of property, plant and equipment and intangible assets	**(2,993)**	(4,115)	**(19,769)**
Proceeds from sales of property, plant and equipment and intangible assets	**355**	19	**2,344**
Investment in loans receivable	**(3)**	—	**(21)**
Collection of loans receivable	**13**	13	**87**
Other—net	**(120)**	(115)	**(792)**
Net cash provided by investing activities	**1,458**	773	**9,632**
Financing activities:			
Increase (decrease) in short-term bank loans—net	**9,993**	(833)	**66,006**
Proceeds from long-term debt	**2,000**	2,000	**13,210**
Repayments of long-term debt	**(4,002)**	(2,002)	**(26,433)**
Proceeds from non-recourse loans	**—**	5,947	**—**
Repayments of non-recourse loans	**(3,669)**	(1,007)	**(24,236)**
Purchase of treasury stock	**(14)**	(30)	**(91)**
Disposal of treasury stock	**1**	0	**4**
Dividends paid	**(8,610)**	(6,368)	**(56,872)**
Proceeds from share issuance to noncontrolling shareholders	**—**	722	**—**
Other—net	**(3)**	(1)	**(18)**
Net cash used in financing activities	**(4,304)**	(1,572)	**(28,430)**
Foreign currency translation adjustments on cash and cash equivalents	**110**	69	**727**
Net increase (decrease) in cash and cash equivalents	**(19,875)**	17,171	**(131,276)**
Cash and cash equivalents, beginning of year	**48,793**	31,622	**322,278**
Cash and cash equivalents, end of year	**¥28,918**	¥48,793	**$191,002**

See notes to consolidated financial statements.

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements 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, which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2023 consolidated financial statements to conform to the classifications used in 2024.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Okumura Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151.40 to $1, the approximate rate of exchange at March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation — The consolidated financial statements as of March 31, 2024, include the accounts of the Company and its 4 (4 in 2023) significant subsidiaries (together, the "Group").

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

Investments in 7 (9 in 2023) unconsolidated subsidiaries and 6 (6 in 2023) associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 17 years.

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

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit and commercial paper, all of which mature or become due within 3 months of the date of acquisition.

c. Inventories — Construction projects in progress and work in process are stated at cost, determined by the specific identification method.

Real estate held for sale and development projects in progress are stated at the lower of cost, determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

Raw materials and supplies are stated at the lower of cost, determined by the weighted average method, or net selling value.

d. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

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

(2) available-for-sale securities, which are not classified as held-to-maturity are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities, which do not have a market price, are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial statements available on the reportable date ruled by the partnership contracts.

e. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation, except for lease assets, is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016, and lease assets. The range of useful lives is principally from 3 to 60 years for buildings and structures, from 2 to 17 years for machinery and equipment, and from 2 to 15 years for furniture and fixtures. Lease assets under finance lease arrangements are depreciated using the straight-line method over the terms of the respective leases without any salvage value.

Accumulated depreciation totaled ¥23,418 million ($154,677 thousand) and ¥19,762 million as of March 31, 2024 and 2023, respectively.

f. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance 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.

g. Allowance for Doubtful Receivables — The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of estimated losses in the receivables outstanding.

h. Allowance for Warranty Work on Construction Projects — The allowance for warranty costs for completed work is provided at the amount of warranty costs based on past loss experience.

i. Allowance for Losses on Construction Contracts — An allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably expected and estimated.

j. Provision for Share Awards — Provision for share awards is provided at the estimated amount of share award obligations to provide for granting shares of the Company to employees based on the share award regulations, etc.

k. Employees' Retirement Benefits — The Company and certain consolidated subsidiaries have a contributory funded pension plan covering substantially all of their employees.

The Company and certain consolidated subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over 10 years but no longer than the expected average remaining service period of the employees.

l. Asset Retirement Obligations — 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.

m. Construction Contracts — Regarding the construction business, the primary business of the Group, the Group recognizes revenue when control of promised goods or services is transferred to a customer.

The performance obligations for construction contracts in the construction business are mainly construction and delivery of buildings, etc. When control of goods or services is transferred to a customer over time, the Group recognizes revenue over time as the performance obligation is satisfied by transferring promised goods or services to a customer. The progress toward complete satisfaction of a performance obligation is measured based on the proportion of construction costs incurred by the end of the reporting period to the total expected construction costs.

In some circumstances such as the first stage of a contract, if the Group may not be able to reasonably measure the progress toward complete satisfaction of a performance obligation but expect to recover the costs, the Group applies the cost recovery method.

Regarding construction contracts whose periods are very short from the initial transaction date of the contract to the expected date of completely satisfying performance obligations, the Group does not recognize revenue over time, but recognizes revenue when the performance obligations are satisfied completely (the time of completing and delivering constructions).

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

o. Derivatives and Hedging Activities — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign currency forward contracts are utilized by the Group to reduce foreign currency exchange rate risks on foreign currency denominated trade payables for imported materials. In addition, interest rate swaps are utilized by the Group to reduce interest rate risks on long-term loans. The Group does not enter into derivatives for trading or speculative purposes.

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

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

Diluted net income per share is not presented as there are no dilutive potential shares.

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

q. Accounting Policy Disclosures, Accounting Changes and Error Corrections — Under Accounting Standards Board of Japan ("ASBJ") Statement No. 24, "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections," accounting treatments are required as follows:
(1) Changes in Accounting Policies:
When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.
(2) Changes in Presentation:
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
(3) Changes in Accounting Estimates:
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
(4) Corrections of Prior-Period Errors:
When an error in prior-period financial statements is discovered, those statements are restated.

r. Accounting Policies and Procedures Which Are Adopted When the Provisions of the Relevant Accounting Standards Are Not Clear
Accounting for works by joint ventures formed, in order to take orders and carry out the works jointly with several constructors, are incorporated in the consolidated financial statements according to the proportion of investment equities.

s. Additional Information
Employee Share Award Plan
(1) Outline of the Transaction
The Company has introduced the "Employee Share Award Plan" (hereinafter, the "Plan" and the trust established based on the trust agreement concluded with Resona Bank, Limited associated with the Plan shall be referred to as the "Trust") as an incentive plan for the Company's employees effective April 1, 2023.

The Plan involves the Trust established by the Company through monetary contributions, which acquire shares of the Company. Based on the "Share Award Regulations" prescribed in advance by the Board of Directors of the Company, the Trust provides shares of the Company and cash equivalent to the market value of shares of the Company (hereinafter collectively referred to as "Shares of the Company, etc.") to employees who satisfy certain beneficiary requirements.

