

# **Presentation on Financial Results**

## **FY2023 2<sup>nd</sup> Quarter**

**(April 1, 2023 to September 30, 2023)**

**OBUYASHI CORPORATION**

**MAKE BEYOND**  
TRANSCENDING THE ART AND SCIENCE  
OF MAKING OF THINGS

# **1. FY2023 2<sup>nd</sup> Quarter Financial Results and FY2023 Financial Forecasts**

## **2. Management Issues**

## FY2023 2<sup>nd</sup> Quarter Financial Results

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- ✓ Net sales increased due to progress in construction projects in hand (YoY)
- ✓ Operating income progressed as planned
  - Consolidated net sales amounted to ¥1,081.3 billion (+ ¥156.9 billion YoY)  
This is the highest record for the 2<sup>nd</sup> quarter financial results
  - Operating income was ¥30.8 billion (- ¥10.9 billion YoY), but progressed as planned  
The sale of large-scale properties in the 2<sup>nd</sup> quarter of FY2022 reflects the YoY decline

## FY2023 Financial Forecasts

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- ✓ Net sales, operating income and ordinary income expected to meet the initial forecast
- ✓ Profit attributable to owners of parent revised upward
- ✓ Orders received keeping a high-level
  - Consolidated net sales expected to be ¥2,280.0 billion (+ ¥296.1 billion YoY)
  - Consolidated operating income expected to be ¥74.0 billion (- ¥19.8 billion YoY)
  - Profit attributable to owners of parent to be ¥59.0 billion (+ ¥4.0 billion)  
An upward revision due to progress of sale of cross-shareholdings
  - Order received expected to be ¥2,135.0 billion  
On track exceeding ¥2,000.0 billion following FY2022
  - Continuing with DOE 3%, the dividend policy under the Medium-Term Business Plan 2022

# FY2023 2<sup>nd</sup> Quarter Financial Results

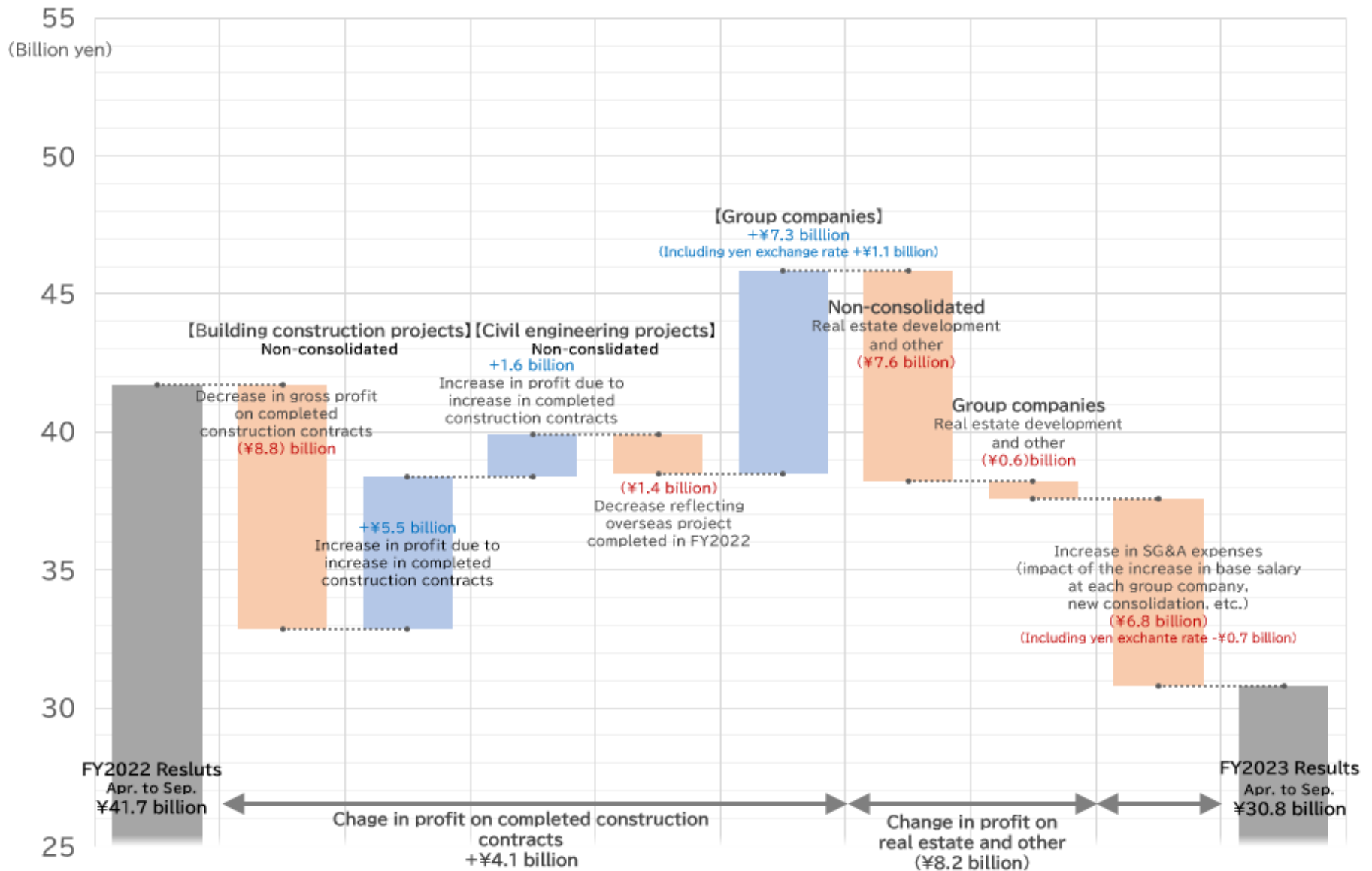
## -Statements of Income (YoY Comparison)

(Yen in billions)

		Consolidated			Non-consolidated		
		FY2022 Results	FY2023 Results	Y o Y Comparison	FY2022 Results	FY2023 Results	Y o Y Comparison
		Apr. - Sep. 2022	Apr. - Sep. 2023	B-A	Apr. - Sep. 2022	Apr. - Sep. 2023	D-C
		A	B	B-A	C	D	D-C
Net Sales of Completed Construction Contracts	Building	662.0	811.8	149.8	491.3	586.9	95.6
	Civil	200.6	224.7	24.1	135.0	146.4	11.3
	Total	862.7	1,036.6	173.9	626.4	733.4	107.0
Net Sales of Real Estate Business and Other		61.6	44.6	(17.0)	23.2	10.7	(12.4)
Net Sales		924.3	1,081.3	156.9	649.6	744.1	94.5
Gross Profit on Completed Construction Contracts	Building	-	-	-	37.0	33.6	(3.3)
	Civil	-	-	-	21.5	21.7	0.1
		80.3	84.4	4.1	58.6	55.4	(3.2)
Gross Profit on Real Estate Business and Other		19.8	11.6	(8.2)	10.3	2.7	(7.6)
Gross Profit		100.2	96.1	(4.1)	68.9	58.1	(10.8)
Selling, General and Administrative Expenses		58.4	65.2	6.8	40.8	44.1	3.2
Operating Income		41.7	30.8	(10.9)	28.1	14.0	(14.1)
Ordinary Income		48.6	38.0	(10.6)	37.4	21.6	(15.7)
Profit Attributable to Owners of Parent		38.4	29.7	(8.7)	31.6	19.6	(11.9)

