

FY2023 2nd Quarter Financial Results

(April 1, 2023 to September 30, 2023)

November 6, 2023



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Disclaimer:

This "Financial Results" is the English version of the Japanese "Kessan Tanshin" and "Kessan Setsumei Shiryo" released on November 6, 2023. 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

① Consolidated Business Results

(Percentages indicate the percentage year on year change)

Six Months Ended	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
September 30, 2023	1,081,360	17.0	30,843	(26.2)	38,009	(21.9)	29,741	(22.7)
September 30, 2022	924,391	2.8	41,785	116.5	48,659	110.2	38,494	103.8

(Note) Comprehensive income : [Six Months Ended September 30, 2023] 93,526 million yen, 75.4% ; [Six Months Ended September 30, 2022] 53,307 million yen, 78.0%

Six Months Ended	Profit Attributable to Owners of Parent per Share (EPS)
September 30, 2023	41.48
September 30, 2022	53.69

② Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (BPS)
	Yen in millions	Yen in millions	%	Yen
September 30, 2023	2,752,133	1,113,793	38.9	1,494.63
March 31, 2023	2,609,929	1,035,881	38.2	1,390.77

(For reference) Equity (net assets less non-controlling interests) : [As of September 30, 2023] 1,071,654 million yen ; [As of March 31, 2023] 997,109 million yen

(2) Consolidated Forecast for FY2023

(Percentages indicate the percentage year on year change)

Fiscal Year Ending March 31, 2024	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
	2,280,000	14.9	74,000	(21.1)	79,000	(21.6)	59,000	(24.0)	82.29

* The forecasts announced on August 7, 2023 have been revised. Please see 2 (4) Consolidated forecasts for fiscal year ending March 31, 2024 on page 3 of this report.

(3) Non-consolidated Financial Results

① Non-consolidated Business Results

(Percentages indicate the percentage year on year change)

Six Months Ended	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
September 30, 2023	744,196	14.6	14,001	(50.2)	21,680	(42.2)	19,665	(37.9)	27.43
September 30, 2022	649,623	(0.2)	28,114	532.0	37,477	247.4	31,646	197.8	44.14

② Non-consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (BPS)
	Yen in millions	Yen in millions	%	Yen
September 30, 2023	2,001,903	804,243	40.2	1,121.68
March 31, 2023	1,943,098	758,739	39.0	1,058.29

(Reference) Equity (net assets less non-controlling interests) : [As of September 30, 2023] 804,243 million yen ; [As of March 31, 2023] 758,739 million yen

(4) Non-consolidated Forecast for FY2023

(Percentages indicate the percentage year on year change)

Fiscal Year Ending March 31, 2024	Net Sales		Operating Income		Ordinary Income		Profit		Profit per Share (EPS)
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
	1,575,000	13.6	43,000	(28.3)	50,500	(29.1)	45,000	(28.1)	62.76

* The forecasts announced on August 7, 2023 have been revised.

(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			
FY2022	—	21.00	—	21.00	42.00	30,157	38.8%	3.1%
FY2023 (Including Forecast)	—	21.00	—	21.00	42.00	—	51.0%	—

* There have been no revisions to the forecasts previously announced.

2 Qualitative Information

(1) Overview of consolidated business results

During the first six months of the fiscal year under review (from April 1 to September 30, 2023), the Japanese economy continued its gradual recovery, given the upturn in consumer spending and improvement in corporate profits as economic and social activities returned to normal. On the other hand, there are concerns about a slowdown in global economic growth due to factors such as countries raising their policy interest rates in addition to the price increases from the rapid depreciation of the Japanese yen and soaring raw materials and energy prices, causing uncertainty over the future.

In the domestic construction market, public and private construction orders have been firm. Yet, the outlook for the orders received environment remains uncertain, given that the rising interest rates around the world and the soaring cost of raw materials may deter companies from making capital investments.

Amid these conditions, the Obayashi Group's consolidated net sales for the first six months of the fiscal year ending March 31, 2024, amounted to 1,081.3 billion yen, an increase of 156.9 billion yen (17.0%) from the first six months of the previous fiscal year, due to the progress in large-scale projects in the domestic and overseas building construction businesses. As for profit and loss, gross profit on completed construction contracts declined in the domestic building construction business as the unprofitable projects for which the Company received orders in previous fiscal years progressed, and construction gross profit margin worsened, gross profit on real estate business and other decreased in reaction to the recording of a gain on a sale of large-scale properties in the first six months of the previous fiscal year, and selling, general and administrative expenses rose mainly due to higher personnel expenses from base pay increases and increases in technology-related investment, resulting in operating income of 30.8 billion yen, a decrease of 10.9 billion yen (26.2%) from the same period in the previous fiscal year. Ordinary income was 38.0 billion yen, a decrease of 10.6 billion yen (21.9%) year-on-year, and profit attributable to owners of parent was 29.7 billion yen, a decrease of 8.7 billion yen (22.7%) year-on-year.

The Obayashi Group consolidated performance by business segment for the first six months of fiscal year ending March 31, 2024 was as follows:

Construction business

Consolidated construction orders received increased by 79.5 billion yen (9.3%) from the same period in the previous fiscal year to 932.7 billion yen, as overseas subsidiaries received orders for multiple large-scale construction projects. More specifically, orders received for domestic building construction were 421.3 billion yen; for overseas building construction, 299.3 billion yen; for domestic civil engineering, 153.4 billion yen; and for overseas civil engineering, 58.5 billion yen.

Consolidated net sales for the construction business increased by 173.9 billion yen (20.2%) from the same period in the previous fiscal year to 1,036.6 billion yen. This increase resulted from an increase in net sales for the domestic building construction business and overseas building construction business of subsidiaries as multiple large-scale construction projects made progress in Japan and North America. More specifically, net sales for domestic building construction were 594.5 billion yen; for overseas building construction, 217.3 billion yen; for domestic civil engineering, 174.6 billion yen; and for overseas civil engineering, 50.1 billion yen.

Operating income decreased by 1.9 billion yen (7.3%) to 24.4 billion yen from the previous fiscal year, mainly due to the progress in unprofitable projects for which the Company received orders in previous fiscal years worsened the construction gross profit margin in the domestic building construction business.

Real estate business

Net sales from the real estate business decreased by 18.3 billion yen (48.3%) to 19.6 billion yen from the previous fiscal year, and operating income decreased by 9.0 billion yen (63.1%) to 5.3 billion yen. These decreases were mainly drops from the figures for the six months of the previous fiscal year for the sale of a large-scale property held by the Company.

Other businesses

Net sales from other businesses increased by 1.3 billion yen (5.7%) to 25.0 billion yen from the previous fiscal year and operating income increased by 0.02 billion yen (2.4%) to 1.0 billion yen.

<Consolidated net sales and operating income 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	594,560	217,335	174,665	50,129	1,036,690	19,634	25,036	1,081,360
Operating Income	5,992	7,667	10,038	758	24,456	5,302	1,084	30,843

(2) Overview of consolidated financial position

Total assets as of September 30, 2023 increased by 142.2 billion yen (5.4%) compared with the balance at the end of the previous fiscal year, to 2,752.1 billion yen. This was mainly due to an increase in trade receivables related to construction contracts (the sum of “Notes and accounts receivable from completed construction contracts and other” and “Electronically recorded monetary claims”) and also an increase in “Investment securities” due to the rises in the prices of shares held as cross-shareholdings, while “Cash and deposits” declined.

Total liabilities as of September 30, 2023 increased by 64.2 billion yen (4.1%) compared with the balance at the end of the previous fiscal year to 1,638.3 billion yen. This was mainly due to increases in trade payables related to construction costs (the sum of “Notes and accounts payable for construction contracts and other” and “Electronically recorded obligations”) and interest-bearing debt that includes “Short-term loans payable” and “Long-term loans payable.” The balance of interest-bearing debt as of September 30, 2023, increased by 16.3 billion yen (4.8%) compared with the balance at the end of the previous fiscal year, to 354.2 billion yen.

