



ODAYASHI CORPORATION

NON-CONSOLIDATED
FINANCIAL STATEMENTS

Year Ended March 31, 2025

Independent Auditor's Report

The Board of Directors
OBAYASHI CORPORATION

The Audit of the Non-Consolidated Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of OBAYASHI CORPORATION (the Company), which comprise the non-consolidated balance sheet as at March 31, 2025, and the non-consolidated statements of income, and changes in net assets for the year then ended, and notes to the non-consolidated financial statements.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at March 31, 2025, and its non-consolidated financial performance 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 Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-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 non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-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.

Estimation of total construction revenue and total construction costs under the method to recognize revenue by satisfying performance obligations over a certain period of time
Description is omitted because it is the same key audit matter described in the auditor's report of the consolidated financial statements (Estimation of total construction revenue and total construction costs in applying the method to recognize revenue by satisfying performance obligations over a certain period of time).

Assessment of indicators of impairment of investment and rental properties

Description is omitted because it is the same key audit matter described in the auditor's report of the consolidated financial statements (Assessment of indicators of impairment of investment and rental properties).

Other Information

Other information comprises the information included in disclosure documents that contains audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company'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 Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company'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 Company'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 non-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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-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.

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 non-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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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 non-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.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2025 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 2 to the non-consolidated financial statements.

Fee-related Information

The fee-related information is described in the auditor's report of the consolidated financial statements.



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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 31, 2025

Yoko Ito
Designated Engagement Partner
Certified Public Accountant

Takeshi Yoshida
Designated Engagement Partner
Certified Public Accountant

Non-Consolidated Balance Sheets

OBAYASHI CORPORATION

At March 31, 2025 and 2024

	Yen in millions		U.S. dollars in thousands (Note 2)	
	2025	2024	2025	2024
Assets				
Current assets				
Cash and deposits	¥ 194,430	¥ 173,279	\$ 1,300,365	\$ 1,158,904
Notes receivable—trade	313	3,024	2,096	20,228
Electronically recorded monetary claims	12,945	37,442	86,578	250,415
Accounts receivable from completed construction contracts	848,985	753,643	5,678,070	5,040,417
Accounts receivable—real estate business and other	6,393	5,270	42,757	35,248
Short-term investment securities (Note 7)	10	15	72	105
Real estate for sale	2,116	2,216	14,157	14,821
Costs on uncompleted construction contracts	35,998	34,300	240,760	229,406
Costs on real estate business and other	6,992	4,198	46,765	28,081
Raw materials and supplies	1,886	5,307	12,614	35,498
Short-term loans receivable	46,819	55,024	313,132	368,005
Prepaid expenses	2,282	2,310	15,265	15,449
Accounts receivable—other (Note 7)	84,799	116,229	567,146	777,349
Other (Note 7)	21,663	46,347	144,887	309,972
Allowance for doubtful accounts	(96)	(92)	(642)	(615)
Total current assets	1,265,541	1,238,517	8,464,028	8,283,290
Noncurrent assets				
Property, plant and equipment				
Buildings	118,190	117,805	790,467	787,891
Accumulated depreciation	(51,294)	(48,121)	(343,063)	(321,839)
Buildings, net	66,895	69,684	447,403	466,052
Structures	7,033	6,517	47,037	43,592
Accumulated depreciation	(4,418)	(4,251)	(29,548)	(28,434)
Structures, net	2,614	2,266	17,488	15,158
Machinery and equipment	49,876	44,048	333,577	294,597
Accumulated depreciation	(37,914)	(35,000)	(253,575)	(234,085)
Machinery and equipment, net	11,961	9,047	80,002	60,511
Vessels	6,596	6,596	44,115	44,115
Accumulated depreciation	(1,636)	(642)	(10,945)	(4,295)
Vessels, net	4,959	5,953	33,169	39,819
Vehicles	568	650	3,802	4,352
Accumulated depreciation	(447)	(526)	(2,995)	(3,521)
Vehicles, net	120	124	807	831
Tools, furniture and fixtures	16,916	16,096	113,141	107,651
Accumulated depreciation	(13,174)	(12,503)	(88,109)	(83,625)
Tools, furniture and fixtures, net	3,742	3,592	25,031	24,026
Land	183,219	175,677	1,225,386	1,174,944
Leased assets	24	24	167	164
Accumulated depreciation	(17)	(18)	(119)	(120)
Leased assets, net	7	6	47	44
Construction in progress	11,289	12,108	75,507	80,985
Total property, plant and equipment	284,812	278,462	1,904,845	1,862,374
Intangible assets				
Software	5,287	4,427	35,365	29,611
Leasehold rights	14	14	99	99
Telephone subscription rights	1	412	13	2,760
Other	2,598	3,470	17,375	23,209
Total intangible assets	7,902	8,325	52,853	55,680
Investments and other assets				
Investment securities (Note 7)	278,270	407,382	1,861,090	2,724,605
Stocks of subsidiaries and affiliates (Notes 7 and 10)	128,984	108,664	862,656	726,755
Investments in capital	104	84	701	566
Investments in capital of subsidiaries and affiliates	154,762	138,326	1,035,059	925,135
Long-term loans receivable from employees	712	717	4,764	4,796
Long-term loans receivable from subsidiaries and affiliates	2,799	34,583	18,721	231,298
Claims provable in bankruptcy, claims provable in rehabilitation and other	610	620	4,079	4,146
Prepaid pension costs	2,542	1,318	17,003	8,817
Lease and guarantee deposits	5,993	5,875	40,087	39,293
Other (Note 7)	2,924	3,140	19,558	21,000
Allowance for doubtful accounts	(683)	(696)	(4,574)	(4,657)
Total investments and other assets	577,019	700,016	3,859,148	4,681,758
Total noncurrent assets	869,735	986,804	5,816,848	6,599,813
Total assets	¥ 2,135,276	¥ 2,225,321	\$ 14,280,877	\$ 14,883,104

