FINANCIAL REPORT 2024

For the Year Ended March 31, 2024

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HASEKO Corporation

Management's Discussion and Analysis

Analysis of Financial Condition, Business Performance and Cash Flows by Management

An overview of the Group's financial condition, business performance and cash flows ("business performance") for the fiscal year ended March 2024, and the commentary and details of analysis and an evaluation of the Group's business performance from management's perspective are described below.

Matters concerning the future contained herein are determined as of the end of the fiscal year under review.

(1) Business Performance for the Fiscal Year Ended March 2024

In the fiscal year ended March 31, 2024, the domestic economy continued to see a gradual recovery due to the effects of various policies as the employment and income environment improved. On the other hand, there is downward pressure due to global financial tightening and concerns about the future of the Chinese economy. We also need to keep in mind about inflation, the situation in the Middle East, fluctuations in the financial capital market, and the impact of the Noto Peninsula earthquake.

New supply of condominium units in the fiscal year ended March 2024 stood at 26,798 units (down by 6.4% year on year) in the Tokyo metropolitan area and 15,788 units (down by 8.5% year on year) in the Kinki area. By reducing the frequency of supply and the number of units per supply in the background of the increase in commodity and condominium prices, the number of units supplied in both the Tokyo metropolitan area and Kinki area was falling below the previous fiscal year for two consecutive years. The upward trend of the unit price and the average market price continues both in the Tokyo metropolitan area and in the Kinki area. In the Tokyo metropolitan area, the unit price increased to 1,151 thousand yen/m^2 (up by 10.8% year on year) and the average market price increased to 75.66 million yen (up by 9.5% year on year). They have reached a record high for the three consecutive fiscal year. In the Kinki area, the unit price increased to 834 thousand yen/m^2 (up by 7.6% year on year) and the average market price increased to 49.35 million yen (up by 5.5% year on year). The unit price reached a record high for the three consecutive fiscal year. Amidst the ongoing rise in the unit price and the average market price, the initial-month sales rate was 69.9% (down by 0.8pt year on year) and the number of for-sale units being marketed as of the end of March 2024 increased to 5,665 (up by 9.2% year on year) in the Tokyo metropolitan area. However, the number of for-sale units being marketed is moving at a low level compared to fiscal year 2019 (7,888 units), fiscal year 2020 (7,357 units), and fiscal year 2021 (5,881 units). In the Kinki area, the initial-month sales rate was 73.5% (up by 2.6pt year on year) and the number of for-sale units being marketed as of the end of March 2024 decreased to 2,758 (down by 20.7% year on year). The sales progressed steadily.

Under such circumstances, for the fiscal year ended under review, which represented the fourth year of the "Haseko Next Stage Plan" (Plan NS), the Company's medium-term business plan, although the gross profit margin of completed construction contracts declined due to higher costs of materials and labor, each company of Service-Related Business steadily accumulated profits. As a result, the consolidated ordinary profit exceeded the initial forecast of 83.0 billion yen, reaching 83.3 billion yen.

For the fiscal year ended March 2024, net sales were up by 6.5% year on year at 1,094.4 billion yen because of an increase in the net sales of completed construction contracts and an increase in a transaction volume of real estate. The operating profit was down by 4.9% year on year at 85.7 billion yen, the ordinary profit was down by 5.6% year on year at 83.3 billion yen, and profit attributable to owners of parents was down by 5.5% year on year at 56.0 billion yen due to a decrease in the gross profit margin of completed construction contracts. The operating profit ratio was 7.8% (down by 0.9pt year on year) and ordinary profit ratio came to 7.6% (down by 1.0pt year on year).

Performance by segment is described below.

Billions of yen

	Construction-Related Business		Real Estate-Related Business		Service-Related Business		Overseas-Related Business	
Net sales	776.5	(+29.8)	128.2	(+11.7)	267.5	(+34.3)	1.0	(+1.0)
Segment profit (loss)	57.8	(-9.1)	19.2	(+0.1)	19.2	(+4.2)	-4.9	(-2.0)

Figures in parenthesis represent the amount of increase or decrease from the previous fiscal year.

Construction-Related Business

For construction works, projects owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude regarding construction quality and maintaining construction schedules, efficient production system, and such. Meanwhile, the gross profit margin of completed construction contracts lowered due to worsened construction profitability upon receiving orders and higher costs of materials and labor, among other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 83 projects in total throughout Japan consisting of 59 in the Tokyo metropolitan area including 15 large projects of at least 200 units and 24 in the Kinki and Tokai areas including 8 large projects of at least 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 13 projects for rental housing, etc.

As for construction completion, the Company completed construction of 97 projects including 18 projects for rental housing, etc.

The segment posted sales of 776.5 billion yen, a year-on-year increase of 4.0%, because of an increase in the sales of completed construction contracts by the Company. Segment profit was 57.8 billion yen, a year-on-year decrease of 13.6%, because of the decrease in the gross profit margin of completed construction contracts.

Real Estate-Related Business

The segment posted sales of 128.2 billion yen, a year-on-year increase of 10.1%, and segment profit of 19.2 billion yen, a year-on-year increase of 0.8% because deliveries of new for-sale condominiums and a transaction volume of other real estate increased.

Service-Related Business

In the large-scale repair work and interior remodeling, although the sales remained almost flat, the profit increased due to the improved gross profit margin.

In the management of rental condominiums and corporate housing management agency services, the number of units Haseko operates reached a combined total of 191,162 units, an increase of 5.5% from the end of the previous fiscal year, due to a steady increase in new consignment of these services and continuation of ongoing consignment.

In consignment sales of newly built condominiums, sales progressed smoothly in the Tokyo metropolitan area, and the number of delivered units increased.

In real estate brokerage operations, the number of brokered units and the number of sold units in the renovation business both increased year on year.

In for-sale condominium management operations, the number of units the Haseko Group is consigned to manage reached 436,798 units (up by 2.1% year on year) with new consignment growing steady.

In the senior services business, the number of paid facilities for the elderly and housing for elderly in operation totaled 2,549 units (up by 7.9% year on year) as a result of two new paid facilities for the elderly opened as well as progress seen in move-ins to paid facilities for the elderly and housing for elderly.

The segment posted sales of 267.5 billion yen, a year-on-year increase of 14.7%, and segment profit of 19.2 billion yen, a year-on-year increase 28.5%.

Overseas-Related Business

We have been progressing with the development of new for-sale detached housing business and operating commercial facility in Oahu, Hawaii.

The operating posted sales of 1.0 billion yen (the sales were 0.0 billion yen in the previous fiscal year), and segment loss of 4.9 billion yen (in contrast to segment loss of 2.9 billion yen in the previous fiscal year) because the commercial facility was the first year of operation.

(2) Financial Position

Total assets as of March 31, 2024 amounted to 1,351.2 billion yen, an increase of 153.1 billion yen from the end of the previous fiscal year. This is attributable to an increase in cash and deposits.

Total liabilities were 840.0 billion yen, an increase of 96.0 billion yen from the end of the previous fiscal year. This is attributable to borrowing of debt.

Consolidated net assets were 511.2 billion yen, an increase of 57.2 billion yen from the end of the previous fiscal year, stemming from such factors as increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, the equity ratio was 37.8% compared with 37.9% at the end of the previous fiscal year.

Assets by segment are described below.

Billions of yen

	Construction-Related Business		Real Estate-Related Business		Service-Related Business		Overseas-Related Business	
Segment assets	383.3	(-7.2)	484.5	(+60.5)	273.8	(+41.7)	118.0	(+18.1)

Figures in parenthesis represent the amount of increase or decrease from the previous fiscal year.

Construction-Related Business

Assets of the Construction-Related Business amounted to 383.3 billion yen as of the end of the fiscal year under review, down by 7.2 billion yen from the end of the previous fiscal year, due to such factors as decreases in real estate for sale associated with the progress of sales of lands for the purpose of receiving construction orders.

Real Estate-Related Business

Assets of the Real Estate-Related Business amounted to 484.5 billion yen as of the end of the fiscal year under review, up by 60.5 billion yen from the end of the previous fiscal year, as real estate for sale and cost on real estate business increased in accordance with steady progress in the purchase of for-sale condominiums, among other factors.

Service-Related Business

Assets of the Service-Related Business totaled 273.8 billion yen as of the end of the fiscal year under review, up by 41.7 billion yen from the end of the previous fiscal year, as cash and deposits increased in accordance with increasing deposits, among other factors.

Overseas-Related Business
Assets of the Overseas-Related Business increased by 118.0 billion yen from the end of the previous fiscal year to 18.1 billion yen as of the end of the fiscal year, as investment securities increased because of investment, among other factors.

(3) Cash Flows

Net cash provided by operating activities in the fiscal year ended March 2024 was 115.0 billion yen, fluctuated by 166.9 billion yen from the net cash used in operating activities totaling 51.9 billion yen in the previous fiscal year. Major factors included an increase of 20.6 billion yen in cash as a result of a decrease in notes and accounts receivables (in contrast to a decrease of 21.2 billion yen in cash for the previous year.)

Net cash used in investing activities in the fiscal year under review was 39.8 billion yen, fluctuated by 15.6 billion yen from the net cash used in investing activities totaling 55.4 billion yen in the previous fiscal year. Major factors included a decrease of 24.2 billion yen in cash as a result of purchase of property, plant and equipment and intangible assets (in contrast to a decrease of 35.4 billion yen in cash for the previous fiscal year.)

Net cash used in financing activities in the fiscal year under review was 0.8 billion yen, fluctuated by 51.5 billion yen from the net cash provided by financing activities totaling 50.8 billion yen in the previous fiscal year. Major factors included an increase of 23.5 billion yen in cash as a result of newly borrowing of debt and issuance of corporate bonds as well as repayment (in contrast to an increase of 79.7 billion yen in cash for the previous year.)

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year totaled 283.5 billion yen, an increase of 75.2 billion yen from 208.3 billion yen at the end of the previous fiscal year.

The financial resources and liquidity of funds of the Haseko Group are as follows.
The Haseko Group's demand for funds includes expenditures mainly for such purposes as operating funds for construction projects, acquisition of real estate on a short-term basis for the purpose of construction orders, purchase of for-sale real estate, and investments in rental properties and the overseas business. In addition, the Haseko Group plans to make investments of 240.0 billion yen, centering on the rental properties holding and development business, condominium sales business and overseas business, in the medium-term business plan (for the fiscal year ended March 2021 through the fiscal year ending March 2025) it prepared in February 2020. For such demand for funds, the Company intends to allocate profits from business activities and funds procured from borrowings and issuance of corporate bonds.

In the fiscal year under review, the Company repaid long-term borrowings totaling 10.0 billion yen upon maturity, redeemed 20.0 billion yen in corporate bonds and repaid 31.5 billion yen in a commitment line, while procuring 20.0 billion yen in straight bonds, 65.0 billion yen in long-term borrowings. Accordingly, the balance of debt including corporate bonds increased by 23.5 billion yen to 415.0 billion yen.

In addition, the Company has concluded a commitment line agreement with financial institutions in order to conduct stable and flexible procurement of working capital, ensuring sufficient liquidity in conjunction with cash and deposits. The Company has increased the maximum borrowing amount from 63.0 billion yen to 100 billion yen in the fiscal year under review.

CONSOLIDATED BALANCE SHEET

As of March 31, 2023 and 2024

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2023	**2024**	**2024**
ASSETS			
Current Assets:			
Cash and deposits (Notes 5 and 17)	¥ 206,644	**¥ 284,129**	**$1,876,557**
Notes receivable, accounts receivable from completed construction contracts and other (Notes 3, 5, 10, and 24)	169,150	**148,526**	**980,955**
Securities (Notes 5 and 6)	4,613	**2,255**	**14,891**
Costs on construction contracts in progress	12,061	**12,733**	**84,094**
Inventories (Note 7)	459,872	**552,811**	**3,651,089**
Other current assets	16,929	**21,367**	**141,117**
Allowance for doubtful accounts	(70)	**(121)**	**(802)**
Total current assets	869,199	**1,021,700**	**6,747,902**
Property, Plant and Equipment (Notes 8, 11)	211,618	**175,625**	**1,159,931**
Intangible Assets (Note 8)	10,163	**11,036**	**72,890**
Investments and Other Assets:			
Investment securities (Notes 5 and 6)	61,218	**91,444**	**603,952**
Long-term loans receivable (Note 5)	3,692	**3,551**	**23,454**
Retirement benefit asset (Note 19)	18,407	**29,362**	**193,923**
Deferred tax assets (Note 20)	10,751	**5,545**	**36,620**
Other assets	13,856	**13,925**	**91,972**
Allowance for doubtful accounts (Note 5)	(799)	**(958)**	**(6,326)**
Total investments and other assets	107,124	**142,870**	**943,596**
Total assets	¥1,198,105	**¥1,351,231**	**$8,924,319**

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As of March 31, 2023 and 2024