Total net assets as of September 30, 2023 increased by 77.9 billion yen (7.5%) compared with the balance at the end of the previous fiscal year, to 1,113.7 billion yen. This was mainly due to increases in “Retained earnings” from the recognition of profit attributable to owners of parent and in “Valuation difference on available-for-sale securities”

As a result, the equity ratio as of September 30, 2023 was 38.9%, up 0.7 percentage points from the end of the previous fiscal year.

(3) Overview of consolidated cash flows

During the first six months of the fiscal year ending March 31, 2024, net cash used in operating activities amounted to 96.7 billion yen, primarily due to upfront spending in the domestic construction business (net cash provided by operating activities was 62.7 billion yen in the same period during the previous fiscal year). Net cash used in investing activities amounted to 58.2 billion yen, primarily due to the purchase of commercial real estate (net cash used in investing activities was 54.1 billion yen in the same period during the previous fiscal year). Net cash used in financing activities amounted to 5.6 billion yen, primarily due to the payment of dividends and redemption of bonds, which exceeded proceeds from loans payable (net cash provided by financing activities was 53.9 billion yen in the same period during the previous fiscal year).

Consequently, cash and cash equivalents as of September 30, 2023 decreased by 151.7 billion yen to 253.8 billion yen compared with the balance at the end of the previous fiscal year.

(4) Consolidated forecasts for fiscal year ending March 31, 2024

The consolidated forecasts for the full year ending March 31, 2024 are 2,135.0 billion yen in orders received, net sales of 2,280.0 billion yen, operating income of 74.0 billion yen, ordinary income of 79.0 billion yen (all of them are the same as the previously announced forecast). On the other hand, profit attributable to owners of parent is expected to be 59.0 billion yen, an increase of 4.0 billion yen (7.3%) from the previously announced forecast, as the gain on sales of cross-shareholdings are expected to exceed the level anticipated at the beginning of the fiscal year.

It has not been finalized at the time of announcement of this report whether it is necessary to revise the full-year forecasts due to the accident that occurred at the site of the urban redevelopment project for Yaesu 1-chome east area district B in front of Tokyo Station, facilities construction on September 19, 2023. The impact of the accident, therefore, is not incorporated in the above forecasts.

(5) Policy regarding cross-shareholdings

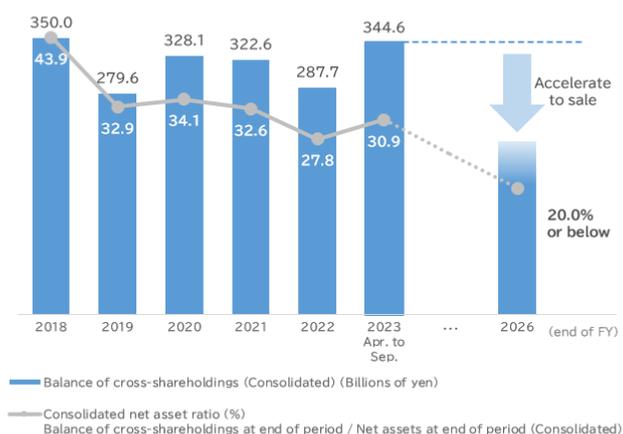
The Company owns shares in its customers' businesses (cross-shareholdings) to maintain and strengthen trade relationships with the customers. The Company reviews the significance of owning shares in each company by regularly reporting to the Board of Directors on valuation gains/losses, and collective consideration of indicators of profitability such as capital cost and return on business from maintaining and strengthening the business relationship with a company. The Company verifies the economic rationale for owning shares over the medium and long term, and sells shares as needed when the business significance of owning the shares has weakened.

The Medium-term Business Plan 2022 states that the Company will proceed further on reassessment of the significance of owning shares and overall investment efficiency for the Company. The Company has reduced cross-shareholdings, aiming to bring the ratio of cross-shareholdings to 20% or less of consolidated net assets as soon as possible before the end of March 2027.

To achieve this goal, the Company has sold cross-shareholdings worth a total of 47.8 billion yen since the fiscal year ended March 31, 2022, with the sale target of around 150 billion yen from the level of the outstanding cross-shareholdings as of the end of the fiscal year ended March 31, 2021. However, the amount of cross-shareholdings has increased as of the end of the second quarter of the fiscal year ending March 31, 2024, compared with the balance at the end of the fiscal year ended March 31, 2021, given the recent rise in the stock market. Going forward, the Company will proceed with further sales of cross-shareholdings irrespective of the initial sale target of 150 billion yen and will strive to reduce such shares to 20% or less of consolidated net assets by the end of March 2027.

The Company plans to use the proceeds from sales of cross-shareholdings effectively to enhance corporate value, by investing in areas that will contribute to sustained growth with medium- to long-term growth in mind, in addition to investing for the purpose of securing stable investment revenue.

Changes in Balance of Cross-Shareholdings and Consolidated Net Asset Ratio



Changes in Sale of Cross-Shareholdings (Consolidated)

	FY2019	FY2020	FY2021	FY2022	FY2023 (Apr. to Sep.)
Amount sold	9.2	7.7	16.9	24.6	6.2
Cumulative amount sold from FY2021	-	-	16.9	41.5	47.8
Cumulative amount sold + Agreed sale amount	-	-	-	56.3	104.5

Factors Behind Changes in the Balance of Cross-Shareholdings (Consolidated) (Apr. 2023 to Sep. 2023)

	Balance
Result as of Mar. 31, 2023	287.7
Amount sold from Apr. to Sep. 2023	-6.2
An increase due to rises in share prices	63.5
Other (Impairment loss on unlisted stocks, etc.)	-0.4
Result as of Sep. 30, 2023	344.6
[Agreed sale amount included above]	[56.6]

3 Financial Highlights

(1) Financial Results for the Six Months Ended September 30, 2023 (YoY Comparison)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Six Months Ended September 30, 2022		Six Months Ended September 30, 2023		Change	% Change	Results Ended September 30, 2022		Results Ended September 30, 2023		Change	% Change
%		%		%				%		%		
Net sales of completed construction contracts		8,627		10,366	1,739	20.2		6,264		7,334	1,070	17.1
Building Construction		—		—	—	—		4,913		5,869	956	19.5
Civil Engineering		—		—	—	—		1,350		1,464	113	8.4
Gross profit on completed construction contracts	9.3	803	8.2	844	41	5.1	9.4	586	7.6	554	(32)	(5.5)
Building Construction		—		—	—	—	7.5	370	5.7	336	(33)	(9.0)
Civil Engineering		—		—	—	—	16.0	215	14.8	217	1	0.6
Net sales of real estate business and other		616		446	(170)	(27.6)		232		107	(124)	(53.6)
Gross profit on real estate business and other	32.2	198	26.0	116	(82)	(41.6)	44.5	103	25.2	27	(76)	(73.8)
Net sales		9,243		10,813	1,569	17.0		6,496		7,441	945	14.6
Gross profit	10.8	1,002	8.9	961	(41)	(4.1)	10.6	689	7.8	581	(108)	(15.7)
Selling, general and administrative expenses	6.3	584	6.0	652	68	11.7	6.3	408	5.9	441	32	8.0
(Personnel expenses)		321		349	28			204		215	11	
(Others)		263		302	39			204		225	21	
Operating Income	4.5	417	2.9	308	(109)	(26.2)	4.3	281	1.9	140	(141)	(50.2)
Non-operating income		84		92	7	8.7		101		83	(18)	(17.8)
Non-operating expenses		16		20	4	27.8		7		6	(1)	(15.2)
Ordinary income	5.3	486	3.5	380	(106)	(21.9)	5.8	374	2.9	216	(157)	(42.2)
Extraordinary income		65		54	(11)	(17.4)		63		69	5	9.1
Extraordinary loss		9		17	7	82.0		7		17	9	124.7
Income before income taxes	5.9	542	3.9	416	(125)	(23.2)	6.6	430	3.6	268	(161)	(37.6)
Total income taxes		145		105	(40)	(27.7)		114		72	(41)	(36.7)
Profit		396		311	(85)	(21.6)		—		—	—	—
Profit attributable to non-controlling interests (deduction)		11		13	2	17.3		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	4.2	384	2.8	297	(87)	(22.7)	4.9	316	2.6	196	(119)	(37.9)