# FY2023 2<sup>nd</sup> Quarter Financial Results

## -Reasons for Change in Consolidated Operating Income (YoY Comparison)



# FY2023 Financial Forecasts

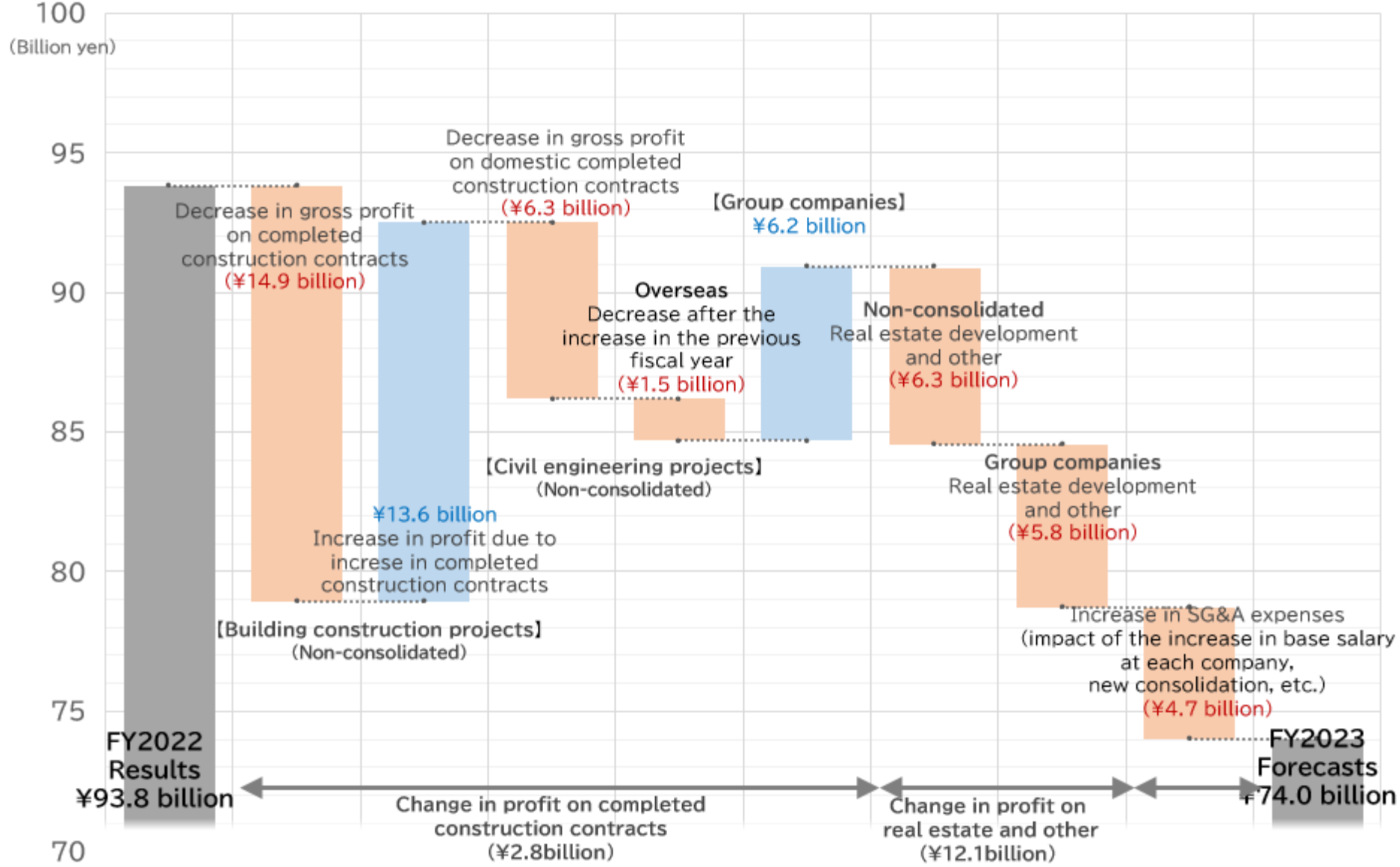
## -Statements of Income (YoY Comparison)

(Yen in billions)

		Consolidated			Non-consolidated		
		FY2022 Results	FY2023 Forecasts	YoY Comparison	FY2022 Results	FY2023 Forecasts	YoY Comparison
		Apr. - Mar. 2023	Apr. - Mar. 2024	B-A	Apr. - Mar. 2023	Apr. - Mar. 2024	D-C
		A	B	B-A	C	D	D-C
Net Sales of Completed Construction Contracts	Building	1,400.3	1,700.0	299.6	1,051.5	1,248.0	196.4
	Civil	447.3	460.0	12.6	296.5	293.0	(3.5)
	Total	1,847.6	2,160.0	312.3	1,348.1	1,541.0	192.8
Net Sales of Real Estate Business and Other		136.2	120.0	(16.2)	38.9	34.0	(4.9)
Net Sales		1,983.8	2,280.0	296.1	1,387.0	1,575.0	187.9
Gross Profit on Completed Construction Contracts	Building	-	-	-	87.8	86.5	(1.3)
	Civil	-	-	-	45.3	37.5	(7.8)
		177.8	175.0	(2.8)	133.1	124.0	(9.1)
Gross Profit on Real Estate Business and Other		38.6	26.5	(12.1)	13.3	7.0	(6.3)
Gross Profit		216.5	201.5	(15.0)	146.4	131.0	(15.4)
Selling, General and Administrative Expenses		122.7	127.5	4.7	86.5	88.0	1.4
Operating Income		93.8	74.0	(19.8)	59.9	43.0	(16.9)
Ordinary Income		100.8	79.0	(21.8)	71.1	50.5	(20.6)
Profit Attributable to Owners of Parent		77.6	59.0	(18.6)	62.5	45.0	(17.5)

# FY2023 Financial Forecasts

## -Reasons for Change in Consolidated Operating Income



# Orders Received

## - Results for FY2023 2<sup>nd</sup> Quarter and Outlook for FY2023

Non-Consolidated

(Yen in billions)

			FY2022 Results	FY2023 Results	Y o Y Comparison	FY2022 Results	FY2023 Forecasts	Y o Y Comparison
			Apr. - Sep. 2022	Apr. - Sep. 2023		Apr. - Mar. 2023	Apr. - Mar. 2023	
			A	B	B-A	C	D	D-C
Construction Business	Building Construction	Domestic	384.5	396.5	12.0	1,093.1	1,070.0	(23.1)
		Overseas	19.7	1.9	(17.7)	18.9	20.0	1.0
		Subtotal	404.2	398.5	(5.6)	1,112.0	1,090.0	(22.0)
	Civil Engineering	Domestic	131.9	112.1	(19.7)	280.1	290.0	9.8
		Overseas	3.9	18.0	14.1	62.8	40.0	(22.8)
		Subtotal	135.8	130.2	(5.5)	342.9	330.0	(12.9)
	Construction Total	Domestic	516.4	508.7	(7.6)	1,373.2	1,360.0	(13.2)
		Overseas	23.6	20.0	(3.5)	81.7	60.0	(21.7)
		Subtotal	540.0	528.8	(11.2)	1,454.9	1,420.0	(34.9)
	Real Estate Business and Other			23.2	10.8	(12.3)	38.9	34.0
Total			563.2	539.6	(23.6)	1,493.8	1,454.0	(39.8)