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2023	**2024**	**2024**
LIABILITIES			
Current Liabilities:			
Notes payable, accounts payable for construction contracts and other (Note 5)	¥ 93,246	**¥ 100,694**	**$ 665,044**
Electronically recorded obligations - operating (Note 5)	63,896	**73,193**	**483,407**
Short-term borrowings (Notes 5 and 9)	31,500	**-**	**-**
Current portion of long-term borrowings (Notes 5 and 9)	10,000	**10,000**	**66,046**
Current portion of bonds payable (Notes 5 and 9)	20,000	**-**	**-**
Income taxes payable (Notes 5 and 20)	19,152	**15,853**	**104,703**
Advances received on construction contracts in progress (Note 12)	28,631	**47,167**	**311,519**
Deposits received - real estate business (Note 12)	27,245	**41,765**	**275,843**
Provision for warranties for completed construction	4,351	**4,861**	**32,104**
Provision for loss on construction contracts	506	**687**	**4,535**
Provision for bonuses	5,515	**6,019**	**39,753**
Provision for bonuses for directors (and other officers)	180	**208**	**1,374**
Other current liabilities (Note 12)	74,580	**93,936**	**620,411**
Total current liabilities	378,802	**394,383**	**2,604,738**
Non-current Liabilities::			
Bonds payable (Notes 5 and 9)	100,000	**120,000**	**792,550**
Long-term borrowings (Notes 5, 9 and 18)	230,000	**285,000**	**1,882,306**
Retirement benefit liability (Note 19)	1,630	**1,777**	**11,735**
Provision for loss on litigation	2,819	**2,990**	**19,745**
Provision for share awards (Note 3)	4,059	**4,427**	**29,237**
Provision for share awards for directors (and other officers) (Note 3)	491	**481**	**3,180**
Deferred tax liabilities (Note 20)	17	**11**	**70**
Other non-current liabilities	26,199	**30,916**	**204,190**
Total non-current liabilities	365,215	**445,601**	**2,943,012**
Total liabilities	744,016	**839,985**	**5,547,751**
Commitments and Contingent Liabilities (Notes 9 and 13)			
NET ASSETS (Notes 16 and 21)			
Shareholders' Equity:			
Share capital	57,500	**57,500**	**379,764**
Capital surplus	7,373	**7,373**	**48,698**
Retained earnings	427,878	**461,707**	**3,049,384**
Treasury shares, at cost — 28,283,902 shares in 2023	(37,630)		
— 28,009,610 shares in 2024		**(37,233)**	**(245,910)**
Total shareholders' equity	455,121	**489,347**	**3,231,935**
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities	711	**10,452**	**69,032**
Foreign currency translation adjustment	5,241	**11,101**	**73,321**
Remeasurements of defined benefit plans	(6,989)	**345**	**2,280**
Total accumulated other comprehensive income (loss)	(1,037)	**21,899**	**144,633**
Non-controlling Interests	4	**-**	**-**
Total net assets	454,088	**511,246**	**3,376,568**
Total liabilities and net assets	¥1,198,105	**¥1,351,231**	**$8,924,319**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2023	**2024**	**2024**
Net Sales (Note 15)	¥1,027,277	**¥1,094,421**	**$7,228,193**
Cost of Sales (Note 15)	865,968	**933,811**	**6,167,432**
Gross profit	161,309	**160,610**	**1,060,761**
Selling, General and Administrative Expenses (Note 15)	71,147	**74,862**	**494,436**
Operating profit	90,162	**85,747**	**566,326**
Non-operating Income (Expenses):			
Interest and dividend income	471	**657**	**4,337**
Foreign exchange gains	-	**459**	**3,034**
Interest expenses	(1,919)	**(2,450)**	**(16,184)**
Share of loss of entities accounted for using equity method	(12)	**(456)**	**(3,015)**
Incidental expense for loan	(1,486)	**(1,799)**	**(11,884)**
Other, net	1,050	**1,177**	**7,775**
	(1,897)	**(2,413)**	**(15,938)**
Ordinary profit	88,265	**83,334**	**550,388**
Extraordinary Income (Losses):			
Gain (Loss) on disposal or sales of non-current assets (Note 8)	(93)	**(25)**	**(168)**
Gain on sale of investment securities	13	**-**	**-**
National subsidies	-	**54**	**357**
Subsidy income	45	**-**	**-**
Impairment losses (Note 8)	(347)	**(471)**	**(3,110)**
Loss on valuation of investment securities	(500)	**-**	**-**
Other, net	(41)	**(50)**	**(329)**
	(923)	**(492)**	**(3,250)**
Profit (Loss) before Income Taxes:	87,342	**82,842**	**547,138**
Income Taxes (Note 20):			
Current	29,115	**28,347**	**187,218**
Deferred	(1,098)	**(1,544)**	**(10,196)**
	28,016	**26,803**	**177,022**
Profit (Loss)	59,326	**56,039**	**370,116**
Profit (Loss) Attributable to Non-controlling Interests	(0)	**1**	**9**
Profit (Loss) Attributable to Owners of Parent (Note 21)	¥ 59,326	**¥ 56,038**	**$ 370,107**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2023	**2024**	**2024**
Profit (Loss)	¥59,326	**¥56,039**	**$370,116**
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	(1,646)	**9,741**	**64,334**
Foreign currency translation adjustment	7,421	**5,861**	**38,706**
Remeasurements of defined benefit plans, net of tax	(1,784)	**7,335**	**48,442**
Total other comprehensive income (Note 25)	3,990	**22,936**	**151,483**
Comprehensive Income	63,316	**78,975**	**521,599**
Total Comprehensive Income Attributable to:			
Comprehensive income attributable to owners of parent	63,316	**78,974**	**521,590**
Comprehensive income attributable to non-controlling interests	(0)	**1**	**9**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the years ended March 31, 2023 and 2024

For the year ended March 31, 2023

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
			(Millions of yen)		
Balance at April 1, 2022	**¥57,500**	**¥7,373**	**¥392,149**	**¥(34,333)**	**¥422,689**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2023	–	–	59,326	–	59,326
Cash dividend	–	–	(23,597)	–	(23,597)
Purchase of treasury shares	–	–	–	(3,532)	(3,532)
Disposal of treasury shares	–	–	–	234	234
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during the year	–	–	35,729	(3,297)	32,432
Balance at March 31, 2023	**¥57,500**	**¥7,373**	**¥427,878**	**¥(37,630)**	**¥455,121**

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
			(Millions of yen)			
Balance at April 1, 2022	**¥2,358**	**¥(2,180)**	**¥(5,205)**	**¥(5,027)**	**¥ 5**	**¥417,667**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2023	–	–	–	–	–	59,326
Cash dividend	–	–	–	–	–	(23,597)
Purchase of treasury shares	–	–	–	–	–	(3,532)
Disposal of treasury shares	–	–	–	–	–	234
Net changes in items other than shareholders' equity	(1,646)	7,421	(1,784)	3,990	(0)	3,989
Total changes during the year	(1,646)	7,421	(1,784)	3,990	(0)	36,422
Balance at March 31, 2023	**¥ 711**	**¥ 5,241**	**¥(6,989)**	**¥(1,037)**	**¥ 4**	**¥454,088**

See notes to consolidated financial statements.

For the year ended March 31, 2024

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
			(Millions of yen)		
Balance at April 1, 2023	**¥57,500**	**¥7,373**	**¥427,878**	**¥(37,630)**	**¥455,121**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2024	–	–	56,038	–	56,038
Cash dividend	–	–	(22,209)	–	(22,209
Purchase of treasury shares	–	–	–	(5)	(5)
Disposal of treasury shares	–	0	–	402	402
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during the year	–	0	33,829	397	34,226
Balance at March 31, 2024	**¥57,500**	**¥7,373**	**¥461,707**	**¥(37,233)**	**¥489,347**

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
			(Millions of yen)			
Balance at April 1, 2023	**¥ 711**	**¥ 5,241**	**¥(6,989)**	**¥ (1,037)**	**¥ 4**	**¥454,088**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2024	–	–	–	–	–	56,038
Cash dividend	–	–	–	–	–	(22,209)
Purchase of treasury shares	–	–	–	–	–	(5)
Disposal of treasury shares	–	–	–	–	–	402
Net changes in items other than shareholders' equity	9,741	5,861	7,335	22,936	(4)	22,932
Total changes during the year	9,741	5,861	7,335	22,936	(4)	57,158
Balance at March 31, 2024	**¥10,452**	**¥11,101**	**¥ 345**	**¥21,899**	**¥ –**	**¥511,246**

See notes to consolidated financial statements.

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
	(Thousands of U.S. dollars) (Note 4)				
Balance at April 1, 2023	**$379,764**	**$48,697**	**$2,825,956**	**$(248,532)**	**$3,005,885**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2024	–	–	370,107	–	370,107
Cash dividend	–	–	(146,680)	–	(146,680)
Purchase of treasury shares	–	–	–	(34)	(34)
Disposal of treasury shares	–	1	–	2,657	2,657
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during the yearr	–	1	223,428	2,622	226,050
Balance at March 31, 2024	**$379,764**	**$48,698**	**$3,049,384**	**$(245,910)**	**$3,231,935**

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
	(Thousands of U.S. dollars) (Note 4)					
Balance at April 1, 2023	**$ 4,698**	**$34,614**	**$(46,162)**	**$ (6,850)**	**$29**	**$2,999,064**
Profit (Loss) attributable to owners of parent for the year ended March 31, 2024	–	–	–	–	–	370,107
Cash dividend	–	–	–	–	–	(146,680)
Purchase of treasury shares	–	–	–	–	–	(34)
Disposal of treasury shares	–	–	–	–	–	2,657
Net changes in items other than shareholders' equity	64,334	38,706	48,442	151,483	(29)	151,454
Total changes during the year	64,334	38,706	48,442	151,483	(29)	377,504
Balance at March 31, 2024	**$69,032**	**$73,321**	**$ 2,280**	**$144,633**	**$ –**	**$3,376,568**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2023	**2024**	**2024**
Cash Flows from Operating Activities:			
Profit (Loss) before income taxes	¥ 87,342	**¥ 82,842**	**$ 547,138**
Depreciation	6,179	**7,446**	**49,179**
Impairment losses	347	**471**	**3,110**
Amortization of goodwill	203	**203**	**1,342**
Increase (Decrease) in allowance for doubtful accounts	(3)	**210**	**1,390**
Increase (Decrease) in provision for loss on litigation	(28)	**(30)**	**(199)**
Interest and dividend income	(471)	**(657)**	**(4,337)**
Interest expenses	1,919	**2,450**	**16,184**
Share of loss (profit) of entities accounted for using equity method	12	**456**	**3,015**
Loss (Gain) on sale of investment securities	(13)	**-**	**-**
Loss (Gain) on valuation of investment securities	500	**-**	**-**
Loss (Gain) on disposal of non-current assets	93	**25**	**168**
Loss (Gain) on valuation of inventories	1,631	**624**	**4,124**
Decrease (Increase) in trade receivables	(21,210)	**20,558**	**135,778**
Decrease (Increase) in costs on construction contracts in progress	(682)	**(672)**	**(4,438)**
Decrease (Increase) in inventories	(97,363)	**(41,395)**	**(273,397)**
Increase (Decrease) in trade payables	15,056	**16,717**	**110,411**
Increase (Decrease) in advances received on construction contracts in progress	3,159	**18,536**	**122,425**
Increase (Decrease) in deposits received	(5,367)	**17,288**	**114,178**
Other	(13,671)	**23,690**	**156,465**
Subtotal	(22,365)	**148,766**	**982,536**
Interest and dividends received	470	**658**	**4,348**
Interest paid	(1,888)	**(2,379)**	**(15,712)**
Income taxes paid	(28,126)	**(32,022)**	**(211,492)**
Net Cash Provided by (Used in) Operating Activities	(51,909)	**115,023**	**759,680**
Cash Flows from Investing Activities:			
Payments into time deposits	-	**(31)**	**(205)**
Purchase of securities	(659)	**(705)**	**(4,654)**
Proceeds from redemption of securities	659	**705**	**4,654**
Purchase of property, plant and equipment and intangible assets	(35,447)	**(24,158)**	**(159,557)**
Proceeds from sale of property, plant and equipment and intangible assets	60	**154**	**1,016**
Purchase of investment securities	(18,365)	**(15,599)**	**(103,024)**
Proceeds from sales and withdrawal of investment securities	42	**482**	**3,181**
Loan advances	(16,509)	**(20,908)**	**(138,091)**
Proceeds from collection of loans receivable	15,263	**20,266**	**133,850**
Payments of leasehold and guarantee deposits	(1,123)	**(928)**	**(6,129)**
Proceeds from refund of leasehold and guarantee deposits	729	**721**	**4,765**
Other	(96)	**156**	**1,028**
Net Cash Used in Investing Activities	(55,446)	**(39,846)**	**(263,164)**
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	31,500	**(31,500)**	**(208,044)**
Proceeds from long-term borrowings	50,000	**65,000**	**429,298**
Repayment of long-term borrowings	(31,841)	**(10,000)**	**(66,046)**
Proceeds from issuance of bonds	30,000	**20,000**	**132,092**
Redemption of bonds	-	**(20,000)**	**(132,092)**
Purchase of treasury shares	(3,538)	**(5)**	**(34)**
Incidental expenses for loan	(1,469)	**(1,819)**	**(12,016)**
Dividends paid	(23,597)	**(22,209)**	**(146,680)**
Other	(270)	**(220)**	**(1,450)**
Net Cash Provided by (Used in) Financing Activities	50,785	**(753)**	**(4,972)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	39	**736**	**4,863**
Net Increase (Decrease) in Cash and Cash Equivalents	(56,531)	**75,161**	**496,406**
Cash and Cash Equivalents at Beginning of Period	264,864	**208,333**	**1,375,950**
Cash and Cash Equivalents at End of Period (Note 17)	¥208,333	**¥283,493**	**$1,872,356**

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Haseko Corporation and Consolidated Subsidiaries
For the years ended March 31, 2023 and 2024

1. Basis of Presentation
Haseko Corporation (the "Company") and its consolidated domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and Haseko America, Inc. and its subsidiaries ("Haseko America") maintain their books of account in conformity with the financial accounting standards of the United States of America.

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Certain reclassifications or summaries of accounts have been made to present the consolidated financial statements in a form which is more familiar to readers outside Japan.

2. Summary of Significant Accounting Policies
(1) Scope of consolidation
The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. As of March 31, 2024, the numbers of consolidated subsidiaries and affiliates accounted for by the equity method were 63 and 7 (63 and 6 in 2023), respectively. Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less.

The fiscal year of Haseko America ends on December 31, and they are included in the consolidation as of that date. The necessary adjustments for significant transactions that occur during the period from January 1 to March 31 are made in the preparation of the consolidated financial statements.

(2) Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank deposits that may be withdrawn on demand, negotiable deposits with a maturity of three months or less at the time of purchase and time deposits that can be easily withdrawn and bear no risk of value fluctuation.

(3) Securities and investment securities
Securities other than investments in non-consolidated subsidiaries and affiliates are classified into two different categories, held-to-maturity and other securities. The Company holds no trading securities.

Held-to-maturity securities are stated at amortized cost. Marketable securities classified as other securities are stated a fair value. Valuation difference on available-for-sale securities are reported as a separate component of accumulated other comprehensive income at a net-of-tax amount. Non-marketable securities classified as other securities are stated at cost. Cost of securities sold is determined by the moving-average method.

(4) Inventories
Costs on construction contracts in progress, real estate for sale, costs on real estate business and real estate for development are stated at cost determined by the individual cost method. Raw materials are stated at cost determined by the average method. Supplies are stated at cost determined by the individual cost method. The book value of inventories on the balance sheets is written down based on the fall in profitability. Real estate for lease included in inventories is depreciated using the same method as that applied to property, plant and equipment.

Some consolidated subsidiaries have incorporated the interest paid on funds used for the real-estate development business into the costs of real estate for sale.

(5) Property, plant and equipment
Depreciation of property, plant and equipment is principally computed by declining-balance method while the straight-line method is applied to buildings (excluding structures attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016. Certain consolidated subsidiaries depreciate property, plant and equipment by the straight-line method.

(6) Intangible assets
Intangible assets are amortized by the straight-line method over the period estimated to be effective at the time of occurrence, except for Leasehold interests in land, which are not amortized.

Computer software for internal use is amortized by the straight-line method over the estimated useful period of five years.