Orders Received

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Six Months Ended September 30, 2022		Six Months Ended September 30, 2023		Change	% Change	Six Months Ended September 30, 2022		Six Months Ended September 30, 2023		Change	% Change
Building Construction		6,442		7,207			764	11.9		4,042		
Domestic		4,010		4,213	203	5.1		3,845		3,965	120	3.1
Overseas		2,432		2,993	561	23.1		197		19	(177)	(90.0)
Civil Engineering		2,090		2,120	30	1.5		1,358		1,302	(55)	(4.1)
Domestic		1,731		1,534	(197)	(11.4)		1,319		1,121	(197)	(15.0)
Overseas		358		585	227	63.5		39		180	141	363.4
Construction Total		8,532		9,327	795	9.3		5,400		5,288	(112)	(2.1)
Domestic		5,742		5,748	5	0.1		5,164		5,087	(76)	(1.5)
Overseas		2,790		3,579	789	28.3		236		200	(35)	(15.0)
Real Estate Business and Other		502		407	(94)	(18.8)		232		108	(123)	(53.4)
Total Orders received		9,035		9,735	700	7.8		5,632		5,396	(236)	(4.2)

Interest-bearing Debt Balances

(Yen in 100 millions)

	Consolidated					Non-consolidated						
	Results As of March 31, 2023		Results As of September 30, 2023		Change	% Change	Results As of March 31, 2023		Results As of September 30, 2023		Change	% Change
Interest-bearing debt (except nonrecourse loans)		2,612		2,803			191	7.3		1,946		
Nonrecourse loans		766		739	(27)	(3.6)		—		—	—	—
Total Interest-bearing debt		3,379		3,542	163	4.8		1,946		1,984	37	2.0

(2) Forecasts for FY2023 (Comparison with the forecasts announced on August 7)

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Forecasts announced on August 7, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change	Forecasts announced on August 7, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change
	%		%			%		%				
Net sales of completed construction contracts		21,600		21,600	—	48.0		15,410		15,410	—	47.6
┌ Building Construction		—		—	—	—		12,480		12,480	—	47.0
└ Civil Engineering		—		—	—	—		2,930		2,930	—	50.0
Gross profit on completed construction contracts	8.1	1,750	8.1	1,750	—	48.3	8.0	1,240	8.0	1,240	—	44.7
┌ Building Construction		—		—	—	—	6.9	865	6.9	865	—	38.9
└ Civil Engineering		—		—	—	—	12.8	375	12.8	375	—	57.9
Net sales of real estate business and other		1,200		1,200	—	37.2		340		340	—	31.7
Gross profit on real estate business and other	22.1	265	22.1	265	—	43.9	20.6	70	20.6	70	—	38.8
Net sales		22,800		22,800	—	47.4		15,750		15,750	—	47.3
Gross profit	8.8	2,015	8.8	2,015	—	47.7	8.3	1,310	8.3	1,310	—	44.4
Selling, general and administrative expenses (Personnel expenses)	5.6	1,275	5.6	1,275	—	51.2	5.6	880	5.6	880	—	50.1
(Others)		670		670	—	—		430		430	—	—
		605		605	—	—		450		450	—	—
Operating Income	3.2	740	3.2	740	—	41.7	2.7	430	2.7	430	—	32.6
Non-operating income		90		90	—	102.5		90		90	—	92.7
Non-operating expenses		40		40	—	51.4		15		15	—	44.2
Ordinary income	3.5	790	3.5	790	—	48.1	3.2	505	3.2	505	—	42.9
Extraordinary income		60		160	100	33.9		60		180	120	38.4
Extraordinary loss		30		60	30	29.5		30		60	30	28.4
Income before income taxes	3.6	820	3.9	890	70	46.8	3.4	535	4.0	625	90	43.0
Total income taxes		240		270	30	39.1		145		175	30	41.3
Profit		580		620	40	50.2		—		—	—	—
Profit attributable to non-controlling interests (deduction)		30		30	—	45.8		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	2.4	550	2.6	590	40	50.4	2.5	390	2.9	450	60	43.7

* The forecasts announced on August 7, 2023 have been revised. Please see 2 (4) Consolidated forecasts for fiscal year ending March 31, 2024 on page 3 of this report.

Orders received

(Unit: 100 million yen)

	Consolidated					Non-consolidated						
	Forecasts announced on August 7, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change	Forecasts announced on August 7, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change
Building Construction		15,250		15,250	—	47.3		10,900		10,900	—	36.6
(Domestic)		11,320		11,320	—	37.2		10,700		10,700	—	37.1
(Overseas)		3,930		3,930	—	76.2		200		200	—	9.9
Civil Engineering		5,100		5,100	—	41.6		3,300		3,300	—	39.5
(Domestic)		3,750		3,750	—	40.9		2,900		2,900	—	38.7
(Overseas)		1,350		1,350	—	43.4		400		400	—	45.2
Construction Total		20,350		20,350	—	45.8		14,200		14,200	—	37.2
(Domestic)		15,070		15,070	—	38.1		13,600		13,600	—	37.4
(Overseas)		5,280		5,280	—	67.8		600		600	—	33.5
Real Estate Business and Other		1,000		1,000	—	40.8		340		340	—	31.8
Total orders received		21,350		21,350	—	45.6		14,540		14,540	—	37.1

(3) Forecasts for FY2023 (YoY Comparison)

(Yen in 100 millions)

	Consolidated						Non-consolidated					
	Results Fiscal Year Ended March 31, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change	Results Fiscal Year Ended March 31, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change
Net sales of completed construction contracts	%	18,476	%	21,600			3,123	16.9	%	13,481		
Building Construction		—		—	—	—		10,515		12,480	1,964	18.7
Civil Engineering		—		—	—	—		2,965		2,930	(35)	(1.2)
Gross profit on completed construction contracts	9.6	1,778	8.1	1,750	(28)	(1.6)	9.9	1,331	8.0	1,240	(91)	(6.8)
Building Construction		—		—	—	—	8.3	878	6.9	865	(13)	(1.5)
Civil Engineering		—		—	—	—	15.3	453	12.8	375	(78)	(17.2)
Net sales of real estate business and other		1,362		1,200	(162)	(11.9)		389		340	(49)	(12.6)
Gross profit on real estate business and other	28.4	386	22.1	265	(121)	(31.5)	34.4	133	20.6	70	(63)	(47.6)
Net sales		19,838		22,800	2,961	14.9		13,870		15,750	1,879	13.6
Gross profit	10.9	2,165	8.8	2,015	(150)	(7.0)	10.6	1,464	8.3	1,310	(154)	(10.6)
Selling, general and administrative expenses	6.2	1,227	5.6	1,275	47	3.9	6.3	865	5.6	880	14	1.7
(Personnel expenses)		645		670	24			411		430	18	
(Others)		581		605	23			453		450	(3)	
Operating Income	4.7	938	3.2	740	(198)	(21.1)	4.3	599	2.7	430	(169)	(28.3)
Non-operating income		113		90	(23)	(20.9)		137		90	(47)	(34.7)
Non-operating expenses		43		40	(3)	(8.7)		25		15	(10)	(41.2)
Ordinary income	5.1	1,008	3.5	790	(218)	(21.6)	5.1	711	3.2	505	(206)	(29.1)
Extraordinary income		146		160	13	9.3		140		180	39	28.2
Extraordinary loss		17		60	42	246.4		10		60	49	455.0
Income before income taxes	5.7	1,137	3.9	890	(247)	(21.7)	6.1	841	4.0	625	(216)	(25.7)
Total income taxes		338		270	(68)	(20.2)		215		175	(40)	(18.9)
Profit		798		620	(178)	(22.4)		—		—	—	—
Profit attributable to non-controlling interests (deduction)		21		30	8	37.1		—		—	—	—
Profit attributable to owners of parent (Non-consolidated: Profit)	3.9	776	2.6	590	(186)	(24.0)	4.5	625	2.9	450	(175)	(28.1)