Consolidated

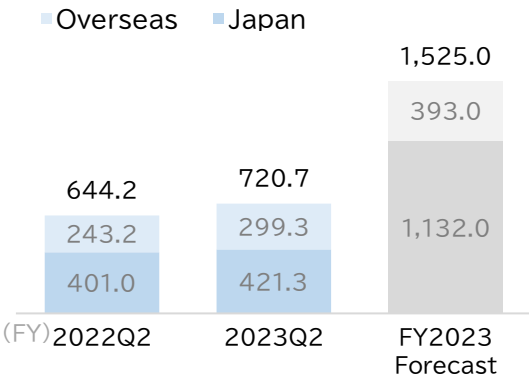
Building Construction	644.2	720.7	76.4	1,612.8	1,525.0	(87.8)
Civil Engineering	209.0	212.0	3.0	494.5	510.0	15.4
Real Estate Business and Other	50.2	40.7	(9.4)	114.9	100.0	(14.9)
Total	903.5	973.5	70.0	2,222.2	2,135.0	(87.2)



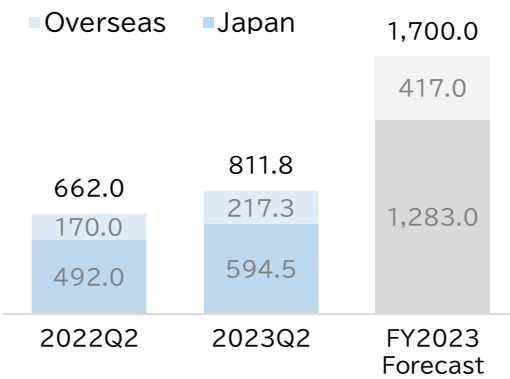
# Business Performance – Building Construction (Consolidated)

Billions of yen

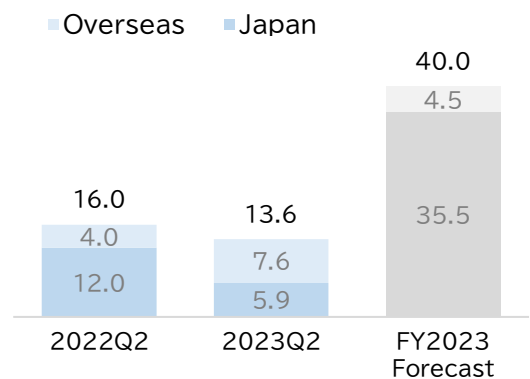
## Orders Received



## Net Sales



## Operating Income



## FY2023 2<sup>nd</sup> Quarter Results

- ✓ Net sales increased due to progress in large-scale projects in hand
- ✓ Operating income was ¥13.6 billion due to the decrease of the profit on non-consolidated completed construction contracts

## FY2023 Forecasts

- ✓ Net sales expected to meet the initial forecast as large-scale construction projects in hand have been making steady progress
- ✓ Operating income expected to meet the initial forecast as rises in construction materials prices and labor unit prices are discounted

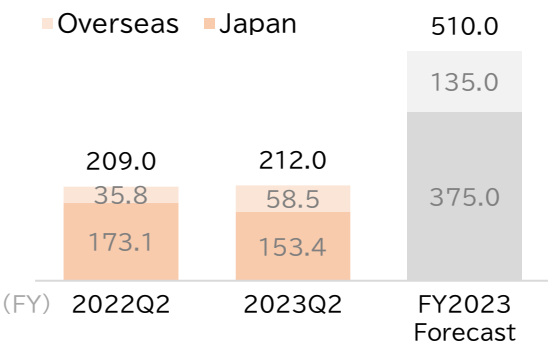
## Main Projects

	Client	Project Name
Orders Received	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
Completed	Mori Building Co., Ltd.	Azabudai Hills Garden Plaza Construction Project
Project in Process	East Japan Railway Company	TAKANAWA GATEWAY CITY, Tower 1 (North · South) and Tower 2 Construction Project

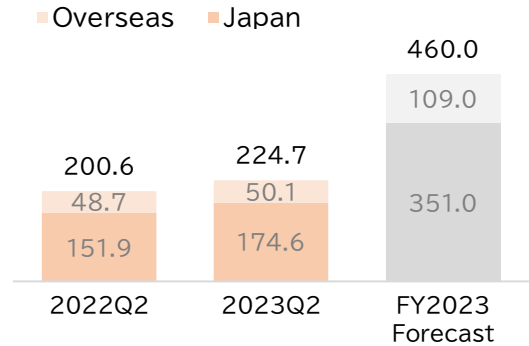
# Business Performance – Civil Engineering (Consolidated)

Billions of yen

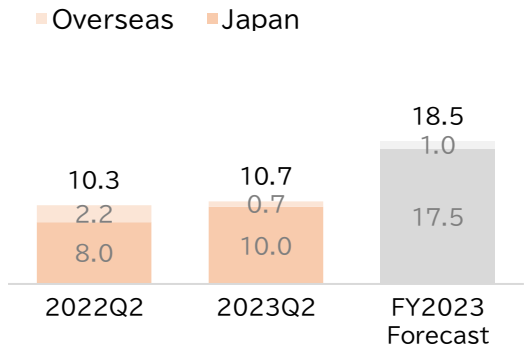
## Orders Received



## Net Sales



## Operating Income



## FY2023 2<sup>nd</sup> Quarter Results

- ✓ Net sales increased due to progress on construction projects in hand (YoY)
- ✓ Operating income was ¥10.7 billion, YoY at the same level, having improvement on profitability on some projects due to reducing cost and acquiring additional contract

## FY2023 Forecasts

- ✓ Net sales expected to meet the initial forecast of ¥460.0 billion
- ✓ Operating income also expected to meet the initial forecast and no revision is scheduled at this moment

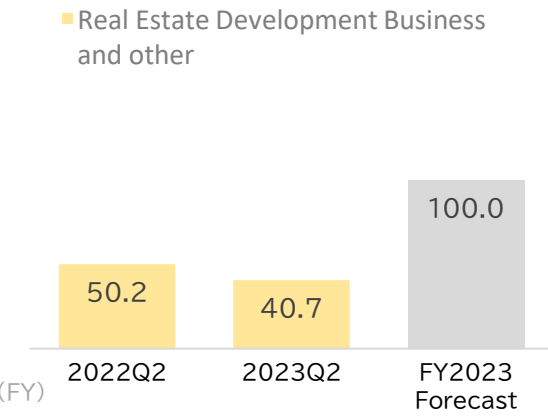
## Main Projects

	Client	Project Name
Orders Received	SAGAMI RAILWAY Co., Ltd.	Tsurugamine Station Area Grade Separation Project (Construction Section 2, Civil Engineering Part 2)
Completed	TOBU RAILWAY CO.,LTD.	Tobu Noda Line Elevation Work (between Shimizu-Koen Station and Umesato Station), Civil Engineering Section 3, Part 1
Project in Process	Land Transport Authority (Singapore)	Contract CR202 Design and Construction of Bored Tunnel between Fairways Drive and Sin Ming Walk and Associated Works

