

4th Quarter Financial Results

(April 1, 2021 to March 31, 2022)

May 12, 2022

OBAYASHI 

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Disclaimer: This "Financial Results" is the English version of the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" released on May 12, 2022. It was translated into English and presented solely for the convenience of users who are not familiar with Japanese. If there is any discrepancy between Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" and this document, the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" will prevail. This document includes forward-looking statements based on the information available at the time the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" were released. Actual results may vary from the forward-looking statements contained herein due to various factors. Obayashi Corporation (non-consolidated) is called the "Company" in these materials.

1 Summary of Financial Results

(1) Consolidated Financial Results for Fiscal Year Ended March 31, 2022

① Consolidated Business Results

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
FY Ended March 31, 2022	1,922,884	8.8	41,051	(66.7)	49,844	(61.3)	39,127	(60.4)
FY Ended March 31, 2021	1,766,893	(14.8)	123,161	(19.4)	128,784	(19.0)	98,780	(12.7)

(Note) Comprehensive income : [FY Ended March 31, 2022] 48,546 million yen, (64.5%) ; [FY Ended March 31, 2021] 136,723 million yen, 74.2%

	Profit attributable to owners of parent per Share (EPS)	Net Income Shareholders' Equity Ratio (ROE)	Ordinary Income-Total Assets Ratio	Operating Income-Net Sales Ratio
	Yen	%	%	%
FY Ended March 31, 2022	54.55	4.1	2.1	2.1
FY Ended March 31, 2021	137.64	11.3	5.7	7.0

(For reference) Share of profit (loss) of entities accounted for using equity method : [FY Ended March 31, 2022] 800million yen ; [FY Ended March 31, 2021] 617 million yen

② Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (BPS)
	Yen in millions	Yen in millions	%	Yen
As of March 31, 2022	2,422,085	988,913	39.5	1,333.10
As of March 31, 2021	2,272,628	961,979	41.0	1,297.25

(For reference) Equity (net assets less non-controlling interests) : [As of March 31, 2022] 955,691 million yen ; [As of March 31, 2021] 931,008 million yen

③ Consolidated Cash Flows

	From operating activities	From investment activities	From financing activities	Cash and cash equivalents at FY end
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
FY Ended March 31, 2022	69,697	(49,833)	(12,457)	249,317
FY Ended March 31, 2021	24,803	(79,075)	(8,483)	236,474

(2) Consolidated Forecast for Fiscal Year Ending March 31, 2023

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Profit attributable to owners of parent per Share (EPS)
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
Full Year	2,050,000	6.6	100,000	143.6	104,000	108.6	76,000	94.2	106.01

(3) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2022

① Non-consolidated Business Results

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
FY Ended March 31, 2022	1,374,132	11.7	4,425	(95.3)	19,563	(81.2)	18,843	(76.8)	26.27
FY Ended March 31, 2021	1,230,418	(13.1)	93,441	(17.3)	103,894	(14.6)	81,237	(8.2)	113.20

② Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (BPS)
	Yen in millions	Yen in millions	%	Yen
As of March 31, 2022	1,844,400	740,713	40.2	1,033.22
As of March 31, 2021	1,758,937	748,087	42.5	1,042.38

(For reference) Equity (net assets less non-controlling interests) : [As of March 31, 2022] 740,713 million yen ; [As of March 31, 2021] 748,087 million yen

(4) Non-consolidated Forecast for Fiscal Year Ending March 31, 2023

(Percentages indicate the percentage year on year change)

	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
Full Year	1,417,000	3.1	65,000	-	74,000	278.3	57,500	205.1	80.21

(5) Dividends

	Dividend per Share					Total dividends paid (full year)	Dividend Payout Ratio (Consolidated)	Dividends-Net Assets Ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total	Yen in millions	%	%
FY ended Mar. 31, 2021	—	Yen 16.00	—	Yen 16.00	Yen 32.00	22,977	23.2	2.6
FY ended Mar. 31, 2022	—	16.00	—	16.00	32.00	22,977	58.7	2.4
FY ending Mar. 31, 2023 (including Forecast)	—	21.00	—	21.00	42.00	/	39.6	/

2 Qualitative Information

1) Overview of consolidated business results

(1) Consolidated performance for fiscal year ended March 31, 2022

In the fiscal year ended March 31, 2022, the Japanese economy showed some signs of recovery, reflecting the progress in the normalization of economic and social activities thanks to relaxing restrictions on movement. However, risk factors remain, such as the surging raw material prices against the backdrop of the situation in Ukraine and the global supply chain disruption, and the outlook continues to be unclear.

In the domestic construction market, orders for public works projects were firm, and those for private projects showed signs of recovery. It remains difficult to foresee the future of the order environment given the intensifying competition to win orders, especially for large-scale construction projects, and the deteriorating corporate profits caused by rising raw materials costs, among other factors.

Under such circumstances, our consolidated net sales amounted to 1,922.8 billion yen, an increase of 155.9 billion yen (8.8%) from the previous fiscal year, due primarily to higher sales in the domestic building construction business. Meanwhile, gross profit on completed construction contracts declined mainly as the Company recorded provision for loss on construction contracts for multiple large-scale projects in the domestic building construction business. As a result, operating income totaled 41.0 billion yen, a decrease of 82.1 billion yen (66.7%) from the previous fiscal year, ordinary income came to 49.8 billion yen, a decline of 78.9 billion yen (61.3%), and profit attributable to owners of parent was 39.1 billion yen, a decrease of 59.6 billion yen (60.4%).

The Obayashi Group performance by business segment for fiscal year ended March 31, 2022 was as follows:

Construction business

Orders received (construction business) rose by 184.7 billion yen (9.9%) over the previous year to 2,042.4 billion yen. Orders received in the domestic building construction business of the Company and those received by group subsidiaries in the overseas building construction business increased. More specifically, orders received for the domestic building construction business totaled 1,217.3 billion yen; for the overseas building construction business 340.5 billion yen; for the domestic civil engineering business 408.4 billion yen; and for the overseas civil engineering business 76.1 billion yen.

Non-consolidated orders received increased by 2.1 billion yen (0.1%) from the previous fiscal year to 1,511.2 billion yen. More specifically, orders received for building construction projects increased 23.7 billion yen (2.0%) year-on-year to 1,187.8 billion yen, while orders for civil engineering projects declined by 21.6 billion yen (6.3%) to 323.4 billion yen.

Consolidated net sales for the construction business increased by 111.9 billion yen (6.6%) from the previous fiscal year to 1,795.2 billion yen. This was primarily attributable to an increase in sales recorded from steady progress in multiple large-scale projects in the domestic building construction business. More specifically, net sales for the domestic building construction business were 1,059.9 billion yen; for the overseas building construction business 298.8 billion yen; for the domestic civil engineering business 346.8 billion yen; and for the overseas civil engineering business 89.6 billion yen. Operating income decreased by 90.7 billion yen (83.6%) to 17.8 billion yen from the previous fiscal year, mainly due to provision for loss on construction contracts for multiple large-scale projects in the domestic building construction business.

Non-consolidated net sales increased by 141.5 billion yen (11.7%) from the previous fiscal year to 1,351.1 billion yen. More specifically, building construction sales rose 123.4 billion yen (13.3%) year-on-year to 1,050.1 billion yen and civil engineering sales increased by 18.1 billion yen (6.4%) year-on-year to 301.0 billion yen.

Real estate business

Net sales for the real estate business increased by 18.6 billion yen (44.1%) to 61.1 billion yen from the previous fiscal year, and operating income rose by 8.4 billion yen (70.8%) to 20.3 billion yen, primarily due to sales increase from the sale of part of properties held by the group subsidiaries following a review of the portfolio of commercial real estate owned.

Other businesses

Net sales of other businesses rose by 25.3 billion yen (61.6%) to 66.5 billion yen from the previous fiscal year, and operating income increased by 0.1 billion yen (6.8%) to 2.8 billion yen, as sales of private finance initiatives (PFI) increased.