The accompanying notes to the non-consolidated financial statements are an integral part of this statement.

	Yen in millions		U.S. dollars in thousands (Note 2)	
	2025	2024	2025	2024
Liabilities				
Current liabilities				
Notes payable—trade	¥ 4,556	¥ 7,552	\$ 30,474	\$ 50,514
Electronically recorded obligations	98,463	145,335	658,527	972,010
Accounts payable for construction contracts	513,317	504,725	3,433,102	3,375,637
Accounts payable—real estate and other	1,869	1,808	12,505	12,093
Short-term loans payable	67,111	39,449	448,842	263,837
Current portion of bonds	—	10,000	—	66,880
Lease obligations	4	5	27	37
Accounts payable—other (Note 7)	33,651	4,195	225,065	28,063
Accrued expenses	23,754	17,819	158,872	119,175
Income taxes payable	41,594	4,792	278,189	32,053
Advances received on uncompleted construction contracts	124,776	130,298	834,516	871,445
Deposits received—real estate and other	4,953	2,486	33,128	16,629
Deposits received	164,784	186,910	1,102,086	1,250,073
Unearned revenue	133	132	894	889
Provision for warranties for completed construction	2,734	2,824	18,285	18,887
Provision for loss on construction contracts	15,061	32,932	100,728	220,251
Deposits received from employees	25,255	26,379	168,913	176,430
Other	4,420	1,260	29,563	8,429
Total current liabilities	1,126,442	1,118,909	7,533,725	7,483,340
Noncurrent liabilities				
Bonds payable	60,000	40,000	401,284	267,522
Long-term loans payable	51,352	88,373	343,445	591,044
Lease obligations	3	1	24	11
Long-term income taxes payable	114	—	764	—
Deferred tax liabilities (Note 11)	6,580	41,980	44,012	280,765
Deferred tax liabilities for land revaluation (Note 11)	14,696	14,592	98,291	97,593
Provision for retirement benefits	43,614	43,954	291,694	293,971
Provision for stock payments for directors	686	625	4,590	4,185
Provision for loss on business of subsidiaries and affiliates	3,312	5,204	22,151	34,805
Assets retirement obligations	578	567	3,870	3,797
Other	5,251	4,882	35,119	32,654
Total noncurrent liabilities	186,189	240,181	1,245,248	1,606,351
Total liabilities	1,312,632	1,359,090	8,778,973	9,089,692
Net assets				
Shareholders' equity				
Capital stock	57,752	57,752	386,253	386,253
Capital surplus				
Legal capital surplus	41,694	41,694	278,855	278,855
Total capital surpluses	41,694	41,694	278,855	278,855
Retained earnings				
Legal retained earnings	14,438	14,438	96,562	96,562
Other retained earnings				
Reserve for advanced depreciation of noncurrent assets	2,217	2,287	14,833	15,297
General reserve	460,000	460,000	3,076,511	3,076,511
Retained earnings brought forward	118,583	69,557	793,096	465,207
Total retained earnings	595,239	546,283	3,981,003	3,653,579
Treasury stock	(14,828)	(2,711)	(99,176)	(18,136)
Total shareholders' equity	679,857	643,018	4,546,936	4,300,551
Valuation and translation adjustments				
Valuation difference on available-for-sale securities	126,467	205,396	845,825	1,373,702
Deferred gains (losses) on hedges	—	355	—	2,379
Revaluation reserve for land	16,318	17,460	109,142	116,778
Total valuation and translation adjustments	142,786	223,212	954,967	1,492,860
Total net assets	822,644	866,231	5,501,903	5,793,412
Total liabilities and net assets	¥ 2,135,276	¥ 2,225,321	\$ 14,280,877	\$ 14,883,104

The accompanying notes to the non-consolidated financial statements are an integral part of this statement.