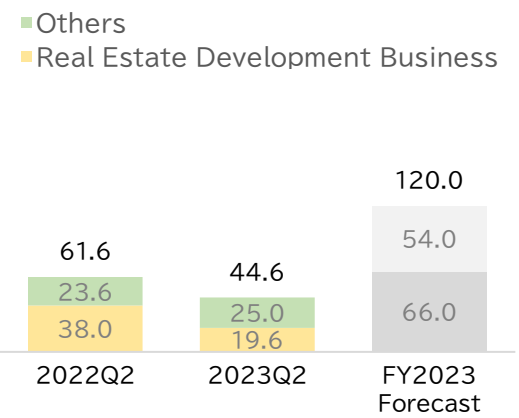
# Business Performance - Real Estate Development and Others (Consolidated)

Billions of yen

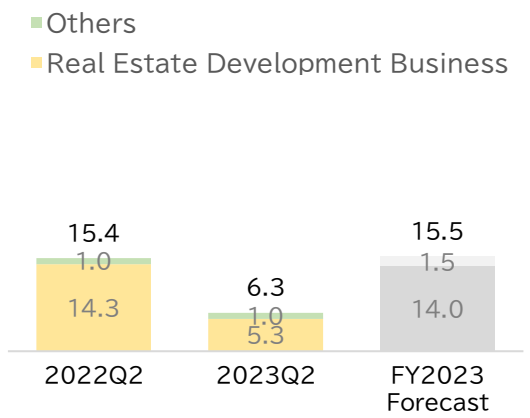
## Orders Received



## Net Sales



## Operating Income



### FY2023 2<sup>nd</sup> Quarter Results

✓ Declined due to reflect of the sale of large-scale properties in the 2<sup>nd</sup> quarter of FY2022

### FY2023 Forecasts

✓ Both net sales and operating income are expected to decline as no sale of large-scale properties is planned in FY2023

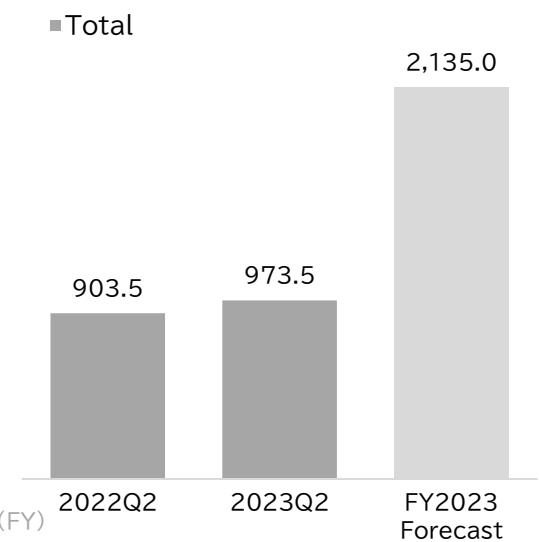
### Main Projects

- Obayashi Properties UK, 60 Gracechurch Street Project
- Umekita 2nd Project Development (GRAND GREEN OSAKA)
- Minato Mirai 21 Central District 53 Block Development Project (YOKOHAMA SYMPHOSTAGE)

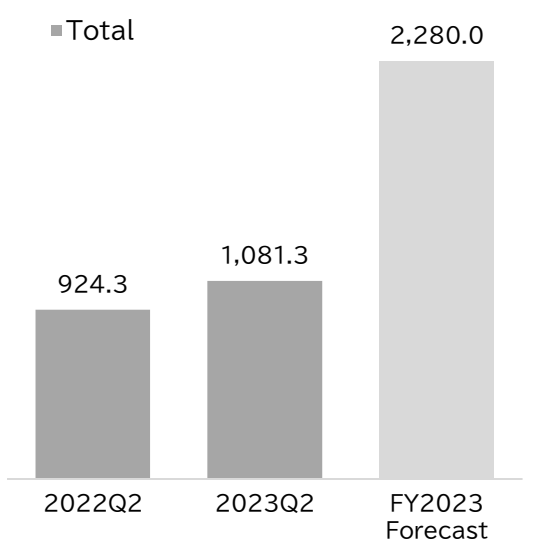
# Consolidated Business Performance (Total)

Billions of yen

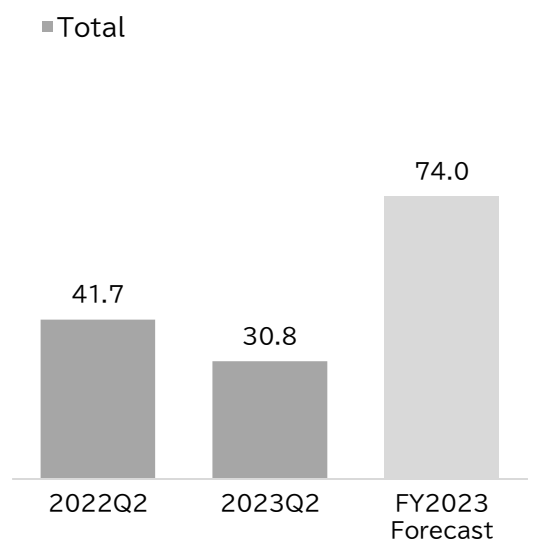
## Orders Received



## Net Sales



## Operating Income



## FY2023 2<sup>nd</sup> Quarter Results

- ✓ Net sales amounted to ¥1,081.3 billion, the highest record for the 2<sup>nd</sup> quarter financial results
- ✓ Operating income was ¥30.8 billion, the sale of large-scale properties in the 2<sup>nd</sup> quarter of FY2022 reflects the YoY decline
- ✓ Net sales, operating income are as planned

## FY2023 Forecasts

- ✓ No change in net sales (¥2,280.0 billion)
- ✓ No change in operating income (¥74.0 billion)
- ✓ Progressing to the targeting forecast

# Medium-Term Business Plan 2022 Investment Plan

	FY2022	FY2023		Medium-Term Business Plan 2022 (2022~2026)
	Results	Results (Apr. to Sep.)	Forecast	
<b>■ Intangible asset investment for platform development</b>				
Human resource-related investment	¥5.1 billion	¥2.6 billion	¥5.0 billion	¥25.0 billion
Digital-related investment	¥16.0 billion	¥7.6 billion	¥14.0 billion	¥70.0 billion
Technology-related investment	¥16.1 billion	¥8.3 billion	¥16.0 billion	¥80.0 billion
<b>■ Ongoing tangible asset investment with a focus on strengthening the foundation of the construction</b>				
Construction machinery and facilities	¥14.8 billion	¥7.9 billion	¥10.0 billion	¥50.0 billion
<b>■ Growth investment toward expanding business portfolio</b>				
Real Estate Development Business	¥101.1 billion	¥50.4 billion	¥80.0 billion	¥300.0 billion
Green Energy Business	¥3.2 billion	¥2.5 billion	¥10.0 billion	¥50.0 billion
M&A etc.	¥10.3 billion	¥1.0 billion	¥24.0 billion	¥25.0 billion
<b>Total investment amount</b>	<b>¥166.7 billion</b>	<b>¥80.4 billion</b>	<b>¥159.0 billion</b>	<b>¥600.0 billion</b>

\*Large scale M&A projects are not included in the plan above.