Under the Plan, the Company awards points to eligible employees on the basis of their performance evaluations and other criteria in accordance with the Share Award Regulations. If employees satisfy the specified beneficiary requirements, the Company grants Shares of the Company, etc. equivalent to the awarded points. Since the Company contributes all the money necessary to establish the Trust, there is no financial burden on employees.

The introduction of the Plan allows employees to gain economic benefits from a rise in the price of shares of the Company, encouraging them to work to improve the Company's performance with an awareness of the share price. Additionally, the voting rights associated with shares of the Company held in the Trust are exercised based on the intentions of employees who satisfy the beneficiary requirements, so the Plan is expected to foster a sense of participation in management among employees.
(2) Shares of the Company remaining in the Trust
Shares of the Company remaining in the Trust are recorded as treasury stock in net assets at the carrying value in the Trust (excluding incidental expenses). The carrying amount and the number of shares of treasury stock were ¥960 million ($6,339 thousand) and 275,000 shares as of March 31, 2024, respectively.

3. Significant Accounting Estimates
Revenue Recognition over Time and Allowance for Losses on Construction Contracts
(1) Amounts recorded in the consolidated financial statements for the fiscal years ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Construction revenues recognized over time	**¥263,935**	¥232,023	**$1,743,298**
Allowance for losses on construction contracts	**859**	1,566	**5,675**

(2) Information about the contents of significant accounting estimates on the identified items
1) Calculation method
Construction revenues recognized over time are recognized by multiplying the total construction revenue by progress, which is estimated based on a proportion of construction costs incurred by the end of each reporting period to the estimated total construction costs.
In addition, when it is probable that the total construction costs will exceed total construction revenue, an allowance for losses on construction contracts will be recorded at the expected excess amount (loss on construction contracts) less the profit or loss already recognized.
2) Major assumptions
For example, in the event an agreement on consideration for changes in design or scope of a construction are not timely finalized in the contracts and other documents, the total construction revenue is obtained by estimating consideration based on the details of the change in works and other matters as instructed.
Total construction costs are estimated mainly considering the market conditions of materials and subcontract costs and individual risk factors associated with the progress of works.
These estimates and underlying assumptions are continuously reviewed.
3) Impact on consolidated financial statements for the following fiscal year
Any changes in major assumptions as of March 31, 2024, might affect construction revenue and allowance for losses on construction contracts for the following fiscal year.

4. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Non-current:			
Marketable equity securities	**¥66,600**	¥52,879	**$439,892**
Non-marketable equity securities and other	**1,884**	1,819	**12,446**
Total	**¥68,484**	¥54,698	**$452,338**

The costs and aggregate fair values of marketable and investment securities at March 31, 2024 and 2023, were as follows:

	Millions of Yen			
March 31, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥17,723	¥48,879	¥2	¥66,600

	Millions of Yen			
March 31, 2023	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥18,682	¥34,214	¥17	¥52,879

	Thousands of U.S. Dollars			
March 31, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$117,062	$322,848	$18	$439,892

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

	Millions of Yen		
March 31, 2024	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥4,180	¥3,206	¥—

	Millions of Yen		
March 31, 2023	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥5,592	¥3,056	¥33

	Thousands of U.S. Dollars		
March 31, 2024	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	$27,609	$21,175	$—

No impairment loss was recognized for the year ended March 31, 2024.

The impairment losses on unlisted available-for-sale equity securities for the year ended March 31, 2023, were ¥19 million.

5. Inventories

Inventories at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Construction projects in progress	**¥3,695**	¥3,181	**$24,406**
Real estate held for sale	**934**	959	**6,167**
Development projects in progress	**1,960**	796	**12,947**
Work in process	**927**	1,231	**6,122**
Raw materials and supplies	**582**	745	**3,847**
Total	**¥8,098**	¥6,912	**$53,489**

6. Investment Property

The Group owns certain rental properties such as residential buildings, warehouses, and land in Osaka and other areas. Some rental warehouses leased to third parties of which the Company utilizes a part are classified as rental properties in part.

The net of rental income and operating expenses for those rental properties was ¥3,109 million ($20,536 thousand) and ¥3,205 million for the years ended March 31, 2024 and 2023, respectively.

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

	Millions of Yen			
	Carrying Amount			Fair Value
	April 1, 2023	Increase/ Decrease	March 31, 2024	March 31, 2024
Rental properties	¥34,128	¥974	¥35,102	¥72,678
Rental properties in part	1,112	(32)	1,080	2,042
Total	¥35,240	¥942	¥36,182	¥74,720

	Millions of Yen			
	Carrying Amount			Fair Value
	April 1, 2022	Increase/ Decrease	March 31, 2023	March 31, 2023
Rental properties	¥34,334	¥(206)	¥34,128	¥65,375
Rental properties in part	1,144	(32)	1,112	2,025
Total	¥35,478	¥(238)	¥35,240	¥67,400

	Thousands of U.S. Dollars			
	Carrying Amount			Fair Value
	April 1, 2023	Increase/ Decrease	March 31, 2024	March 31, 2024
Rental properties	$225,418	$6,428	$231,846	$480,041
Rental properties in part	7,346	(212)	7,134	13,484
Total	$232,764	$6,216	$238,980	$493,525

Notes:

(1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.

(2) Fair value of properties as of March 31, 2024 and 2023 is measured in accordance with real-estate appraisal performed by real-estate appraisers for primary properties. The amount measured by the Group is in accordance with its Real-Estate Appraisal Standard for other properties (including those measured using indicators).

7. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at March 31, 2024 and 2023, consisted of bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.5% to 1.1% at March 31, 2024 and 0.7% to 4.5% at March 31, 2023.

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Loans from banks and other financial institutions, due serially to 2037 with interest rates ranging from 0.5% to 6.0%			
Unsecured	**¥ 5,110**	¥ 7,112	**$ 33,752**
Non-recourse loans	**22,334**	26,003	**147,516**
Obligations under finance leases	**22**	7	**145**
Total	**27,466**	33,122	**181,413**
Less current portion	**(8)**	(4,004)	**(52)**
Long-term debt, less current portion	**¥27,458**	¥29,118	**$181,361**

Annual maturities of long-term debt, excluding finance leases, at March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 2	$ 13
2026	4,836	31,944
2027	1,858	12,271
2028	3,586	23,684
2029	3,584	23,672
2030 and thereafter	13,578	89,684
Total	¥27,444	$181,268

Assets pledged as collateral for non-recourse debt

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Amount of business assets of a consolidated subsidiary engaged in renewable energy business pledged as collateral for non-recourse loans	**¥41,866**	¥40,367	**$276,526**

8. Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

(1) The changes in defined benefit obligations for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥20,832**	¥19,894	**$137,595**
Current service costs	**1,283**	1,220	**8,476**
Interest costs	**104**	100	**688**
Actuarial losses	**21**	10	**139**
Benefits paid	**(662)**	(765)	**(4,374)**
Past service costs	**—**	373	**—**
Balance at end of year	**¥21,578**	¥20,832	**$142,524**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥25,267**	¥24,971	**$166,889**
Expected return on plan assets	**227**	225	**1,502**
Actuarial gains (losses)	**1,183**	(218)	**7,811**
Contributions from the employer	**1,088**	1,054	**7,190**
Benefits paid	**(662)**	(765)	**(4,374)**
Balance at end of year	**¥27,103**	¥25,267	**$179,018**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Defined benefit obligation	**¥ 21,578**	¥ 20,832	**$ 142,524**
Plan assets	**(27,103)**	(25,267)	**(179,018)**
Total	**(5,525)**	(4,435)	**(36,494)**
Unfunded defined benefit obligation	**—**	—	**—**
Net asset arising from defined benefit obligation	**¥ (5,525)**	¥ (4,435)	**$ (36,494)**

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Asset for retirement benefits	**¥(5,525)**	¥(4,435)	**$(36,494)**
Net asset arising from defined benefit obligation	**¥(5,525)**	¥(4,435)	**$(36,494)**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Service costs	**¥1,283**	¥1,220	**$ 8,476**
Interest costs	**104**	100	**688**
Expected return on plan assets	**(227)**	(225)	**(1,502)**
Recognized actuarial gains	**(385)**	(527)	**(2,547)**
Amortization of past service costs	**0**	(28)	**3**
Net periodic benefit costs	**¥ 775**	¥ 540	**$ 5,118**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Actuarial gains (losses)	**¥777**	¥ (756)	**$5,125**
Past service costs	**0**	(401)	**3**
Total	**¥777**	¥(1,157)	**$5,128**

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrecognized actuarial gains	**¥(1,873)**	¥(1,097)	**$(12,371)**
Unrecognized past service costs	**142**	143	**939**
Total	**¥(1,731)**	¥ (954)	**$(11,432)**

(7) Plan assets

a. Components of plan assets

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

	2024	2023
Debt investments	**38%**	43%
Equity investments	**15**	11
Life insurance general account assets	**30**	32
Others	**17**	14
Total	**100%**	100%

b. Method of determining the expected rate of return on plan assets

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

(8) Assumptions used for the years ended March 31, 2024 and 2023, are set forth as follows:

	2024	2023
Discount rate	**0.5%**	0.5%
Expected rate of return on plan assets	**0.9**	0.9

9. Equity

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the 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 and Supervisory Committee, 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. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

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. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

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

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. Income Taxes

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2024 and 2023.

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Deferred tax assets:			
Tax loss carryforwards (Note)	**¥ 1,723**	¥ 1,550	**$ 11,380**
Impairment losses on securities	**1,694**	1,749	**11,191**
Write-down of inventories and others	**1,215**	1,134	**8,026**
Allowance for bonuses	**1,112**	1,057	**7,342**
Allowance for doubtful accounts	**647**	639	**4,276**
Accrued expenses	**572**	518	**3,776**
Allowance for losses on construction contracts	**263**	479	**1,737**
Other	**733**	632	**4,839**
Less valuation allowance on tax loss carryforward	**(1,723)**	(1,550)	**(11,380)**
Less valuation allowance on sum of future deductible temporary difference	**(4,135)**	(4,101)	**(27,313)**
Total	**2,101**	2,107	**13,874**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**(13,919)**	(9,424)	**(91,933)**
Deferred gain on hedges	**(3,386)**	(1,614)	**(22,367)**
Retained earnings appropriated for special allowance	**(1,843)**	(1,708)	**(12,172)**
Asset for retirement benefits	**(1,691)**	(1,357)	**(11,167)**
Total	**(20,839)**	(14,103)	**(137,639)**
Net deferred tax liabilities	**¥(18,738)**	¥(11,996)	**$(123,765)**

(Note) Tax loss carryforwards and amount of deferred tax assets by maturity

Millions of Yen

March 31, 2024	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carryforwards*	¥ 3	¥ 95	¥ 47	¥—	¥ 37	¥ 1,541	¥ 1,723
Valuation allowance	(3)	(95)	(47)	—	(37)	(1,541)	(1,723)
Deferred tax assets	—	—	—	—	—	—	—

Millions of Yen

March 31, 2023	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carryforwards*	¥—	¥ 3	¥ 95	¥ 47	¥—	¥ 1,405	¥ 1,550
Valuation allowance	—	(3)	(95)	(47)	—	(1,405)	(1,550)
Deferred tax assets	—	—	—	—	—	—	—

Thousands of U.S. Dollars

March 31, 2024	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carryforwards*	$ 17	$ 627	$ 311	$—	$ 245	$ 10,180	$ 11,380
Valuation allowance	(17)	(627)	(311)	—	(245)	(10,180)	(11,380)
Deferred tax assets	—	—	—	—	—	—	—

* The tax loss carryforwards presented above are the amounts multiplied by the effective statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2024 was as follows:

	2024
Normal effective statutory tax rate	**30.6%**
Expenses not deductible for income tax purposes	**0.6**
Incomes not taxable for income tax purposes	**(0.5)**
Inhabitant tax per capita	**0.8**
Special income tax credits	**(0.9)**
Change in valuation allowance	**1.1**
Other—net	**1.4**
Actual effective tax rate	**33.1%**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2023 was omitted since the difference was 5% or less of the normal effective statutory tax rate.

11. Revenue Recognition

(1) Disaggregation of revenue from contracts with customers
Please see Note 20 "Segment Information."
(2) Underlying information in understanding revenue from contracts with customers
Please see Note 2.m. "Construction Contracts."
(3) Satisfaction of performance obligations based on contracts with customers and relationship with cash flows arising from such contracts, and the amount and timing of revenue from contracts with customers existing at the end of the fiscal year expected to be recognized in the following fiscal years

a. Balances of contract assets and contract liabilities, etc.

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		**2024**	
	Beginning balance	**Ending balance**	Beginning balance	Ending balance	**Beginning balance**	**Ending balance**
Receivables from contracts with customers	**¥60,545**	**¥56,356**	¥52,816	¥60,545	**$399,900**	**$372,234**
Contract assets	**71,903**	**115,963**	89,474	71,903	**474,922**	**765,937**
Contract liabilities	**12,192**	**18,799**	11,254	12,192	**80,531**	**124,171**

(Note) 1. Contract assets primarily relate to the right of the Group, primarily based on the construction contracts with customers, to consideration for goods or services for which control has been transferred to a customer. Once the Group has an unconditional right to consideration, it reclassifies contract assets to receivables from contracts with customers. The consideration is charged and received in accordance with the payment term determined with a customer by contract.