(7) Leases
Leased assets under finance leases that are deemed to have transferred ownership are depreciated using the same method as that applied to property, plant and equipment.

Leased assets under finance leases that are not deemed to have transferred its ownership are depreciated over the lease period as useful period using the straight-line method with no residual value.

(8) Allowance for doubtful accounts
Allowance for doubtful accounts is provided for the estimated future loss on bad debt. It is estimated using the Company's experience of the loss ratio and a specific estimate of known doubtful accounts.

(9) Provision for warranties for completed construction
Provision for warranties for completed construction is provided for the estimated repair expense owed by the Company in the event of defects and liability for non-conformity found in the completed constructions after handover.

(10) Provision for loss on construction contracts
In order to prepare for future losses from construction orders, estimated amounts of losses have been recorded for construction projects prior to delivery as of the end of fiscal year for those that are expected to generate losses and losses can be evaluated rationally.

(11) Provision for bonuses
Provision for bonuses are provided for the estimated amount of bonuses to be paid to employees for the services rendered by the balance sheet date.

(12) Provision for bonuses for directors (and other officers)
Provision for bonuses for directors (and other officers) are provided for the estimated amount of bonuses to be paid to directors for the services rendered by the balance sheet date.

(13) Provision for loss on litigation
Provision for loss on litigation is provided for the possible estimated loss arising from litigation.

(14) Provision for share awards
In order to prepare for the provision of the Company's shares to its employees, estimated amounts of benefits earned in the fiscal year ended March 31, 2024 have been recorded.

(15) Provision for share awards for directors (and other officers)
In order to prepare for the provision of the Company's shares to its directors and officers, estimated amounts of benefits earned in the fiscal year ended March 31, 2024 have been recorded.

(16) Retirement benefits
The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Past service costs are amortized by the straight-line method over the average remaining service period of the employees (5-13 years) at the time of occurrence.

Actuarial differences are amortized from the next year in which the difference arises by the straight-line method over the average remaining service period of the employees (5-19 years).

Some consolidated subsidiaries calculate retirement benefit liability and retirement benefit expense by adopting the simplified method, which assumes their retirement benefit obligation to be equal to the benefits payable as if all eligible employees voluntarily terminated their employment at fiscal year end.

(17) Accounting standards for significant revenues and expenses
The details of the main performance obligations for core businesses relating to revenues generated by contracts with customers of the Company or its consolidated subsidiaries and the timing of fulfilling these performance obligations were as follows.

1. Construction-Related Business
Primarily targeting the market for new housing supply, this business provides comprehensive construction services for condominiums, etc., from planning and design to construction. The main revenues recognized for this business are shown below.

(Construction Work)
Since the applicable performance obligations are fulfilled over a certain period of time and the value of the created assets controlled by customers increases as the construction work progresses, the revenue is recognized in accordance with the degree of progress of the construction work. The degree of progress is measured by an input method based on costs incurred. The transaction price is determined based on the construction contract, and compensation is received in stages at the times stipulated in the contract.

However, for the construction contracts in which the time from the transaction start date until the time when all performance obligations are expected to be completely fulfilled is extremely short, the revenue is recognized at the time when the performance obligations are completely fulfilled.

(Design and Supervision)
The performance obligations in the design services are to deliver the products to the customer, and the revenue is recognized at the time the performance obligations are fulfilled. The transaction price is determined by the service contract, and the compensation is received at the time stipulated in the contract.

The performance obligations in the supervision services are to supply supervisory services relating to construction work to the customer over the term of the contract, and the revenues are recognized over the contract term. The transaction price is determined based on the service contract, and the compensation is received at the time stipulated in the contract.

(Real Estate Sales, etc.)
The applicable performance obligations are fulfilled at the time the real estate sales transaction is completed, and the revenue are recognized at that time. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

2. Real Estate-Related Business
Mainly focusing on newly built for-sale condominiums, this business engages in construction and sales of real estate, etc. The main revenues recognized for this business are shown below.

(Construction and Sales of Real Estate, etc.)
The applicable performance obligations are fulfilled at the time the real estate sales transaction is completed, and the revenue is recognized at that time. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

3. Service-Related Business
Focusing mainly on services for existing housing, this business includes large-scale repair work and interior remodeling, condominium building management and leasing management, and consigned sales and real estate brokerage of for-sale condominiums. The main revenues were recognized as follows.

(Large-Scale Repair Work and Interior Remodeling, etc.)
Since the applicable performance obligations are fulfilled over a certain period of time and the value of the created assets controlled by customers increases as the repair work, etc. progresses, the revenue is recognized in accordance with the degree of progress of the repair work, etc. The degree of progress is measured by an input method based on costs incurred. The transaction price is determined based on the service contract, and the compensation is received in stages at the times stipulated in the contract.

However, for the service contracts in which the time from the transaction start date until the time when all performance obligations are expected to be completely fulfilled is extremely short, the revenues is recognized at the time when the performance obligations are completely fulfilled.

(Condominium Building Management and Condominium Leasing Management, etc.)
The applicable performance obligations are fulfilled at a point in time or over a certain period of time, depending on the condominium management-related obligation details, and the revenue is recognized accordingly. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

(For-Sale Condominium Consigned Sales)
The applicable performance obligations are fulfilled at the point in time when the for-sale housing sold on consignment is transferred to the end user, and the revenue is recognized at that time. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

(Real Estate Brokerage, Renovations, etc.)
The applicable performance obligations are fulfilled at the time when

the real estate sales transaction is completed, and the revenue is recognized at that time. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

4. Overseas-Related Business
This business involves overseas real estate development and sales, and the main revenues were recognized as follows.

(Real Estate Sales, etc.)
The applicable performance obligations are fulfilled at the time when the real estate sales transaction is completed, and the revenue is recognized at that time. The transaction price is determined based on the contract with the customer, and the compensation is received based on said contract.

(18) Foreign currency translation
Receivables and payables denominated in foreign currencies are translated into Japanese yen at the foreign exchange rates prevailing at the respective balance sheet dates and a net exchange loss/gain is included in profit. Furthermore, the assets/liabilities and earnings/expenses of overseas consolidated subsidiaries are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting translation adjustments are reported as "Foreign currency translation adjustment" in net assets.

(19) Hedge accounting
The Company and its consolidated subsidiaries use interest rate swap contracts to hedge interest rate fluctuation risk on long-term borrowings with variable interest rates. Certain interest rate swap contracts which meet certain criteria as qualified hedges are not measured at fair value. The differences between paid and received amounts under such swap agreements are recognized in interest expenses as incurred.

The assessment of hedge effectiveness is omitted when the notional amounts, interest rates and contract periods of the hedging instruments and the hedged items are the same.

(20) Amortization of goodwill
Goodwill is amortized on a straight-line basis over the period economic benefits are expected. However, immaterial amounts of goodwill are charged to income as incurred.

(21) Income taxes
Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. The Company has applied Group Tax Sharing System.

(22) Deferred assets
Issuance costs for straight bonds are charged to income.

(23) Accounting treatment for advertising expenses
The Company and some of its consolidated subsidiaries capitalize advertising expenses and other selling expenses for sales of real estate incurred before delivery in real estate inventories and expense them upon delivery.

(24) Significant accounting estimates
1. Revenue recognition for contracts where performance obligations are satisfied over time
(1) Amount recorded in the consolidated financial statements for the fiscal years ended March 31, 2023 and 2024

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Completed construction contracts based on the method of recognizing revenue as performance obligations are satisfied over a certain period of time	¥449,234	**¥488,213**	**$3,224,444**

(2) Information on significant accounting estimates related to the identified items
1) Calculation method
For performance obligations that are to be satisfied over a certain period of time and for which a reasonable estimate of the degree of completion can be made, the Company estimates the degree of completion related to the satisfaction of the performance obligation and recognizes revenue based on that degree of completion, unless the period is very short. Progress is measured by the input method based on cost incurred, and the amount of completed work and cost of completed work for the fiscal years ended March 31, 2023 and 2024 are recognized accordingly.

2) Significant assumptions
The total costs on construction contracts that satisfy performance obligation over a certain period of time, which are the basis for revenue recognition in accordance with the percentage-of-completion method, are estimated by using the working budget for each construction contract. Each construction is unique in nature because its basic design and work contents are specifically instructed by each customer and also it requires certain assumptions and judgments made by the in-charge department with expert knowledge and experience in constructions, and thus entails uncertainty. In addition, during a long period of construction, there may be a sharp increase in the costs of construction materials and labor or difficulties in their procurement as well as a decline in production capacity due to an insufficient number of subcontractors and other cooperative companies. Accordingly, the Company continuously revisits the total costs on construction works.

3) Effects on the consolidated financial statements for the next fiscal year
If there is a change in the progress of construction due to the incurrence of additional costs, change in contract amount, etc., it may pose a significant impact on the revenue from construction contracts in the consolidated financial statements of the next fiscal year.

2. Valuation of real estate inventories
(1) Amount recorded in the consolidated financial statements for the fiscal years ended March 31, 2023 and 2024

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Loss on valuation of real estate inventories	¥ 1,631	**¥ 624**	**$ 4,124**
Real estate for sale	216,966	**266,332**	**1,759,014**
Costs on real estate business	212,591	**253,423**	**1,673,756**
Real estate for development	30,315	**33,056**	**218,319**

(2) Information on significant accounting estimates related to the identified items
1) Calculation method
If the net realizable value of real estate inventories as of March 31, 2023 and 2024, are lower than the acquisition costs, the net selling price is the value recorded in the consolidated balance sheet and the difference is recorded as loss on valuation of real estate inventories.

2) Significant assumptions
The net realizable value is calculated on the basis of estimated sales price and estimated selling expenses, etc. In addition, net realizable value is estimated by taking into account the transaction cases, estimated sales price and condominium demand forecast in neighboring areas.

3) Effects on the consolidated financial statements for the next fiscal year
If it becomes necessary to revise the net realizable value due to changes in future economic conditions, etc., such may have a significant impact on the consolidated financial statements for the next fiscal year.

3. Impairment losses on non-current assets
(1) Amount recorded in the consolidated financial statements for the fiscal years ended March 31, 2023 and 2024

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Impairment losses	¥ 347	**¥ 471**	**$ 3,110**
Property, plant and equipment	211,618	**175,625**	**1,159,931**
Intangible assets	10,163	**11,036**	**72,890**

(2) Information on significant accounting estimates related to the identified items
1) Calculation method
For the assets for which it is determined that impairment loss should be recognized as of March 31, 2023 and 2024, the book value is reduced to the recoverable amount and the difference is recorded as impairment loss.

2) Significant assumptions
The recoverable amount is based on net realizable value, future cash flows, and other factors. Significant assumptions are rental income and discount rate. These estimates are based on the property's location, transactions made in vicinity, rents, vacancy rates, and expected yields, etc.

3) Effects on the consolidated financial statements for the next fiscal year
If it becomes necessary to update rental income and discount rate due to changes in future economic conditions, etc., it may have a significant impact on the consolidated financial statements for the next fiscal year.

(25) Change in accounting policies
Not applicable.

(26) Accounting standards issued but not yet effective
"Accounting Standard for Current Income Taxes" (ASBJ Guidance No. 27, October 28, 2022)
"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Guidance No. 25, October 28, 2022)
"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview
Provides for the classification of income taxes incurred by taxation on other comprehensive income and the treatment of tax effects on sales of shares of subsidiaries when Group Tax Sharing System is applied.

(2) Planned date of application
The application date will be the beginning of the fiscal year ending March 2025.

(3) Impact of the application of the accounting standard, etc.
The amount of the impact is under review as of the date of preparing the consolidated financial statements.

3. Supplemental Information
(Notes to consolidated statement of income)
"Subsidy income," which had been separately presented in "Non-operating Income (Expenses)" for the fiscal year ended March 31, 2023, has been included in "Other, net" for the current fiscal year due to a decrease in the quantitative materiality. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥241 million presented as "Subsidy income" in "Non-operating Income (Expenses)" in the consolidated statement of income for the fiscal year ended March 31, 2023 has been reclassified and presented as "Other, net" in the amount of ¥1,050 million.

(Additional information)
(Performance-linked stock compensation system)
The Company has introduced a Board Benefit Trust (the "BBT Scheme") for Directors (excluding Outside Directors), Executive Vice Presidents, Executive Operating Officers and Senior Operating Officers of the Company, and the presidents, etc. of its Group companies (the "Group Officers") and the Stock-Granting Employee Stock Ownership Plan (the "ESOP Scheme") for key employees of the Company and its Group companies (the "Group Key Employees").

1. BBT Scheme
(1) Outline of the transaction
The BBT Scheme is a scheme in which the Company's shares, etc., are provided to Group Officers, as of the date of their retirement from office as a rule, through a trust established under the BBT Scheme (the "BBT Trust"), in accordance with the "officer stock benefit rules" set forth by the Company. The benefits of the Company's shares shall be acquired by the BBT Trust using the money contributed by the Company as the funds.

(2) Accounting treatments for transactions of delivering the Company's own stock through trusts
The Company has continued to use a method, which it previously adopted, in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force No. 30 (revised 2015), March 26, 2015).

(3) Residual shares of the Company held by the BBT Trust
The shares of the Company held by the BBT Trust were appropriated as treasury shares in net assets.

The book values of treasury shares were ¥1,139 million and ¥1,056 million ($6,973 thousand) as of March 31, 2023 and 2024, respectively, with the number of shares totaling 788,800 and 731,300 shares, respectively. The weighted average number of shares outstanding for the years ended March 31, 2023 and 2024 were 481,948 and 740,292 shares, respectively.

The number of shares standing and the weighted average number of shares outstanding are included in treasury shares which are deducted in calculating basic profit attributable to owners of parent per share.

2. ESOP Scheme
(1) Outline of the transaction
The ESOP Scheme is a scheme in which the Company's shares, etc. are provided to Group Key Employees, as of the date of their retirement from the Haseko Group as a rule, through a trust established under the ESOP Scheme (the "ESOP Trust"), in accordance with the stock benefit rules set forth by the Company. The benefits of the Company's shares shall be acquired by the ESOP Trust using the money contributed by the Company as the funds.

(2) Accounting treatments for transactions of delivering the Company's own stock through trusts
The Company has continued to use a method, which it previously adopted, in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force No. 30 (revised 2015), March 26, 2015).

3) Residual shares of the Company held by the ESOP Trust
The shares of the Company held by the ESOP Trust were appropriated as treasury shares in net assets.

The book values of treasury shares were ¥6,266 million and ¥5,947 million ($39,276 thousand) as of March 31, 2023 and 2024, respectively, with the number of shares totaling 4,311,000 and 4,091,500 shares, respectively. The weighted average number of shares outstanding for the years ended March 31, 2023 and 2024 were 2,591,323 and 4,114,107 shares, respectively.