# Medium-Term Business Plan 2022 Performance Indicator Targets

	FY2022	FY2023		Medium-Term Business Plan 2022 (2022~2026)
	Results	Results (Apr. to Sep.)	Plan	
<b>■ Performance indicators</b>				
Consolidated net sales	¥1,983.8 billion	¥1,081.3 billion	¥2,280.0 billion	Around 2 trillion yen
Consolidated operating income	¥93.8 billion	¥30.8 billion	¥74.0 billion	¥100.0 billion or more
Earnings per share (EPS)	¥108.34	¥41.48	¥82.29	¥100 or more
<b>■ Stability indicators</b>				
Equity ratio	38.2%	38.9%	39.5%	Around 40%
<b>■ Efficiency indicators</b>				
Return on invested capital (ROIC)	4.9%	1.5%	3.6%	5% or more in the medium term
Reference: Return on equity (ROE)	8.0%	2.9%	5.7%	8% or more in the medium term
<b>■ Targets for shareholder returns</b>				
Dividend on equity ratio (DOE)	3.1%	-	3.0%	Around 3%
Reference: Dividends per share	¥42	-	¥42	

## [About FY2023 Forecast]

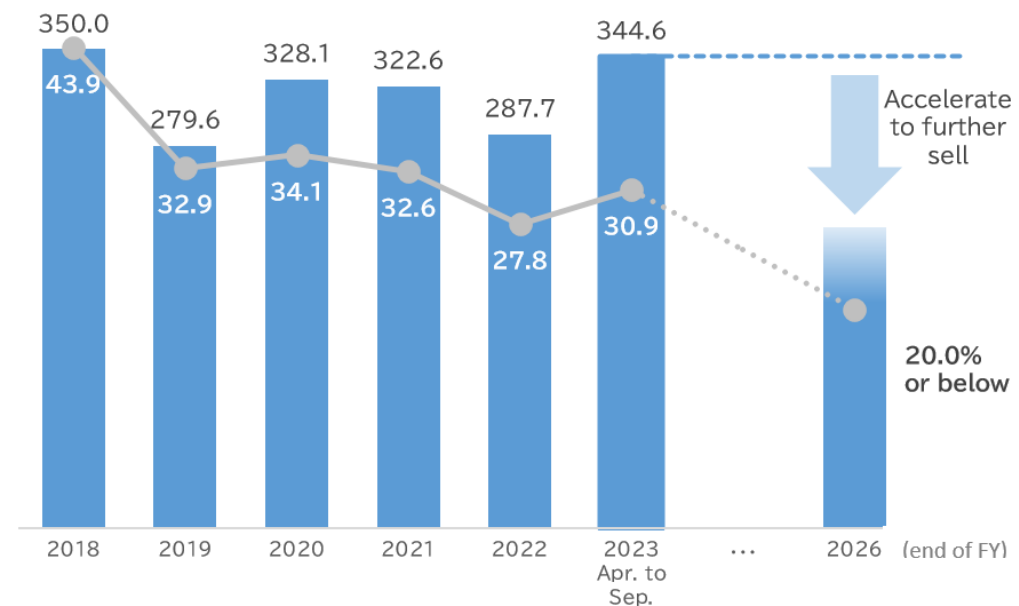
Earnings per share (EPS)	EPS is calculated by dividing the profit in the forecast announced on November 6, 2023 by the total number of shares as of September 30, 2023 (excluding treasury stocks.)
Equity ratio	Equity as of March 31, 2024 is calculated by adding/subtracting profit expected for FY2023 and expected total year-end and interim dividend to/from the equity as of September 30, 2023. Total assets as of March 31, 2024 are calculated by adding/subtracting expected annual increases/decreases in equity and interest-bearing debt to/from total assets as of September 30, 2023.
Return on invested capital (ROIC)	The effective tax rate used to calculate NOPAT is 30.5%. Net assets as of March 31, 2024 are calculated by adding/subtracting profit expected for FY2023 and expected total year-end and interim dividend to/from net assets as of September 30, 2023.

# Reducing Cross-Shareholdings

## Policy of selling cross-shareholdings

- Reduce cross-shareholdings to 20% or less of consolidated net assets as soon as possible before the end of March 2027  
 (Progress in agreement with the customers: ¥47.8 billion sold from FY2021, cumulative amount sold + Agreed sale amount: ¥104.5 billion)
- Accelerate to sell as the balance of cross-shareholdings increased due to the rise of their share price

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



■ Balance of cross-shareholdings (Consolidated) (Billions of yen)  
—●— Consolidated net asset ratio (%)  
 Balance of cross-shareholdings at end of period / Net assets at end of period (Consolidated)

Changes in Sale of Cross-Shareholdings

	(Billions of yen)		
	FY2021	FY2022	FY2023 (Apr. to Sep.)
Amount sold	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

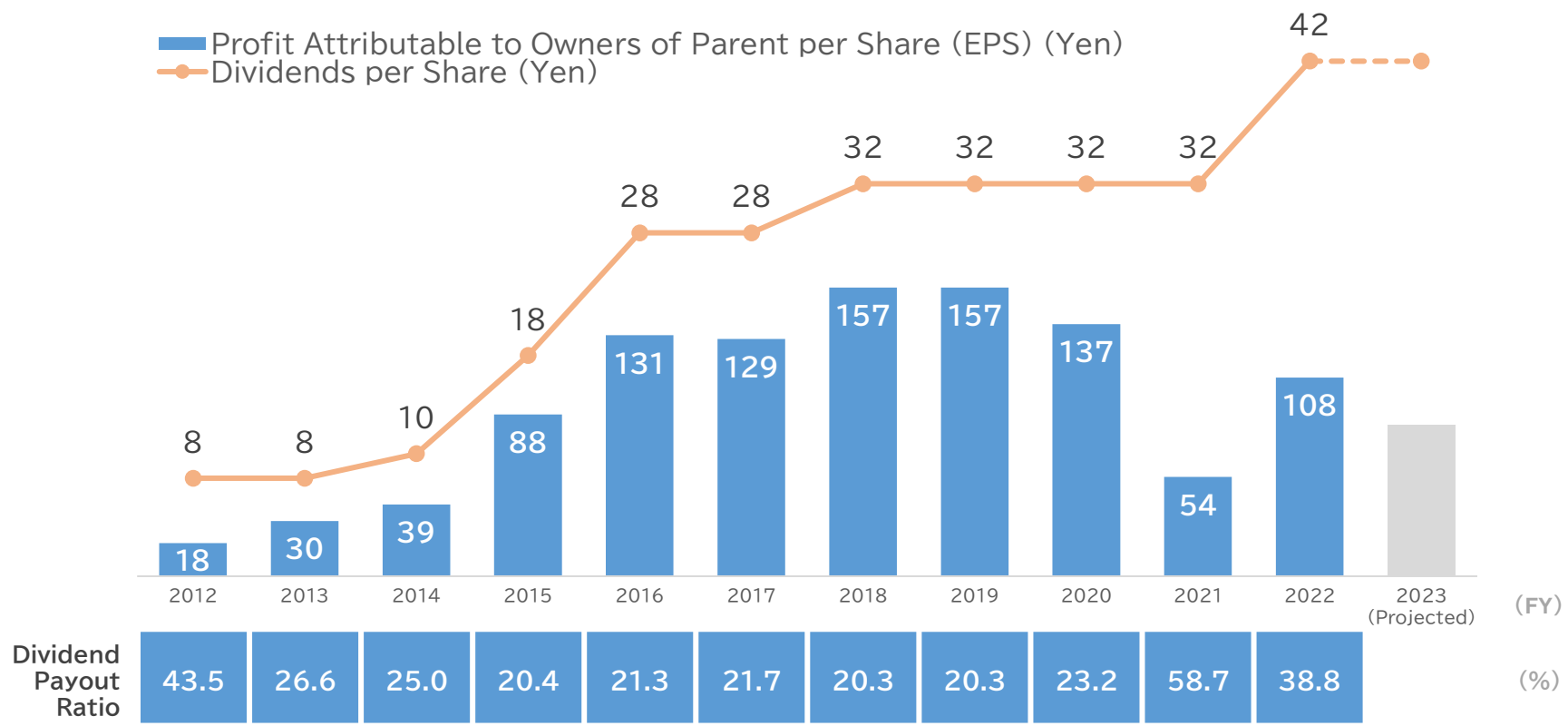
Factors Behind Changes in the Balance of Cross-Shareholdings (Apr. 2023 to Sep. 2023)