<Consolidated Net Sales and Operating Income (Loss) by Segment>

(Yen in millions)

Segment	Construction business					Real estate business	Other businesses	Total
	Domestic building construction	Overseas building construction	Domestic civil engineering	Overseas civil engineering	Total construction business			
Net sales	1,059,945	298,818	346,808	89,635	1,795,208	61,124	66,551	1,922,884
Operating income (loss)	(8,900)	818	23,861	2,052	17,832	20,395	2,823	41,051

(2) Outlook for consolidated performance for fiscal year ending March 31, 2023

The outlook for consolidated performance in fiscal year ending March 31, 2023 is as follows: 2,040.0 billion yen in orders received (including 95.0 billion yen from the real estate and other businesses), 2,050.0 billion yen in net sales (including 135.0 billion yen from the real estate business and other businesses), 100.0 billion yen in operating income, 104.0 billion yen in ordinary income, and 76.0 billion yen in profit attributable to owners of parent.

2) Overview of consolidated financial position

Total assets as of March 31, 2022 increased by 149.4 billion yen (6.6%) compared with the balance at the end of the previous fiscal year to 2,422.0 billion yen. This was mainly due to an increase in trade receivables related to construction contracts (total of notes and accounts receivable from completed construction contracts and other and electronically recorded monetary claims) as well as increases in buildings and structures and machinery, vehicles, tools, furniture and fixtures due mainly to purchase of commercial real estates, while costs on uncompleted construction contracts and inventories for PFI and other projects declined.

Total liabilities increased by 122.5 billion yen (9.3%) to 1,433.1 billion yen compared with the balance at the end of the previous fiscal year. This was mainly attributable to increases in trade payables related to construction costs (total of notes and accounts payable for construction contracts and other and electronically recorded obligations) and provision for loss on construction contracts. The balance of interest-bearing debt increased by 14.4 billion yen (5.4%) compared with the balance at the end of the previous fiscal year, to 280.4 billion yen.

Total net assets as of March 31, 2022 increased by 26.9 billion yen (2.8%) compared with the balance at the end of the previous fiscal year to 988.9 billion yen. This was mainly due to increases in retained earnings from the recognition of profit attributable to owners of parent.

As a result, the equity ratio as of March 31, 2022 was 39.5%, down 1.5 percentage points from the end of the previous fiscal year.

3) Overview of consolidated cash flows

During fiscal year ended March 31, 2022, net cash provided by operating activities amounted to 69.6 billion yen, primarily due to an improvement in net cash inflow of the construction business (net cash provided by operating activities was 24.8 billion yen in the previous fiscal year). Net cash used in investing activities amounted to 49.8 billion yen, primarily due to the purchase of commercial real estate (net cash used in investing activities was 79.0 billion yen in the previous fiscal year). Net cash used in financing activities amounted to 12.4 billion yen, primarily due to payment of dividends, which exceeded proceeds from loans payable (net cash used in financing activities was 8.4 billion yen in the previous fiscal year).

Consequently, cash and cash equivalents as of March 31, 2022 increased by 12.8 billion yen to 249.3 billion yen compared with the balance at the end of the previous fiscal year.

4) Response to COVID-19

The Company formulated the Basic Plan of Action to Prevent the Spread of the Novel Coronavirus in May 2020, based on guidelines formulated by industry organizations. A version for construction sites, Guidelines for Actions to Prevent the Spread of the Novel Coronavirus at Construction Sites, was formulated in June 2020.

Based on these plans of action, we are working to maintain business activities and achieve results on par with pre-COVID-19 levels, as we take steps to establish office and work environments that avoid the three crowded conditions of "close contacts, crowded places and closed spaces" and other steps to prevent the spread of novel coronavirus infections and to minimize the impact when someone is infected.

In the countries where it operates the business, the Company has been taking measures necessary to ensure

the safety of its expatriates and their families, based on the premise of maintaining business activities, by taking into consideration the status of infection and the medical care system in those countries.

The Obayashi Group will continue to place the highest priority on protecting the health and lives of and ensuring safe living conditions for all involved, and will implement additional safety measures as needed in the future as we work in earnest to respond to the demand for new construction needed in the COVID-19 and post-COVID-19 eras. Such demand includes establishment of public infrastructure and construction needed to ensure the continuity of private-sector businesses, as well as data center construction and renovation work to adapt to new lifestyles.

5) Basic policy regarding the allocation of profits and dividend payout plan for fiscal years ended March 31, 2022 and ending March 31, 2023

The policy in the Medium-Term Business Plan 2017, whose final fiscal year is the current fiscal year, is to sustain stable dividend payouts to our shareholders over the long term for a target consolidated payout ratio of 20% to 30%, provide shareholders with returns commensurate with the Group's performance, and also consider the purchase of treasury stock. In doing so, we will take into account the need to enhance internal reserves to further strengthen the Company's financial base, develop technologies, and implement capital expenditure for the future.

While the Company in the fiscal year under review posted a significant decline in profits compared with the previous fiscal year, it plans to pay an annual dividend of 32 yen per share (unchanged from the previous fiscal year; consolidated dividend payout ratio of 58.7%) from the perspective of sustaining stable dividend payouts to our shareholders over the long term. Accordingly, deduction of the midterm dividend of 16 yen will result in an expected year-end dividend of 16 yen per share.

In the "Medium-Term Business Plan 2022," a five-year management plan with FY2023.3 as its first fiscal year and announced on March 11, 2022, the Company established a new policy on allocation of profits that sets forth dividend on equity ratio (DOE) of about 3% as a guide for dividends.

Regarding consolidated dividend payout ratio, which was the criterion in the Medium-Term Business Plan 2017, the guideline for the dividend was decided corresponding to the profits of each fiscal year, whereas in the case of DOE, the guideline for the dividend is decided based on equity (net assets less non-controlling interests) as of the end of the fiscal year.

- DOE 3% = $\{(Equity \text{ as of the end of the previous fiscal year} + Equity \text{ as of the end of the current fiscal year}) / 2\} \times 3\%$

-> Guideline for total annual dividend (midterm + year-end dividends)

As the amount of dividend is decided corresponding to equity, which is the accumulation of profits till then, this accumulation of profits leads to increases in dividends, and the increase in equity is returned to shareholders in the medium to long term.

For fiscal year ending March 31, 2023, the Company projects a dividend of 21 yen per share both for the midterm and year-end dividends for a total annual dividend of 42 yen per share, calculating the dividend at 3% in DOE based on the earnings forecast for the fiscal year.

6) Policy regarding shares that we own in our customers' businesses

The Company holds shares in its business partners for the purpose of maintaining and strengthening the business relationship with customers (hereinafter referred to as "cross-shareholdings"). In terms of the significance of holding them, it reports the loss or gain on valuation of securities to the Board of Directors on a regular basis, and verifies the medium- to long-term economic rationality by comprehensively taking into consideration profitability evaluation criteria such as capital cost and business return from maintaining and strengthening the business relationship. Shares that have been found, upon verification, to have weakened in terms of the significance of holding for business purposes are sold by the Company.

In the Medium-Term Business Plan 2022, the Company took further forward the review of the significance of having cross-shareholdings and investment efficiency and decided to sell approximately 150.0 billion yen worth of shares in total, capping its limit to 20% of consolidated net assets as early as possible by the end of March 2027.

The Company, in order to make use of the proceedings from the sale of cross-shareholdings to improve its corporate value, plans to effectively utilize them for investment in fields that contribute to its continuous growth, also taking into consideration the medium- to long-term growth potential in addition to investment aimed at acquiring stable investment income.

3 Basic View on Selection of the Accounting Standards

The Obayashi Group intends to prepare consolidated financial statements according to the Japanese generally accepted accounting principles. We have taken into account the comparability of consolidated financial statements in different periods and comparisons between companies.

We also intend to respond appropriately to the adoption of IFRS upon collective consideration of conditions in Japan and overseas.