The number of shares standing and the weighted average number of shares outstanding are included in treasury shares which are deducted in calculating basic profit attributable to owners of parent per share.

(Accounting for notes with maturity dates at fiscal year-end)
Notes that mature at the end of the fiscal year are settled on the clearance dates. The following notes remained outstanding at the end of the fiscal year as the maturity date fell on a business holiday for financial institutions.

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Notes receivable	¥ –	**¥ 1**	**$ 10**
Electronically recorded monetary claims - operating	–	**1**	**3**
Notes payable	–	**73**	**483**
Electronically recorded obligations - operating	–	**3,420**	**22,589**

4. U.S. Dollar Amounts
The U.S. dollar amounts are included solely for convenience of readers outside Japan, at the prevailing exchange rate on March 31, 2024, which was ¥151.41=U.S.$1. The above translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

5. Financial Instruments
Overview
(1) Policy for financial instruments
The Company and its consolidated subsidiaries manage surplus funds only through deposits and procure funds through issuance of straight bonds and borrowings from financial institutions. The Company and its consolidated subsidiaries use derivative instruments in order to hedge against interest rate fluctuations and do not enter into derivative transactions for trading or speculative purposes, in accordance with internal policy.

(2) Nature and extent of risks arising from financial instruments
Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables of the Company and its consolidated subsidiaries, are exposed to credit risks of customers. Securities are the negotiable deposits which can easily be converted to cash and are subject to little risk of change in value and have high liquidity. As for investment securities, which are primarily stocks of companies with which the Company has business relationships, listed securities are exposed to market risks, and non-listed securities are exposed to risks of fluctuations in the financial conditions of the issuers. In addition, the Company provides loans to its subsidiaries and affiliates.

Notes payable, accounts payable for construction contracts and other and electronically recorded obligations - operating, which are trade payables, are mostly due within a year. Bonds payable, borrowings and debt are means of fund procurement primarily in connection with business activities, and the Company uses derivative instruments (interest rate swap transactions) for a certain portion of these liabilities as hedging instruments to mitigate interest rate fluctuation risks and to fix its interest payments. With regard to the method of evaluation of hedge effectiveness, the Company omitted the evaluation of the effectiveness as the requirements for the special treatment of interest-rate swaps are satisfied. In addition, financial covenants have been applied to major borrowings and debt.

(3) Risk management for financial instruments
Management of credit risks (risks associated with business partners' default etc.)
With regard to trade receivables, in accordance with its internal rules, the Company checks the creditworthiness of its business partners, manages the balance of accounts receivable and monitors the status of any delay in collection, and works to obtain collateral when it is necessary to protect accounts receivable, in an endeavor to identify and mitigate risks on collections. Credit risk is also managed by its consolidated subsidiaries in accordance with its internal rules. Loans receivable are managed by the Company by conducting credit investigations on a regular basis in accordance with its internal provisions and working to obtain collateral, if necessary. When the Company conducts derivative transactions, it deals exclusively with Japanese financial institutions that have high creditworthiness.

Management of market risks (interest rate fluctuation risks, etc.)
With regard to investment securities, the Company determines their fair values and evaluates the financial position of the issuers regularly. For derivative transactions, the Company operates a system that separates execution and management functions based on the internal rules that stipulate policies, usage/and the range of derivatives, and so forth. Under the system, the balance of derivative transactions and the gains or loss from valuation are regularly reported to the director in charge of finance. Furthermore, derivative transactions by the Company and its consolidated subsidiaries are conducted, in principle, as a means to hedge risks, and should work to reduce market risks that might arise between the targeted assets and the liabilities. As such, the Company believes that market risks are fairly limited.

Management of liquidity risks (risks that the Company may not be able to meet its obligation on scheduled due dates) associated with funds procurement

The Company endeavors to secure liquidity as the finance division prepares funding plans appropriately based on reports from each division and other information and implements fund procurement by utilizing commitment lines in coordination with the scheduled due dates. In addition, the Company confirms the funding status of its consolidated subsidiaries to appropriately manage the funds of the Company and its consolidated subsidiaries as a whole.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. In addition, the notional amounts of derivatives in Note 18. Derivative Transactions are not necessarily indicative of the actual market risk involved in derivative transactions.

Fair values of financial instruments

The carrying value of financial instruments on the consolidated balance sheet as of March 31, 2023 and 2024, and estimated fair value are shown in the following tables.

	Millions of yen		
	2023		
	Carrying value	Fair value	Difference
Investment securities (Note 2)	¥ 18,687	¥ 18,687	¥ –
Long-term loans receivable	3,692		
Allowance for doubtful accounts	(24)		
Sub-total	3,668	3,713	45
Total	¥ 22,355	¥ 22,400	¥ 45
Bonds payable	100,000	99,461	(539)
Long-term borrowings	230,000	220,928	(9,072)
Total	¥330,000	¥320,389	¥(9,611)

Note 1: Information on cash and deposits, notes receivable, accounts receivable from completed construction contracts and other, securities, notes payable, accounts payable for construction contracts and other, electronically recorded obligations - operating, short-term borrowings, income taxes payable, current portion of long-term borrowings and current portion of bonds payable is omitted because these are settled in a short period of time and their carrying value approximates fair value.

Note 2: Securities, etc. that do not have market prices are not included in the preceding table. Details on such securities, etc., recorded on the consolidated balance sheet are below:

	Millions of yen
	2023
Equity securities of affiliates	¥19,896
Unlisted securities	17,797

Note 3: Investments in partnerships, etc. and business entities equivalent to these for which the equity equivalents are recorded as a net amount on the consolidated balance sheet are omitted. The amount was ¥4,838 million as of March 31, 2023.

	Millions of yen		
	2024		
	Carrying value	Fair value	Difference
Investment securities (Note 2)	**¥ 32,393**	**¥ 32,393**	**¥ –**
Long-term loans receivable	**3,551**		
Allowance for doubtful accounts	**(24)**		
Sub-total	**3,528**	**3,549**	**22**
Total	**¥ 35,920**	**¥ 35,942**	**¥ 22**
Bonds payable	**120,000**	**119,056**	**(944)**
Long-term borrowings	**285,000**	**274,018**	**(10,982)**
Total	**¥405,000**	**¥393,074**	**¥(11,926)**

	Thousands of U.S. dollars		
	2024		
	Carrying value	Fair value	Difference
Investment securities (Note 2)	**$ 213,942**	**$ 213,942**	**$ –**
Long-term loans receivable	**23,454**		
Allowance for doubtful accounts	**(156)**		
Sub-total	**23,298**	**23,441**	**143**
Total	**$ 237,240**	**$ 237,383**	**$ 143**
Bonds payable	**792,550**	**786,312**	**(6,238)**
Long-term borrowings	**1,882,306**	**1,809,778**	**(72,528)**
Total	**$2,674,856**	**$2,596,090**	**$(78,766)**

Note 1: Information on cash and deposits, notes receivable, accounts receivable from completed construction contracts and other, securities, notes payable, accounts payable for construction contracts and other, electronically recorded obligations - operating, income taxes payable and current portion of long-term borrowings is omitted because these are settled in a short period of time and their carrying value approximates fair value.

Note 2: Securities, etc. that do not have market prices are not included in the preceding table. Details on such securities, etc., recorded on the consolidated balance sheet are below:

	Millions of yen	*Thousands of U.S. dollars*
	2024	**2024**
Equity securities of affiliates	**¥28,026**	**$185,102**
Unlisted securities	**24,974**	**164,942**

Note 3: Investments in partnerships, etc. and business entities equivalent to these for which the equity equivalents are recorded as a net amount on the consolidated balance sheet are omitted. The amount was ¥6,051 million ($39,965 thousand) as of March 31, 2024.

1) Redemption schedule for monetary receivables and securities with maturity dates at March 31, 2023 and 2024

	Millions of yen				
	2023				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
Cash and deposits	¥206,644	¥ –	¥ –	¥ –	¥206,644
Notes receivable and electronically recorded monetary claims	3,883	–	–	–	3,883
Accounts receivable from completed construction contracts	143,768	20,776	723	–	165,267
Securities					
Negotiable certificates of deposits	4,613	–	–	–	4,613
Long-term loans receivable	2,336	993	130	233	3,692
Total	¥361,245	¥21,769	¥853	¥233	¥384,099

	Millions of yen				
	2024				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
Cash and deposits	**¥284,129**	**¥ –**	**¥ –**	**¥ –**	**¥284,129**
Notes receivable and electronically recorded monetary claims	**3,950**	**–**	**–**	**–**	**3,950**
Accounts receivable from completed construction contracts	**128,561**	**15,534**	**482**	**–**	**144,577**
Securities					
Negotiable certificates of deposits	**2,255**	**–**	**–**	**–**	**2,255**
Long-term loans receivable	**3,227**	**107**	**130**	**88**	**3,551**
Total	**¥422,122**	**¥15,641**	**¥611**	**¥88**	**¥438,462**

	Thousands of U.S. dollars				
	2024				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
Cash and deposits	**$1,876,557**	**$ –**	**$ –**	**$ –**	**$1,876,557**
Notes receivable and electronically recorded monetary claims	**26,085**	**–**	**–**	**–**	**26,085**
Accounts receivable from completed construction contracts	**849,090**	**102,599**	**3,182**	**–**	**954,871**
Securities					
Negotiable certificates of deposits	**14,891**	**–**	**–**	**–**	**14,891**
Long-term loans receivable	**21,315**	**705**	**856**	**578**	**23,454**
Total	**$2,787,938**	**$103,303**	**$4,038**	**$578**	**$2,895,858**

2) Repayment schedule for short-term borrowings, bonds payable, and long-term borrowings at March 31, 2023 and 2024

	Millions of yen						Thousands of U.S. dollars		
	2023			**2024**			**2024**		
	Short-term borrowings	Bonds payable	Long-term borrowings	Short-term borrowings	Bonds payable	Long-term borrowings	Short-term borrowings	Bonds payable	Long-term borrowings
Due within 1 year	¥31,500	¥20,000	¥ 10,000	**¥–**	**¥ –**	**¥ 10,000**	**$–**	**$ –**	**$ 66,046**
Due after 1 year through 2 years	–	–	10,000	**–**	**40,000**	**20,000**	**–**	**264,183**	**132,092**
Due after 2 years through 3 years	–	40,000	20,000	**–**	**–**	**10,000**	**–**	**–**	**66,046**
Due after 3 years through 4 years	–	–	10,000	**–**	**20,000**	**20,000**	**–**	**132,092**	**132,092**
Due after 4 years through 5 years	–	20,000	10,000	**–**	**30,000**	**10,000**	**–**	**198,138**	**66,046**
Due after 5 years	–	40,000	180,000	**–**	**30,000**	**225,000**	**–**	**198,138**	**1,486,031**

3) Breakdown of financial instrument fair value by Level:
The fair value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs for measuring the fair value.

Level 1 fair value: Fair values measured by using market prices of applicable assets or liabilities formed in active markets as observable inputs for fair value measurement.

Level 2 fair value: Fair values measured by using the observable inputs other than those in Level 1.

Level 3 fair value: Fair value calculated using inputs that are unobservable. In cases where non-observable inputs relating to fair value measurement are used and multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized into the lowest priority level of fair value measurement hierarchy within the level of each input used in the measurement.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other securities				
Equity securities	¥16,293	¥–	¥ –	¥16,293
Others	–	–	2,393	2,393
Total	¥16,293	¥–	¥2,393	¥18,687

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other securities				
Equity securities	**¥28,645**	**¥–**	**¥ –**	**¥28,645**
Others	**–**	**–**	**3,748**	**3,748**
Total	**¥28,645**	**¥–**	**¥3,748**	**¥32,393**

	Thousands of U.S. dollars			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other securities				
Equity securities	**$189,190**	**$–**	**$ –**	**$189,190**
Others	**–**	**–**	**24,752**	**24,752**
Total	**$189,190**	**$–**	**$24,752**	**$213,942**

(2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	¥–	¥ 3,713	¥–	¥ 3,713
Total assets	–	3,713	–	3,713
Bonds payable	–	99,461	–	99,461
Long-term borrowings	–	220,928	–	220,928
Total liabilities	¥–	¥320,389	¥–	¥320,389

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	**¥–**	**¥ 3,549**	**¥–**	**¥ 3,549**
Total assets	**–**	**3,549**	**–**	**3,549**
Bonds payable	**–**	**119,056**	**–**	**119,056**
Long-term borrowings	**–**	**274,018**	**–**	**274,018**
Total liabilities	**¥–**	**¥393,074**	**¥–**	**¥393,074**

	Thousands of U.S. dollars			
	2024			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	**$–**	**$ 23,441**	**$–**	**$ 23,441**
Total assets	**–**	**23,441**	**–**	**23,441**
Bonds payable	**–**	**786,312**	**–**	**786,312**
Long-term borrowings	**–**	**1,809,778**	**–**	**1,809,778**
Total liabilities	**$–**	**$2,596,090**	**$–**	**$2,596,090**

(Note 1)
Explanation of Assessment Methods Used in Fair Value Measurement and Inputs for Fair Value Measurement

Investment securities
Investment securities and publicly traded shares are valued using the market price. Since publicly traded shares are traded on active markets, their fair value is categorized as Level 1. Since some preferred equity securities, etc. regulated by the Act on Securitization of Assets have a fair value measured using non-observable inputs for fair value measurement, they are categorized as Level 3.

Long-term loans receivable
Long-term loans receivable are categorized by period, and their fair value is calculated using the discounted present value method, based on the interest rate determined by taking into account credit spreads and appropriate indicators such as future cash flow, government bond yields, etc. for each credit management-related credit risk classification, and they are categorized as Level 2. Furthermore, the fair value of doubtful accounts receivable is calculated by similarly using the discounted present value of projected cash flow based on the discount rate or using the discounted present value method based on the anticipated return on investment, etc., and since the effect of non-observable inputs on fair value is not significant, they are categorized as Level 2.

Long-term dorrowings
The fair value is calculated using the discounted present value method, based on the total amount of principal and interest and the interest rate factoring in the remaining term and credit risks, and they are categorized as Level 2. For variable-interest long-term loans payable subject to special treatment as interest rate swaps, fair value is measured based on the present value of the total amount of principal and interest accounted for together with the interest rate swap transactions, discounted by the expected interest rate if similar new borrowings were entered into.

Bonds payable
The fair value of bonds payable issued by the Company is measured based on the market price. Since straight bonds are not necessarily traded on active markets even though they have a market price, they are categorized as Level 2.