2. Contract liabilities primarily relate to advances received from customers based on the payment terms of construction contracts with customers. Contract liabilities that are reversed as revenue is recognized. The beginning balance of contract liabilities is included in revenue from contracts with customers for the fiscal years ended March 31, 2024 and 2023 in its almost entirety.

3. The amount of revenue recognized in the fiscal years ended March 31, 2024 and 2023 from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly fluctuations of transaction amounts based on changes in design or scope) is immaterial.

b. Transaction prices allocated to remaining performance obligations

The transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2024 and 2023 amounted to ¥538,295 million (*1,2) ($3,555,448 thousand) and ¥468,149 million (*1, 2), respectively, and revenue is expected to be recognized within approximately 5 years.

*1 The transaction prices describe the price allocated to the remaining performance obligations for the construction business, the primary business of the Group.

*2 The transaction prices include the changes in design or scope for which an agreement on the consideration is not determined in the contracts and other documents. The transaction prices for the changes in design or scope are estimated based on the details of the change in works and other matters as instructed.

12. Research and Development Costs

Research and development costs charged to income were ¥1,805 million ($11,920 thousand) and ¥1,771 million for the years ended March 31, 2024 and 2023, respectively.

13. Leases

Operating leases

Future minimum lease receivables or payments under noncancelable operating leases at March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
As a lessor:			
Due within one year	**¥ 2,228**	¥ 2,302	**$ 14,714**
Due after one year	**16,366**	17,930	**108,099**
Total	**¥18,594**	¥20,232	**$122,813**
As a lessee:			
Due within one year	**¥ 262**	¥ 88	**$ 1,734**
Due after one year	**1,245**	630	**8,223**
Total	**¥ 1,507**	¥ 718	**$ 9,957**

14. Financial Instruments and Related Disclosures

(1) Disclosures on financial instruments

1) Group policy for financial instruments

At the Group level, cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are not used for speculative purposes, but to manage its exposure to fluctuations in foreign currency exchange and interest rates.

2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than one year.

Bank loans are utilized to finance principally working capital and non-recourse loans are used for financing the renewable energy business of a consolidated subsidiary.

3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include continuously determining customers' circumstances from the phase of accepting orders to that of collection of the receivables, along with monitoring of payment terms and balances of each transaction.

Market risk management (foreign exchange risk and interest rate risk)

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis. Also, the Group continuously reviews its possession of those securities, except for held-to-maturity securities.

Payables denominated in foreign currencies in association with import of materials for renewable energy business are exposed to fluctuations in foreign exchange rates. The Group utilizes derivative instruments (comprehensive long-term foreign currency forward contracts) as hedging instruments to manage these market risks.

Bank loans with floating interest rates are exposed to fluctuations in interest rates. With respect to non-recourse loans, the Group utilizes derivatives (interest rate swaps) by individual contract as hedging instruments to avoid the fluctuation risk of interest expenses and fix interest expenses. The hedge accounting method is described in Note 2.o.

Please see Note 15 for more details about derivatives.

Liquidity risk management

Liquidity *risk* comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by making the appropriate cash schedule on a monthly basis.

(2) Fair value of financial instruments

Millions of Yen

March 31, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Receivables—trade notes and accounts	¥172,324		
Allowance for doubtful receivables (*4)	(184)		
Net	172,140	¥172,012	¥(128)
Investment securities (*3)			
Available-for-sale securities	66,600	66,600	—
Long-term loans receivable	49		
Allowance for doubtful long-term loans receivable (*4)	(0)		
Net	49	46	(3)
Total	¥238,789	¥238,658	¥(131)
Lease liabilities	¥ 22	¥ 21	¥ (1)
Long-term bank loans	5,100	5,076	(24)
Non-recourse loans	22,334	21,922	(412)
Total	¥ 27,456	¥ 27,019	¥(437)
Derivatives (*5)	¥ 11,307	¥ 11,307	¥ —

(*1) The fair value of “Cash and cash equivalents,” “Time deposits,” “Payables – Trade notes, accounts, etc.” and “Short-term loans” is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.

(*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above “Investment securities.” Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was ¥1,388 million.

(*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to ¥744 million.

(*4) Allowance for doubtful receivables recorded on “Receivables – trade notes and accounts” or “Long-term loans receivable” is individually recognized and deducted from such receivables.

(*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

Millions of Yen

March 31, 2023	Carrying Amount	Fair Value	Unrealized Gain/Loss
Receivables—trade notes and accounts	¥132,455		
Allowance for doubtful receivables (*4)	(137)		
Net	132,318	¥132,253	¥ (65)
Investment securities (*3)			
Available-for-sale securities	52,879	52,879	—
Long-term loans receivable	92		
Allowance for doubtful long-term loans receivable (*4)	(0)		
Net	92	88	(4)
Total	¥185,289	¥185,220	¥ (69)
Lease liabilities	¥ 7	¥ 7	¥ (0)
Long-term bank loans	3,100	3,094	(6)
Non-recourse loans	26,003	25,729	(274)
Total	¥ 29,110	¥ 28,830	¥(280)
Derivatives (*5)	¥ 5,507	¥ 5,507	¥ —

(*1) The fair value of "Cash and cash equivalents," "Time deposits," "Marketable securities," "Payables – Trade notes, accounts, etc." and "Short-term loans" is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.
(*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above "Investment securities." Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was ¥1,360 million.
(*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to ¥675 million.
(*4) Allowance for doubtful receivables recorded on "Receivables – trade notes and accounts" or "Long-term loans receivable" is individually recognized and deducted from such receivables.
(*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

	Thousands of U.S. Dollars		
March 31, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Receivables—trade notes and accounts	$1,138,203		
Allowance for doubtful receivables (*4)	(1,211)		
Net	1,136,992	$1,136,145	$ (847)
Investment securities (*3)			
Available-for-sale securities	439,892	439,892	—
Long-term loans receivable	324		
Allowance for doubtful long-term loans receivable (*4)	(0)		
Net	324	303	(21)
Total	$1,577,208	$1,576,340	$ (868)
Lease liabilities	$ 145	$ 137	$ (8)
Long-term bank loans	33,686	33,525	(161)
Non-recourse loans	147,516	144,796	(2,720)
Total	$ 181,347	$ 178,458	$(2,889)
Derivatives (*5)	$ 74,679	$ 74,679	$ —

(*1) The fair value of "Cash and cash equivalents," "Time deposits," "Payables – Trade notes, accounts, etc." and "Short-term loans" is omitted because they are cash and the carrying amount approximates the fair value because of their short maturities.
(*2) Investments in equity instruments that do not have a quoted market price in an active market are not included in above "Investment securities." Such amount of financial instruments (unlisted equity securities) recorded in the consolidated balance sheet was $9,170 thousand.
(*3) Investments in limited partnerships and other similar entities recorded in a net amount of equity equivalents in the consolidated balance sheet are not included. Such investments recorded in the consolidated balance sheet amounted to $4,916 thousand.
(*4) Allowance for doubtful receivables recorded on "Receivables – trade notes and accounts" or "Long-term loans receivable" is individually recognized and deducted from such receivables.
(*5) Net receivables and payables generated from derivatives are presented in net amounts and net payables are shown in parentheses.