4 Financial Highlights

(1) Financial Results for Fiscal Year Ended March 31, 2022 (YoY Comparison)

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change
	%		%					%		%		
Net sales of completed construction contracts		16,832		17,952	1,119	6.6		12,095		13,511	1,415	11.7
Building Construction		—		—	—	—		9,267		10,501	1,234	13.3
Civil Engineering		—		—	—	—		2,828		3,010	181	6.4
Gross profit on completed construction contracts	12.1	2,033	6.8	1,219	(813)	(40.0)	13.3	1,607	5.9	791	(815)	(50.7)
Building Construction		—		—	—	—	11.2	1,036	3.6	377	(659)	(63.6)
Civil Engineering		—		—	—	—	20.2	570	13.8	414	(156)	(27.4)
Net sales of real estate business and other		836		1,276	440	52.7		208		229	21	10.4
Gross profit on real estate business and other	26.9	224	25.4	323	99	44.1	24.5	51	23.5	53	2	5.7
Net sales		17,668		19,228	1,559	8.8		12,304		13,741	1,437	11.7
Gross profit	12.8	2,257	8.0	1,543	(714)	(31.6)	13.5	1,658	6.2	845	(812)	(49.0)
Selling, general and administrative expenses	5.8	1,026	5.9	1,132	106	10.4	5.9	723	5.9	801	77	10.8
(Personnel expenses)		563		605	41			365		386	21	
(Others)		462		527	65			358		414	56	
Operating income	7.0	1,231	2.1	410	(821)	(66.7)	7.6	934	0.3	44	(890)	(95.3)
Non-operating income		89		117	28	32.1		129		169	40	31.3
Non-operating expenses		32		29	(3)	(9.4)		24		18	(6)	(25.4)
Ordinary income	7.3	1,287	2.6	498	(789)	(61.3)	8.4	1,038	1.4	195	(843)	(81.2)
Extraordinary income		79		131	51	64.6		77		105	28	36.9
Extraordinary loss		22		67	45	204.7		52		78	26	50.3
Income before income taxes	7.6	1,345	2.9	562	(782)	(58.2)	8.6	1,063	1.6	222	(841)	(79.1)
Total income taxes		337		148	(189)	(56.0)		251		34	(217)	(86.4)
Profit		1,008		414	(593)	(58.9)		—		—	—	—
Profit attributable to non-controlling interests (deduction)		20		23	2	12.7		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	5.6	987	2.0	391	(596)	(60.4)	6.6	812	1.4	188	(623)	(76.8)

Orders Received

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change
Building Construction		13,787		15,578	1,790	13.0		11,640		11,878	237	2.0
Domestic		11,749		12,173	423	3.6		11,621		11,865	243	2.1
Overseas		2,037		3,405	1,367	67.1		19		13	(5)	(28.5)
Civil Engineering		4,789		4,846	57	1.2		3,450		3,234	(216)	(6.3)
Domestic		4,193		4,084	(109)	(2.6)		3,369		3,213	(156)	(4.6)
Overseas		595		761	166	27.9		81		20	(60)	(74.2)
Construction Total		18,576		20,424	1,847	9.9		15,091		15,112	21	0.1
Domestic		15,943		16,258	314	2.0		14,990		15,078	87	0.6
Overseas		2,633		4,166	1,533	58.2		100		34	(65)	(65.5)
Real Estate Business and Other		909		1,038	128	14.1		208		229	21	10.4
Total Orders received		19,486		21,463	1,976	10.1		15,299		15,342	42	0.3

Interest-bearing Debt Balances

(Yen in 100 millions)

	Consolidated				Non-consolidated			
	March 31, 2021	March 31, 2022	Change	% Change	March 31, 2021	March 31, 2022	Change	% Change
Interest-bearing debt (except nonrecourse loans)	1,963	1,973	10	0.5	1,604	1,551	(53)	(3.3)
Nonrecourse loans	695	830	134	19.3	—	—	—	—
Total Interest-bearing debt	2,659	2,804	144	5.4	1,604	1,551	(53)	(3.3)

(2) Financial Results for Fiscal Year Ended March 31, 2022 (Comparison with the latest forecast)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Forecasts announced on February 10, 2022		Results April 1, 2021 - March 31, 2022		Change	% Change	Forecasts announced on February 10, 2022		Results April 1, 2021 - March 31, 2022		Change	% Change
	%		%			%		%				
Net sales of completed construction contracts		18,400		17,952	(447)	(2.4)		13,820		13,511	(308)	(2.2)
Building Construction		—		—	—	—		10,700		10,501	(198)	(1.9)
Civil Engineering		—		—	—	—		3,120		3,010	(109)	(3.5)
Gross profit on completed construction contracts	6.7	1,230	6.8	1,219	(10)	(0.8)	5.8	800	5.9	791	(8)	(1.0)
Building Construction		—		—	—	—	3.2	340	3.6	377	37	11.1
Civil Engineering		—		—	—	—	14.7	460	13.8	414	(45)	(10.0)
Net sales of real estate business and other		1,200		1,276	76	6.4		230		229	0	0.0
Gross profit on real estate business and other	21.3	255	25.4	323	68	26.9	21.7	50	23.5	53	3	7.8
Net sales		19,600		19,228	(371)	(1.9)		14,050		13,741	(308)	(2.2)
Gross profit	7.6	1,485	8.0	1,543	58	3.9	6.0	850	6.2	845	(4)	(0.5)
Selling, general and administrative expenses	5.8	1,140	5.9	1,132	(7)	(0.6)	5.7	810	5.9	801	(8)	(1.0)
(Personnel expenses)		595		605	10			385		386	1	
(Others)		545		527	(17)			425		414	(10)	
Operating income	1.8	345	2.1	410	65	19.0	0.3	40	0.3	44	4	10.6
Non-operating income		87		117	30	35.3		100		169	69	69.9
Non-operating expenses		32		29	(2)	(7.1)		20		18	(1)	(7.4)
Ordinary income	2.0	400	2.6	498	98	24.6	0.9	120	1.4	195	75	63.0
Extraordinary income		110		131	21	19.6		90		105	15	17.5
Extraordinary loss		15		67	52	347.7		10		78	68	688.4
Income before income taxes	2.5	495	2.9	562	67	13.7	1.4	200	1.6	222	22	11.3
Total income taxes		125		148	23	18.6		40		34	(5)	(14.7)
Profit		370		414	44	12.0		—		—	—	—
Profit attributable to non-controlling interests (deduction)		20		23	3	16.3		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	1.8	350	2.0	391	41	11.8	1.1	160	1.4	188	28	17.8

Orders Received

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Forecasts announced on February 10, 2022		Results April 1, 2021 - March 31, 2022		Change	% Change	Forecasts announced on February 10, 2022		Results April 1, 2021 - March 31, 2022		Change	% Change
Building Construction		14,400		15,578	1,178	8.2		10,550		11,878	1,328	12.6
Domestic		10,950		12,173	1,223	11.2		10,500		11,865	1,365	13.0
Overseas		3,450		3,405	(44)	(1.3)		50		13	(36)	(72.5)
Civil Engineering		4,550		4,846	296	6.5		3,250		3,234	(15)	(0.5)
Domestic		3,700		4,084	384	10.4		2,800		3,213	413	14.8
Overseas		850		761	(88)	(10.4)		450		20	(429)	(95.3)
Construction Total		18,950		20,424	1,474	7.8		13,800		15,112	1,312	9.5
Domestic		14,650		16,258	1,608	11.0		13,300		15,078	1,778	13.4
Overseas		4,300		4,166	(133)	(3.1)		500		34	(465)	(93.1)
Real Estate Business and Other		950		1,038	88	9.3		250		229	(20)	(8.0)
Total Orders received		19,900		21,463	1,563	7.9		14,050		15,342	1,292	9.2

Interest-bearing Debt Balances

(Yen in 100 millions)