Non-Consolidated Statements of Income

OBAYASHI CORPORATION

For the Fiscal Years Ended March 31, 2025 and 2024

	Yen in millions		U.S. dollars in thousands (Note 2)	
	2025	2024	2025	2024
Net sales				
Net sales of completed construction contracts	¥ 1,636,348	¥ 1,555,844	\$ 10,944,013	\$ 10,405,597
Net sales of real estate business and other	24,313	26,354	162,612	176,262
Total net sales	1,660,662	1,582,199	11,106,626	10,581,859
Cost of sales				
Cost of sales on completed construction contracts	1,456,380	1,428,937	9,740,374	9,556,828
Cost of sales on real estate business and other	19,432	21,155	129,964	141,486
Total cost of sales	1,475,813	1,450,092	9,870,338	9,698,315
Gross profit				
Gross profit on completed construction contracts	179,968	126,907	1,203,639	848,768
Gross profit on real estate business and other	4,881	5,199	32,648	34,776
Total gross profit	184,849	132,107	1,236,287	883,544
Selling, general and administrative expenses (Note 8)	95,431	88,783	638,250	593,790
Operating income	89,418	43,323	598,036	289,753
Other income (expenses)				
Interest and dividend income (Note 8)	12,939	10,523	86,539	70,383
Foreign exchange gains (losses), net	(1,040)	2,592	(6,955)	17,340
Interest expenses	(1,101)	(877)	(7,367)	(5,869)
Loss on investments in silent partnerships (Note 8)	(1,674)	(4)	(11,196)	(32)
Gain on sales of investment securities	68,709	23,415	459,535	156,606
Gain on sales of noncurrent assets	9	4	63	30
Loss on liquidation of business (Note 8)	(3,849)	-	(25,746)	-
Loss on valuation of investment securities	(2,112)	(1,042)	(14,130)	(6,973)
Impairment loss	(745)	(3,486)	(4,983)	(23,319)
Loss on sales and disposal of noncurrent assets	(531)	(1,123)	(3,556)	(7,515)
Other, net (Note 8)	411	(4,090)	2,752	(27,355)
Total other income (expenses)	71,015	25,911	474,956	173,296
Profit before income taxes	160,433	69,235	1,072,992	463,050
Income taxes (Note 11)				
Income taxes—current	48,021	16,836	321,169	112,604
Income taxes—deferred	(3,309)	2,748	(22,132)	18,382
Total income taxes	44,711	19,585	299,036	130,987
Profit	¥ 115,721	¥ 49,650	\$ 773,955	\$ 332,063

The accompanying notes to the non-consolidated financial statements are an integral part of this statement.

Non-Consolidated Statements of Changes in Net Assets

OBAYASHI CORPORATION

For the Fiscal Year Ended March 31, 2025

Yen in millions

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal reserve	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	¥ 57,752	¥ 41,694	¥ 14,438	¥ 2,287	¥ 460,000	¥ 69,557	¥ 546,283	¥ (2,711)	¥ 643,018
Changes during period									
Reversal of reserve for advanced depreciation of noncurrent assets				(69)		69	-		-
Provision of general reserve							-		-
Cash dividends paid						(67,486)	(67,486)		(67,486)
Profit						115,721	115,721		115,721
Reversal of revaluation reserve for land						720	720		720
Purchase of treasury stock								(12,217)	(12,217)
Disposal of treasury stock								100	100
Net changes in items other than those in shareholders' equity									
Total changes during period	-	-	-	(69)	-	49,025	48,956	(12,117)	36,839
Balance at the end of current period	¥ 57,752	¥ 41,694	¥ 14,438	¥ 2,217	¥ 460,000	¥ 118,583	¥ 595,239	¥ (14,828)	¥ 679,857

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of current period	¥ 205,396	¥ 355	¥ 17,460	¥ 223,212	¥ 866,231
Changes during period					
Reversal of reserve for advanced depreciation of noncurrent assets					-
Provision of general reserve					-
Cash dividends paid					(67,486)
Profit					115,721
Reversal of revaluation reserve for land					720
Purchase of treasury stock					(12,217)
Disposal of treasury stock					100
Net changes in items other than those in shareholders' equity	(78,928)	(355)	(1,141)	(80,425)	(80,425)
Total changes during period	(78,928)	(355)	(1,141)	(80,425)	(43,586)
Balance at the end of current period	¥ 126,467	¥ -	¥ 16,318	¥ 142,786	¥ 822,644

For the Fiscal Year Ended March 31, 2025

U.S. dollars in thousands (Note 2)