(Note) 1 Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2024	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
	Millions of Yen			
Cash and cash equivalents, Time deposits	¥ 30,248	¥ —	¥ —	¥—
Receivables—trade notes and accounts	153,602	17,934	788	—
Long-term loans receivable	—	35	24	—
Total	¥183,850	¥17,969	¥812	¥—

March 31, 2023	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
	Millions of Yen			
Cash and cash equivalents, Time deposits	¥ 50,244	¥ —	¥ —	¥—
Receivables—trade notes and accounts	94,760	37,541	154	—
Long-term loans receivable	—	75	29	—
Total	¥145,004	¥37,616	¥183	¥—

March 31, 2024	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
	Thousands of U.S. Dollars			
Cash and cash equivalents, Time deposits	$ 199,790	$ —	$ —	$—
Receivables—trade notes and accounts	1,014,542	118,456	5,205	—
Long-term loans receivable	—	230	160	—
Total	$1,214,332	$118,686	$5,365	$—

(Note) 2 Please see Note 7 for annual maturities of long-term debt.

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured by using quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured by using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured by using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest priority in the entire measurement.

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

	Millions of Yen			
	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities:				
Equity securities	¥66,600	¥ —	¥—	¥66,600
Derivatives				
Currency related	—	10,869	—	10,869
Interest rate related	—	438	—	438
Total assets	¥66,600	¥11,307	¥—	¥77,907

	Millions of Yen			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities:				
Equity securities	¥52,879	¥ —	¥—	¥52,879
Derivatives				
Currency related	—	5,180	—	5,180
Interest rate related	—	327	—	327
Total assets	¥52,879	¥5,507	¥—	¥58,386

	Thousands of U.S. Dollars			
	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities:				
Equity securities	$439,892	$ —	$—	$439,892
Derivatives				
Currency related	—	71,787	—	71,787
Interest rate related	—	2,892	—	2,892
Total assets	$439,892	$74,679	$—	$514,571

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

	Millions of Yen			
	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	¥—	¥172,012	¥—	¥172,012
Long-term loans receivable	—	46	—	46
Total assets	¥—	¥172,058	¥—	¥172,058
Lease liabilities	¥—	¥ 21	¥—	¥ 21
Long-term debt	—	5,076	—	5,076
Non-recourse loans	—	21,922	—	21,922
Total liabilities	¥—	¥ 27,019	¥—	¥ 27,019

	Millions of Yen			
	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	¥—	¥132,253	¥—	¥132,253
Long-term loans receivable	—	88	—	88
Total assets	¥—	¥132,341	¥—	¥132,341
Lease liabilities	¥—	¥ 7	¥—	¥ 7
Long-term debt	—	3,094	—	3,094
Non-recourse loans	—	25,729	—	25,729
Total liabilities	¥—	¥ 28,830	¥—	¥ 28,830

	Thousands of U.S. Dollars			
	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Receivables—trade notes and accounts	$—	$1,136,145	$—	$1,136,145
Long-term loans receivable	—	303	—	303
Total assets	$—	$1,136,448	$—	$1,136,448
Lease liabilities	$—	$ 137	$—	$ 137
Long-term debt	—	33,525	—	33,525
Non-recourse loans	—	144,796	—	144,796
Total liabilities	$—	$ 178,458	$—	$ 178,458

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair values are categorized as Level 1.

Derivatives

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

Trade notes and accounts receivable

The fair values of these items are measured by using the discounted present value techniques based on the recoverable amount reflecting credit risk and an interest rate obtained from appropriate indicators such as government bond yields according to maturity periods, for each receivable amount categorized by a specified period, and are categorized as Level 2 because the impact of unobservable inputs on the fair value is immaterial.

Long-term loans receivable

The fair values of long-term loans receivable are measured separately for each loan agreement using the discounted present value techniques based on future cash flows and an interest rate obtained by adding the credit spread to appropriate indicators such as government bond yields for each loan agreement, and are categorized as Level 2.

Lease liabilities

The fair values of lease liabilities are measured by using the discounted present value techniques based on the total amount of principals and interests, the remaining period of such liabilities, and an interest rate obtained by adding credit risk, for each liabilities amount categorized by a specified period, and are categorized as Level 2.

Long-term debt and non-recourse loans

The fair values of these items are measured separately for each loan agreement. The fair values of floating rate borrowings are measured as carrying value because their rates reflect the market interest rates in a timely manner and their carrying values approximate fair value. The fair values of fixed-rate borrowings are measured by using the discounted present value techniques based on future cash flows and an interest rate obtained by adding the credit spread to appropriate indicators such as government bond yields. The fair values are categorized as Level 2.

15. Derivatives

The Group enters into derivatives, in the normal course of business, to reduce the exposure to fluctuations in foreign exchange and interest rates. The primary classes of derivatives used by the Group are foreign currency forward contracts and interest rate swaps.

The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied:
There were no derivative transactions to which hedge accounting is not applied at March 31, 2024 and 2023.

Derivative transactions to which hedge accounting is applied:

	Millions of Yen			
March 31, 2024	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts Buying: U.S. Dollars	Foreign currency denominated forward contracts	¥42,914	¥39,175	¥10,869
Interest rate swaps Floating-rate receipt, fixed-rate payment	Non-recourse loans	17,215	15,547	438

	Millions of Yen			
March 31, 2023	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts Buying: U.S. Dollars	Foreign currency denominated forward contracts	¥46,625	¥42,543	¥5,180
Interest rate swaps Floating-rate receipt, fixed-rate payment	Non-recourse loans	18,888	17,215	326
Interest rate swaps Floating-rate receipt, fixed-rate payment	Short-term bank loans	4,000	—	Note

Note: Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreement is recognized and included in interest expense or income. The fair value of such interest rate swaps is included in those of the hedged items (i.e., short-term bank loans).