(Note 2)
Information on Financial Assets and Financial Liabilities Classified as Level 3 Fair Value Recorded on Consolidated Balance Sheets Based on Fair Value
Since the financial instruments categorized as Level 3 were not significant, this information has been omitted.

4) Investments in non-consolidated subsidiaries and affiliates were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Investment securities	¥19,326	**¥27,456**	**$181,338**
Other securities	570	**570**	**3,765**

6. Securities and Investment Securities

(1) Securities classified as held-to-maturity debt securities as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen					
	2023			**2024**		
	Carrying value	Fair value	Unrealized gain (loss)	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value	¥ –	¥ –	¥–	**¥ –**	**¥ –**	**¥–**
Securities whose fair value does not exceed their carrying value	4,613	4,613	–	**2,255**	**2,255**	**–**
Total	¥4,613	¥4,613	¥–	**¥2,255**	**¥2,255**	**¥–**

	Thousands of U.S. dollars		
	2024		
	Carrying value	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value	**$ –**	**$ –**	**$–**
Securities whose fair value does not exceed their carrying value	**14,891**	**14,891**	**–**
Total	**$14,891**	**$14,891**	**$–**

(2) Other securities whose fair value is available as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen					
	2023			**2024**		
	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 4,365	¥ 1,988	¥2,377	**¥28,645**	**¥14,711**	**¥13,934**
Other	504	500	4	**2,191**	**1,445**	**746**
Sub-total	¥ 4,869	¥ 2,488	¥2,381	**¥30,836**	**¥16,157**	**¥14,680**
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	¥11,928	¥12,724	¥ (796)	**¥ –**	**¥ –**	**¥ –**
Other	1,889	2,058	(169)	**1,557**	**1,810**	**(253)**
Sub-total	¥13,817	¥14,782	¥ (964)	**¥ 1,557**	**¥ 1,810**	**¥ (253)**
Total	¥18,687	¥17,270	¥1,417	**¥32,393**	**¥17,967**	**¥14,426**

	Thousands of U.S. dollars		
	2024		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	**$189,190**	**$ 97,163**	**$92,027**
Other	**14,472**	**9,546**	**4,926**
Sub-total	**$203,662**	**$106,708**	**$96,953**
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	**$ –**	**$ –**	**$ –**
Other	**10,281**	**11,954**	**(1,673)**
Sub-total	**$ 10,281**	**$ 11,954**	**$ (1,673)**
Total	**$213,942**	**$118,662**	**$95,280**

(3) Other securities sold for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Equity securities:			
Proceeds from sales	¥23	**¥–**	**–**
Gain on sales	13	**–**	**–**
Loss on sales	–	**–**	**–**

(4) Impairment of investment securities

For the fiscal year ended March 31, 2023

The Company recorded impairment losses of ¥500 million on investment securities.

For securities whose fair values at the end of the fiscal year have declined by 50% or more compared with their acquisition cost, loss on impairment is recorded without exception. For securities whose fair values at the end of the fiscal year have declined by 30% or more but less than 50% compared with their acquisition cost, loss on impairment is recorded as deemed necessary in consideration of the possibility of their recoverability.

For the fiscal year ended March 31, 2024

Not applicable.

7. Inventories

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

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Real estate for sale	¥216,966	**¥266,332**	**$1,759,014**
Costs on real estate business	212,591	**253,423**	**1,673,756**
Real estate for development	30,315	**33,056**	**218,319**
	¥459,872	**¥552,811**	**$3,651,089**

8. Property, Plant and Equipment and Intangible Assets

(1) Property, plant and equipment as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Buildings and structures	¥ 98,263	**¥ 95,784**	**$ 632,610**
Machinery, vehicles, tools, furniture and fixtures	11,131	**13,191**	**87,123**
Land	116,645	**91,774**	**606,129**
Leased assets	1,197	**1,062**	**7,012**
Construction in progress	18,448	**8,251**	**54,493**
Other securities	22	**130**	**856**
Sub-total	245,705	**210,191**	**1,388,223**
Accumulated depreciation	(34,087)	**(34,566)**	**(228,291)**
	¥211,618	**¥175,625**	**$1,159,931**

(2) Intangible assets as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Leasehold interests in land	¥ 1,896	**¥ 1,895**	**$12,518**
Goodwill	2,184	**1,981**	**13,082**
Other	6,083	**7,160**	**47,289**
	¥10,163	**¥11,036**	**$72,890**

(3) Gain (Loss) on disposal or sales of non-current assets and intangible assets for the years ended March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Buildings and structures	¥(36)	**¥(33)**	**$(215)**
Machinery, vehicles, tools, furniture and fixtures	(58)	**(4)**	**(24)**
Land	5	**14**	**92**
Leased assets	–	**(0)**	**(2)**
Other	(5)	**(3)**	**(19)**
	¥(93)	**¥(25)**	**$(168)**

(4) Impairment losses

The Company and its consolidated domestic subsidiaries recognized impairment losses on the following non-current assets for the years ended March 31, 2023 and 2024.

2023

Use	Type	Location	Number of instances
Real estate for construction-related business	Land	Tsukuba-shi, Ibaraki	1
Real estate for real estate-related business	Land	Yahata-shi, Kyoto	1
Real estate for service-related business	Buildings, etc.	Naka-ku, Nagoya-shi, etc.	20
Assets for service-related business	Other intangible assets etc.	Minato-ku, Tokyo, etc.	6

2024

Use	Type	Location	Number of instances
Real estate for service-related business	Buildings etc.	Ichikawa-shi, Chiba, etc	13
Assets for service-related business	Tools, furniture and fixtures	Higashiyamato-shi, Tokyo, etc.	9

The Company and its consolidated domestic subsidiaries recognized impairment losses on certain real estate for construction-related business, real estate-related business, service-related business, and assets for service-related business, which are grouped separately for the assessment of impairment.

(2023)

The expected retirement and the decline in economic performance in the year ended March 31, 2023 triggered the recognition of impairment, and the carrying values of those assets have been written down to their recoverable amounts, resulting in impairment losses on non-current assets of ¥347 million for the year ended March 31, 2023, which were presented as "Extraordinary Losses" on the consolidated statement of income.

(2024)

The decline in economic performance in the year ended March 31, 2024 triggered the recognition of impairment, and the carrying values of those assets have been written down to their recoverable amounts, resulting in impairment losses on non-current assets of ¥471 million ($3,110 thousand) for the year ended March 31, 2024, which were presented as "Extraordinary Losses" on the consolidated statement of income.

The details of impairment losses on non-current assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Buildings and structures	¥119	**¥155**	**$1,022**
Machinery, vehicles, tools, furniture and fixtures	52	**314**	**2,077**
Land	22	**2**	**11**
Leased assets	1	**-**	**-**
Intangible assets	154	**-**	**-**
	¥347	**¥471**	**$3,110**

(2023)
The recoverable amount of real estate for construction-related business and real estate-related business are measured by the net selling price calculated on the basis of contracts for sale, etc. The recoverable amount of real estates for service-related business and assets for service-related business are measured by the value in use. The value in use is set as zero because the valuation based on future cash flows is expected to be negative. Moreover, the discount rate is omitted as undiscounted future cash flows before discounting are expected to be negative. Other intangible assets have been declined due to the fact that they are no longer expected to generate the initially anticipated revenue effects.

(2024)
The recoverable amount of real estate for service-related business and assets for service-related business are measured by the value in use. The value in use is set as zero because the valuation based on future cash flows is expected to be negative. Moreover, the discount rate is omitted as undiscounted future cash flows before discounting are expected to be negative.

(5) Rental properties
The Company and some of its consolidated subsidiaries own residential properties for lease, office buildings for lease (including land), commercial facilities for lease, etc., mainly in the Tokyo metropolitan area, the Kinki area and the Tokai area. Income and expenses of the leasing business related to the rental properties for the years ended March 31, 2023 and 2024 were ¥2,054 million and ¥2,262 million ($14,939 thousand), respectively. Impairment losses (recorded as “Extraordinary losses”) were ¥22 million for the year ended March 31, 2023.

Changes in the recorded amount of rental properties, etc. in the consolidated balance sheet during the year and fair value as of the end of the fiscal year were as follows.

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Book value:			
Balance at the beginning of the year	¥128,294	**¥149,492**	**$987,333**
Increase/decrease	21,198	**(37,176)**	**(245,535)**
Balance at the end of the year	149,492	**112,316**	**741,798**
Fair value	¥175,993	**¥133,312**	**$880,467**

Notes:
1) The rental properties are recorded on the consolidated balance sheet at their acquisition costs net of accumulated depreciation and impairment losses.
2) Of the amount of increase (decrease) for the year ended March 31, 2023, the increase is primarily attributable to acquisition of real estate (¥24,656 million) and transfer to rental properties (¥13,340 million). The decrease is primarily attributable to transfer to real estate for sale (¥15,013 million) and depreciation (¥1,577 million).
Of the amount of increase (decrease) for the year ended March 31, 2024, the increase is primarily attributable to acquisition of real estate (¥14,833 million, $97,968 thousand) and transfer to rental properties (¥1,825 million, $12,055 thousand). The decrease is primarily attributable to transfer to real estate for sale (¥52,508 million, $346,796 thousand) and depreciation (¥1,685 million, $11,127 thousand).
3) The fair value at the end of the current fiscal year is the appraisal value taken from the real estate appraisal reports for major properties; and the calculations by the Company in accordance with the “Real Estate Appraisal Standards” for others. However, for certain properties the value at the time of acquisition or value obtained using a general fair value calculation formula is stated as the fair value at the end of the current fiscal year when there has been no significant fluctuation in the index which is deemed to be a kind of appraised value or appropriately reflect market value since they were acquired or most recently appraised.

9. Short-term Borrowings, Long-term Borrowings, Bonds Payable and Lease Obligations

(1) The following is a summary of the interest bearing debt as of March 31, 2023 and 2024:

	Average interest rate	*Millions of yen*		*Thousands of U.S. dollars*
		2023	**2024**	**2024**
Short-term borrowings	-	¥ 31,500	**¥ -**	**$ -**
Current portion of long-term borrowings	0.49%	10,000	**10,000**	**66,046**
Current portion of lease obligations	-	122	**94**	**621**
Bonds payable due Nov. 1, 2028	0.52%	10,000	**10,000**	**66,046**
Bonds payable due Jul. 19, 2029	0.35%	10,000	**10,000**	**66,046**
Bonds payable due Jul. 11, 2025	0.24%	20,000	**20,000**	**132,092**
Bonds payable due Jul. 12, 2030	0.47%	20,000	**20,000**	**132,092**
Bonds payable due Nov. 27, 2023	0.03%	20,000	**-**	**-**
Bonds payable due Nov. 26, 2027	0.30%	10,000	**10,000**	**66,046**
Bonds payable due Mar. 13, 2026	0.29%	20,000	**20,000**	**132,092**
Bonds payable due Mar. 15, 2028	0.57%	10,000	**10,000**	**66,046**
Bonds payable due Dec. 14, 2028	0.85%	-	**20,000**	**132,092**
long-term borrowings due from 2025 to 2039	0.98%	230,000	**285,000**	**1,882,306**
Lease obligations due from 2025 to 2030	-	141	**235**	**1,555**
Total		¥391,763	**¥415,329**	**$2,743,078**

Note: The weighted average interest rate for the end-of-year balance of outstanding debt is shown as the “average interest rate”.
For lease obligations, the average interest rate is not stated because the amount equivalent to interest included in the total lease payments is allocated to each consolidated fiscal year by the straight-line method.

(2) The annual maturities of bonds payable, long-term borrowings and lease obligations (excluding the current portion) as of March 31, 2024 were as follows:

	Millions of yen				*Thousands of U.S. dollars*
Year ending March 31	Bonds payable	Long-term borrowings	Lease obligations	Total	Total
2026	**¥ 40,000**	**¥ 20,000**	**¥ 82**	**¥ 60,082**	**$ 396,816**
2027	**–**	**10,000**	**65**	**10,065**	**66,476**
2028	**20,000**	**20,000**	**50**	**40,050**	**264,511**
2029	**30,000**	**10,000**	**35**	**40,035**	**264,417**
2030 and thereafter	**30,000**	**225,000**	**3**	**255,003**	**1,684,192**
Total	**¥120,000**	**¥285,000**	**¥235**	**¥405,235**	**$2,676,411**

(3) The Company has committed lines of credit available for immediate and stable borrowings with certain five financial institutions as of March 31, 2023 and 2024. The lines of credit and unused lines of credit as of March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Line of credit	¥63,000	**¥100,000**	**$660,458**
Amount utilized	31,500	**-**	**-**
Unused line of credit	¥31,500	**¥100,000**	**$660,458**

10. Contract Assets

The amounts of the receivables arising from contracts with customers and the contract assets included in the notes receivable, accounts receivable from completed construction contracts and other as of March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Notes receivable	¥ 3,545	**¥ 3,219**	**$ 21,261**
Electronically recorded monetary claims - operating	338	**730**	**4,824**
Accounts receivable from completed construction contracts	71,246	**46,789**	**309,024**
Contract assets	92,207	**95,488**	**630,660**

11. Tax Purpose Reduction Entry

The amounts by which the acquisition costs of non-current assets were reduced due to government subsidies, etc. as of March 31, 2023 and 2024 were as follows.

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Buildings and structures	¥ –	**¥54**	**$357**
Machinery, vehicles, tools, furniture and fixtures	41	**41**	**269**

12. Contract Liabilities

The amounts of contract liabilities included in advances received on construction contracts in progress, deposits received - real estate businesss and other current liabilities as of March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Advances received on construction contracts in progress	¥28,631	**¥47,167**	**$311,519**
Deposits received - real estate business	22,745	**38,913**	**257,005**
Other current liabilities	2,915	**2,786**	**18,401**

13. Contingent Liabilities

The Company was contingently liable for guarantees on bank loans and other guarantees as of March 31, 2023 and 2024 as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Customers using housing loans and other loans to purchase real estate, overseas affiliated companies	¥49,425	**¥81,740**	**$539,860**

14. Lease Transactions

(1) Finance lease transactions

(a) Details of leased assets

Non-current assets are mainly assets for the “Service-related business”.

(b) Depreciation method of leased assets

Please refer to Note 2 (7) Summary of Significant Accounting Policies relating depreciations of leased assets.

(2) Operating lease transactions

(As lessee)

Outstanding future minimum lease payments under noncancelable operating leases as of March 31, 2023 and 2024 were summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Within one year	¥ 920	**¥ 1,659**	**$ 10,957**
Over one year	17,367	**17,496**	**115,553**
Total	¥18,287	**¥19,155**	**$126,510**

(As lessor)

Outstanding future minimum lease income under noncancelable operating leases as of March 31, 2023 and 2024 were summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Within one year	¥ 2,026	**¥ 2,392**	**$ 15,796**
Over one year	20,102	**18,956**	**125,195**
Total	¥22,128	**¥21,347**	**$140,991**

15. Supplementary Profit and Loss Information

(1) Revenue from contracts with customers

As for net sales, revenues arising from contracts with customers and the revenues from other sources are not presented separately from each other. The amounts of revenue from contracts with customers is presented in “22. Revenue Recognition, 1. Disaggregated revenues arising from contracts with customers”.