	Consolidated				Non-consolidated					
	Forecasts announced on February 10, 2022		March 31, 2022		Forecasts announced on February 10, 2022		March 31, 2022			
			Change	% Change			Change	% Change		
Interest-bearing debt (except nonrecourse loans)		2,100	1,973	(126)	(6.0)		1,800	1,551	(248)	(13.8)
Nonrecourse loans		900	830	(69)	(7.7)		—	—	—	—
Total Interest-bearing debt		3,000	2,804	(195)	(6.5)		1,800	1,551	(248)	(13.8)

(3) Forecasts for Fiscal Year Ending March 31, 2023 (YoY Comparison)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Results April 1, 2021 - March 31, 2022		Forecasts April 1, 2022 - March 31, 2023		Change	% Change	Results April 1, 2021 - March 31, 2022		Forecasts April 1, 2022 - March 31, 2023		Change	% Change
Net sales of completed construction contracts	%	17,952	%	19,150	1,197	6.7	%	13,511	%	13,820	308	2.3
Building Construction		—		—	—	—		10,501		10,820	318	3.0
Civil Engineering		—		—	—	—		3,010		3,000	(10)	(0.3)
Gross profit on completed construction contracts	6.8	1,219	9.6	1,830	610	50.0	5.9	791	9.8	1,360	568	71.7
Building Construction		—		—	—	—	3.6	377	8.7	945	567	150.1
Civil Engineering		—		—	—	—	13.8	414	13.8	415	0	0.2
Net sales of real estate business and other		1,276		1,350	73	5.7		229		350	120	52.2
Gross profit on real estate business and other	25.4	323	26.7	360	36	11.2	23.5	53	37.1	130	76	141.1
Net sales		19,228		20,500	1,271	6.6		13,741		14,170	428	3.1
Gross profit	8.0	1,543	10.7	2,190	646	41.9	6.2	845	10.5	1,490	644	76.1
Selling, general and administrative expenses	5.9	1,132	5.8	1,190	57	5.0	5.9	801	5.9	840	38	4.8
(Personnel expenses)		605		620	14			386		400	13	
(Others)		527		570	42			414		440	25	
Operating income	2.1	410	4.9	1,000	589	143.6	0.3	44	4.6	650	605	—
Non-operating income		117		75	(42)	(36.3)		169		105	(64)	(38.2)
Non-operating expenses		29		35	5	17.7		18		15	(3)	(19.0)
Ordinary income	2.6	498	5.1	1,040	541	108.6	1.4	195	5.2	740	544	278.3
Extraordinary income		131		60	(71)	(54.4)		105		60	(45)	(43.3)
Extraordinary loss		67		—	(67)	(100.0)		78		—	(78)	(100.0)
Income before income taxes	2.9	562	5.4	1,100	537	95.4	1.6	222	5.6	800	577	259.5
Total income taxes		148		315	166	112.4		34		225	190	559.4
Profit		414		785	370	89.4		—		—	—	—
Profit attributable to non-controlling interests (deduction)		23		25	1	7.5		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	2.0	391	3.7	760	368	94.2	1.4	188	4.1	575	386	205.1

Orders Received

(Yen in 100 millions)

	Consolidated				Non-consolidated			
	Results April 1, 2021 - March 31, 2022	Forecasts April 1, 2022 - March 31, 2023	Change	% Change	Results April 1, 2021 - March 31, 2022	Forecasts April 1, 2022 - March 31, 2023	Change	% Change
Building Construction	15,578	14,900	(678)	(4.4)	11,878	10,100	(1,778)	(15.0)
Domestic	12,173	10,500	(1,673)	(13.7)	11,865	10,100	(1,765)	(14.9)
Overseas	3,405	4,400	994	29.2	13	—	(13)	(100.0)
Civil Engineering	4,846	4,550	(296)	(6.1)	3,234	3,100	(134)	(4.1)
Domestic	4,084	3,600	(484)	(11.9)	3,213	2,700	(513)	(16.0)
Overseas	761	950	188	24.7	20	400	379	—
Construction Total	20,424	19,450	(974)	(4.8)	15,112	13,200	(1,912)	(12.7)
Domestic	16,258	14,100	(2,158)	(13.3)	15,078	12,800	(2,278)	(15.1)
Overseas	4,166	5,350	1,183	28.4	34	400	365	—
Real Estate Business and Other	1,038	950	(88)	(8.5)	229	350	120	52.2
Total Orders received	21,463	20,400	(1,063)	(5.0)	15,342	13,550	(1,792)	(11.7)

Interest-bearing Debt Balances

(Yen in 100 millions)

	Consolidated				Non-consolidated			
	March 31, 2022	Forecasts March 31, 2023	Change	% Change	March 31, 2022	Forecasts March 31, 2023	Change	% Change
Interest-bearing debt (except nonrecourse loans)	1,973	2,480	506	25.6	1,551	1,900	348	22.5
Nonrecourse loans	830	1,020	189	22.8	—	—	—	—
Total Interest-bearing debt	2,804	3,500	695	24.8	1,551	1,900	348	22.5

5 Operating Results and Forecasts for Reportable Segments

(1) Operating Results for Fiscal Year Ended March 31, 2022 (YoY Comparison)

【Consolidated】

(Yen in millions)

	Net Sales				Operating Income					
	Results April 1, 2020 - March 31, 2021	Results April 1, 2021 - March 31, 2022	Change	% Change	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change
					% Profit		% Profit			
Building Construction										
Domestic	964,683	1,059,945	95,261	9.9	6.2	59,956	(0.8)	(8,900)	(68,856)	—
Overseas	304,388	298,818	(5,569)	(1.8)	1.1	3,445	0.3	818	(2,627)	(76.3)
Subtotal	1,269,072	1,358,764	89,691	7.1	5.0	63,402	(0.6)	(8,082)	(71,484)	—
Civil Engineering										
Domestic	342,203	346,808	4,605	1.3	13.3	45,389	6.9	23,861	(21,527)	(47.4)
Overseas	72,004	89,635	17,630	24.5	(0.3)	(210)	2.3	2,052	2,263	—
Subtotal	414,208	436,444	22,236	5.4	10.9	45,178	5.9	25,914	(19,263)	(42.6)
Construction Total										
Domestic	1,306,887	1,406,754	99,866	7.6	8.1	105,345	1.1	14,961	(90,383)	(85.8)
Overseas	376,393	388,454	12,060	3.2	0.9	3,234	0.7	2,870	(364)	(11.3)
Subtotal	1,683,280	1,795,208	111,927	6.6	6.5	108,580	1.0	17,832	(90,748)	(83.6)
Real Estate Business and Other										
Real Estate Business	42,426	61,124	18,697	44.1	28.1	11,937	33.4	20,395	8,457	70.8
Other	41,186	66,551	25,365	61.6	6.4	2,644	4.2	2,823	179	6.8
Subtotal	83,612	127,676	44,063	52.7	17.4	14,581	18.2	23,219	8,637	59.2
Total	1,766,893	1,922,884	155,991	8.8	7.0	123,161	2.1	41,051	(82,110)	(66.7)

※ Consolidated net sales and operating income show the sales and operating income for external customers.