	(Billions of yen)
<b>Balance</b>	
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]

# Shareholder Returns

## Dividend policy

- Maintaining stable long-term dividends is a top priority to target a dividend on equity (DOE) ratio of approximately 3% to appropriately reflect equity levels
- Considering the significant changes in the business environment envisaged in Medium-Term Business Plan 2022, explore the best capital policy including various options such as dividend increases and share buy-backs

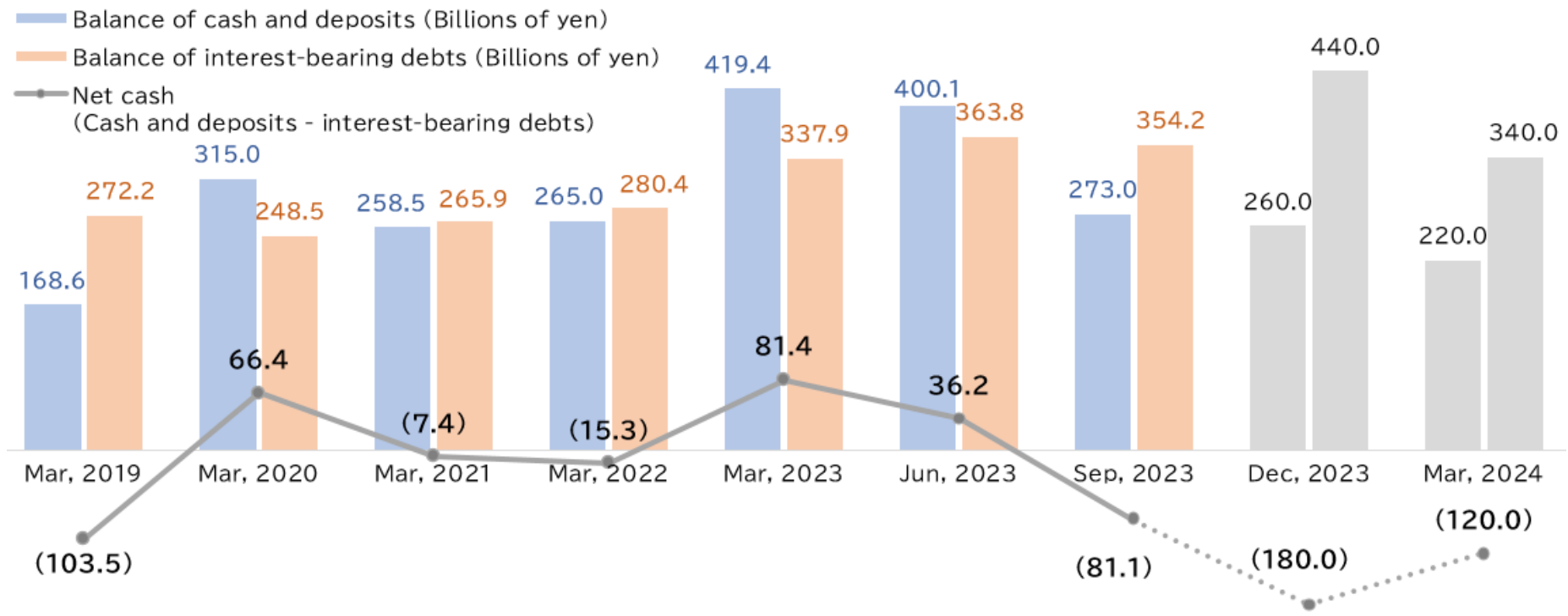




# Net Cash Status

## Changes in interest-bearing debts, and cash and deposits (Consolidated)

- The positive consolidated net cash position at the end of FY2022, ¥81.4 billion is temporary
- Net cash as of September 30, 2023 decreased by ¥ 81.5 billion due to a large amount of prior payments for construction and others



# Management Issues

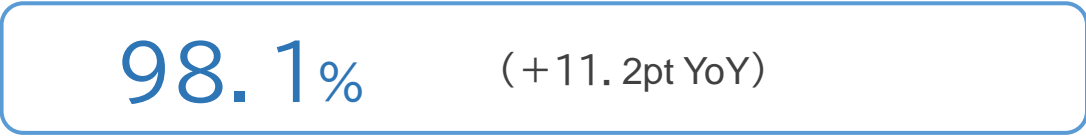
- **The revised Labor Standards Act of Japan**
- **Promoting Digital Transformation**
- **Carbon Neutrality as Business Opportunities**
- **Expanding Overseas Construction Business**
- **Projects at Expo2050 Osaka, Kansai, Japan**

# Management Issues: The revised Labor Standards Act of Japan

## Initiatives toward the revised Labor Standards Act of Japan from FY2024

### ◆ The cap on overtime work hours in the revised Labor Standards Act

KPI\* achievement rate for overtime work hours as of September 30, 2023



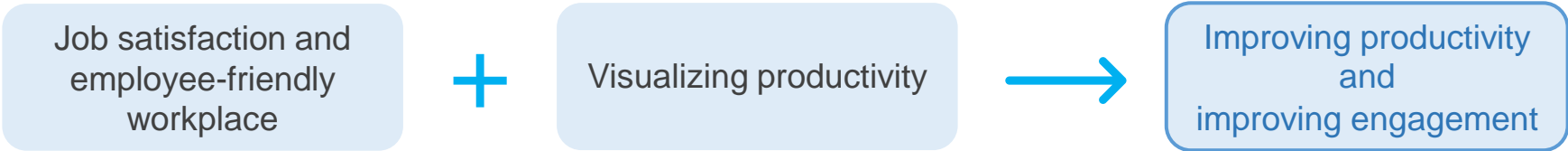
\*Ratio of employees with overtime hours below the upper limit stipulated by the revised Labor Standards Act (to be applied from FY2024 for the construction industry) during the period from April to September.

### ◆ Implementation of action in accordance with the Declaration of Ensuring Appropriate Construction Period by the Japan Federation of Construction Contractors

**Declaration of Ensuring Appropriate Construction Period (excerpt)**  
Prepare quotes based on the appropriate construction period in accordance with the principle of closing construction sites eight days out of every four-week period and 40-hour operation per week when submitting a quote to a client along with the construction period and schedule, and make sure to explain to the client.