U.S. dollars in thousands (Note 2)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal reserve	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	\$ 386,253	\$ 278,855	\$ 96,562	\$ 15,297	\$ 3,076,511	\$ 465,207	\$ 3,653,579	\$ (18,136)	\$ 4,300,551
Changes during period									
Reversal of reserve for advanced depreciation of noncurrent assets				(463)		463	-		-
Provision of general reserve							-		-
Cash dividends paid						(451,353)	(451,353)		(451,353)
Profit						773,955	773,955		773,955
Reversal of revaluation reserve for land						4,821	4,821		4,821
Purchase of treasury stock								(81,713)	(81,713)
Disposal of treasury stock								673	673
Net changes in items other than those in shareholders' equity									
Total changes during period	-	-	-	(463)	-	327,888	327,424	(81,040)	246,384
Balance at the end of current period	\$ 386,253	\$ 278,855	\$ 96,562	\$ 14,833	\$ 3,076,511	\$ 793,096	\$ 3,981,003	\$ (99,176)	\$ 4,546,936

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of current period	\$ 1,373,702	\$ 2,379	\$ 116,778	\$ 1,492,860	\$ 5,793,412
Changes during period					
Reversal of reserve for advanced depreciation of noncurrent assets					-
Provision of general reserve					-
Cash dividends paid					(451,353)
Profit					773,955
Reversal of revaluation reserve for land					4,821
Purchase of treasury stock					(81,713)
Disposal of treasury stock					673
Net changes in items other than those in shareholders' equity	(527,877)	(2,379)	(7,636)	(537,893)	(537,893)
Total changes during period	(527,877)	(2,379)	(7,636)	(537,893)	(291,509)
Balance at the end of current period	\$ 845,825	\$ -	\$ 109,142	\$ 954,967	\$ 5,501,903

The accompanying notes to the consolidated financial statements are an integral part of this statement.

For the Fiscal Year Ended March 31, 2024

Yen in millions

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal reserve	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	¥ 57,752	¥ 41,694	¥ 14,438	¥ 2,328	¥ 435,000	¥ 74,105	¥ 525,871	¥ (2,754)	¥ 622,563
Changes during period									
Reversal of reserve for advanced depreciation of noncurrent assets				(40)		40	-		-
Provision of general reserve					25,000	(25,000)	-		-
Cash dividends paid						(30,155)	(30,155)		(30,155)
Profit						49,650	49,650		49,650
Reversal of revaluation reserve for land						917	917		917
Purchase of treasury stock								(110)	(110)
Disposal of treasury stock								153	153
Net changes in items other than those in shareholders' equity									
Total changes during period	-	-	-	(40)	25,000	(4,547)	20,411	43	20,454
Balance at the end of current period	¥ 57,752	¥ 41,694	¥ 14,438	¥ 2,287	¥ 460,000	¥ 69,557	¥ 546,283	¥ (2,711)	¥ 643,018

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of current period	¥ 117,796	¥ 0	¥ 18,377	¥ 136,175	¥ 758,739
Changes during period					
Reversal of reserve for advanced depreciation of noncurrent assets					-
Provision of general reserve					-
Cash dividends paid					(30,155)
Profit					49,650
Reversal of revaluation reserve for land					917
Purchase of treasury stock					(110)
Disposal of treasury stock					153
Net changes in items other than those in shareholders' equity	87,599	355	(917)	87,037	87,037
Total changes during period	87,599	355	(917)	87,037	107,491
Balance at the end of current period	¥ 205,396	¥ 355	¥ 17,460	¥ 223,212	¥ 866,231

For the Fiscal Year Ended March 31, 2024

U.S. dollars in thousands (Note 2)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal reserve	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	\$ 386,253	\$ 278,855	\$ 96,562	\$ 15,570	\$ 2,909,309	\$ 495,622	\$ 3,517,066	\$ (18,425)	\$ 4,163,750
Changes during period									
Reversal of reserve for advanced depreciation of noncurrent assets				(273)		273	-		-
Provision of general reserve					167,201	(167,201)	-		-
Cash dividends paid						(201,683)	(201,683)		(201,683)
Profit						332,063	332,063		332,063
Reversal of revaluation reserve for land						6,133	6,133		6,133
Purchase of treasury stock								(739)	(739)
Disposal of treasury stock								1,027	1,027
Net changes in items other than those in shareholders' equity									
Total changes during period	-	-	-	(273)	167,201	(30,414)	136,513	288	136,801
Balance at the end of current period	\$ 386,253	\$ 278,855	\$ 96,562	\$ 15,297	\$ 3,076,511	\$ 465,207	\$ 3,653,579	\$ (18,136)	\$ 4,300,551