【Non-consolidated】

(Yen in millions)

	Net Sales				Gross Profit					
	Results April 1, 2020 - March 31, 2021	Results April 1, 2021 - March 31, 2022	Change	% Change	Results April 1, 2020 - March 31, 2021		Results April 1, 2021 - March 31, 2022		Change	% Change
					% Gross Profit		% Gross Profit			
Building Construction										
Domestic	920,380	1,044,174	123,794	13.5	11.2	103,538	3.6	37,613	(65,925)	(63.7)
Overseas	6,331	5,956	(374)	(5.9)	2.4	149	2.8	164	15	10.3
Subtotal	926,711	1,050,131	123,420	13.3	11.2	103,688	3.6	37,777	(65,910)	(63.6)
Civil Engineering										
Domestic	262,685	265,747	3,061	1.2	21.6	56,758	14.9	39,484	(17,273)	(30.4)
Overseas	20,192	35,264	15,072	74.6	1.3	264	5.5	1,936	1,671	632.2
Subtotal	282,878	301,012	18,134	6.4	20.2	57,022	13.8	41,420	(15,601)	(27.4)
Construction Total										
Domestic	1,183,066	1,309,922	126,856	10.7	13.5	160,296	5.9	77,097	(83,199)	(51.9)
Overseas	26,523	41,221	14,698	55.4	1.6	413	5.1	2,100	1,686	407.6
Subtotal	1,209,589	1,351,144	141,554	11.7	13.3	160,710	5.9	79,198	(81,512)	(50.7)
Real Estate Business and Other										
Real Estate Business and Other	20,828	22,988	2,159	10.4	24.5	5,101	23.5	5,391	290	5.7
Total	1,230,418	1,374,132	143,714	11.7	13.5	165,812	6.2	84,590	(81,221)	(49.0)

(2) Forecasts for Fiscal Year Ending March 31, 2023 (YoY Comparison)

【Consolidated】

(Yen in millions)

	Net Sales				Operating Income					
	Results April 1, 2021 - March 31, 2022	Forecasts April 1, 2022 - March 31, 2023	Change	% Change	Results April 1, 2021 - March 31, 2022		Forecasts April 1, 2022 - March 31, 2023		Change	% Change
					% Profit		% Profit			
Building Construction										
Domestic	1,059,945	1,095,000	35,054	3.3	(0.8)	(8,900)	4.0	43,500	52,400	—
Overseas	298,818	365,000	66,181	22.1	0.3	818	1.4	5,000	4,181	511.0
Subtotal	1,358,764	1,460,000	101,235	7.5	(0.6)	(8,082)	3.3	48,500	56,582	—
Civil Engineering										
Domestic	346,808	355,000	8,191	2.4	6.9	23,861	6.9	24,500	638	2.7
Overseas	89,635	100,000	10,364	11.6	2.3	2,052	0.5	500	(1,552)	(75.6)
Subtotal	436,444	455,000	18,555	4.3	5.9	25,914	5.5	25,000	(914)	(3.5)
Construction Total										
Domestic	1,406,754	1,450,000	43,245	3.1	1.1	14,961	4.7	68,000	53,038	354.5
Overseas	388,454	465,000	76,545	19.7	0.7	2,870	1.2	5,500	2,629	91.6
Subtotal	1,795,208	1,915,000	119,791	6.7	1.0	17,832	3.8	73,500	55,667	312.2
Real Estate Business and Other										
Real Estate Business	61,124	78,000	16,875	27.6	33.4	20,395	28.2	22,000	1,604	7.9
Other	66,551	57,000	(9,551)	(14.4)	4.2	2,823	7.9	4,500	1,676	59.3
Subtotal	127,676	135,000	7,323	5.7	18.2	23,219	19.6	26,500	3,280	14.1
Total	1,922,884	2,050,000	127,115	6.6	2.1	41,051	4.9	100,000	58,948	143.6

※ Consolidated net sales and operating income show the sales and operating income for external customers.

【Non-consolidated】

(Yen in millions)

	Net Sales				Gross Profit					
	Results April 1, 2021 - March 31, 2022	Forecasts April 1, 2022 - March 31, 2023	Change	% Change	Results April 1, 2021 - March 31, 2022		Forecasts April 1, 2022 - March 31, 2023		Change	% Change
					% Gross Profit		% Gross Profit			
Building Construction										
Domestic	1,044,174	1,080,000	35,825	3.4	3.6	37,613	8.8	94,500	56,886	151.2
Overseas	5,956	2,000	(3,956)	(66.4)	2.8	164	—	—	(164)	(100.0)
Subtotal	1,050,131	1,082,000	31,868	3.0	3.6	37,777	8.7	94,500	56,722	150.1
Civil Engineering										
Domestic	265,747	265,000	(747)	(0.3)	14.9	39,484	14.9	39,500	15	0.0
Overseas	35,264	35,000	(264)	(0.8)	5.5	1,936	5.7	2,000	63	3.3
Subtotal	301,012	300,000	(1,012)	(0.3)	13.8	41,420	13.8	41,500	79	0.2
Construction Total										
Domestic	1,309,922	1,345,000	35,077	2.7	5.9	77,097	10.0	134,000	56,902	73.8
Overseas	41,221	37,000	(4,221)	(10.2)	5.1	2,100	5.4	2,000	(100)	(4.8)
Subtotal	1,351,144	1,382,000	30,855	2.3	5.9	79,198	9.8	136,000	56,801	71.7
Real Estate Business and Other										
Real Estate Business and Other	22,988	35,000	12,011	52.2	23.5	5,391	37.1	13,000	7,608	141.1
Total	1,374,132	1,417,000	42,867	3.1	6.2	84,590	10.5	149,000	64,409	76.1

6 Non-consolidated Orders Received, Net Sales and Projects in Process

(1) Breakdown of Non-consolidated Orders Received

(Yen in millions)

	April 1, 2020 - March 31, 2021		April 1, 2021 - March 31, 2022		Change	
		% of Total		% of Total		% Change
<u>Building Construction</u>						
Domestic Public	68,495	4.5	57,907	3.8	(10,587)	(15.5)
Domestic Private	1,093,668	71.5	1,128,595	73.5	34,927	3.2
Domestic total	1,162,163	76.0	1,186,503	77.3	24,339	2.1
Overseas total	1,922	0.1	1,375	0.1	(547)	(28.5)
Subtotal	1,164,086	76.1	1,187,879	77.4	23,792	2.0
<u>Civil Engineering</u>						
Domestic Public	221,893	14.5	200,550	13.1	(21,343)	(9.6)
Domestic Private	115,040	7.5	120,761	7.9	5,720	5.0
Domestic total	336,934	22.0	321,311	21.0	(15,622)	(4.6)
Overseas total	8,140	0.5	2,099	0.1	(6,041)	(74.2)
Subtotal	345,074	22.5	323,410	21.1	(21,664)	(6.3)
<u>Construction Total</u>						
Domestic Public	290,388	19.0	258,457	16.9	(31,930)	(11.0)
Domestic Private	1,208,709	79.0	1,249,357	81.4	40,647	3.4
Domestic total	1,499,097	98.0	1,507,815	98.3	8,717	0.6
Overseas total	10,063	0.6	3,474	0.2	(6,588)	(65.5)
Subtotal	1,509,161	98.6	1,511,289	98.5	2,128	0.1
Real Estate Business and Other	20,828	1.4	22,991	1.5	2,162	10.4
Total	1,529,989	100	1,534,281	100	4,291	0.3

(2) Breakdown of Non-consolidated Net Sales

(Yen in millions)

	April 1, 2020 - March 31, 2021		April 1, 2021 - March 31, 2022		Change	
		% of Total		% of Total		% Change
<u>Building Construction</u>						
Domestic Public	65,480	5.3	85,150	6.2	19,669	30.0
Domestic Private	854,899	69.5	959,024	69.8	104,125	12.2
Domestic total	920,380	74.8	1,044,174	76.0	123,794	13.5
Overseas total	6,331	0.5	5,956	0.4	(374)	(5.9)
Subtotal	926,711	75.3	1,050,131	76.4	123,420	13.3
<u>Civil Engineering</u>						
Domestic Public	157,568	12.8	150,325	10.9	(7,242)	(4.6)
Domestic Private	105,117	8.6	115,421	8.4	10,304	9.8
Domestic total	262,685	21.4	265,747	19.3	3,061	1.2
Overseas total	20,192	1.6	35,264	2.6	15,072	74.6
Subtotal	282,878	23.0	301,012	21.9	18,134	6.4
<u>Construction Total</u>						
Domestic Public	223,049	18.1	235,476	17.1	12,426	5.6
Domestic Private	960,016	78.1	1,074,446	78.2	114,429	11.9
Domestic total	1,183,066	96.2	1,309,922	95.3	126,856	10.7
Overseas total	26,523	2.1	41,221	3.0	14,698	55.4
Subtotal	1,209,589	98.3	1,351,144	98.3	141,554	11.7
Real Estate Business and Other	20,828	1.7	22,988	1.7	2,159	10.4
Total	1,230,418	100	1,374,132	100	143,714	11.7