(2) Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Cost of sales of completed construction contracts	¥206	**¥381**	**$2,515**
Cost of sales of design and supervision	23	**55**	**365**

(3) Loss (Gain) on valuation of inventories included in cost of sales for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Cost of sales - real estate	¥1,631	**¥624**	**$4,124**

(4) Selling, general and administrative expenses for the years ended March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Salaries and allowances	¥23,323	**¥24,378**	**$161,010**
Provision for bonuses	2,215	**2,406**	**15,893**
Provision for bonuses for directors (and other officers)	180	**208**	**1,374**
Provision for share awards	399	**326**	**2,154**
Provision for share awards for directors (and other officers)	116	**101**	**669**
Retirement benefit expenses	1,037	**1,039**	**6,862**
Rents	3,874	**3,930**	**25,954**
Depreciation	2,689	**2,843**	**18,778**
Amortization	203	**203**	**1,342**
Other	37,111	**39,427**	**260,400**
Total	¥71,147	**¥74,862**	**$494,436**

(5) Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Research and development costs	¥3,309	**¥3,820**	**$25,229**

16. Net Assets

(1) Shares issued and treasury shares

Changes in number of shares issued and treasury shares for the year ended March 31, 2023 were as follows:

	Number of shares (Thousand shares)			
	2022	Increase	Decrease	2023
Shares issued:				
Common stock	300,794	–	–	300,794
Treasury shares:				
Common stock (Notes 1 and 2)	26,148	2,304	169	28,283

Notes:
1) Increase in treasury shares due to treasury shares acquired upon a resolution by the Board of Directors.
2) Decrease in treasury shares due to the grant by the BBT and the Stock-Granting ESOP held as trust assets.

Changes in number of shares issued and treasury shares for the year ended March 31, 2024 were as follows:

	Number of shares (Thousand shares)			
	2023	Increase	Decrease	**2024**
Shares issued:				
Common stock	300,794	–	–	**300,794**
Treasury shares:				
Common stock (Notes 1 and 2)	28,283	2	277	**28,009**

Notes:
1) Increase in treasury shares due to the request by shareholders for purchase of shares less than one standard unit.
2) Decrease in treasury shares due to the grant by the BBT and the Stock-Granting ESOP held as trust assets.

(2) Dividends

(a) Dividends paid

In the year ended March 31, 2023

Resolution	Type of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual meeting of shareholders on June 29, 2022 (Note1)	Common stock	¥12,493	¥45.00	March 31, 2022	June 30, 2022
Board of Directors on November 10, 2022 (Note 2)	Common stock	¥11,104	¥40.00	September 30, 2022	December 6, 2022

Notes:
1) The total amount of dividends includes ¥133 million as dividends to the Company’s shares held by the BBT and the Stock-Granting ESOP as trust assets.
2) The total amount of dividends includes ¥112 million as dividends to the Company’s shares held by the BBT and the Stock-Granting ESOP as trust assets.

In the year ended March 31, 2024

Resolution	Type of shares	Total amount of dividend		Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
Annual meeting of shareholders on June 29, 2023 (Note1)	Common stock	**¥11,104**	**$73,340**	**¥40.00**	**$0.26**	March 31, 2023	June 30, 2023
Board of Directors on November 10, 2023 (Note 2)	Common stock	**¥11,104**	**$73,340**	**¥40.00**	**$0.26**	September 30, 2023	December 6, 2023

Notes:
1) The total amount of dividends includes ¥204 million ($1,347 thousand) as dividends to the Company’s shares held by the BBT and the Stock-Granting ESOP as trust assets.
2) The total amount of dividends includes ¥193 million ($1,276 thousand) as dividends to the Company’s shares held by the BBT and the Stock-Granting ESOP as trust assets.

(b) Dividends with the cut-off date in the year ended March 31, 2024 and the effective date in the year ending March 31, 2025

Resolution	Type of shares	Total amount of dividend (Millions of yen)	Total amount of dividend (Thousands of U.S. dollars)	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Record date	Effective date
Annual meeting of shareholders on June 27, 2024 (Note)	Common stock	**¥12,492**	**$82,507**	**¥45.00**	**$0.30**	March 31, 2024	June 28, 2024

Note: The total amount of dividends includes ¥217 million ($1,433 thousand) as dividends to the Company's shares held by the BBT and the Stock-Granting ESOP as trust assets.

17. Cash and Cash Equivalents

A reconciliation between cash and cash equivalents on the consolidated statement of cash flows and the cash and deposits on the consolidated balance sheet as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Cash and deposits	¥206,644	**¥284,129**	**$1,876,557**
Time deposits with a deposit period of more than three months	–	**(31)**	**(203)**
Saving accounts for insurance agency	(692)	**(361)**	**(2,384)**
Negotiable certificates of deposit, which are included in securities	3,954	**1,550**	**10,238**
Restricted deposit	(1,574)	**(1,795)**	**(11,852)**
Cash and cash equivalents	¥208,333	**¥283,493**	**$1,872,356**

18. Derivative Transactions

Derivative transactions for which hedge accounting is applied were as follows:

Hedge accounting method	Hedging instrument	Hedged item	As of March 31, 2023: Notional amount	As of March 31, 2023: Of which, maturing after one year	As of March 31, 2023: Fair value
			(Millions of yen)		
Special treatment of interest rate swaps	Interest rate swap transaction Pay fixed / Receive floating	Long-term borrowings	¥147,850	¥147,850	(Note)

Hedge accounting method	Hedging instrument	Hedged item	As of March 31, 2024: Notional amount	As of March 31, 2024: Of which, maturing after one year	As of March 31, 2024: Fair value
			(Millions of yen)		
Special treatment of interest rate swaps	Interest rate swap transaction Pay fixed / Receive floating	Long-term borrowings	**¥182,650**	**¥182,650**	(Note)
			(Thousands of U.S. dollars)		
			$1,206,327	**$1,206,327**	

Note: The fair value of interest rate swaps accounted for by special treatment is included in the fair value of the applicable long-term borrowings as such swaps are accounted for together with the hedged long-term borrowings.

There were no derivative transactions for which hedge accounting were not applied as of March 31, 2023 and 2024.

19. Retirement Benefit Plans

The Company and its consolidated subsidiaries have a corporate pension plan as a defined benefit plan, and have an optional defined contribution pension plan as a defined contribution pension plan.

Some consolidated subsidiaries have adopted a lump-sum retirement allowance plan, a contract-type corporate pension fund plan and a smaller enterprise retirement allowance plan. They have also adopted a defined contribution pension fund as a defined contribution plan.

Certain consolidated subsidiaries participate in the multi-employer pension plan. When the pension assets held by the multi-employer pension plan corresponding to the subsidiaries' contribution cannot be reliably determined, the accounting treatment applied is the same as that for a defined contribution plan.

(1) The changes in the retirement benefit obligation during the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Balance at the beginning of the year	¥57,215	**¥57,285**	**$378,346**
Service cost	2,984	**3,062**	**20,225**
Interest cost	117	**118**	**781**
Actuarial gain or loss	581	**(4,812)**	**(31,780)**
Retirement benefit paid	(3,574)	**(3,011)**	**(19,887)**
The amount of past service costs occurred	(48)	**10**	**68**
Other	10	**(1)**	**(8)**
Balance at the end of the year	¥57,285	**¥52,652**	**$347,746**

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

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Balance at the beginning of the year	¥76,185	**¥74,062**	**$489,152**
Expected return on plan assets	1,861	**1,810**	**11,951**
Actuarial gain or loss	(3,225)	**4,411**	**29,134**
Contributions by the Company	2,404	**2,383**	**15,736**
Retirement benefits paid	(3,494)	**(2,944)**	**(19,444)**
Other	331	**516**	**3,406**
Balance at the end of the year	¥74,062	**¥80,237**	**$529,935**

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2023 and 2024.

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Funded retirement benefit obligation	¥ 55,751	**¥ 50,925**	**$ 336,336**
Plan assets at fair value	(74,062)	**(80,237)**	**(529,935)**
	(18,312)	**(29,313)**	**(193,599)**
Unfunded retirement benefit obligation	1,534	**1,728**	**11,410**
Net retirement benefit liability in the balance sheet	(16,777)	**(27,585)**	**(182,189)**
Retirement benefit liability	1,630	**1,777**	**11,735**
Asset for retirement benefits	(18,407)	**(29,362)**	**(193,923)**
Net retirement benefit liability in the balance sheet	¥(16,777)	**¥(27,585)**	**$(182,189)**

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

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Service cost	¥ 2,738	**¥ 2,611**	**$ 17,241**
Interest cost	117	**118**	**781**
Expected return on plan assets	(1,861)	**(1,810)**	**(11,951)**
Amortization of actuarial loss	1,201	**1,383**	**9,132**
Amortization of past service cost	(18)	**1**	**10**
Retirement benefit expense	¥ 2,177	**¥ 2,304**	**$ 15,214**

Notes:
1) Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
2) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method which assumes retirement benefit obligation to be equal to the benefits payable as if all eligible employees voluntarily terminated their employment at fiscal year-end are included in "Service cost".

(5) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Past service cost	¥ 31	**¥ (9)**	**$ (58)**
Actuarial gain or loss	(2,605)	**10,606**	**70,046**
Total	¥(2,575)	**¥10,597**	**$69,988**

(6) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Unrecognized past service cost	¥ (31)	**¥ (22)**	**$ (144)**
Unrecognized actuarial gain or loss	10,116	**(489)**	**(3,232)**
Total	¥10,086	**¥(511)**	**$(3,375)**

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2023 and 2024 were as follows:

	2023	**2024**
Bonds	52%	**54%**
Stocks	23%	**21%**
Alternative investments (Note)	18%	**18%**
Life insurance general accounts, etc.	7%	**7%**
Total	100%	**100%**

Notes: Alternative investments are mainly investments in hedge funds.

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8) The assumptions used in accounting for the above plans were as follows:

	2023	**2024**
Discount rates	0.2% - 1.1%	**0.4% - 1.1%**
Expected rates of return on plan assets	1.0% - 2.5%	**1.0% - 2.5%**

(9) Defined Contribution Plan
The required contributions to the defined contribution plans of consolidated subsidiaries for the years ended March 31, 2023 and 2024 were ¥46 million and ¥46 million ($301 thousand), respectively.

(10) Multi-employer pension plan
The required contributions, which were accounted in the same way as the defined contribution plan for the years ended March 31, 2023 and 2024 were ¥39 million and ¥41 million ($309 thousand), respectively.

The most recent funded status was as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Pension assets	¥ 3,698	¥3,808	$28,515
Total of the amount of actuarial obligations under pension funding program and minimum policy reserves	4,719	4,739	35,492
Difference	¥(1,021)	¥ (932)	$ (6,977)

The U.S. dollar amounts are calculated by the prevailing exchange rate on March 31, 2023, which was ¥133.53=U.S.$1.

The average contribution ratio to total contributions made to all plans for the years ended March 31, 2022 and 2023 were 5.62% and 5.53%, respectively. This ratio does not accord with the actual contribution ratio of the Company group.

The differences of ¥(1,021) million as described above was due to past service cost under pension funding programs ¥(1,092) million and special reserve fund ¥71 million for the year ended March 31, 2022.

The differences of ¥(932) million ($(6,977) thousand) as described above was due to past service cost under pension funding programs ¥(882) million ($(6,602) thousand) and carry forward shortage ¥(50) million ($(374) thousand) for the year ended March 31, 2023.

Past service costs under this program are amortized using the straight-line method (9 years and 6 months).

20. Income Taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Deferred tax assets:			
Allowance for doubtful accounts	¥ 206	**¥ 269**	**$ 1,778**
Accrued business tax	1,306	**1,130**	**7,464**
Provision for warranties for completed construction	1,302	**1,503**	**9,924**
Provision for bonuses	2,028	**2,194**	**14,492**
Retirement benefits liability	553	**558**	**3,684**
Loss on valuation of real estate for sale (Note 1)	7,135	**7,074**	**46,722**
Impairment losses	1,164	**968**	**6,390**
Loss on valuation of investment securities	925	**920**	**6,079**
Revaluation of assets on consolidation	7,872	**6,848**	**45,231**
Consideration for business transfer	103	**25**	**164**
Provision for share awards	1,263	**1,366**	**9,023**
Cumulative effects of changes in accounting policies	3,530	**2,828**	**18,676**
Depreciation in excess	1,351	**1,665**	**10,994**
Capital gains	824	**1,011**	**6,675**
Tax loss carry forwards (Note 2)	4,265	**5,209**	**34,404**
Other	11,517	**12,942**	**85,474**
Sub-total	45,343	**46,509**	**307,174**
Valuation allowance pertaining to tax loss carry forwards	(3,875)	**(5,126)**	**(33,853)**
Valuation allowance pertaining to total deductible temporary difference	(22,609)	**(20,910)**	**(138,102)**
Valuation allowances (sub-total) (Note 2)	(26,485)	**(26,036)**	**(171,955)**
Total deferred tax assets	18,859	**20,473**	**135,219**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(706)	**(4,188)**	**(27,660)**
Prepaid pension cost	(5,691)	**(9,021)**	**(59,578)**
Revaluation of assets on consolidation	(249)	**(220)**	**(1,456)**
Other	(1,479)	**(1,510)**	**(9,975)**
Total deferred tax liabilities	(8,125)	**(14,939)**	**(98,668)**
Net deferred tax assets	¥ 10,734	**¥ 5,534**	**$ 36,551**

Notes:

1) Loss on valuation of real estate for sale includes ¥1,576 million and ¥1,657 million ($10,941 thousand) as of March 31, 2023 and 2024, respectively, for properties that were reclassified from “Current Assets” to “Property, Plant and Equipment” following a change in holding purpose.

2) Tax loss carry forwards and related deferred tax assets expire as follows:

As of March 31, 2023

	Millions of yen						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carry forwards (a)	¥–	¥51	¥3	¥ 4	¥–	¥ 4,208	¥ 4,265
Valuation allowance	–	–	–	(3)	–	(3,872)	(3,875)
Deferred tax assets	–	51	3	1	–	336	390 (b)

(a) Tax loss carry forwards are shown as the amounts multiplied by the statutory tax rate.