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the beginning of current period	\$ 787,833	\$ 5	\$ 122,911	\$ 910,750	\$ 5,074,500
Changes during period					
Reversal of reserve for advanced depreciation of noncurrent assets					-
Provision of general reserve					-
Cash dividends paid					(201,683)
Profit					332,063
Reversal of revaluation reserve for land					6,133
Purchase of treasury stock					(739)
Disposal of treasury stock					1,027
Net changes in items other than those in shareholders' equity	585,869	2,374	(6,133)	582,110	582,110
Total changes during period	585,869	2,374	(6,133)	582,110	718,912
Balance at the end of current period	\$ 1,373,702	\$ 2,379	\$ 116,778	\$ 1,492,860	\$ 5,793,412

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Notes to Non-Consolidated Financial Statements

OBAYASHI CORPORATION for the fiscal years ended March 31, 2025 and 2024

1. Basis of Presenting Non-consolidated Financial Statements

The accompanying non-consolidated financial statements were prepared based on the accounts maintained by OBAYASHI CORPORATION (the "Company") in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the non-consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain amounts in the prior year's financial statements were reclassified to conform to the changes made for the latest fiscal year.

2. U.S. Dollar Amounts

The accounts of the non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying non-consolidated financial statements and notes thereto were translated from the original Japanese yen into U.S. dollars on the basis of ¥149.52 to US\$1, the rate of exchange prevailing at March 31, 2025, and were then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

3. Summary of Significant Accounting Policies

(1) Short-term investment securities and investment securities

Securities are classified into three categories: held-to-maturity, stocks of subsidiaries and affiliates, and other securities. Held-to-maturity securities are carried at amortized cost. Stocks of subsidiaries and affiliates are carried at cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(2) Inventories

Real estate held for sale, costs on uncompleted construction contracts and costs on real estate business and other are all stated at cost determined by the specific identification method.

Raw materials and supplies are stated at cost determined by the first-in first-out method.

Inventories are stated at the lower of cost or net realizable value.

(3) Property, plant and equipment

The Company calculates depreciation by the declining-balance method, while straight-line method is applied to the buildings and fixtures acquired on or after April 1, 1998 and facilities attached to the buildings and other non-building structures acquired on or after April 1, 2016.

The useful lives and residual values of depreciable assets are estimated in accordance with the Corporate Tax Law.

(4) Intangible assets

Intangible fixed assets are amortized by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

(5) Leased assets

Amortization of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with a residual value of zero.

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rate of exchange in effect at the balance sheet date. The resulting exchange gains and losses from translation are recognized in the non-consolidated statements of income.

(7) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the Company's historical experience with respect to write-offs and based on an estimate of the amount for specific uncollectible accounts.

(8) Provision for warranties for completed construction

Provision for warranties for completed construction is provided to cover expenses for defects claimed concerning completed work, based on the estimated amount of compensation to be paid in the future for the work completed during the fiscal year.

(9) Provision for loss on construction contracts

Provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the balance sheet date which will probably be incurred and which can be reasonably estimated.

(10) Provision for retirement benefits

Provision for retirement benefits is provided mainly at an amount calculated based on the projected benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial differences and unrecognized prior service cost.

Retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial differences are amortized commencing in the following years after the differences are recognized primarily by the straight-line method over a period 10 years which are shorter than the average remaining years of service of the employees. Prior service cost (PSC) is amortized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the employees.

(11) Provision for stock payments for directors

Provision for stock payments for directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

(12) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is provided for the estimated losses which exceed investments in capital of and loans receivable from subsidiaries and affiliates.

(13) Recognizing revenues and costs of construction contracts

In the construction business, which is the Company's principal business, the Company performs building construction and civil engineering work in Japan and overseas based on construction contracts.

When control over goods or services is transferred to customers over a period of time, the Company applies the method of recognizing revenue over a period of time as it satisfies its performance obligation to transfer goods or services to customers. The measurement of the percentage of completion in satisfying the performance obligation is based on the percentage of the cost of construction incurred by the end of each fiscal year to the total expected cost of construction.

In the early stages of a contract, when the degree of progress toward satisfying performance obligations cannot be reasonably estimated, but it is probable that the costs incurred will be recovered, revenue is recognized on a cost recovery method.

For construction contracts with a very short period of time between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied, whereby revenue is not recognized over a certain period of time and revenue is recognized when the performance obligation is fully satisfied.

(14) Derivatives and hedge accounting

(a) Method of hedge accounting

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting.

The monetary assets and liabilities denominated in foreign currencies, for which foreign exchange forward contracts or currency options are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the foreign exchange forward contracts or currency options qualify for hedge accounting.

The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income (short-cut method).