(3) Breakdown of Non-consolidated Projects in Process

(Yen in millions)

	March 31, 2021		March 31, 2022		Change	
		% of Total		% of Total		% Change
Building Construction						
Domestic Public	162,740	7.7	135,497	6.0	(27,242)	(16.7)
Domestic Private	1,380,759	65.5	1,550,331	68.3	169,571	12.3
Domestic total	1,543,500	73.2	1,685,829	74.3	142,328	9.2
Overseas total	6,686	0.3	2,104	0.1	(4,581)	(68.5)
Subtotal	1,550,186	73.5	1,687,933	74.4	137,747	8.9
Civil Engineering						
Domestic Public	287,972	13.7	338,196	14.9	50,224	17.4
Domestic Private	192,860	9.1	198,199	8.7	5,339	2.8
Domestic total	480,832	22.8	536,396	23.6	55,563	11.6
Overseas total	78,211	3.7	45,045	2.0	(33,165)	(42.4)
Subtotal	559,044	26.5	581,442	25.6	22,398	4.0
Construction Total						
Domestic Public	450,712	21.4	473,694	20.9	22,981	5.1
Domestic Private	1,573,620	74.6	1,748,531	77.0	174,910	11.1
Domestic total	2,024,332	96.0	2,222,225	97.9	197,892	9.8
Overseas total	84,897	4.0	47,150	2.1	(37,746)	(44.5)
Subtotal	2,109,230	100.0	2,269,376	100.0	160,145	7.6
Real Estate Business and Other	—	—	2	0.0	2	—
Total	2,109,230	100	2,269,378	100	160,148	7.6

7 Main Projects

(1) Orders received

Owner	Project Name
East Japan Railway Company	(Tentative Name)Takanawa Gateway City, Tower 1(North・South) Construction Project
East Nippon Expressway Company Limited	Yokohama Ring Expressway South Line Kuden Interchange Construction Project
Hirakatashi Station Area Urban Redevelopment Association	Hirakatashi Station Area Class 1 Urban Redevelopment Projects, Section 3 Public Facilities Construction
Bosch Corporation	BOSCH Fusion Project
Kagawa Prefecture	(Tentative Name)New Kagawa Prefectural Gymnasium Construciton Project
Good Samaritan Hospital	Good Samaritan Hospital Medical Center Patient Care Pavilion (U.S.A.) ※

※ Undertaken by E.W.Howel. (Subsidiary of Obayashi USA)

(2) Completed projects

Owner	Project Name
Tokyo Women's Medical University	Tokyo Women's Medical University Adachi Medical Center Construction Project
Shiseido Company, Limited	Shiseido Fukuoka Kurume Factory Construction Project
LG Holdings Japan	LG Yokohama Innovation Center Construction Project
Bridgestone Corporation	Bridgestone Innovation Park Construction Project
Tokyo Metropolitan Government, Bureau of Sewerage	Senju Sekiya Pump Plant Construction Project
706 Mission Street Co LLC	Four Seasons Private Residences at 706 Mission (U.S.A.) ※

※ Undertaken by Webcor. (Subsidiary of Obayashi USA)

(3) Projects in Process

Owner	Project Name
Mita 3,4-chome District Urban Redevelopment Association	Mita 3,4-chome District Class 1 Urban Redevelopment Projects, Tower 1 Construction Project
(Tentative name) Minato Mirai 21 Central District 53 Block Development JV	(Tentative name) Minato Mirai 21 Central District 53 Block Development Project
Fighters Sports & Entertainment Co., Ltd.	ES CON FIELD HOKKAIDO Construction Project
Shirokane 1-chome East-North District Category 1 Urban Redevelopment Association	Shirokane 1-chome East-North District Category 1 Urban Redevelopment Project, Public Facilities Construction
Metropolitan Expressway Co., Ltd	No.1 Haneda Route (Higashi - Shinagawa Sanbashi and Samezu reclaimed land) Upgrade Construction Project
San Francisco Public Utilities Commission (SFPUC)	Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (U.S.A.) ※

※ Undertaken by Webcor. (Subsidiary of Obayashi USA)

8 Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2021	March 31, 2022	Change
Assets			
Current assets			
Cash and deposits	258,549	265,042	6,492
Notes and accounts receivable from completed construction contracts and other	744,473	902,244	157,771
Electronically recorded monetary claims	21,327	12,162	(9,165)
Short-term investment securities	4,401	5,988	1,586
Real estate for sale	12,160	19,436	7,275
Costs on uncompleted construction contracts	69,198	43,823	(25,374)
Costs on real estate business	22,826	28,300	5,473
Inventories for PFI and other projects	38,095	10,127	(27,967)
Other inventories	8,206	9,182	975
Accounts receivable	64,501	78,433	13,931
Other	25,812	20,938	(4,873)
Allowance for doubtful accounts	(147)	(162)	(14)
Total current assets	1,269,405	1,395,517	126,111
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	117,083	121,482	4,399
Machinery, vehicles, tools, furniture and fixtures	50,846	68,716	17,869
Land	385,157	378,270	(6,886)
Lease assets	1,081	493	(587)
Construction in progress	55,087	54,343	(744)
Total property, plant and equipment	609,256	623,306	14,049
Intangible assets	6,437	8,648	2,211
Investments and other assets			
Investment securities	340,079	337,976	(2,102)
Long-term loans receivable	1,769	2,096	327
Deferred tax assets	2,126	2,129	3
Assets for retirement benefits	—	35	35
Other	43,730	52,549	8,818
Allowance for doubtful accounts	(177)	(175)	2
Total investments and other assets	387,528	394,612	7,084
Total noncurrent assets	1,003,222	1,026,567	23,345
Total assets	2,272,628	2,422,085	149,457

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2021	March 31, 2022	Change
Liabilities			
Current liabilities			
Notes and accounts payable for construction contracts and other	466,213	500,757	34,543
Electronically recorded obligations	106,456	128,960	22,504
Short-term loans payable	54,634	62,785	8,150
Current portion of nonrecourse loans	7,445	14,122	6,677
Lease obligations	740	294	(446)
Income taxes payable	13,415	9,982	(3,433)
Advances received on uncompleted construction contracts	127,845	137,174	9,328
Deposits received	121,289	143,850	22,561
Provision for warranties for completed construction	2,975	3,138	162
Provision for loss on construction contracts	13,551	53,146	39,594
Other	78,357	74,390	(3,967)
Total current liabilities	992,925	1,128,602	135,676
Noncurrent liabilities			
Bonds payable	40,000	40,000	—
Long-term loans payable	101,722	94,590	(7,131)
Nonrecourse loans	62,151	68,937	6,786
Lease obligations	296	144	(151)
Deferred tax liabilities	21,229	10,222	(11,006)
Deferred tax liabilities for land revaluation	18,644	18,445	(199)
Provision for stock payments for directors	401	436	34
Provision for environmental measures	26	26	—
Liability for retirement benefits	47,758	47,977	219
Other	25,493	23,788	(1,704)
Total noncurrent liabilities	317,723	304,569	(13,153)
Total liabilities	1,310,648	1,433,171	122,523
Net assets			
Shareholders' equity			
Capital stock	57,752	57,752	—
Capital surplus	42,641	42,641	0
Retained earnings	661,512	677,559	16,046
Treasury stock	(2,090)	(2,808)	(718)
Total shareholders' equity	759,816	775,144	15,328
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	138,542	136,235	(2,306)
Deferred gains (losses) on hedges	7,471	8,642	1,171
Revaluation reserve for land	20,379	23,052	2,673
Foreign currency translation adjustments	1,349	9,728	8,379
Retirement benefit asset and liability adjustments	3,449	2,887	(562)
Total accumulated other comprehensive income	171,191	180,546	9,354
Non-controlling interests	30,970	33,222	2,251
Total net assets	961,979	988,913	26,934
Total liabilities and net assets	2,272,628	2,422,085	149,457
(Reference)			
Interest-bearing debt balances	265,953	280,436	14,482