	Thousands of U.S. Dollars			
March 31, 2024	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts Buying: U.S. Dollars	Foreign currency denominated forward contracts	$283,448	$258,748	$71,787
Interest rate swaps Floating-rate receipt, fixed-rate payment	Non-recourse loans	113,707	102,687	2,892

16. Assets Pledged as Collateral

Land in the amount of ¥21 million ($137 thousand) is pledged for a deposit received from a lessee related to a fixed-term land leasehold at March 31, 2024. Land in the amount of ¥1,458 million ($9,632 thousand) and buildings in the amount of ¥895 million ($5,909 thousand) are pledged as construction assistance funds pursuant to building lease contracts at March 31, 2024.

Investment securities in the amount of ¥16 million ($104 thousand) and investments in and advances to unconsolidated subsidiaries and associated companies in the amount of ¥59 million ($386 thousand) are pledged as collateral for contract performance obligation of the private finance initiative (PFI) business, and the loans of an affiliate, respectively, at March 31, 2024.

Time deposits in the amount of ¥1,208 million ($7,982 thousand) are pledged as security for performance obligation of construction contracts at March 31, 2024.

Assets pledged as collateral for non-recourse debts are business assets of a consolidated subsidiary engaged in renewable energy business for the amount of ¥41,866 million ($276,526 thousand) at March 31, 2024.

17. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrealized gain on available-for-sale securities			
Gain arising during the year	**¥17,873**	¥ 3,171	**$118,054**
Reclassification adjustments to profit or loss	**(3,204)**	(3,023)	**(21,161)**
Amount before income tax effect	**14,669**	148	**96,893**
Income tax effect	**(4,494)**	(12)	**(29,686)**
Total	**¥10,175**	¥ 136	**$ 67,207**
Deferred gain on hedges			
Gain arising during the year	**¥ 7,667**	¥ 2,865	**$ 50,638**
Reclassification adjustments to profit or loss	**(1,874)**	(821)	**(12,375)**
Amount before income tax effect	**5,793**	2,044	**38,263**
Income tax effect	**(1,773)**	(583)	**(11,708)**
Total	**¥ 4,020**	¥ 1,461	**$ 26,555**
Defined retirement benefit plans			
Adjustments arising during the year	**¥ 1,162**	¥ (592)	**$ 7,672**
Reclassification adjustments to profit or loss	**(385)**	(565)	**(2,544)**
Amount before income tax effect	**777**	(1,157)	**5,128**
Income tax effect	**(238)**	354	**(1,569)**
Total	**¥ 539**	¥ (803)	**$ 3,559**
Total other comprehensive income	**¥14,734**	¥ 794	**$ 97,321**

18. Per Share Information

	Yen		U.S. dollars
	2024	2023	**2024**
Net assets per share	**¥5,123.61**	¥4,673.68	**$33.84**
Basic net income per share	**¥ 339.30**	¥ 306.08	**$ 2.24**

(Note) 1. The basis for the calculation of basic net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Net income attributable to owners of the parent	**¥12,493**	¥11,262	**$82,517**
Net income not attributable to common shareholders	**—**	—	**—**
Net income attributable to owners of the parent available to common stock	**¥12,493**	¥11,262	**$82,517**
Average number of shares of common stock during the year (thousands)	**36,820**	36,793	

As noted in Note 2.s., the Company has introduced the Employee Share Award Plan from the year ended March 31, 2024. In calculating the number of weighted-average number of shares above, the number of shares that are held by the Trust (275 thousands in 2024) is reflected.

(Note) 2. The basis for the calculation of net assets per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Total net assets	**¥191,574**	¥173,216	**$1,265,348**
Amount deducted from total net assets	**2,882**	1,201	**19,037**
Of which noncontrolling interests	***2,882***	*1,201*	***19,037***
Net assets of common stock	**¥188,692**	¥172,015	**$1,246,311**
Number of shares of common stock at March 31 (thousands)	**36,828**	36,805	

As noted in Note 2.s., the Company has introduced the Employee Share Award Plan from the year ended March 31, 2024. In calculating the number of shares above, the number of shares that are held by the Trust (275 thousands in 2024) is reflected.

19. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2024, was approved at the Company's shareholders' meeting held on June 27, 2024:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥160 ($1.06) per share	¥5,936*	$39,210*

*The total year-end cash dividends include cash dividends of 44 million ($291 thousand) paid on shares of the Company held by the trust account associated with the Trust.

20. Segment Information

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of "Civil engineering," "Architectural construction," and "Investment development."

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

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about sales, profit, assets, liabilities, other items and disaggregation of revenue is as follows:

Millions of Yen

2024

	Reportable segment							
	Civil engineering	Architectural construction	Investment development	Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Domestic public agencies	¥ 61,492	¥ 23,088	¥ 23	¥ 84,603	¥ 66	¥ 84,669	¥ —	¥ 84,669
Domestic non-government	32,744	142,098	10,081	184,923	5,221	190,144	—	190,144
Overseas	8,919	—	—	8,919	308	9,227	—	9,227
Revenue from contracts with customers	103,155	165,186	10,104	278,445	5,595	284,040	—	284,040
Revenue from other sources	—	—	4,107	4,107	—	4,107	—	4,107
Sales to external customers	103,155	165,186	14,211	282,552	5,595	288,147	—	288,147
Intersegment sales or transfers	—	—	37	37	2,020	2,057	(2,057)	—
Total	103,155	165,186	14,248	282,589	7,615	290,204	(2,057)	288,147
Segment profit	9,552	914	2,606	13,072	615	13,687	21	13,708
Other:								
Depreciation	¥ 511	¥ 693	¥ 3,089	¥ 4,293	¥ 55	¥ 4,348	¥ (7)	¥ 4,341
Amortization of goodwill	—	—	30	30	—	30	—	30

Millions of Yen

2023

	Reportable segment							
	Civil engineering	Architectural construction	Investment development	Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Domestic public agencies	¥64,975	¥ 28,005	¥ 26	¥ 93,006	¥ 18	¥ 93,024	¥ —	¥ 93,024
Domestic non-government	26,587	111,097	3,892	141,576	4,653	146,229	—	146,229
Overseas	5,724	261	—	5,985	7	5,992	—	5,992
Revenue from contracts with customers	97,286	139,363	3,918	240,567	4,678	245,245	—	245,245
Revenue from other sources	—	—	4,198	4,198	—	4,198	—	4,198
Sales to external customers	97,286	139,363	8,116	244,765	4,678	249,443	—	249,443
Intersegment sales or transfers	—	—	37	37	2,363	2,400	(2,400)	—
Total	97,286	139,363	8,153	244,802	7,041	251,843	(2,400)	249,443
Segment profit	8,771	674	1,871	11,316	614	11,930	(83)	11,847
Other:								
Depreciation	¥ 566	¥ 722	¥ 969	¥ 2,257	¥ 52	¥ 2,309	¥ (7)	¥ 2,302
Amortization of goodwill	—	—	30	30	—	30	—	30