(b) Hedging instruments and hedged items

To hedge foreign exchange risks related to the monetary assets and liabilities denominated in foreign currencies and projected future foreign currency transactions, foreign exchange forward contracts and non-deliverable foreign exchange forward contracts are employed as hedging instruments. To hedge the interest-rate risks and foreign exchange risks related to loans payable, interest rate swaps or interest rate/currency swaps are employed as hedging instruments.

(c) Hedging policy

The Company utilizes derivative financial instruments only for the purpose of hedging future risks of fluctuation of foreign currency exchange rates or interest rates in accordance with internal rules.

(d) Assessment of hedge effectiveness

Hedge effectiveness is not assessed when substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.

The evaluation of hedge effectiveness is omitted for interest rate swaps as they meet certain criteria under the short-cut method.

(15) Accounting treatment of retirement benefits

The treatment of unrecognized actuarial differences and unrecognized prior service cost in the non-consolidated balance sheet differs from that in the consolidated balance sheet.

(16) Consumption taxes

Consumption tax and local consumption tax are accounted for under the tax-exclusive method.

(17) Income taxes

The Company applies deferred tax accounting for income taxes which requires recognition of income taxes by the asset/liability method.

Under the asset/liability method, deferred tax assets and liabilities are determined based on the difference between financial reporting basis and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(18) Accounting method for joint ventures in construction business

The accounting method for joint ventures in the construction business is mainly based on the accounting method for recognizing assets, liabilities, income and expenses in proportion to the investment of the members.

4. Significant Accounting Estimates

For the fiscal year ended March 31, 2025

(1) Application of the method to recognize revenue by satisfying performance obligations over a certain period of time

(a) The amounts recorded in the non-consolidated financial statements for the current fiscal year

Revenues from construction based on the method to recognize revenue by satisfying performance obligations over a certain period of time: ¥1,542,236 million (US\$10,314,583 thousand)

Provision for loss on construction contracts: ¥15,061 million (US\$100,728 thousand)

(b) Other information that contributes to the understanding of users of non-consolidated financial statements

As for the method of calculating the amounts in (a), see Note 4 of "Significant Accounting Estimates" in the consolidated financial statements.

(2) Impairment of investment and rental properties

(a) The amounts recorded in the non-consolidated financial statements for the current fiscal year

Impairment loss: ¥726 million (US\$4,861 thousand)

It should be noted that investment and rental properties recorded in the non-consolidated balance sheets is ¥193,501 million (US\$1,294,150 thousand) as of March 31, 2025.

(b) Other information that contributes to the understanding of users of non-consolidated financial statements

As for the method of calculating the amounts in (a), see Note 4 of "Significant Accounting Estimates" in the consolidated financial statements.

For the fiscal year ended March 31, 2024

(1) Application of the method to recognize revenue by satisfying performance obligations over a certain period of time

(a) The amounts recorded in the non-consolidated financial statements for the current fiscal year

Revenues from construction based on the method to recognize revenue by satisfying performance obligations over a certain period of time: ¥1,472,370 million (US\$9,847,316 thousand)

Provision for loss on construction contracts: ¥32,932 million (US\$220,251 thousand)

(b) Other information that contributes to the understanding of users of non-consolidated financial statements

As for the method of calculating the amounts in (a), see Note 4 of "Significant Accounting Estimates" in the consolidated financial statements.

(2) Impairment of investment and rental properties

(a) The amounts recorded in the non-consolidated financial statements for the current fiscal year

Impairment loss: ¥1,871 million (US\$12,513 thousand)

It should be noted that investment and rental properties recorded in the non-consolidated balance sheets is ¥185,130 million (US\$1,238,168 thousand) as of March 31, 2024.

(b) Other information that contributes to the understanding of users of non-consolidated financial statements

As for the method of calculating the amounts in (a), see Note 4 of "Significant Accounting Estimates" in the consolidated financial statements.

5. Change in Accounting Policies

Implementation of Accounting Standard for Current Income Taxes

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the fiscal year. There is no impact of the implementation of the accounting standard on the non-consolidated financial statements.

6. Additional Information

Performance-linked stock compensation plan for directors and executive officers

As for the performance-linked stock compensation plan for the Directors through the BIP Trust, see Note 7 of "Notes to Consolidated Financial Statements."

7. Notes to Non-Consolidated Balance Sheets

(1) Pledged assets

Assets pledged as collateral for advances received on uncompleted construction contracts are as follows:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Assets pledged as collateral:				
Current assets—other	¥ 850	¥ -	\$ 5,687	\$ -
Investment securities	481	1,279	3,216	8,557
Stocks of subsidiaries and affiliates	251	260	1,684	1,744
Total	¥ 1,583	¥ 1,540	\$ 10,588	\$ 10,301

Notes: 1. There are no liabilities secured by the assets above at March 31, 2025 and 2024.

2. "Stocks of subsidiaries and affiliates" are pledged as collateral for debts of subsidiaries and affiliates.