(b) The Company recorded deferred tax assets of ¥390 million for tax loss carry forwards of ¥4,265 million (the amount multiplied by the statutory tax rate). The said deferred tax assets of ¥390 million represent the amount at which the Company recognized for part of the tax loss carry forwards totaling ¥4,265 million for Sohgoh Real Estate Co., Ltd. and 9 other consolidated subsidiaries. The deferred tax assets recognized for the tax carry forwards resulted from losses of ¥51 million for the fiscal year ended March 31, 2016, ¥3 million for the fiscal year ended March 31, 2017, ¥1 million for the fiscal year ended March 31, 2018, ¥26 million for the fiscal year ended March 31, 2019, ¥297 million for the fiscal year ended March 31, 2020, ¥3 million for the fiscal year ended March 31, 2022 and ¥10 million for the fiscal year ended March 31, 2023, respectively (the amount multiplied by the statutory tax rate for each), as calculated by Sohgoh Real Estate Co., Ltd. and 5 other companies. As such, the Company determined that the amounts are recoverable in view of anticipated taxable income in the future, and did not recognize valuation allowances for them.

As of March 31, 2024

	Millions of yen						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carry forwards (a)	**¥–**	**¥–**	**¥2**	**¥–**	**¥ 27**	**¥ 5,180**	**¥ 5,209**
Valuation allowance	**–**	**–**	**(1)**	**–**	**(27)**	**(5,098)**	**(5,126)**
Deferred tax assets	**–**	**–**	**1**	**–**	**0**	**82**	**83** (b)

	Thousands of U.S. dollars						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carry forwards (a)	**$–**	**$–**	**$ 11**	**$–**	**$ 179**	**$ 34,214**	**$ 34,404**
Valuation allowance	**–**	**–**	**(5)**	**–**	**(177)**	**(33,671)**	**(33,853)**
Deferred tax assets	**–**	**–**	**6**	**–**	**2**	**543**	**551** (b)

(a) Tax loss carry forwards are shown as the amounts multiplied by the statutory tax rate.

(b) The Company recorded deferred tax assets of ¥83 million ($551 thousand) for tax loss carry forwards of ¥5,209 million ($34,404 thousand) (the amount multiplied by the statutory tax rate). The said deferred tax assets of ¥83 million ($551 thousand) represent the amount at which the Company recognized for part of the tax loss carry forwards totaling ¥5,209 million ($34,404 thousand) for HASEKO America, Inc. and 7 other consolidated subsidiaries. The deferred tax assets recognized for the tax carry forwards resulted from losses of ¥1 million ($6 thousand) for the fiscal year ended March 31, 2018, ¥0 million ($2 thousand) for the fiscal year ended March 31, 2019, ¥80 million ($528 thousand) for the fiscal year ended March 31, 2020, ¥1 million ($6 thousand) for the fiscal year ended March 31, 2022, ¥1 million ($8 thousand) for the fiscal year ended March 31, 2023, respectively (the amount multiplied by the statutory tax rate for each), as calculated by Sohgoh Real Estate Co., Ltd. and 3 other companies. As such, the Company determined that the amounts are recoverable in view of anticipated taxable income in the future, and did not recognize valuation allowances for them.

(2) The reconciliation of the statutory tax rate to the effective income tax rate for the year ended March 31, 2023 and 2024 were as follows:

	2023	**2024**
Statutory tax rate	The note has been omitted because the differences between the statutory tax rate and the effective tax rate are less than 5% of the statutory tax rate.	**30.6%**
(Adjustment)		
Permanent non-deductible expenses		**1.2**
Permanent non-taxable items		**(0.3)**
Per capita inhabitant tax		**0.3**
Decrease in valuation allowances		**(1.6)**
Tax credit for salary growth		**(1.1)**
Expiration of tax loss carry forwards		**0.1**
Consolidation goodwill		**1.0**
Tax rate differences between the Company and consolidated subsidiaries		**1.7**
Other		**0.6**
Effective income tax rate		**32.4%**

(3) Accounting for corporate tax, local corporate tax and tax effect accounting

The Company and certain domestic consolidated subsidiaries have applied the Group Tax Sharing System, and corporate tax and local corporate tax, as well as their tax effects, are accounted for and disclosed under the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No.42, August 12, 2021).

(4) Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

As a result of the passage of the Act to Partially Amend the Local Tax Act, etc. (Act No. 4 of 2024) by the Diet on March 28, 2024, the statutory effective tax rate for calculating deferred tax assets and deferred tax liabilities related to temporary differences, etc. that are expected to be resolved in or after the next consolidated fiscal year will change for some consolidated subsidiaries. As a result of this change, deferred tax assets (amount after deducting deferred tax liabilities) increased ¥176 million ($1,160 thousand), valuation difference on available-for-sale securities, etc. increased ¥1 million ($8 thousand), and deferred tax expense decreased ¥174 million ($1,152 thousand) for the fiscal year ended March 31, 2024.

21. Per Share Information

(1) Per share information as of and for the years ended March 31, 2023 and 2024 were as follows:

	Yen		*U.S. dollars*
	2023	**2024**	**2024**
Net assets per share	¥1,666.30	**¥1,874.17**	**$12.38**
Profit per share			
Basic	216.10	**205.45**	**1.36**
Diluted	–	**–**	**–**

(2) The following is the basis for calculating the basic and diluted profit per share:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Profit	¥59,326	**¥56,038**	**$370,107**
Profit not attributable to owners of parent	–	**–**	**–**
Profit attributable to owners of parent	¥59,326	**¥56,038**	**$370,107**
Weighted average number of shares outstanding (thousands of shares)	274,537	**272,754**	

Note: Shares owned by the Board Benefit Trust (BBT) and the Stock-Graning ESOP held as trust assets are included in treasury shares, which is deducted in calculating basic profit attributable to owners of parent per share. The average numbers of shares outstanding during the years ended March 31, 2023 and 2024 were 26,256 thousand and 28,039 thousand, respectively, including 3,073 and 4,854 thousand of shares held by the BBT and the Stock-Granting ESOP as trust assets in 2023 and 2024.

(3) The following is the basis for calculating the net assets per share:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Net assets	¥454,088	**¥511,246**	**$3,376,568**
Amount not attributable to common shareholders:			
Non-controlling interests	4	**-**	**-**
Net assets attributable to common shareholders	¥454,084	**¥511,246**	**$3,376,568**
Number of common shares of the end of the period used in the calculation of the net assets per share (thousands of shares)	272,510	**272,784**	

Note: Shares owned by the Board Benefit Trust (BBT) and the Stock-Granting ESOP held as trust assets are included in treasury shares, which is deducted in calculating net assets per share. The numbers of shares of treasury shares at March 31, 2023 and 2024 were 28,283 thousand and 28,009 thousand, respectively, including 5,099 and 4,822 thousand of shares held by the BBT and the Stock-Granting ESOP as trust assets in 2023 and 2024.

22. Revenue Recognition

1. Disaggregated information on revenues arising from contracts with customers

	Millions of yen				
	2023				
	Reportable segments				
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total
Construction work, etc.	¥439,422	¥ –	¥ –	¥ –	¥ 439,422
Design and supervision	11,845	–	–	–	11,845
Real estate sales, etc.	237,777	96,773	–	1	334,552
Large-scale repair work and interior remodeling,etc.	–	–	62,907	–	62,907
Condominium building management and condominium leasing management, etc.	–	–	66,480	–	66,480
For-sale condominium consigned sales, real estate brokerage and renovations, etc.	–	–	62,524	–	62,524
Other	14	–	3,442	31	3,487
Revenue from contracts with customers	689,059	96,773	195,353	33	981,218
Other revenue	127	19,137	26,794	–	46,058
Sales to external customers	¥689,187	¥115,910	¥222,147	¥33	¥1,027,277

	Millions of yen				
	2024				
	Reportable segments				
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total
Construction work, etc.	**¥480,379**	**¥ –**	**¥ –**	**¥ –**	**¥ 480,379**
Design and supervision	**11,776**	**–**	**–**	**–**	**11,776**
Real estate sales, etc.	**213,264**	**115,280**	**–**	**–**	**328,544**
Large-scale repair work and interior remodeling, etc.	**–**	**–**	**66,439**	**–**	**66,439**
Condominium building management and condominium leasing management, etc.	**–**	**–**	**70,441**	**–**	**70,441**
For-sale condominium consigned sales, real estate brokerage and renovations, etc.	**–**	**–**	**84,276**	**–**	**84,276**
Other	**–**	**–**	**3,543**	**937**	**4,480**
Revenue from contracts with customers	**705,419**	**115,280**	**224,699**	**937**	**1,046,334**
Other revenue	**4,615**	**12,404**	**30,997**	**70**	**48,086**
Sales to external customers	**¥710,034**	**¥127,684**	**¥255,696**	**¥1,007**	**¥1,094,421**

	Thousands of U.S. dollars				
	2024				
	Reportable segments				
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total
Construction work, etc.	**$3,172,706**	**$ –**	**$ –**	**$ –**	**$3,172,706**
Design and supervision	**77,774**	**–**	**–**	**–**	**77,774**
Real estate sales, etc.	**1,408,519**	**761,377**	**–**	**–**	**2,169,895**
Large-scale repair work and interior remodeling, etc.	**–**	**–**	**438,799**	**–**	**438,799**
Condominium building management and condominium leasing management, etc.	**–**	**–**	**465,232**	**–**	**465,232**
For-sale condominium consigned sales, real estate brokerage and renovations, etc.	**–**	**–**	**556,608**	**–**	**556,608**
Other	**–**	**–**	**23,402**	**6,186**	**29,588**
Revenue from contracts with customers	**4,658,999**	**761,377**	**1,484,041**	**6,186**	**6,910,603**
Other revenue	**30,479**	**81,925**	**204,722**	**465**	**317,590**
Sales to external customers	**$4,689,477**	**$843,302**	**$1,688,763**	**$6,651**	**$7,228,193**

Note: "Other revenue" includes rental income, etc. based on the "Accounting Standard for Lease Transactions" (Corporate Accounting Standard No. 13) and real estate sales based on the "Practical Guidelines for Accounting Treatment of Transferors in Revenues from Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15).

2. Information that provides a basis for understanding revenues arising from contracts with customers

The basis for understanding revenues is described in (2. Summary of Significant Accounting Policies) “(17) Accounting Standards for Significant Revenues and Expenses” above.

(1) Balance of contract assets and contract liabilities

	Millions of yen				Thousands of U.S. dollars	
	2023		2024			
	Beginning balance	Ending balance	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables arising from contracts with customers	¥60,668	¥75,129	**¥75,129**	**¥50,739**	**$496,198**	**$335,109**
Contract assets	85,649	92,207	**92,207**	**95,488**	**608,990**	**630,660**
Contract liabilities	65,844	54,291	**54,291**	**88,866**	**358,567**	**586,925**

The amounts of revenue recognized in the fiscal years ended March 31, 2023 and 2024, that were included in the balances of contract liabilities at the beginning of the period were ¥58,635 million and ¥39,874 million ($263,349 thousand), respectively.

The change in contract assets was primarily attributable to revenue recognition (increase in contract assets) and transfer to trade receivables (decrease in contract assets).

The change in contract liabilities was primarily attributable to the receipt of advance payments (increase in contract liabilities) and revenue recognition (decrease in contract liabilities).

(2) Transaction prices allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations were ¥800,612 million and the expected period over which revenue is recognized is generally within five years for the years ended March 31, 2023. The total transaction price allocated to the remaining performance obligations were ¥871,600 million ($5,756,552 thousand), and the expected period over which revenue is recognized is generally within four years for the years ended March 31, 2024. Such amounts are not included in the information on remaining performance obligations for contracts with an initial expected term of one year or less, applying a practical expedient.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from said contracts, and the amount and timing of revenue from contracts with customers that existed at the end of the fiscal year ended March 31, 2023 and 2024, which are expected to be recognized in the next fiscal year.

23. Segment Information

Overview of segment information

The reportable segments of the Company are components for which discrete financial information is available and which are subject to periodic review in order for the Board of Directors to decide on resource allocation and to assess performance.

The Company group operates its business with any housing related business being at the core. An organizational unit comprises of several business groups with common business/operation targets and responsibilities in certain business domain. The Company has “Construction-Related Business”. which primarily targets the market for new housing supply, etc., “Real Estate-Related Business”. which primarily engages in the real estate for sale and real estate leasing, “Service-Related Business”. which primarily deals with existing residences and “Overseas-Related Business”. which engages in the development and sales of real estate overseas as reportable segments.

The accounting policies of the segments are substantially the same as those described in Note 2, “Summary of Significant Accounting Policies”. Segment performance is evaluated based on operating profit or loss. Intersegment sales amounts are determined based on market price.

1. Reportable segment information for the years ended March 31, 2023 and 2024 were as follows:

Millions of yen — 2023

Sales, profit or loss and assets by reportable segments	Reportable segments: Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
Sales to third parties	¥689,187	¥115,910	¥222,147	¥ 33	¥1,027,277	¥ –	¥1,027,277
Inter-segment sales and transfer	57,481	518	11,067	–	69,067	(69,067)	–
Net sales	746,668	116,429	233,214	33	1,096,343	(69,067)	1,027,277
Segment profit (loss)	66,939	19,071	14,907	(2,893)	98,025	(7,863)	90,162
Segment assets	¥390,563	¥423,995	¥232,063	¥99,928	¥1,146,548	¥ 51,556	¥1,198,105
Other items							
Depreciation and amortization	¥ 1,661	¥ 1,983	¥ 2,425	¥ 28	¥ 6,098	¥ 81	¥ 6,179
Investment in equity-method affiliates	–	–	–	14,184	14,184	–	14,184
Capital expenditures	1,381	24,724	3,974	5,374	35,452	(46)	35,406

Millions of yen — **2024**

Sales, profit or loss and assets by reportable segments	Reportable segments: Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
Sales to third parties	**¥710,034**	**¥127,684**	**¥255,696**	**¥ 1,007**	**¥1,094,421**	**¥ –**	**¥1,094,421**
Inter-segment sales and transfer	**66,417**	**492**	**11,854**	**–**	**78,763**	**(78,763)**	**–**
Net sales	**776,450**	**128,177**	**267,550**	**1,007**	**1,173,184**	**(78,763)**	**1,094,421**
Segment profit (loss)	**57,847**	**19,215**	**19,156**	**(4,904)**	**91,313**	**(5,566)**	**85,747**
Segment assets	**¥383,317**	**¥484,504**	**¥273,782**	**¥118,045**	**¥1,259,648**	**¥ 91,584**	**¥1,351,231**
Other items							
Depreciation and amortization	**¥ 1,615**	**¥ 2,455**	**¥ 2,856**	**¥ 451**	**¥ 7,377**	**¥ 69**	**¥ 7,446**
Investment in equity-method affiliates	**–**	**–**	**–**	**22,314**	**22,314**	**–**	**22,314**
Capital expenditures	**4,040**	**12,758**	**4,871**	**1,967**	**23,635**	**(282)**	**23,353**

Thousands of U.S. dollars — **2024**

Sales, profit or loss and assets by reportable segments	Reportable segments: Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
Sales to third parties	**$4,689,477**	**$ 843,302**	**$1,688,763**	**$ 6,651**	**$7,228,193**	**$ –**	**$7,228,193**
Inter-segment sales and transfer	**438,655**	**3,251**	**78,290**	**–**	**520,196**	**(520,196)**	**–**
Net sales	**5,128,132**	**846,553**	**1,767,053**	**6,651**	**7,748,389**	**(520,196)**	**7,228,193**
Segment profit (loss)	**382,052**	**126,905**	**126,520**	**(32,391)**	**603,087**	**(36,761)**	**566,326**
Segment assets	**$2,531,650**	**$3,199,945**	**$1,808,216**	**$779,637**	**$8,319,447**	**$ 604,872**	**$8,924,319**
Other items							
Depreciation and amortization	**$ 10,665**	**$ 16,212**	**$ 18,863**	**$ 2,981**	**$ 48,721**	**$ 458**	**$ 49,179**
Investment in equity-method affiliates	**–**	**–**	**–**	**147,376**	**147,376**	**–**	**147,376**
Capital expenditures	**26,679**	**84,263**	**32,169**	**12,990**	**156,102**	**(1,865)**	**154,237**

Notes:
1) Adjustments and eliminations were as follows:

(2023)
(1) Adjustments and eliminations for segment profit include ¥(2,580) million of elimination of inter-segment transactions and ¥(5,283) million of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
(2) Adjustments and eliminations for segment assets include ¥(25,515) million of elimination of receivables stemming from inter-segment transactions and ¥77,071 million of corporate assets. Corporate assets are primarily comprised of cash and deposits of the Company.