	Thousands of U.S. Dollars							
	2024							
	Reportable segment							
	Civil engineering	Architectural construction	Investment development	Total	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Sales								
Domestic public agencies	$406,158	$ 152,493	$ 153	$ 558,804	$ 436	$ 559,240	$ —	$ 559,240
Domestic non-government	216,272	938,563	66,585	1,221,420	34,481	1,255,901	—	1,255,901
Overseas	58,909	—	—	58,909	2,035	60,944	—	60,944
Revenue from contracts with customers	681,339	1,091,056	66,738	1,839,133	36,952	1,876,085	—	1,876,085
Revenue from other sources	—	—	27,128	27,128	—	27,128	—	27,128
Sales to external customers	681,339	1,091,056	93,866	1,866,261	36,952	1,903,213	—	1,903,213
Intersegment sales or transfers	—	—	247	247	13,346	13,593	(13,593)	—
Total	681,339	1,091,056	94,113	1,866,508	50,298	1,916,806	(13,593)	1,903,213
Segment profit	63,095	6,040	17,209	86,344	4,056	90,400	143	90,543
Other:								
Depreciation	$ 3,377	$ 4,575	$20,401	$ 28,353	$ 364	$ 28,717	$ (46)	$ 28,671
Amortization of goodwill	—	—	196	196	—	196	—	196

Notes:

1. "Other" is a business segment which is not included in any reportable segment and includes business related to manufacturing and sale of construction machinery, materials, and so on.
2. Reconciliations to segment profit in the amount of ¥21 million ($143 thousand) and ¥(83) million for the years ended March 31, 2024 and 2023, respectively, include eliminations of intersegment transactions.
3. The consolidated amounts of segment profit above correspond to the amounts of operating income in the consolidated statement of income.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Okumura Corporation:

<Audit of Consolidated Financial Statements>

Opinion

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

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

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

<table>
<tr><td colspan="2">Revenue recognized over time</td></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As described in Note 2.m. "Summary of Significant Accounting Policies – Construction Contracts" to the consolidated financial statements, the Group recognizes revenue over time as the Group satisfies the performance obligations by transferring control of a promised good or service to a customer. Revenues recognized over time were ¥263,935 million out of total construction revenue of ¥268,341 million for the current year.

As described in Note 3. "Summary of Significant Accounting Policies – Significant Accounting Estimates," construction revenues recognized over time based on satisfying performance obligations according to the construction contracts are recognized by multiplying the total construction revenue by the stage of completion of the contract, which is calculated as a percentage of actual costs incurred at the balance sheet date to the estimated total cost. The measurement of the total construction revenue, the total construction costs and the stage of completion of the contract involve significant estimates and judgments made by management.</td><td>Based on our understanding of the business environment surrounding the Group and its industry, we evaluated the design and operating effectiveness of internal controls, including Information Technology controls, over the process of revenue recognition over time based on satisfaction of the performance obligations. Our procedures related to estimated total construction revenue and total construction costs were as follows:
(1) Estimated total construction revenue
We performed inquiries and inspected related documents to test the design and operating effectiveness of internal controls related to the determination of the estimated contract amount. This included approval of the reports on certain projects prepared by estimating the contract amount for the agreed upon changes in each construction project, and monitoring activities.
(2) Estimated total construction costs
We performed inquiries and inspected related documents to test the design and operating effectiveness of internal controls related to approval of the reports on working budget, construction projects and costs incurred to date, and monitoring activities.</td></tr>
</table>

Revenue recognized over time	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The reliability of estimating the total construction revenue and the total construction costs in applying revenue recognition over time has a significant impact on the consolidated financial statements where a higher estimation uncertainty may exist in relation to the following matters: (1) Estimating total construction revenue During construction, when changes in the design or scope of construction are agreed with customers but the construction contract has not been revised to update the contract amount in a timely manner, the total construction revenue may be revised using the estimated contract amount based on amendments mutually agreed with customers (the "estimated contract amount"). Management's estimate of the total construction may affect the accuracy of the construction revenue. (2) Estimating total construction costs It may be necessary to modify total construction costs due to unexpected events, changes in market conditions such as materials and subcontracting costs, and accelerating construction in response to potential delays during construction. If total construction costs are not updated in a timely manner, or if management's estimate is not reasonable, it may affect the accuracy of the construction revenue and the allowance for losses on construction contracts. We determined applying revenue recognition over time to be a key audit matter because of the possible significant impact of accounting estimates of total construction revenue and total construction costs on the consolidated financial statements.	In addition, we assessed the reasonableness of the construction revenue recognized over time by performing an analysis of the quarterly progress of revenues and gross profits against the business plan in each branch office. Such analysis identified branch offices with significant fluctuations in revenues and profit margins near the end of the period. We also inspected related documents, performed inquiries with construction managers, performed site observations for construction projects that possessed characteristics such as those with significantly higher or lower profit margins ratio, large fluctuating profit margins ratio, deficit projects, projects with large estimated contract amounts, or large-scale projects. Specifically, for the estimate of total construction revenue and total construction costs, we performed the following: (1) Estimated total construction revenue We tested the estimated contract amount by inspection of documents underlying the estimate, inspection of meeting minutes with customers, and inquiries with construction managers. In addition, for construction projects that contained estimated contract amounts in the prior year, we inspected the revised construction contracts signed in the current year and compared the updated total contract amounts in the contracts with total construction revenue, including the estimated contract amount estimated in the previous year. (2) Estimated total construction costs For samples of construction projects selected, we compared total construction costs with the original estimate to identify the reason for the changes, inspected the order confirmation for purchase orders issued, quotation or underlying documents prior to the order, performed inquiries with the construction managers, and inspected the vendor invoices, as necessary.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee 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.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it 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 the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Okumura Corporation and its subsidiaries were ¥60 million and ¥2 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

August 2, 2024

Member of
Deloitte Touche Tohmatsu Limited

Breakdown of Orders (Nonconsolidated)

Okumura Corporation
Year Ended March 31, 2024

Construction Orders Awarded

	2024		2023		2024
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	**¥ 64,012**		¥ 48,302		**$ 422,803**
Private sector	**27,263**		26,765		**180,072**
Overseas	**14,575**		12,803		**96,269**
Subtotal	**105,850**	**31.4%**	87,870	31.4%	**699,144**
Architectural construction:					
Domestic:					
Public sector	**52,652**		22,961		**347,763**
Private sector	**178,381**		170,159		**1,178,212**
Overseas	**—**		(1,073)		**—**
Subtotal	**231,033**	**68.6**	192,047	68.6	**1,525,975**
Total:					
Domestic:					
Public sector	**116,664**		71,263		**770,566**
Private sector	**205,644**		196,924		**1,358,284**
Overseas	**14,575**		11,730		**96,269**
Total	**¥336,883**	**100 %**	¥279,917	100 %	**$2,225,119**