(2) Deposited assets

Assets deposited under the "Law for Execution of Warranty against Housing Defects" and the others are as follows:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Short-term investment securities	¥ 10	¥ 15	\$ 72	\$ 105
Investment securities	-	10	-	72
Investments and other assets—other	377	439	2,525	2,936
Total	¥ 388	¥ 465	\$ 2,597	\$ 3,114

(3) Guarantee obligations

The Company is contingently liable for the following:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Guarantees of long-term debt of subsidiaries and employees	¥ 89,789	¥ 64,268	\$ 600,520	\$ 429,832
Guarantees of long-term debt of an affiliate (Note)	9,820	-	65,679	-
Commitments of guarantees for short-term and long-term debt of subsidiaries	16,871	19,683	112,839	131,642

Note: These guarantees are for debts related to the power generation business of an affiliate. The guarantee balance indicates the total amount guaranteed jointly with another company. The actual amount borne by the company at March 31, 2025 is ¥4,910 million (US\$32,839 thousand).

(4) Consumption tax receivable and payable

At March 31, 2025, Consumption tax payable and local consumption tax payable are included in "Accounts payable—other".

At March 31, 2024, Consumption tax receivable and local consumption tax receivable are included in "Accounts receivable—other".

(5) Commitment lines

The Company has a commitment line agreement with syndicated financial institutions to ensure timely access to funds in case of emergency. At March 31, 2025 and 2024, there are no outstanding balances under the agreement.

This commitment line agreement includes financial covenants on net assets, ordinary income (loss) and the credit rating of the Company.

The total commitment lines available are as follows:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Contract amount	¥ 100,000	¥ 100,000	\$ 668,806	\$ 668,806
Outstanding borrowings	-	-	-	-
Available amount	¥ 100,000	¥ 100,000	\$ 668,806	\$ 668,806

8. Notes to Non-Consolidated Statements of Income

(1) The major components of "Selling, general and administrative expenses"

For the fiscal years ended March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Employees' salaries and allowances	¥ 34,667	¥ 30,943	\$ 231,861	\$ 206,954
Retirement benefit expenses	1,021	1,082	6,831	7,241
Research and development expenses	15,930	16,073	106,542	107,498

(2) Transactions with subsidiaries and affiliates

For the fiscal years ended March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Other income				
Dividend income	¥ 2,861	¥ 1,516	\$ 19,137	\$ 10,140
Interest and Other	1,429	1,345	9,561	8,995
Other expenses				
Loss on investments in silent partnerships	¥ 1,674	¥ 4	\$ 11,196	\$ 32

(3) Loss on liquidation of business

The losses are related to villa site management business for the fiscal year ended March 31, 2025.

(4) Provision for reserves included in "Other, net" in "Other income/(expenses)"

For the fiscal years ended March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Provision for loss on business of subsidiaries and affiliates	¥ 53	¥ 3,618	\$ 356	\$ 24,203

9. Notes to Non-Consolidated Statements of Changes in Net Assets

Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than legal capital surplus) and retained earnings (other than legal reserve) be transferred to legal capital surplus or legal reserve, until the sum of legal capital surplus and legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met. The retained earnings account in the accompanying non-consolidated balance sheet at March 31, 2025 includes a legal reserve of ¥14,438 million (\$96,562 thousand).

10. Stocks of Subsidiaries and Affiliates with Fair Value

Stocks of subsidiaries and affiliates with fair value

None.

Note: Carrying value of stocks of subsidiaries and affiliates

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Stocks of subsidiaries	¥ 128,251	¥ 108,051	\$ 857,754	\$ 722,653
Stocks of affiliates	732	613	4,901	4,101

The fair values for these securities are not stated because they have no quoted market prices available.

11. Deferred Tax Accounting

The major components of deferred tax assets and liabilities at March 31, 2025 and 2024 are summarized as follows:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
Deferred tax assets				
Costs on uncompleted construction contracts	¥ 21,157	¥ 17,885	\$ 141,502	\$ 119,616
Provision for retirement benefits	13,666	13,406	91,400	89,661
Accrued expenses (bonus)	5,949	4,387	39,790	29,340
Provision for loss on construction contracts	4,604	10,044	30,794	67,176
Loss on valuation of investments in subsidiaries and affiliates	3,425	2,813	22,907	18,817
Impairment loss	2,695	3,181	18,027	21,277
Bad debts expenses and allowance for doubtful accounts	2,418	2,394	16,174	16,015
Accrued enterprise tax	2,254	582	15,078	3,894
Other	11,292	9,102	75,522	60,878
	67,463	63,796	451,198	426,678
Valuation allowance	(12,540)	(11,538)	(83,868)	(77,172)
Total deferred tax assets	54,923	52,258	367,330	349,505
Deferred tax liabilities				
Valuation difference on available-for-sale securities	(57,887)	(90,137)	(387,156)	(602,847)
Gain on assets traded within the Group	(1,083)	(1,793)	(7,243)	(11,998)
Reserve for advanced depreciation of noncurrent assets	(1,014)	(1,003)	(6,784)	(6,713)
Other	(1,518)	(1,302)	(10,158)	(8,711)
Total deferred tax liabilities	(61,503)	(94,238)	(411,342)	(630,270)
Net deferred tax assets (liabilities)	¥ (6,580)	¥ (41,980)	\$ (44,012)	\$ (280,765)