(2) Consolidated Statements of Income

(Yen in millions)

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022	Change
Net sales			
Net sales of completed construction contracts	1,683,280	1,795,208	111,927
Net sales of real estate business and other	83,612	127,676	44,063
Total net sales	1,766,893	1,922,884	155,991
Cost of sales			
Cost of sales on completed construction contracts	1,479,959	1,673,237	193,278
Cost of sales on real estate business and other	61,149	95,306	34,157
Total cost of sales	1,541,108	1,768,544	227,436
Gross profit			
Gross profit on completed construction contracts	203,321	121,970	(81,350)
Gross profit on real estate business and other	22,463	32,369	9,906
Total gross profit	225,784	154,339	(71,444)
Selling, general and administrative expenses	102,622	113,288	10,665
Operating income	123,161	41,051	(82,110)
Non-operating income			
Interest income	865	805	(59)
Dividends income	6,123	6,903	780
Foreign exchange gains	686	2,678	1,991
Other	1,229	1,379	149
Total non-operating income	8,904	11,767	2,862
Non-operating expenses			
Interest expenses	1,866	2,019	152
Other	1,414	954	(460)
Total non-operating expenses	3,281	2,973	(307)
Ordinary income	128,784	49,844	(78,940)
Extraordinary income			
Gain on sales of investment securities	5,362	10,260	4,897
Gain on sale of businesses	—	2,242	2,242
Reversal of provision for loss on Antimonopoly Act	1,026	—	(1,026)
Other	1,603	649	(953)
Total extraordinary income	7,992	13,151	5,159
Extraordinary loss			
Loss on liquidation of business	26	3,005	2,978
Loss on valuation of investment securities	49	1,509	1,460
Other	2,127	2,200	72
Total extraordinary losses	2,204	6,714	4,510
Profit before income taxes	134,573	56,281	(78,291)
Income taxes-current	34,437	28,815	(5,621)
Income taxes-deferred	(708)	(13,988)	(13,279)
Total income taxes	33,728	14,827	(18,901)
Profit	100,844	41,453	(59,390)
Profit attributable to non-controlling interests	2,063	2,326	262
Profit attributable to owners of parent	98,780	39,127	(59,653)

(3) Consolidated Statements of Comprehensive Income

(Yen in millions)

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Profit	100,844	41,453
Other comprehensive income		
Valuation difference on available-for-sale securities	33,765	(2,281)
Deferred gains (losses) on hedges	(46)	1,155
Foreign currency translation adjustment	(1,526)	8,771
Retirement benefit adjustment	3,019	(560)
Share of other comprehensive income of associates accounted for using equity method	666	8
Total other comprehensive income	35,878	7,092
Comprehensive income	136,723	48,546
Comprehensive income attributable to owners of parent	136,246	45,808
Comprehensive income attributable to non-controlling interests	476	2,738

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022	Change
Net cash provided by (used in) operating activities			
Income before income taxes	134,573	56,281	(78,291)
Depreciation and amortization	20,038	20,691	653
Increase (decrease) in allowance for doubtful accounts	17	7	(9)
Increase (decrease) in provision for loss on construction contracts	891	39,566	38,674
Increase (decrease) in provision for loss on Antimonopoly Act	(4,145)	—	4,145
Increase (decrease) in liability for retirement benefits	(424)	(636)	(212)
Loss (gain) on valuation of short-term and long term investment securities	49	1,509	1,460
Interest and dividends income	(6,988)	(7,709)	(721)
Interest expenses	1,866	2,019	152
Loss (gain) on sales of short-term and long term investment securities	(5,312)	(10,067)	(4,755)
Loss (gain) on sales of businesses	—	(2,242)	(2,242)
Decrease (increase) in notes and accounts receivable—trade	14,647	(96,705)	(111,352)
Decrease (increase) in costs on uncompleted construction contracts	(31,141)	25,980	57,122
Decrease (increase) in inventories	(5,653)	6,013	11,667
Decrease (increase) in inventories for PFI and other projects	15,404	1,992	(13,412)
Decrease (increase) in other assets	4,645	(7,085)	(11,731)
Increase (decrease) in notes and accounts payable—trade	(77,678)	43,111	120,790
Increase (decrease) in advances received on uncompleted construction contracts	20,284	7,037	(13,246)
Increase (decrease) in other liabilities	(12,868)	15,736	28,604
Other, net	1,469	923	(545)
Subtotal	69,676	96,426	26,749
Interest and dividends income received	7,827	8,078	250
Interest expenses	(1,830)	(2,001)	(171)
Income taxes (paid) refund	(47,753)	(32,805)	14,947
Surcharges paid	(3,118)	—	3,118
Net cash provided by (used in) operating activities	24,803	69,697	44,894
Net cash provided by (used in) investing activities			
Payments into time deposits	(38,801)	(18,044)	20,756
Proceeds from withdrawal of time deposits	32,044	24,636	(7,407)
Purchase of property, plant and equipment and intangible assets	(57,431)	(58,030)	(598)
Proceeds from sales of property, plant and equipment and intangible assets	2,726	815	(1,911)
Purchase of short-term and long term investment securities	(4,973)	(13,072)	(8,099)
Proceeds from sales and redemption of short-term and long term investment securities	11,971	19,847	7,875
Payments of loans receivable	(79)	(412)	(333)
Collection of loans receivable	168	351	183
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,671)	(1,527)	5,144
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(9,689)	(9,689)
Other, net	(18,028)	5,294	23,322
Net cash provided by (used in) investing activities	(79,075)	(49,833)	29,241
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	—	4,996	4,996
Repayments of lease obligations	(883)	(880)	2
Proceeds from long-term loans payable	41,161	11,008	(30,153)
Repayment of long-term loans payable	(17,464)	(16,473)	990
Proceeds from nonrecourse loans payable	1,605	20,911	19,305
Payment of nonrecourse loans payable	(7,632)	(7,445)	187
Purchase of treasury shares	(3)	(793)	(790)
Cash dividends paid	(22,977)	(22,977)	0
Cash dividends paid to non-controlling interests	(1,754)	(801)	952
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(534)	(2)	532
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	2	2
Net cash provided by (used in) financing activities	(8,483)	(12,457)	(3,974)
Effect of exchange rate change on cash and cash equivalents	285	5,436	5,151
Net increase (decrease) in cash and cash equivalents	(62,470)	12,842	75,313
Cash and cash equivalents at beginning of period	298,945	236,474	(62,470)
Cash and cash equivalents at end of period	236,474	249,317	12,842

(5) Notes on the Quarterly Consolidated Financial Statements

(Change in Accounting Policies)

(Implementation of the Accounting Standard for Revenue Recognition and Related Guidance)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020; hereafter, the "Revenue Recognition Accounting Standard") and related guidance were implemented from the beginning of the first quarter of consolidated fiscal year ending March 31, 2022. Under this standard, the amount the company expects to receive in exchange for goods and services is recognized as revenue when control over the promised goods or services is transferred to the customer.

The main changes from implementation of the Revenue Recognition Accounting Standard and related guidance are as follows:

(1) Recognition of revenue on construction contracts

For construction contracts in which the obligation is fulfilled over a certain period of time in the domestic and overseas building construction and the domestic and overseas civil engineering segments, revenue was not recognized until the degree of progress on fulfilling the obligation could be reasonably estimated in the past. This has changed to the method of recognizing revenue according to the cost recovery method when the degree of progress on fulfilling the obligation cannot be reasonably estimated, but recovery of the costs incurred can be expected.

(2) Recognition of revenue on agency transactions

For revenue on commercial business in the domestic building construction segment, the total amount of payments received from the customer was recognized as revenue in the past. However, we have changed the method of revenue recognition when the Obayashi Group serves as an agent in providing a product to the customer. Under the new method, the net amount after deducting the amount paid to the supplier of the product from the amount received from the customer is recognized as revenue.