Orders Received

(Yen in 100 millions)

	Consolidated				Non-consolidated							
	Results Fiscal Year Ended March 31, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change	Results Fiscal Year Ended March 31, 2023		Forecasts Fiscal Year Ending March 31, 2024		Change	% Change
Building Construction		16,128		15,250			(878)	(5.4)		11,120		
Domestic		11,242		11,320	77	16.9		10,931		10,700	(231)	(2.1)
Overseas		4,885		3,930	(955)	(19.6)		189		200	10	5.8
Civil Engineering		4,945		5,100	154	3.1		3,429		3,300	(129)	(3.8)
Domestic		3,607		3,750	142	4.0		2,801		2,900	98	3.5
Overseas		1,338		1,350	11	0.9		628		400	(228)	(36.4)
Construction Total		21,073		20,350	(723)	(3.4)		14,549		14,200	(349)	(2.4)
Domestic		14,849		15,070	220	1.5		13,732		13,600	(132)	(1.0)
Overseas		6,224		5,280	(944)	(15.2)		817		600	(217)	(26.6)
Real Estate Business and Other		1,149		1,000	(149)	(13.0)		389		340	(49)	(12.6)
Total Orders received		22,222		21,350	(872)	(3.9)		14,938		14,540	(398)	(2.7)

Interest-bearing Debt Balances

(Yen in 100 millions)

	Consolidated				Non-consolidated							
	Results As of March 31, 2023		Forecasts As of March 31, 2024		Change	% Change	Results As of March 31, 2023		Forecasts As of March 31, 2024		Change	% Change
Interest-bearing debt (except nonrecourse loans)		2,612		2,500			(112)	(4.3)		1,946		
Nonrecourse loans		766		900	133	17.3		—		—	—	—
Total Interest-bearing debt		3,379		3,400	20	0.6		1,946		1,800	(146)	(7.5)

* There have been no revisions to the forecasts previously announced.

4 Operating Results and Forecasts for Reportable Segments

(1) Operating Results for the Six Months Ended September 30, 2023 (YoY Comparison)

【Consolidated】

(Yen in millions)

	Net Sales				Operating Income					
	Results Six Months Ended September 30, 2022	Results Six Months Ended September 30, 2023	Change	% Change	Results Six Months Ended September 30, 2022		Results Six Months Ended September 30, 2023		Change	% Change
					% Profit		% Profit			
Building Construction										
Domestic	492,020	594,560	102,539	20.8	2.4	12,000	1.0	5,992	(6,008)	(50.1)
Overseas	170,023	217,335	47,312	27.8	2.4	4,061	3.5	7,667	3,605	88.8
Subtotal	662,043	811,895	149,851	22.6	2.4	16,062	1.7	13,660	(2,402)	(15.0)
Civil Engineering										
Domestic	151,922	174,665	22,742	15.0	5.3	8,073	5.7	10,038	1,964	24.3
Overseas	48,746	50,129	1,382	2.8	4.6	2,233	1.5	758	(1,475)	(66.1)
Subtotal	200,669	224,794	24,124	12.0	5.1	10,307	4.8	10,796	488	4.7
Construction Total										
Domestic	643,943	769,225	125,282	19.5	3.1	20,074	2.1	16,030	(4,043)	(20.1)
Overseas	218,769	267,464	48,694	22.3	2.9	6,295	3.2	8,425	2,130	33.8
Subtotal	862,713	1,036,690	173,976	20.2	3.1	26,370	2.4	24,456	(1,913)	(7.3)
Real Estate Business and Other										
Real Estate Business	38,001	19,634	(18,366)	(48.3)	37.8	14,355	27.0	5,302	(9,053)	(63.1)
Other	23,677	25,036	1,358	5.7	4.5	1,059	4.3	1,084	25	2.4
Subtotal	61,678	44,670	(17,008)	(27.6)	25.0	15,415	14.3	6,387	(9,028)	(58.6)
Total	924,391	1,081,360	156,968	17.0	4.5	41,785	2.9	30,843	(10,941)	(26.2)

*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 Six Months Ended September 30, 2022	Results Six Months Ended September 30, 2023	Change	% Change	Results Six Months Ended September 30, 2022		Results Six Months Ended September 30, 2023		Change	% Change
					% Profit		% Profit			
Building Construction										
Domestic	489,180	583,453	94,273	19.3	7.6	36,971	5.8	33,573	(3,398)	(9.2)
Overseas	2,139	3,479	1,339	62.6	2.7	58	3.4	116	58	101.6
Subtotal	491,320	586,933	95,613	19.5	7.5	37,029	5.7	33,690	(3,339)	(9.0)
Civil Engineering										
Domestic	117,266	136,944	19,677	16.8	16.0	18,801	14.9	20,368	1,566	8.3
Overseas	17,815	9,535	(8,280)	(46.5)	15.6	2,774	14.1	1,341	(1,433)	(51.6)
Subtotal	135,082	146,479	11,397	8.4	16.0	21,576	14.8	21,710	133	0.6
Construction Total										
Domestic	606,447	720,398	113,951	18.8	9.2	55,773	7.5	53,941	(1,831)	(3.3)
Overseas	19,955	13,014	(6,940)	(34.8)	14.2	2,832	11.2	1,458	(1,374)	(48.5)
Subtotal	626,402	733,413	107,010	17.1	9.4	58,606	7.6	55,400	(3,206)	(5.5)
Real Estate Business and Other										
	23,221	10,783	(12,437)	(53.6)	44.5	10,344	25.2	2,714	(7,629)	(73.8)
Total	649,623	744,196	94,573	14.6	10.6	68,951	7.8	58,115	(10,835)	(15.7)

(2) Forecasts for FY2023 (YoY Comparison)

【Consolidated】

(Yen in millions)

	Net Sales			
	Results Fiscal Year Ended March 31, 2023	Forecasts Fiscal Year Ending March 31, 2024	Change	% Change
Building Construction				
Domestic	1,056,407	1,283,000	226,592	21.4
Overseas	343,894	417,000	73,105	21.3
Subtotal	1,400,302	1,700,000	299,697	21.4
Civil Engineering				
Domestic	343,464	351,000	7,535	2.2
Overseas	103,921	109,000	5,078	4.9
Subtotal	447,385	460,000	12,614	2.8
Construction Total				
Domestic	1,399,872	1,634,000	234,127	16.7
Overseas	447,815	526,000	78,184	17.5
Subtotal	1,847,688	2,160,000	312,311	16.9
Real Estate Business and Other				
Real Estate Business	83,875	66,000	(17,875)	(21.3)
Other	52,324	54,000	1,675	3.2
Subtotal	136,200	120,000	(16,200)	(11.9)
Total	1,983,888	2,280,000	296,111	14.9

Operating Income						
	Results		Forecasts		Change	% Change
	Fiscal Year Ended March 31, 2023	% Profit	Fiscal Year Ending March 31, 2024	% Profit		
	3.2	34,326	2.8	35,500	1,173	3.4
	1.5	5,179	1.1	4,500	(679)	(13.1)
	2.8	39,505	2.4	40,000	494	1.3
	6.3	21,744	5.0	17,500	(4,244)	(19.5)
	3.3	3,451	0.9	1,000	(2,451)	(71.0)
	5.6	25,196	4.0	18,500	(6,696)	(26.6)
	4.0	56,070	3.2	53,000	(3,070)	(5.5)
	1.9	8,631	1.0	5,500	(3,131)	(36.3)
	3.5	64,702	2.7	58,500	(6,202)	(9.6)
	32.1	26,928	21.2	14,000	(12,928)	(48.0)
	4.1	2,170	2.8	1,500	(670)	(30.9)
	21.4	29,098	12.9	15,500	(13,598)	(46.7)
	4.7	93,800	3.2	74,000	(19,800)	(21.1)

*1 Consolidated net sales and operating income show the sales and operating income for external customers.
*2 There have been no revisions to the forecasts previously announced.