Net Sales

	2024		2023		2024
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Construction business					
Civil engineering:					
Domestic:					
Public sector	**¥ 61,492**		¥ 64,975		**$ 406,158**
Private sector	**32,744**		26,587		**216,272**
Overseas	**8,919**		5,724		**58,909**
Subtotal	**103,155**	**37.6%**	97,286	40.2%	**681,339**
Architectural construction:					
Domestic:					
Public sector	**23,088**		28,004		**152,493**
Private sector	**142,098**		111,098		**938,563**
Overseas	**—**		261		**—**
Subtotal	**165,186**	**60.2**	139,363	57.5	**1,091,056**
Subtotal:					
Domestic:					
Public sector	**84,580**		92,979		**558,651**
Private sector	**174,842**		137,685		**1,154,835**
Overseas	**8,919**		5,985		**58,909**
Subtotal	**268,341**	**97.8**	236,649	97.7	**1,772,395**
Real estate investment, development business and other	**6,119**	**2.2**	5,617	2.3	**40,420**
Total	**¥274,460**	**100 %**	¥242,266	100 %	**$1,812,815**

Year-end Backlog

	2024		2023		2024
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	**¥104,511**		¥101,991		**$ 690,294**
Private sector	**60,989**		66,470		**402,837**
Overseas	**28,248**		22,591		**186,576**
Subtotal	**193,748**	**41.5%**	191,052	48.0%	**1,279,707**
Architectural construction:					
Domestic:					
Public sector	**75,567**		46,003		**499,124**
Private sector	**197,355**		161,072		**1,303,532**
Overseas	**—**		—		**—**
Subtotal	**272,922**	**58.5**	207,075	52.0	**1,802,656**
Total:					
Domestic:					
Public sector	**180,078**		147,994		**1,189,418**
Private sector	**258,344**		227,542		**1,706,369**
Overseas	**28,248**		22,591		**186,576**
Total	**¥466,670**	**100 %**	¥398,127	100 %	**$3,082,363**

Head and Branch Offices

Head Office
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka 545-8555, Japan
TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

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2-7-2, Marunouchi, Chiyoda-ku,
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26F ABENO HARUKAS,1-1-43 Abenosuji,
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Singapore Branch
175A Bencoolen Street, #05-06 Burlington
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TEL: +65-6884-6830 FAX: +65-6884-6831

Consolidated Subsidiaries

Okumura Machinery Corporation
3-5-26, Himejima, Nishiyodogawa-ku,
Osaka 555-0033, Japan
TEL: +81-6-6472-3461 FAX: +81-6-6477-6801
Business line:Design, manufacture, sales, and repair of construction/industrial machines and devices

Taihei Real Estate Corporation
5-16-7, Shiba, Minato-ku,
Tokyo 108-0014, Japan
TEL: +81-3-5439-5401 FAX: +81-3-5439-5402
Business line: Real estate, land and building management

ISHIKARI BIO ENERGY GODO KAISHA
2-763-3, Shinko, Chuo,
Ishikari 061-3242, Japan
TEL: +81-133-77-5318 FAX: +81-133-77-5319
Business line: Power generation using renewable energy and sales of electricity

HIRATA BIO ENERGY GODO KAISHA
23-8 Tsubouchi, Tonoko, Hirata-mura,
Ishikawa-gun, Fukushima-ken 963-8204 Japan
No.1 Power planet
TEL: +81-247-57-7351 FAX: +81-247-57-7352
No.2 Power planet
TEL: +81-247-57-6562 FAX: +81-247-57-6563
Business line: Power generation using renewable energy and sales of electricity

Board of Directors

(As of June 27, 2024)

Directors

President and Representative Director
Takanori Okumura

Representative Director
Masahiro Kaneshige
Hiroyuki Matsushima

Directors
Tamotsu Tsuchiya
Kunitake Konishi
Masanari Kashiki
Yasuyuki Nakatani
Rieko Ueda

Director (Audit and Supervisory Committee Member)
Tetsuo Kodera

Director (Full-time Audit and Supervisory Committee Member)
Akira Sasaki

Directors (Audit and Supervisory Committee Member)
Kenji Nishihara
Eiji Maeda
Kyoko Hirose

Note: Rieko Ueda,Tetsuo Kodera,Kenji Nishihara,Eiji Maeda and Kyoko Hirose are outside directors.

Executive Officers

Executive Vice President
Hajime Kosaka

Senior Managing Executive Officers
Toru Osumi
Masahiro Kaneshige*
Wataru Onishi
Kazutoshi Yuyama

Managing Executive Officers
Tamotsu Tsuchiya*
Takanori Hayashi
Akira Okada
Kunitake Konishi*
Takami Nakada
Masanari Kashiki*
Yasuyuki Nakatani*
Hiroyuki Matsushima*

Executive Officers
Naoki Magoori
Hirohide Taniguchi
Yoshinori Yasui
Hiroki Machida
Kazuyoshi Okuma
Koji Furusawa
Junichi Hori
Kenichi Abe
Yuji Yamamoto
Hiroyuki Tamamura
Kazuya Takekuni
Yuichi Umezawa
Shinya Kimura
Yoshihiro Kadotani
Kazutaka Kuno
Fumitaka Nozaki
Yoshifumi Machida
Hitoshi Mimura

Note: Those officers marked with an asterisk (*) work as directors.

Investor Information

(As of March 31, 2024)

Corporate Data

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OKUMURA CORPORATION
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TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

Established
February 22, 1907

Capital
¥19.8 billion

Group Employees
2,344

Stock Information

Stock Exchange Listings
Tokyo

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited

Major Shareholders

Shareholder	Shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,200	14.02%
Okumura Employees' Shareholding Association	1,948	5.25
Custody Bank of Japan, Ltd. (Trust Account)	1,602	4.32
Resona Bank, Limited.	1,214	3.27
Sumitomo Realty & Development Co., Ltd.	1,210	3.26
Nippon Life Insurance Company	643	1.73
Sumitomo Mitsui Banking Corporation	556	1.50
State Street Bank and Trust Company 505001	528	1.42
JP Morgan Chase Bank 385781	495	1.34
Takanori Okumura	471	1.27

Note:
1. The Company holds 1,562,409 shares of treasury stock, which are excluded from the above.
2. Shareholding ratio is computed excluding treasury stock.
3. The number of shares held by Mr. Takanori Okumura does not include his ownership interest in the Okumura officers' shareholding association.

奥村組
OKUMURA CORPORATION

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