

OBAYASHI CORPORATION announces revised financial forecasts for FY2022

Obayashi Corporation (hereinafter, the “Company”) hereby announces the revised consolidated and non-consolidated financial forecasts for the fiscal year ending March 31, 2023. The Company has revised its earlier forecasts released on August 10, 2022 to reflect the worse-than-expected profit of its domestic building construction business mainly due to the rising prices of construction materials.

1. Revised forecasts

Consolidated forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

| | Net Sales | Operating Income | Ordinary Income | Profit attributable to owners of parent | Profit attributable to owners of parent per share (EPS) |
|----------------------------|------------------------------|----------------------------|----------------------------|---|---|
| Forecast to be revised (A) | Yen in millions 2,050,000 | Yen in millions 100,000 | Yen in millions 104,000 | Yen in millions 76,000 | Yen 106.01 |
| New Forecast (B) | 2,045,000 | 86,000 | 94,000 | 71,000 | 99.03 |
| Change (B-A) | (5,000) | (14,000) | (10,000) | (5,000) | |
| Change (%) | (0.2) | (14.0) | (9.6) | (6.6) | |

(Reference) Comparison with the results of the previous fiscal year (FY ended March 31, 2022)

| | | | | | |
|-------------------------------------|-----------|--------|--------|--------|-------|
| Results of previous fiscal year (C) | 1,922,884 | 41,051 | 49,844 | 39,127 | 54.55 |
| Change (B-C) | 122,115 | 44,948 | 44,155 | 31,872 | |
| Change (%) | 6.4 | 109.5 | 88.6 | 81.5 | |

Non-consolidated forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

| | Net Sales | Operating Income | Ordinary Income | Profit | Profit per share (EPS) |
|----------------------------|------------------------------|---------------------------|---------------------------|---------------------------|------------------------|
| Forecast to be revised (A) | Yen in millions 1,417,000 | Yen in millions 65,000 | Yen in millions 74,000 | Yen in millions 57,500 | Yen 80.21 |
| New Forecast (B) | 1,404,000 | 51,000 | 62,500 | 53,000 | 73.92 |
| Change (B-A) | (13,000) | (14,000) | (11,500) | (4,500) | |
| Change (%) | (0.9) | (21.5) | (15.5) | (7.8) | |

(Reference) Comparison with the results of the previous fiscal year (FY ended March 31, 2022)

| | | | | | |
|-------------------------------------|-----------|--------|--------|--------|-------|
| Results of previous fiscal year (C) | 1,374,132 | 4,425 | 19,563 | 18,843 | 26.27 |
| Change (B-C) | 29,867 | 46,574 | 42,936 | 34,156 | |
| Change (%) | 2.2 | — | 219.5 | 181.3 | |

2. Reasons for the revisions

(1) Reasons for the revision to the non-consolidated forecast

The Company expects its full-year gross profit to fall 9.5 billion yen from the earlier forecast mainly due to the following factors. Prices of construction materials have been rising faster than what the Company projected when it announced the original forecast (May 12, 2022), making it difficult to fully absorb the impact of the rising costs through procurement or negotiations with clients. Furthermore, progress in construction works as of March 31, 2023 will be slower than expected mainly due to the delivery delays of building materials and equipment.

In addition, the Company expects selling, general and administrative expenses to rise 4.5 billion yen from the projection made at the beginning of the period due to greater investments related to human resources and digital transformation.

(2) Reasons for the revision to the consolidated forecast

The Company has revised its consolidated forecast in conjunction with the revision made to the non-consolidated financial forecast.

3. Year-end dividend

The Medium-Term Business Plan 2022, which is the Company's five-year business plan beginning this fiscal year, sets a profit distribution policy of achieving the dividend on equity ratio (DOE) of around 3% as the guidance for dividend payment.

The Company calculated its dividend applying this level of DOE to the revised forecast. As a result, the Company plans to propose to its Ordinary General Meeting of Shareholders scheduled in June 2023 the year-end dividend payment of 21 yen per common share as announced at the beginning of the period. This will bring the Company's annual dividend payment to 42 yen per share including the interim dividend.

Disclaimer

This revision of forecasts, announced in the Japanese language at the Tokyo Stock Exchange on November 7, 2022, was translated into English and presented solely for the convenience of non-Japanese speakers. If there is any discrepancy between the Japanese announcement and this English translation, the former will prevail. The numbers used with words or phrases relating to future events such as "forecast," "expected" or "projected" provided in this document are based on the information available to us at the time of the release of this document. Due to various factors, the actual results may differ from the forecasts.

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