【Non-consolidated】

(Yen in millions)

	Net Sales			
	Results Fiscal Year Ended March 31, 2023	Forecasts Fiscal Year Ending March 31, 2024	Change	% Change
Building Construction				
Domestic	1,048,587	1,245,000	196,412	18.7
Overseas	2,965	3,000	34	1.2
Subtotal	1,051,553	1,248,000	196,446	18.7
Civil Engineering				
Domestic	266,237	265,000	(1,237)	(0.5)
Overseas	30,323	28,000	(2,323)	(7.7)
Subtotal	296,561	293,000	(3,561)	(1.2)
Construction Total				
Domestic	1,314,825	1,510,000	195,174	14.8
Overseas	33,289	31,000	(2,289)	(6.9)
Subtotal	1,348,115	1,541,000	192,884	14.3
Real Estate Business and Other	38,913	34,000	(4,913)	(12.6)
Total	1,387,028	1,575,000	187,971	13.6

Gross Profit						
	Results		Forecasts		Change	% Change
	Fiscal Year Ended March 31, 2023	% Gross Profit	Fiscal Year Ending March 31, 2024	% Gross Profit		
	8.3	87,235	6.9	86,500	(735)	(0.8)
	19.1	565	—	—	(565)	(100.0)
	8.3	87,801	6.9	86,500	(1,301)	(1.5)
	15.7	41,794	13.4	35,500	(6,294)	(15.1)
	11.6	3,511	7.1	2,000	(1,511)	(43.0)
	15.3	45,306	12.8	37,500	(7,806)	(17.2)
	9.8	129,030	8.1	122,000	(7,030)	(5.4)
	12.2	4,076	6.5	2,000	(2,076)	(50.9)
	9.9	133,107	8.0	124,000	(9,107)	(6.8)
	34.4	13,368	20.6	7,000	(6,368)	(47.6)
	10.6	146,476	8.3	131,000	(15,476)	(10.6)

*There have been no revisions to the forecasts previously announced

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

(1) Breakdown of Non-consolidated Orders Received

(Yen in millions)

	Results Six Months Ended September 30, 2022		Results Six Months Ended September 30, 2023		Change		Results FY2022 April 1, 2022 - March 31, 2023	
		% of Total		% of Total		% Change		% of Total
<u>Building Construction</u>								
Domestic Public	16,162	2.9	15,765	2.9	(397)	(2.5)	80,786	5.4
Domestic Private	368,340	65.4	380,811	70.6	12,470	3.4	1,012,315	67.8
Domestic total	384,503	68.3	396,576	73.5	12,073	3.1	1,093,102	73.2
Overseas	19,700	3.5	1,977	0.4	(17,722)	(90.0)	18,909	1.3
Subtotal	404,203	71.8	398,554	73.9	(5,648)	(1.4)	1,112,012	74.5
<u>Civil Engineering</u>								
Domestic Public	49,464	8.8	53,871	10.0	4,407	8.9	146,915	9.8
Domestic Private	82,459	14.6	58,289	10.8	(24,169)	(29.3)	133,214	8.9
Domestic total	131,923	23.4	112,161	20.8	(19,762)	(15.0)	280,130	18.7
Overseas	3,906	0.7	18,098	3.3	14,192	363.4	62,845	4.2
Subtotal	135,829	24.1	130,260	24.1	(5,569)	(4.1)	342,975	22.9
<u>Construction Total</u>								
Domestic Public	65,626	11.7	69,637	12.9	4,010	6.1	227,702	15.2
Domestic Private	450,800	80.0	439,100	81.4	(11,699)	(2.6)	1,145,530	76.7
Domestic total	516,427	91.7	508,738	94.3	(7,688)	(1.5)	1,373,232	91.9
Overseas	23,606	4.2	20,076	3.7	(3,529)	(15.0)	81,754	5.5
Subtotal	540,033	95.9	528,815	98.0	(11,218)	(2.1)	1,454,987	97.4
Real Estate Business and Other	23,223	4.1	10,826	2.0	(12,397)	(53.4)	38,910	2.6
Total	563,256	100	539,641	100	(23,615)	(4.2)	1,493,898	100

(2) Breakdown of Non-consolidated Net Sales

(Yen in millions)

	Results Six Months Ended September 30, 2022		Results Six Months Ended September 30, 2023		Change		Results FY2022 April 1, 2022 - March 31, 2023	
		% of Total		% of Total		% Change		% of Total
<u>Building Construction</u>								
Domestic Public	42,539	6.6	37,722	5.1	(4,816)	(11.3)	94,961	6.8
Domestic Private	446,641	68.8	545,731	73.3	99,089	22.2	953,626	68.8
Domestic total	489,180	75.4	583,453	78.4	94,273	19.3	1,048,587	75.6
Overseas	2,139	0.3	3,479	0.5	1,339	62.6	2,965	0.2
Subtotal	491,320	75.7	586,933	78.9	95,613	19.5	1,051,553	75.8
<u>Civil Engineering</u>								
Domestic Public	66,515	10.2	71,008	9.5	4,492	6.8	144,904	10.5
Domestic Private	50,751	7.8	65,936	8.9	15,184	29.9	121,333	8.7
Domestic total	117,266	18.0	136,944	18.4	19,677	16.8	266,237	19.2
Overseas	17,815	2.7	9,535	1.3	(8,280)	(46.5)	30,323	2.2
Subtotal	135,082	20.7	146,479	19.7	11,397	8.4	296,561	21.4
<u>Construction Total</u>								
Domestic Public	109,054	16.8	108,730	14.6	(323)	(0.3)	239,865	17.3
Domestic Private	497,392	76.6	611,667	82.2	114,274	23.0	1,074,959	77.5
Domestic total	606,447	93.4	720,398	96.8	113,951	18.8	1,314,825	94.8
Overseas	19,955	3.0	13,014	1.8	(6,940)	(34.8)	33,289	2.4
Subtotal	626,402	96.4	733,413	98.6	107,010	17.1	1,348,115	97.2
Real Estate Business and Other	23,221	3.6	10,783	1.4	(12,437)	(53.6)	38,913	2.8
Total	649,623	100	744,196	100	94,573	14.6	1,387,028	100

(3) Breakdown of Non-consolidated Projects in Process

(Yen in millions)