### ◆ Improving productivity by job satisfaction reform and visualization of productivity

Reforming true job satisfaction, making a employee-friendly workplace and visualizing a productivity will improve productivity and enhances employee engagement



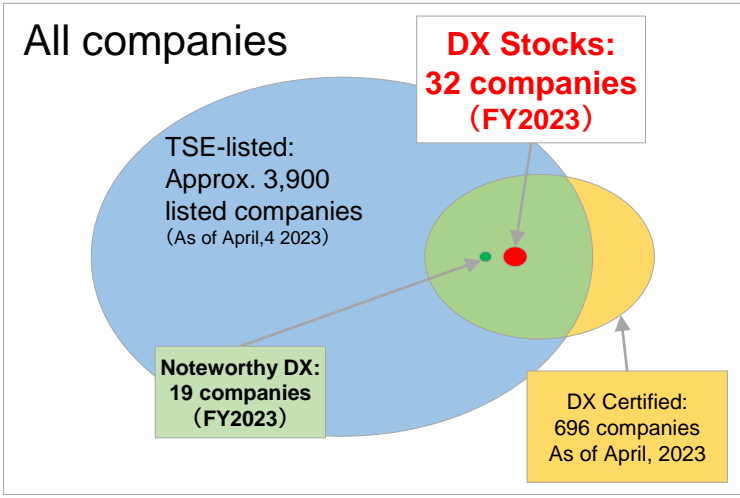
# Management Issues: Promoting Digital Transformation

## Listed as the DX Stocks 2023



A general comment from DX Stocks 2023 evaluation committee

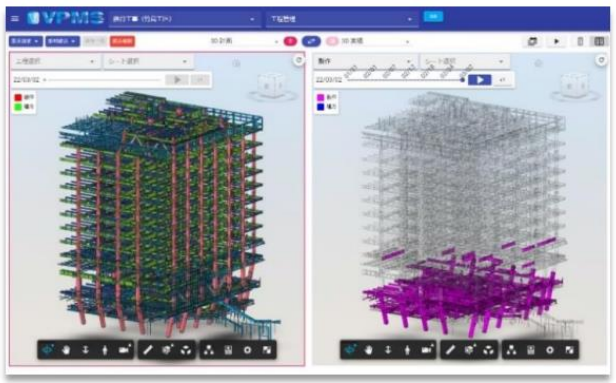
- ✓ The Company can be expected to achieve results through its efforts not only in strengthening existing businesses, but in presenting a clear DX strategy with a view to pursuing new businesses and transforming business models, as well as for putting system in place to promote that process.
- ✓ The Company describes the concrete initiatives for deepening existing businesses, creating new businesses, and implementing systems, which makes us convinced and surprised.



### ◆ Example: Utilization of a visual construction process management system, ProMIE®



Large-scale mixed-use complex development project



Overall image of the steel beam model

The completed parts are displayed in color



Utilization of ProMIE in wooden framework construction for Sendai Umeda Dormitory

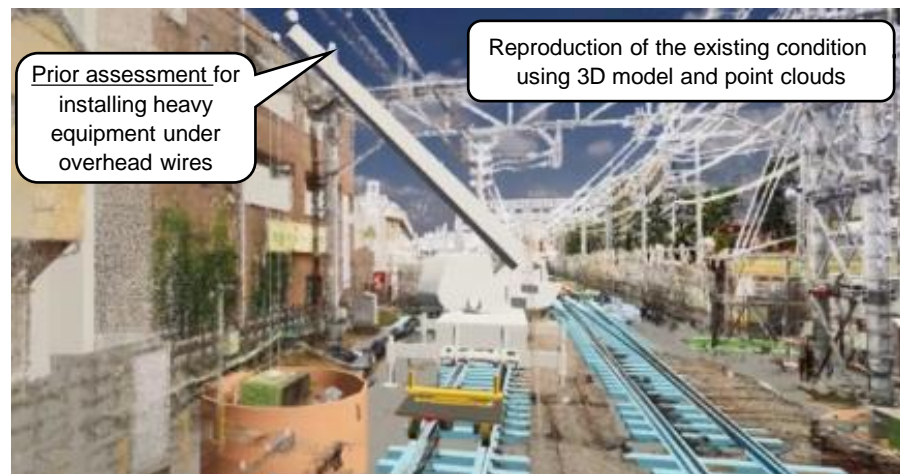
# Management Issues: Promoting DX

## Promoting labor saving and expanding productivity through next-generation production technologies and digital technologies

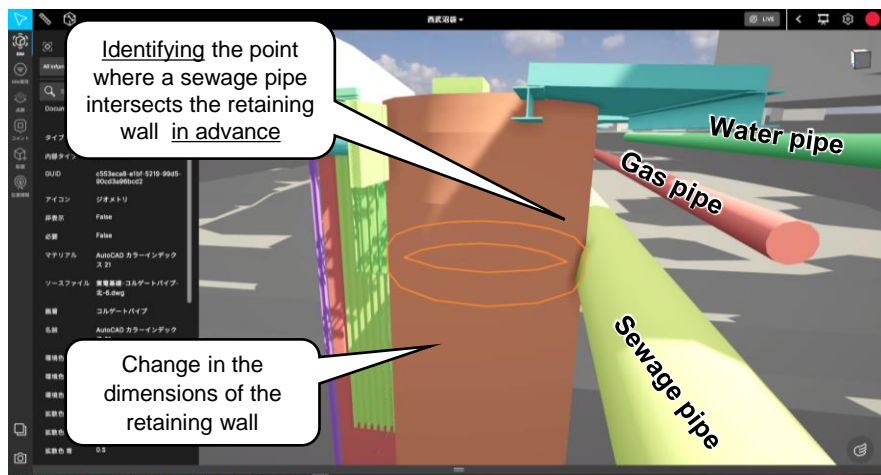
### ◆ Realize an on-site DX by digital twin platform in the construction phase, CONNECTIA™



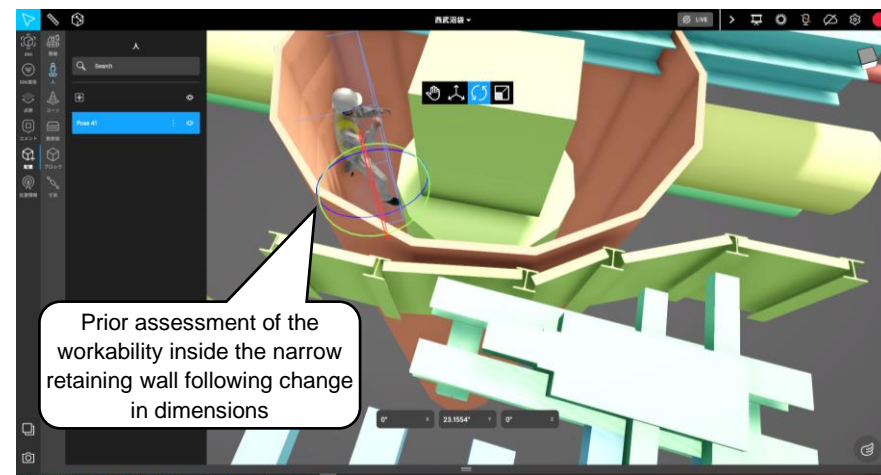
A tool that enables construction site personnel to efficiently share information necessary for construction work using a 3D model, which does not require high-performance PCs or special skills