(2024)
(1) Adjustments and eliminations for segment profit include ¥(635) million ($(4,193) thousand) of elimination of inter-segment transactions and ¥(4,931) million ($(32,568) thousand) of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
(2) Adjustments and eliminations for segment assets include ¥(36,235) million ($(239,315) thousand) of elimination of receivables stemming from inter-segment transactions and ¥127,818 million ($844,187 thousand) of corporate assets. Corporate assets are primarily comprised of cash and deposits of the Company.

2) Segment profit has been adjusted with operating profit in the consolidated statement of income.

2. Impairment losses on non-current assets by reportable segments for the years ended March 31, 2023 and 2024 were summarized as follows:

	Millions of yen 2023						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Impairment losses on non-current assets	¥6	¥16	¥325	¥–	¥347	¥–	¥347

	Millions of yen **2024**						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Impairment loss eson non-current assets	**¥–**	**¥–**	**¥471**	**¥–**	**¥471**	**¥–**	**¥471**

	Thousands of U.S .dollars **2024**						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Impairment losses on non-current assets	**$–**	**$–**	**$3,110**	**$–**	**$3,110**	**$–**	**$3,110**

3. The following table presents the amortization and balance of goodwill as of and for the years ended March 31, 2023 and 2024 by reportable segment:

	Millions of yen 2023						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Amortization	¥–	¥–	¥ 203	¥–	¥ 203	¥–	¥ 203
Balance as of March 31	¥–	¥–	¥2,184	¥–	¥2,184	¥–	¥2,184

	Millions of yen **2024**						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Amortization	**¥–**	**¥–**	**¥ 203**	**¥–**	**¥ 203**	**¥–**	**¥ 203**
Balance as of March 31	**¥–**	**¥–**	**¥1,981**	**¥–**	**¥1,981**	**¥–**	**¥1,981**

	Thousands of U.S .dollars **2024**						
	Reportable segments					Adjustments and eliminations	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business	Total		
Amortization	**$–**	**$–**	**$ 1,342**	**$–**	**$ 1,342**	**$–**	**$ 1,342**
Balance as of March 31	**$–**	**$–**	**$13,082**	**$–**	**$13,082**	**$–**	**$13,082**

4. Information by product and service
Information by product and service is omitted as similar information has already been disclosed in this section.

5. Geographical information
(1) Net sales
Net sales information is omitted since net sales to external customers in Japan exceeds 90% of net sales recorded in the consolidated statement of income for the years ended March 31, 2023 and 2024.

(2) Property, plant and equipment
Property, plant and equipment information is omitted, since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment recorded in the consolidated balance sheet as of March 31, 2023 and 2024.

6. Information by major customers
Information by major customers is omitted, as net sales to any one specific customer were less than 10% of net sales recorded in the consolidated statement of income for the years ended March 31, 2023 and 2024.

24. Related Party Transactions

The consolidated subsidiary of the Company had a related party transaction with a key management personnel of the Company.

The corresponding balances as of March 31, 2023 and 2024 and the amounts of these transactions for the years then ended were summarized as follows:

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

Type	Name of company or individual	Relationship with related party	Transaction	Transaction amount	Account	Balance at end of fiscal year
Director and close relative	Kazuo Ikegami, President of the Company	Contracting for housing construction by the subsidiary Hosoda Corporation (Notes)	Contracting for housing construction by the subsidiary Hosoda Corporation (Notes)	*(Millions of yen)* ¥11	–	–
Director and close relative	Within the second-degree relative of Mitsuo Isoda, Corporate Auditor of the Company	Sales of for-sale condominium by the subsidiary Haseko Real Estate Development, Inc. (Note)	Sales of for-sale condominium by the subsidiary Haseko Real Estate Development, Inc. (Note)	*(Millions of yen)* ¥20	–	–

Note: Price and other transaction terms are determined in a similar manner for general transactions.

Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Not applicable.

25. Other Comprehensive Income

Reclassification adjustments and tax effects on components of other comprehensive income for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2023	**2024**	**2024**
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥(1,579)	**¥13,223**	**$ 87,333**
Reclassification adjustments for gains (losses) recognized in profit	(13)	**–**	**–**
Amount before tax effect	(1,592)	**13,223**	**87,333**
Tax effect	(54)	**(3,482)**	**(22,999)**
Valuation difference on available-for-sale securities	(1,646)	**9,741**	**64,334**
Foreign currency translation adjustment:			
Amount arising during the year	7,421	**5,861**	**38,706**
Remeasurements of defined benefit plans:			
Amount arising during the year	(3,758)	**9,213**	**60,845**
Reclassification adjustments for gains (losses) recognized in profit	1,183	**1,384**	**9,142**
Amount before tax effect	(2,575)	**10,597**	**69,988**
Tax effect	790	**(3,262)**	**(21,545)**
Remeasurements of defined benefit plans	(1,784)	**7,335**	**48,442**
Share of other comprehensive income (loss) of affiliates accounted for by the equity method:			
Amount arising during the year	–	**–**	**–**
Total other comprehensive income (loss)	¥ 3,990	**¥22,936**	**$151,483**

Independent Auditor’s Report

The Board of Directors
HASEKO Corporation

Opinion

We have audited the accompanying consolidated financial statements of HASEKO Corporation (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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.

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Estimation of total construction costs in satisfying a performance obligation and recognizing revenue over time that are applicable to construction-related businesses</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>The Company is primarily engaged in the general construction business, which involves the planning, designing, and construction of condominiums and other facilities. As described in 1) Construction deemed to satisfy performance obligations for the portion of work completed up to the end of the current period in (17 Accounting standards for significant revenues and expenses of Note 2</td><td>We mainly performed the following audit procedures in assessing the adequacy of the estimates of total construction costs made in applying the method of recognizing revenue as performance obligations are satisfied over time.
(1) Evaluation of internal controls
In order to evaluate the effectiveness of the process for estimating total construction costs,</td></tr>
</table>

Summary of Significant Accounting Policies to the consolidated financial statements, in recognizing net sales involving completed construction contracts and cost of sales of completed construction contracts, the Company applies a method of recognizing revenue as performance obligations are satisfied over time (cost-based input method is applied for estimates of progress towards complete satisfaction of the performance obligation) for construction contracts that are deemed to satisfy performance obligations for the portion of work completed up to the end of the fiscal year ended March 31, 2024, and recognized revenue based on progress towards complete satisfaction of performance obligations. Of the Net sales of ¥1,094,421 million for the fiscal year ended March 31, 2024, the amount of revenue from completed construction contracts that the Company recognized using the method of recognizing revenue as performance obligations are satisfied over time amounted to ¥451,767 million, representing 41.3% of Net sales. In applying the method of recognizing revenue as performance obligations are satisfied over time, the Company is required to reasonably estimate total construction revenue and total construction costs as well as progress towards complete satisfaction of performance obligations as of the fiscal year end. The progress towards complete satisfaction of performance obligations is determined by dividing actual costs incurred up to the fiscal year end by the total construction costs. As described in the notes to the consolidated financial statements (Significant accounting estimates), estimates of total construction costs require certain assumptions and judgments made by the department in charge with expert knowledge and experience in construction since each property is unique in nature because specific instructions on basic design and work contents are given by each customer, and thus involve uncertainty. In addition, given that construction is generally	we evaluated the design and operation of the Company's following internal controls. ・Control to ensure that operating budgets, which serve as the basis for estimates of total construction costs, are approved by board officers with approval authority. ・Control to ensure that revisions are made to estimates of total construction costs in a timely, appropriate, and comprehensive manner in accordance with factors such as the execution status of construction, the amounts of costs actually incurred, and changes in specifications instructed by customers, through the monitoring of profit or loss on construction by the department responsible for operating budgets, which performs estimates of total construction costs. (2) Evaluation of the adequacy of estimates of total construction costs ・In order to confirm that the revised total construction costs in operating budgets were reflected in a timely and appropriate manner in calculations of progress towards complete satisfaction of performance obligations, we assessed the consistency between the total construction costs used in determining progress towards complete satisfaction of performance obligations and the revised estimates made by the department responsible for operating budgets. ・In order to confirm that the revisions to the total construction costs were carried out in a timely and appropriate manner, we identified changes in profit margins throughout the year per for each one of certain construction projects. For changes exceeding the ranges set by the auditor that were attributable to changes in the total construction costs, we made inquiries of the responsible department regarding the reasons for such changes and assessed whether their responses were consistent with construction schedules, amounts of construction costs incurred compared to the operating budgets, and other components.

long-term in nature, the Company may revisit estimates for materials, outsourcing expenses, and other costs, in accordance with changes in the operating environment that occur during the course of construction, such as sharp increases in costs, including construction materials and labor costs, or difficulties in their procurement, as well as declines in production capacity due to circumstances in procuring subcontractors. In such instances, whether the estimates are updated in a timely and appropriate manner will have a significant impact on the estimates of total construction costs. Based on the above, we determined the estimates of total construction costs made in applying the method of recognizing revenue as performance obligations are satisfied over time are of particular significance for the fiscal year ended March 31, 2024 and therefore, should be a key audit matter.	・In order to confirm whether any events occurred that should be reflected in the estimates of total construction costs, we inspected minutes of meetings, including board of director meetings, and made inquiries of the responsible department. ・In order to evaluate the reasonableness of the details of the estimates of total construction costs, we compared the operating budgets related to construction selected based on the auditor's risk assessments considering relevant factors such as total construction revenue, profit or loss on construction and construction details, with estimates independently made by us based on past results of the construction projects that had similar attributes such as building size and equipment specifications. For differences that exceeded the ranges set by the auditor identified as a result of the comparisons, we made inquiries of the responsible department regarding the reasons for the differences and examined whether their responses were consistent with construction details, agreements, material market conditions, and estimates from external contractors, among other factors. ・In order to evaluate the process for estimating total construction costs, we compared between initial estimates of total constructions costs, revised estimates, and actual amounts, and confirmed whether there had been changes in construction progress wherein estimates should have been revised.

Valuation of for-sale condominiums in the real estate-related business

Description of Key Audit Matter	**Auditor's Response**
The Company and its consolidated subsidiaries, Haseko Real Estate Development, Inc. and Sohgoh Real Estate Co., Ltd., are engaged in the sale of condominiums. The condominiums held for sale are included in Real estate for sale of ¥266,332 million and Costs and advances for	In assessing the valuation of for-sale condominiums included in Real estate for sale and Costs and advances for real estate operations, we mainly performed the following audit procedures for properties which met the criteria set by the auditor's taking into consideration factors such as

real estate operations of ¥253,423 million recorded on the consolidated balance sheet. If the net selling price of the Real estate for sale and Costs and advances for real estate operations as of the fiscal year end has fallen below the acquisition costs, the Company records the value of the net selling price on the balance sheet and records the difference in the amounts as a Valuation loss on real estate for sale. The net selling price is determined on the basis of factors such as estimated sales price and estimated selling expenses, etc. which are estimated by taking into account transactions conducted in neighboring areas and condominium demand forecasts, among other factors. The significant assumptions in estimating the net realizable value are estimated sales price and estimated selling expenses, as described in the Note 2(24) (Significant accounting estimates) to the consolidated financial statements. Revision of the net selling price for condominiums for sale included in Real estate for sale and Costs and advances for real estate operations would be required if development or sales of for-sale condominiums does not progress as originally planned and therefore, the probability of lowering the selling price, increasing sales promotion expenses, or cancellation of development plans increases. Particularly for properties where the progress of development and sales has been significantly delayed from the original plan, the length of period over which sales price and selling expenses would be estimated may be extended and therefore, the estimation of net selling price would involve more uncertainty. Based on the above, we determined that the valuation of for-sale condominiums included in Real estate for sale and Costs and advances for real estate operations held by the real estate-related business is of particular significance for the fiscal year ended March 31, 2024 and therefore, should be a key audit	progress of development and sales and quantitative significance. ・In order to evaluate the adequacy of the estimates of net selling price, we compared the estimated sales prices, which are significant assumptions of the estimates of net selling price, with market prices in neighboring areas and other data and also compared the estimated selling expenses with actual transaction data in the past. ・In order to evaluate the adequacy of the estimated selling expenses, we compared the selling expense ratio and profit margin of each property with past results, and made inquiries of the responsible department regarding the reasons for the differences exceeding ranges set by the auditor. ・In order to confirm that all events that should have been reflected in the estimates of net selling price had been reflected accordingly, such as when the progress of development and sales has been significantly delayed from the original plan, we considered whether the events we identified by inspecting minutes of meetings, including board of director meetings, and making inquiries of the responsible department, had been reflected in valuations of Real estate for sale and Costs and advances for real estate operations.

matter.	

Other Information

The other information comprises the information included in Financial Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

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, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 4, 2024

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