	Results As of September 30, 2022		Results As of September 30, 2023		Change		Results As of March 31, 2023	
		%		%		% Change		% of Total
Building Construction								
Domestic Public	109,121	5.0	99,365	4.6	(9,755)	(8.9)	121,322	5.1
Domestic Private	1,472,030	67.5	1,444,100	66.5	(27,930)	(1.9)	1,609,020	67.7
Domestic total	1,581,151	72.5	1,543,465	71.1	(37,685)	(2.4)	1,730,343	72.8
Overseas	19,665	0.9	16,547	0.7	(3,117)	(15.9)	18,048	0.8
Sub-total	1,600,816	73.4	1,560,013	71.8	(40,803)	(2.5)	1,748,392	73.6
Civil Engineering								
Domestic Public	321,145	14.7	323,071	14.9	1,926	0.6	340,208	14.3
Domestic Private	229,907	10.5	202,434	9.3	(27,473)	(11.9)	210,080	8.8
Domestic total	551,053	25.2	525,506	24.2	(25,547)	(4.6)	550,289	23.1
Overseas	31,136	1.4	86,130	4.0	54,994	176.6	77,567	3.3
Subtotal	582,189	26.6	611,636	28.2	29,446	5.1	627,856	26.4
Construction Total								
Domestic Public	430,266	19.7	422,437	19.5	(7,829)	(1.8)	461,530	19.4
Domestic Private	1,701,938	78.0	1,646,534	75.8	(55,403)	(3.3)	1,819,101	76.5
Domestic total	2,132,205	97.7	2,068,972	95.3	(63,233)	(3.0)	2,280,632	95.9
Overseas	50,801	2.3	102,678	4.7	51,876	102.1	95,616	4.1
Subtotal	2,183,006	100.0	2,171,650	100.0	(11,356)	(0.5)	2,376,248	100
Real Estate Business and Other	5	0.0	43	0.0	37	723.9	—	—
Total	2,183,012	100	2,171,693	100	(11,318)	(0.5)	2,376,248	100

6 Main Projects

(1) Orders Received

Client	Project Name
Kumoidori 5-Chome Redevelopment Corporation	Demolition of Basement and Construction of New Facility Building in Kobe-Sannomiya Kumoidori 5-Chome District Class 1 Urban Redevelopment Project
Mitsubishi Electric Corporation	(Tentative name) Mitsubishi Electric Corporation Nagoya Works Owariasahi District New Production Base Construction Project
SAGAMI RAILWAY Co., Ltd.	Tsurugamine Station Area Grade Separation Project (Construction Section 2, Civil Engineering Part 2)
Kyushu Railway Company Keihan Real Estate Co., Ltd.	MJR Kumamoto Gatetower Construction Project
Hyogo Prefecture	Hyogo Cancer Center Building and Other Construction Project
University of California, San Francisco	New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights (U.S.A.)*

* Undertaken by WEBCOR (Subsidiary of Obayashi USA)

(2) Completed Projects

Client	Project Name
Mori Building Co., Ltd.	Azabudai Hills Garden Plaza Construction Project
Zama-Sagami SPC	Mitsui Fudosan Logistics Park Zama Construction Project
Japanese Red Cross Society	Takamatsu Red Cross Hospital Main Building North Tower Construction Project
ARCALIS, Inc.	Messenger RNA Vaccine and Active Pharmaceutical Ingredients Manufacturing Plant Construction Project
TOBU RAILWAY CO.,LTD.	Tobu Noda Line Elevation Work (between Shimizu-Koen Station and Umesato Station), Civil Engineering Section 3, Part 1
NYE & RGP DEVELOPMENT CO., LTD.	Park Silom (Thailand)*

* Undertaken by THAI OBAYASHI

(3) Projects in Process

Client	Project Name
East Japan Railway Company	TAKANAWA GATEWAY CITY, Tower 1 (North · South) and Tower 2 Construction Project
(Tentative name) Minato Mirai 21 Central District 53 Block Development JV	YOKOHAMA SYMPHOSTAGE Construction Project
Mitsubishi Estate Co., Ltd. Osaka Gas Urban Development Co., Ltd. ORIX Real Estate Corporation Kanden Realty & Development Co., Ltd. Sekisui House, Ltd. Takenaka Corporation Hankyu Corporation Umekita Development SPC	(Tentative name) Umekita 2nd Project Development, Construction of South Block Lease Building and North Block Lease Building
Kansai Airports	Kansai International Airport (KIX) Terminal 1 (T1) Renovation Project
Land Transport Authority (LTA)	Contract CR202 Design and Construction of Bored Tunnel between Fairways Drive and Sin Ming Walk and Associated Works (Singapore)
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)

7 Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2023	September 30, 2023	Change
Assets			
Current assets			
Cash and deposits	419,405	273,099	(146,306)
Notes and accounts receivable from completed construction contracts and other	832,939	942,684	109,744
Electronically recorded monetary claims	21,189	20,617	(572)
Short-term investment securities	7,285	7,602	316
Real estate for sale	15,874	23,956	8,081
Costs on uncompleted construction contracts	35,428	46,301	10,872
Costs on real estate business	30,405	33,156	2,750
Inventories for PFI and other projects	6,610	5,711	(898)
Other inventories	12,120	13,723	1,603
Accounts receivable	98,866	91,640	(7,226)
Other	25,572	72,454	46,881
Allowance for doubtful accounts	(147)	(162)	(14)
Total current assets	1,505,551	1,530,784	25,232
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	142,968	145,207	2,239
Machinery, vehicles, tools, furniture and fixtures	79,252	80,541	1,289
Land	408,031	409,078	1,047
Lease assets	4,823	5,397	574
Construction in progress	57,470	72,891	15,421
Total property, plant and equipment	692,545	713,117	20,571
Intangible assets	17,932	19,179	1,246
Investments and other assets			
Investment securities	306,570	364,391	57,820
Long-term loans receivable	1,312	2,529	1,217
Deferred tax assets	5,137	2,168	(2,968)
Assets for retirement benefits	2,900	2,488	(412)
Other	78,148	117,644	39,495
Allowance for doubtful accounts	(170)	(169)	0
Total investments and other assets	393,899	489,052	95,152
Total noncurrent assets	1,104,377	1,221,348	116,970
Total assets	2,609,929	2,752,133	142,203

(Yen in millions)

	March 31, 2023	September 30, 2023	Change
Assets			
Liabilities			
Current liabilities			
Notes and accounts payable for construction contracts and other	526,734	567,503	40,768
Electronically recorded obligations	145,520	148,197	2,676
Short-term loans payable	67,170	76,806	9,636
Current portion of nonrecourse loans	8,611	10,161	1,550
Current portion of bonds	20,000	20,000	—
Lease obligations	1,425	2,539	1,114
Income taxes payable	22,375	11,335	(11,039)
Advances received on uncompleted construction contracts	132,979	145,272	12,292
Deposits received	158,487	167,614	9,126
Provision for warranties for completed construction	3,004	3,070	65
Provision for loss on construction contracts	43,205	36,113	(7,092)
Other	96,919	80,566	(16,353)
Total current liabilities	1,226,434	1,269,179	42,745
Noncurrent liabilities			
Bonds payable	50,000	40,000	(10,000)
Long-term loans payable	124,051	143,517	19,466
Nonrecourse loans	68,087	63,767	(4,319)
Lease obligations	5,018	5,194	176
Deferred tax liabilities	4,053	19,141	15,088
Deferred tax liabilities for land revaluation	18,421	18,421	—
Provision for stock payments for directors	599	436	(163)
Provision for environmental measures	23	23	—
Liability for retirement benefits	51,835	52,156	320
Other	25,522	26,499	977
Total noncurrent liabilities	347,613	369,159	21,546
Total liabilities	1,574,048	1,638,339	64,291
Net assets			
Shareholders' equity			
Capital stock	57,752	57,752	—
Capital surplus	41,962	41,962	0
Retained earnings	728,087	742,750	14,663
Treasury stock	(2,754)	(2,708)	46
Total shareholders' equity	825,047	839,757	14,709
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	118,057	158,931	40,874
Deferred gains (losses) on hedges	10,130	13,250	3,119
Revaluation reserve for land	23,627	23,627	—
Foreign currency translation adjustments	18,437	34,519	16,081
Retirement benefit asset and liability adjustments	1,808	1,567	(240)
Total accumulated other comprehensive income	172,061	231,896	59,835
Non-controlling interests	38,772	42,139	3,367
Total net assets	1,035,881	1,113,793	77,912
Total liabilities and net assets	2,609,929	2,752,133	142,203
(Reference)			
Interest-bearing debt balances	337,921	354,253	16,332