In addition to the above, the Company recognized deferred tax liabilities related to revaluation reserve for land on the non-consolidated balance sheets as follows:

At March 31	Yen in millions		U.S. dollars in thousands	
	2025	2024	2025	2024
	¥ (14,696)	¥ (14,592)	\$ (98,291)	\$ (97,593)

Reconciliation between the statutory tax rates and the effective tax rates for the fiscal years ended March 31, 2025 and 2024 are as follows for the fiscal years ended March 31

	2025	2024
Statutory tax rate	30.5 %	30.5 %
Reconciliation:		
Permanent non-deductible items	0.6	1.1
Permanent non-taxable items	(0.9)	(1.3)
Change in valuation allowance	0.4	1.0
Tax credit for research and development expenses	(0.7)	(1.3)
Tax credit under the Tax Measure to Promote Wage Increases	(1.7)	(2.1)
Change in tax rate	(0.5)	—
Other	0.2	0.4
Effective tax rate	27.9 %	28.3 %

The "Act to partially revise the Income Tax Act and Others" (Act No.13 of 2025) were enacted on March 31, 2025, and taxation of the Special Corporate Tax for Defense will commence for fiscal years beginning on or after April 1, 2026. As a result, the effective statutory tax rate was changed from 30.5% to 31.4% and calculated accordingly for deferred tax assets and liabilities related to temporary differences expected to be realized or settled in the fiscal years beginning on or after April 1, 2026.

The effect of the announced change of the effective statutory tax rate was to increase deferred tax liabilities, after offsetting deferred tax assets, by ¥865 million (\$5,785 thousand), and to decrease deferred income tax expense by ¥794 million (\$5,311 thousand) and valuation difference on available-for-sale securities by ¥1,659 million (\$11,096 thousand). The effect was also to increase deferred tax liabilities for land revaluation by ¥420 million (\$2,814 thousand) and to decrease revaluation reserve for land by the equivalent amount.

The Company applies the group tax sharing system. Also, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), the Company implements accounting procedures and disclosure for income tax, local corporation tax and tax effect accounting.

12. Revenue Recognition

As for the information as a basis to understand revenue from contracts with customers, see Note 21 of "Notes to Consolidated Financial Statements."

13. Significant Subsequent Events

Common control transactions

The Company transferred its data center business by way of a company split (hereinafter referred to as the "Company Split,") with an effective date of April 1, 2025. The Company Split is based on the absorption-type company split agreement concluded between the Company and MiTASUN Inc. on December 25, 2024.

(1) Purpose of the Company Split

Under the Obayashi Group Medium-Term Business Plan 2022 strategy to expand business portfolio for sustainable growth, the Company has been making efforts to acquire new profit opportunities through active investments by leveraging strengths in technologies and networks cultivated in various business fields.

The Company has technologies and know-how cultivated in the construction business, as well as networks and expertise in the real estate development business. It will renovate or reconstruct existing buildings with chronic vacancy caused by ample supply of large office buildings into data centers with medium-power consumption to create new values for cities and enrich social infrastructure.

The Company established a data center operating company, MiTASUN, in November 2024 and transferred the Company's assets and rights to MiTASUN through the Company Split in order to enable more flexible business development and efficient group management.

(2) Overview of the split business

(a) Description of the business to be split: Data center business

(b) Items and book value of assets and liabilities split

Yen in millions			
Item	Book Value	Item	Book Value
Current assets	¥ 174	Current liabilities	¥ 6
Noncurrent assets	17,984	Noncurrent liabilities	168
Total assets	18,158	Total liabilities	174

U.S.dollars in thousands			
Item	Book Value	Item	Book Value
Current Assets	\$ 1,167	Current Liabilities	\$ 43
Noncurrent Assets	120,278	Noncurrent Liabilities	1,124
Total assets	121,445	Total liabilities	1,167

(c) Commencement date (Effective date): April 1, 2025

(d) Forms of the Company Split

The Company Split is a simplified absorption-type company split, by which the Company is the splitting company and MiTASUN is the succeeding company.

(3) Accounting treatment

The Company accounted for the Company Split as a common control transaction in accordance with the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).