The implementation of the Revenue Recognition Accounting Standard and related guidance follows the transitional treatment in the exception clause of Paragraph 84 of the Revenue Recognition Accounting Standard. The new accounting standard was applied to the balance of retained earnings from the beginning of the period and retained earnings were adjusted for the cumulative impact assuming application of the new accounting standard retroactively before the beginning of the accounting period for the first quarter of consolidated fiscal year ending March 31, 2022.

On the Consolidated Statements of Income for the current fiscal year, as a result, net sales and cost of sales declined 18,349 million yen and 19,992 million yen respectively, and operating income increased 1,643 million yen compared with the levels prior to the application of the accounting standards for revenue recognition. Non-operating income declined 10 million yen, while ordinary income and profit before income taxes increased 1,632 million yen each.

The balance of retained earnings at the beginning of the current period on the Consolidated Statements of Changes in Net Assets increased 2,569 million yen, as the cumulative impact was reflected in net assets as of the beginning of the current fiscal year.

(Implementation of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereafter, "Fair Value Accounting Standard") and related guidance were implemented from the beginning of the first quarter of consolidated fiscal year ending March 31, 2022. In accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy specified in the Fair Value Accounting Standard and related standards were applied prospectively. The change did not have any impact on the quarterly consolidated financial statements.

9 Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Yen in millions)

	March 31, 2021	March 31, 2022	Change
Assets			
Current assets			
Cash and deposits	141,431	141,707	276
Notes receivable—trade	2,293	1,993	(300)
Electronically recorded monetary claims	18,818	9,628	(9,190)
Accounts receivable from completed construction contracts	581,160	679,269	98,108
Accounts receivable—real estate business and other	4,476	6,169	1,693
Short-term investment securities	16	48	31
Real estate for sale	3,611	10,156	6,545
Costs on uncompleted construction contracts	62,968	40,575	(22,393)
Costs on real estate business and other	3,995	3,993	(2)
Short-term loans receivable	61,964	66,087	4,123
Accounts receivable—other	62,148	73,788	11,639
Other	23,096	19,599	(3,496)
Allowance for doubtful accounts	(72)	(79)	(7)
Total current assets	965,911	1,052,939	87,027
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	48,808	54,918	6,110
Machinery, equipment and vehicles	8,112	9,361	1,248
Tools, furniture and fixtures	3,200	3,370	170
Land	173,116	172,497	(618)
Leased assets	23	21	(1)
Construction in progress	18,585	16,102	(2,482)
Total property, plant and equipment	251,845	256,272	4,426
Intangible assets	3,908	5,744	1,835
Investments and other assets			
Investment securities	326,421	320,600	(5,820)
Shares and investments in capital of subsidiaries and affiliates	123,517	131,042	7,524
Long-term loans receivable	76,267	69,688	(6,578)
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,982	580	(2,402)
Other	9,692	8,518	(1,173)
Allowance for doubtful accounts	(1,609)	(986)	623
Total investments and other assets	537,272	529,444	(7,827)
Total noncurrent assets	793,026	791,460	(1,565)
Total assets	1,758,937	1,844,400	85,462

(1) Non-consolidated Balance Sheets

(Yen in millions)

	March 31, 2021	March 31, 2022	Change
Liabilities			
Current liabilities			
Notes payable—trade	11,338	9,718	(1,620)
Electronically recorded obligations	103,571	126,941	23,370
Accounts payable for construction contracts	338,368	373,096	34,728
Accounts payable—real estate and other	803	1,626	822
Short-term loans payable	40,394	41,788	1,394
Lease obligations	7	9	1
Accounts payable	3,573	5,546	1,972
Accrued expenses	16,343	16,590	247
Income taxes payable	11,610	6,906	(4,704)
Advances received on uncompleted construction contracts	104,989	109,545	4,556
Deposit received—real estate and other	3,247	2,326	(920)
Deposits received	119,133	134,280	15,146
Provision for warranties for completed construction	2,593	2,556	(37)
Provision for loss on construction contracts	13,220	52,404	39,184
Deposits received from employees	27,226	27,415	188
Other	1,074	866	(208)
Total current liabilities	797,494	911,616	114,121
Noncurrent liabilities			
Bonds payable	40,000	40,000	—
Long-term loans payable	80,039	73,341	(6,698)
Lease obligations	17	14	(3)
Deferred tax liabilities	25,624	11,345	(14,279)
Deferred tax liabilities for land revaluation	15,305	15,054	(251)
Provision for retirement benefits	44,665	43,855	(810)
Provision for stock payments for directors	401	436	34
Provision for loss on business of subsidiaries and affiliates	2,157	3,126	969
Other	5,144	4,896	(247)
Total noncurrent liabilities	213,355	192,069	(21,286)
Total liabilities	1,010,850	1,103,686	92,835
Net assets			
Shareholders' equity			
Capital stock	57,752	57,752	—
Capital surplus			
Legal capital surplus	41,694	41,694	—
Total capital surpluses	41,694	41,694	—
Retained earnings			
Legal retained earnings	14,438	14,438	—
Other retained earnings			
Reserve for advanced depreciation of noncurrent assets	2,414	2,370	(44)
General reserve	315,000	435,000	120,000
Retained earnings brought forward	163,088	38,870	(124,217)
Total retained earnings	494,941	490,679	(4,262)
Treasury stock	(2,090)	(2,808)	(718)
Total shareholders' equity	592,297	587,317	(4,980)
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	138,326	135,792	(2,534)
Deferred gains (losses) on hedges	11	23	12
Revaluation reserve for land	17,451	17,579	128
Total valuation and translation adjustments	155,789	153,396	(2,393)
Total net assets	748,087	740,713	(7,373)
Total liabilities and net assets	1,758,937	1,844,400	85,462
(Reference)			
Interest-bearing debt balances	160,433	155,129	(5,304)

(2) Non-consolidated Statements of Income

(Yen in millions)

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022	Change
Net sales			
Net sales of completed construction contracts	1,209,589	1,351,144	141,554
Net sales of real estate business and other	20,828	22,988	2,159
Total net sales	1,230,418	1,374,132	143,714
Cost of sales			
Cost of sales on completed construction contracts	1,048,878	1,271,945	223,066
Cost of sales on real estate business and other	15,727	17,596	1,869
Total cost of sales	1,064,606	1,289,542	224,936
Gross profit			
Gross profit on completed construction contracts	160,710	79,198	(81,512)
Gross profit on real estate business and other	5,101	5,391	290
Total gross profit	165,812	84,590	(81,221)
Selling, general and administrative expenses	72,371	80,165	7,794
Operating income	93,441	4,425	(89,015)
Non-operating income			
Interest and dividend income	11,305	14,712	3,406
Foreign exchange gains	1,213	1,798	585
Other	416	479	62
Total non-operating income	12,935	16,989	4,054
Non-operating expenses			
Interest expenses	891	852	(39)
Provision of allowance for doubtful accounts	103	46	(56)
Bad debts expenses	0	—	(0)
Other	1,485	953	(532)
Total non-operating expenses	2,481	1,852	(629)
Ordinary income	103,894	19,563	(84,331)
Extraordinary income			
Gain on sales of investment securities	5,181	10,260	5,078
Reversal of provision for loss on Antimonopoly Act	1,026	—	(1,026)
Other	1,516	316	(1,199)
Total extraordinary income	7,724	10,576	2,852
Extraordinary loss			
Loss on business of subsidiaries and affiliates	668	4,951	4,282
Loss on valuation of investment securities	49	1,509	1,460
Other	4,525	1,423	(3,102)
Total extraordinary losses	5,244	7,884	2,640
Profit before income taxes	106,375	22,255	(84,119)
Income taxes-current	26,526	16,837	(9,689)
Income taxes-deferred	(1,388)	(13,424)	(12,036)
Total income taxes	25,138	3,412	(21,725)
Profit	81,237	18,843	(62,393)