(2) Consolidated Statements of Income

(Yen in millions)

	April 1, 2022 - September 30, 2022	April 1, 2023 - September 30, 2023	Change
Net sales			
Net sales of completed construction contracts	862,713	1,036,690	173,976
Net sales of real estate business and other	61,678	44,670	(17,008)
Total net sales	924,391	1,081,360	156,968
Cost of sales			
Cost of sales on completed construction contracts	782,350	952,192	169,841
Cost of sales on real estate business and other	41,792	33,048	(8,743)
Total cost of sales	824,143	985,240	161,097
Gross profit			
Gross profit on completed construction contracts	80,362	84,498	4,135
Gross profit on real estate business and other	19,885	11,621	(8,264)
Total gross profit	100,248	96,119	(4,128)
Selling, general and administrative expenses	58,462	65,275	6,813
Operating income	41,785	30,843	(10,941)
Non-operating income			
Interest income	362	1,520	1,158
Dividends income	3,960	4,203	243
Foreign exchange gains	3,589	3,152	(437)
Other	570	344	(225)
Total non-operating income	8,483	9,222	739
Non-operating expenses			
Interest expenses	1,171	1,687	516
Other	438	369	(69)
Total non-operating expenses	1,609	2,056	446
Ordinary income	48,659	38,009	(10,649)
Extraordinary income			
Gain on sales of investing securities	6,483	5,316	(1,166)
Other	88	110	22
Total extraordinary income	6,571	5,427	(1,144)
Extraordinary loss			
Loss on valuation of investment securities	790	1,042	252
Loss on retirement of noncurrent assets	91	690	599
Other	89	34	(55)
Total extraordinary losses	970	1,767	796
Profit before income taxes	54,259	41,669	(12,590)
Income taxes-current	16,887	11,209	(5,678)
Income taxes-deferred	(2,293)	(655)	1,638
Total income taxes	14,594	10,554	(4,040)
Profit	39,665	31,115	(8,550)
Profit attributable to non-controlling interests	1,171	1,373	202
Profit attributable to owners of parent	38,494	29,741	(8,752)

(3) Consolidated Statements of Comprehensive Income

(Yen in millions)

	April 1, 2022 - September 30, 2022	April 1, 2023 - September 30, 2023
Profit	39,665	31,115
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,973)	40,845
Deferred gains (losses) on hedges	2,951	2,838
Foreign currency translation adjustment	16,544	18,631
Retirement benefit adjustment	(352)	(242)
Share of other comprehensive income of associates accounted for using equity method	472	337
Total other comprehensive income	13,642	62,410
Comprehensive income	53,307	93,526
Comprehensive income attributable to owners of parent	48,094	89,577
Comprehensive income attributable to non-controlling interests	5,213	3,948

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	April 1, 2022 - September 30, 2022	April 1, 2023 - September 30, 2023	Change
Net cash provided by (used in) operating activities			
Income before income taxes	54,259	41,669	(12,590)
Depreciation and amortization	11,532	12,815	1,283
Increase (decrease) in allowance for doubtful accounts	(22)	11	33
Increase (decrease) in provision for loss on construction contracts	(4,369)	(7,093)	(2,724)
Increase (decrease) in liability for retirement benefits	392	(114)	(506)
Loss (gain) on valuation of short-term and long term investment securities	790	1,042	252
Interest and dividends income	(4,322)	(5,724)	(1,402)
Interest expenses	1,171	1,687	516
Loss (gain) on sales of short-term and long term investment securities	(6,452)	(5,496)	955
Decrease (increase) in notes and accounts receivable—trade	82,473	(98,322)	(180,796)
Decrease (increase) in costs on uncompleted construction contracts	(2,504)	(10,834)	(8,329)
Decrease (increase) in inventories	1,244	(5,357)	(6,601)
Decrease (increase) in inventories for PFI and other projects	2,534	898	(1,636)
Decrease (increase) in other assets	(13,156)	(38,468)	(25,312)
Increase (decrease) in notes and accounts payable—trade	(54,502)	34,520	89,022
Increase (decrease) in advances received on uncompleted construction contracts	(9,909)	9,330	19,240
Increase (decrease) in other liabilities	13,064	(8,833)	(21,897)
Other, net	(1,354)	4	1,358
Subtotal	70,868	(78,264)	(149,132)
Interest and dividends income received	4,483	5,388	904
Interest expenses	(1,023)	(1,726)	(703)
Income taxes (paid) refund	(11,596)	(22,107)	(10,510)
Net cash provided by (used in) operating activities	62,732	(96,710)	(159,442)
Net cash provided by (used in) investing activities			
Payments into time deposits	(3,503)	(10,756)	(7,253)
Proceeds from withdrawal of time deposits	7,022	6,338	(683)
Purchase of property, plant and equipment and intangible assets	(46,458)	(33,317)	13,140
Proceeds from sales of property, plant and equipment and intangible assets	530	1,105	574
Purchase of short-term and long term investment securities	(1,700)	(2,528)	(827)
Proceeds from sales and redemption of short-term and long term investment securities	15,019	8,414	(6,605)
Payments of loans receivable	(228)	(172)	56
Collection of loans receivable	6	8	1
Other, net	(24,797)	(27,323)	(2,526)
Net cash provided by (used in) investing activities	(54,108)	(58,230)	(4,122)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	749	11,629	10,879
Repayments of lease obligations	(206)	(244)	(38)
Proceeds from long-term loans payable	47,927	20,685	(27,242)
Repayment of long-term loans payable	(7,801)	(9,176)	(1,374)
Proceeds from nonrecourse loans payable	6,870	1,780	(5,090)
Payment of nonrecourse loans payable	(10,335)	(4,549)	5,785
Proceeds from issuance of bonds	30,000	—	(30,000)
Redemption of bonds	—	(10,000)	(10,000)
Purchase of treasury stock	(1)	(106)	(105)
Cash dividends paid	(11,488)	(15,078)	(3,590)
Cash dividends paid to non-controlling interests	(1,533)	(588)	944
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(267)	(0)	267
Net cash provided by (used in) financing activities	53,913	(5,649)	(59,563)
Effect of exchange rate change on cash and cash equivalents	9,601	8,804	(796)
Net increase (decrease) in cash and cash equivalents	72,137	(151,786)	(223,924)
Cash and cash equivalents at beginning of period	249,317	405,633	156,316
Cash and cash equivalents at end of period	321,455	253,846	(67,608)

(5) Consolidated Segment Information

Reportable Segment Information (Net Sales and Income) FY2022 (April 1, 2022 – September 30, 2022)

(Yen in millions)

	Reporting segment						Others *1	Total
	Domestic Building Construction	Overseas Building Construction	Domestic Civil Engineering	Overseas Civil Engineering	Real Estate	Subtotal		
Net sales								
Sales to third parties	492,020	170,023	151,922	48,746	38,001	900,714	23,677	924,391
Intersegment sales and transfers	16,980	36	6,895	—	486	24,398	5,160	29,559
Segment sales	509,001	170,059	158,817	48,746	38,487	925,113	28,837	953,951
Operating income								
Operating income from sales to third parties *2	12,000	4,061	8,073	2,233	14,355	40,726	1,059	41,785
Intersegment operating income and transfers	592	—	(16)	—	(28)	547	(50)	497
Segment income	12,593	4,061	8,057	2,233	14,326	41,273	1,009	42,282

*1 Businesses that cannot be classified into the reportable segments are shown as "Others." These include PFI (Private Finance Initiative), renewable energy, finance and other businesses.