Assessment for installing heavy equipment in railroad construction



Identifying the point of intersection in advance



Prior assessment of the work inside the retaining wall



# Management Issues: Carbon Neutrality as Business Opportunities

Expanding initiatives for eco-friendly architecture, including ZEB, a growth area

## ◆ Completed a ZEB (net ZEB) certification project (design and construction project)

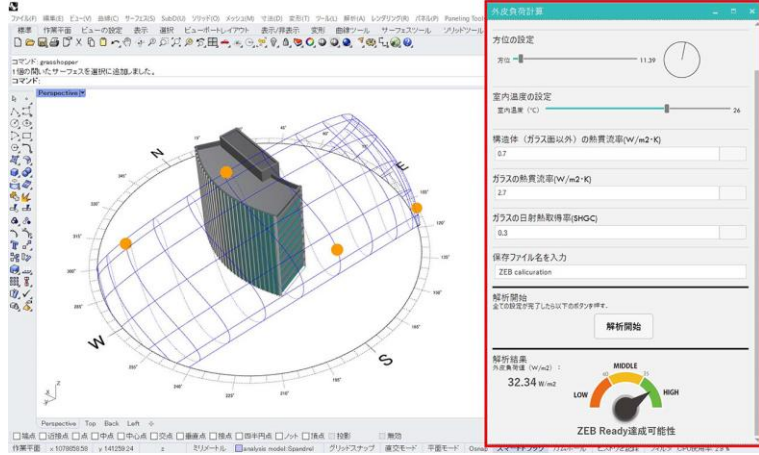
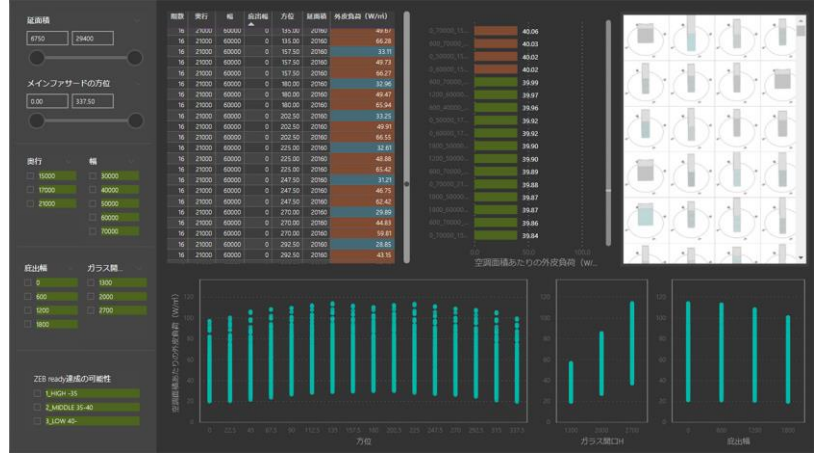


Design and Research Building, Kubota Global Institute of Technology (for office-use portion)



Kyowa Kirin Future Project

## ◆ Developed ZEB Ready evaluation system in an initial design phase



# Management Issues: Carbon Neutrality as Business Opportunities

## Started consulting business to support for the realization of carbon neutrality

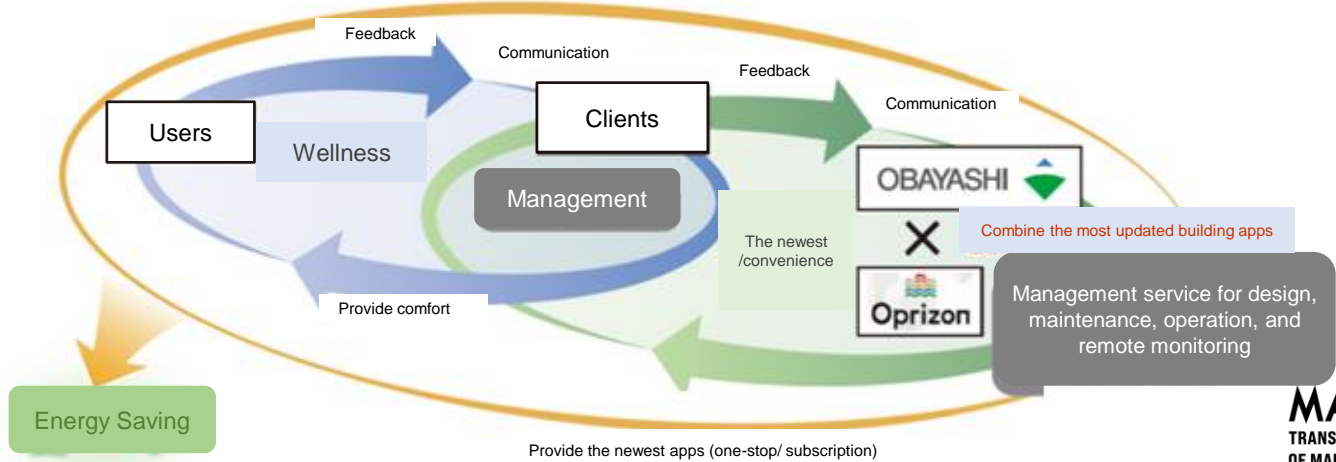
- ◆ Provide one-stop support for customers' carbon neutrality-related initiatives, from building inspection and energy-saving diagnosis to roadmap creation by experts



- ◆ Select and propose the best method for each building type from ample choice of solutions through grasping the status of and building operation



### Creation platform **WELCS place**



# Management Issues: Expanding Overseas Construction Business

## Acquiring shares of MWH US Acquisitions, Inc., a major construction company in the water treatment facility construction market in the United States

Resolved to acquire shares of MWH US through Obayashi USA, LLC, our wholly owned subsidiary in the United States, and make it a specified subsidiary

### 【Reason for acquisition of shares】

- MWH US is a major construction company in the water treatment facility construction market in the United States. It is especially notable for its extensive track record in the construction of large-scale water treatment facilities and its competitive advantage in the market
- We have long been looking to make comprehensive inroads into the market, deeming it as a promising and stable setting that will contribute to the development of our North American construction business
- MWH US will be able to pursue further growth through the utilization of our Group's technologies, resources, and financial support, as well as cooperation from our existing subsidiaries in the United States.

### 【Overview of MWH US】

Name	MWH US Acquisitions, Inc.
Location	Colorado, U.S.A.
Description of Business	Pre-construction services, construction management, design, and construction for water treatment facilities
Ratio of shares to be acquired	90% (scheduled)
Acquisition costs	126,000,000 U.S. dollars (scheduled)*
Date of conclusion of the agreement	November 10, 2023 (scheduled)
Date of commencement of share transfer*	December 31, 2023 (scheduled)



# Management Issues: Projects at Expo2050 Osaka, Kansai, Japan

## Construction Projects at Expo 2025 Osaka, Kansai, Japan

- ◆ Progressed the Grand Roof (Ring) and private sectors' pavilions as planned



The Grand Roof (Ring) at the venue of Expo  
(Rendering of completed building)



Construction status of the Grand Roof (Ring)  
at Pavilion World northeast section



Panasonic Group's pavilion, "NOMO NO KUNI"  
(Rendering of completed building)



Construction status of Panasonic Group's pavilion



MAKE  
BEYOND  
つくるを拓く

OBUYASHI



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