*2 "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income."

The total "Operating income from sales to third parties" equals to "Operating income" as shown in the consolidated statements of income.

Reportable Segment Information (Net Sales and Income) FY2023 (April 1, 2023 – September 30, 2023)

(Yen in millions)

	Reporting segment						Others *1	Total
	Domestic Building Construction	Overseas Building Construction	Domestic Civil Engineering	Overseas Civil Engineering	Real Estate	Subtotal		
Net sales								
Sales to third parties	594,560	217,335	174,665	50,129	19,634	1,056,324	25,036	1,081,360
Intersegment sales and transfers	19,217	36	7,379	—	458	27,091	5,536	32,628
Segment sales	613,778	217,371	182,045	50,129	20,092	1,083,416	30,572	1,113,988
Operating income								
Operating income from sales to third parties *2	5,592	7,667	10,038	758	5,302	29,759	1,084	30,843
Intersegment operating income and transfers	1,301	(90)	(74)	—	(29)	1,107	(17)	1,089
Segment income	7,293	7,577	9,963	758	5,273	30,866	1,067	31,933

*1 Businesses that cannot be classified into the reportable segments are shown as "Others." These include PFI (Private Finance Initiative), renewable energy, finance and other businesses.

*2 "Operating income from sales to third parties" was computed by subtracting "Intersegment operating income and transfers" from "Segment income."

The total "Operating income from sales to third parties" equals to "Operating income" as shown in the consolidated statements of income.

8 Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Yen in millions)

	March 31, 2023	September 30, 2023	Change
Assets			
Current assets			
Cash and deposits	272,172	120,877	(151,295)
Notes receivable—trade	7,117	1,581	(5,536)
Electronically recorded monetary claims	18,176	18,350	174
Accounts receivable from completed construction contracts	602,057	697,960	95,903
Accounts receivable—real estate business and other	5,315	1,864	(3,451)
Short-term investment securities	69	26	(42)
Real estate for sale	2,936	2,871	(64)
Costs on uncompleted construction contracts	31,667	41,000	9,333
Costs on real estate business and other	2,755	4,538	1,783
Short-term loans receivable	66,644	64,739	(1,905)
Accounts receivable—other	89,008	81,790	(7,217)
Other	21,076	74,951	53,874
Allowance for doubtful accounts	(75)	(84)	(9)
Total current assets	1,118,922	1,110,469	(8,452)
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	58,892	58,026	(866)
Machinery, equipment and vehicles	8,330	14,856	6,526
Tools, furniture and fixtures	3,679	3,872	193
Land	174,430	173,794	(636)
Leased assets	13	9	(4)
Construction in progress	21,323	19,027	(2,296)
Total property, plant and equipment	266,671	269,587	2,916
Intangible assets	7,384	7,765	381
Investments and other assets			
Investment securities	291,510	347,975	56,464
Shares and investments in capital of subsidiaries and affiliates	202,912	215,606	12,694
Long-term loans receivable	46,430	41,474	(4,956)
Claims provable in bankruptcy, claims provable in rehabilitation and other	650	620	(30)
Prepaid pensions cost	370	293	(77)
Other	9,432	9,295	(137)
Allowance for doubtful accounts	(1,185)	(1,184)	1
Total investments and other assets	550,120	614,081	63,961
Total noncurrent assets	824,175	891,434	67,258
Total assets	1,943,098	2,001,903	58,805

(Yen in millions)

	March 31, 2023	September 30, 2023	Change
Liabilities			
Current liabilities			
Notes payable—trade	10,265	9,094	(1,170)
Electronically recorded obligations	144,248	146,119	1,871
Accounts payable for construction contracts	388,976	416,771	27,794
Accounts payable—real estate and other	1,496	1,024	(471)
Short-term loans payable	44,199	42,368	(1,831)
Current portion of bonds	20,000	20,000	—
Lease obligations	7	6	(0)
Accounts payable	20,007	2,905	(17,102)
Accrued expenses	17,066	18,433	1,366
Income taxes payable	18,466	7,926	(10,539)
Advances received on uncompleted construction contracts	95,994	93,631	(2,362)
Deposit received—real estate and other	2,529	1,937	(592)
Deposits received	148,512	151,134	2,621
Provision for warranties for completed construction	2,453	2,670	217
Provision for loss on construction contracts	43,154	36,057	(7,097)
Deposits received from employees	27,205	26,937	(268)
Other	1,230	997	(232)
Total current liabilities	985,813	978,015	(7,797)
Noncurrent liabilities			
Bonds payable	50,000	40,000	(10,000)
Long-term loans payable	80,432	96,061	15,629
Lease obligations	7	4	(3)
Deferred tax liabilities	194	17,617	17,422
Deferred tax liabilities for land revaluation	15,030	15,030	—
Provision for retirement benefits	43,580	43,742	161
Provision for stock payments for directors	599	436	(163)
Provision for loss on business of subsidiaries and affiliates	3,418	1,539	(1,879)
Other	5,282	5,214	(68)
Total noncurrent liabilities	198,545	219,644	21,098
Total liabilities	1,184,358	1,197,659	13,300
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	2,328	2,307	(20)
General reserve	435,000	460,000	25,000
Retained earnings brought forward	74,105	53,713	(20,392)
Total retained earnings	525,871	530,458	4,587
Treasury stock	(2,754)	(2,708)	46
Total shareholders' equity	622,563	627,197	4,633
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	117,796	158,668	40,871
Deferred gains (losses) on hedges	0	—	(0)
Revaluation reserve for land	18,377	18,377	—
Total valuation and translation adjustments	136,175	177,046	40,870
Total net assets	758,739	804,243	45,504
Total liabilities and net assets	1,943,098	2,001,903	58,805
(Reference)			
Interest-bearing debt balances	194,631	198,429	3,798

(2) Non-consolidated Statements of Income

(Yen in millions)

	April 1, 2022 - September 30, 2022	April 1, 2023 - September 30, 2023	Change
Net sales			
Net sales of completed construction contracts	626,402	733,413	107,010
Net sales of real estate business and other	23,221	10,783	(12,437)
Total net sales	649,623	744,196	94,573
Cost of sales			
Cost of sales on completed construction contracts	567,795	678,012	110,216
Cost of sales on real estate business and other	12,876	8,068	(4,807)
Total cost of sales	580,672	686,081	105,409
Gross profit			
Gross profit on completed construction contracts	58,606	55,400	(3,206)
Gross profit on real estate business and other	10,344	2,714	(7,629)
Total gross profit	68,951	58,115	(10,835)
Selling, general and administrative expenses	40,836	44,113	3,277
Operating income	28,114	14,001	(14,113)
Non-operating income			
Interest and dividend income	7,761	5,736	(2,024)
Foreign exchange gains	2,108	2,166	57
Other	273	438	164
Total non-operating income	10,144	8,341	(1,802)
Non-operating expenses			
Interest expenses	460	453	(6)
Provision of allowance for doubtful accounts	15	-	(15)
Other	306	209	(96)
Total non-operating expenses	781	662	(119)
Ordinary income	37,477	21,680	(15,796)
Extraordinary income			
Gain on sales of investment securities	6,334	5,027	(1,306)
Other	0	1,883	1,882
Total extraordinary income	6,335	6,910	575
Extraordinary loss			
Loss on valuation of investment securities	377	1,042	665
Loss on retirement of noncurrent assets	13	628	614
Other	367	33	(333)
Total extraordinary losses	758	1,705	946
Profit before income taxes	43,053	26,886	(16,167)
Income taxes-current	12,722	7,733	(4,988)
Income taxes-deferred	(1,315)	(513)	801
Total income taxes	11,407	7,220	(4,186)
Profit	31,646	19,665	(11,980)