

# Obayashi Corporation

PRIME 1802

## Presentation on Financial Results FY2024 2nd Quarter (April 1, 2024 to September 30, 2024)



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

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# CEO Message



Progress against the initial plan for FY2024

Progress on Addendum to  
Medium-Term Business Plan 2022

**1** FY2024 2nd Quarter Results

**2** FY2024 Full Year Forecasts

**3** Overview of Each Business

**4** Reduction of Cross-Shareholdings / Changes in Shareholder Returns

**5** Medium-Term Business Plan 2022 Performance Indicator Targets /  
Investment Plan and Results / Major Investments

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## FY2024 2nd Quarter Results

- **Summary**
- **Balance Sheets**
- **Statements of Income**
- **Operating Income**
- **Orders Received**

# Summary of FY2024 2nd Quarter Results



**Consolidated  
equity**

**¥1,129.6 bln** vs.  
end of FY2023 (¥21.9 bln) **(1.9%)**

Valuation difference on available-for-sale securities decreased due to decrease in value of cross-shareholdings with decline in stock prices

**Consolidated  
interest-bearing  
debt and  
nonrecourse loans**

**¥368.3 bln** vs.  
end of FY2023 +¥44.4 bln **+13.7%**

Increase in commercial papers due to upfront subcontractor payments as a result of progress in major domestic construction projects

**Return on  
invested capital  
(ROIC)**

**2.1 %**

For six months  
(April to September 2024)

**Return on equity  
(ROE)**

**4.8 %**

For six months  
(April to September 2024)

# Summary of FY2024 2nd Quarter Results



## Consolidated net sales

**¥1,240.5** bln

YoY

+¥159.2 bln

**+14.7%**

Progress rate

49.4%

- Steady progress in both building construction and civil engineering projects in hand
- Impact of foreign exchange rates and the consolidation of MWH contributed to the overseas construction business

## Consolidated operating income

**¥45.4** bln

YoY

+¥14.6 bln

**+47.5%**

Progress rate

48.9%

- Despite the provision for losses on construction contracts in the domestic building construction business, profit increased due to start and progress in high profitability projects and profit improvement in construction projects in hand

## Profit attributable to owners of parent

**¥55.1** bln

YoY

+¥25.3 bln

**+85.3%**

Progress rate

63.3%

- Significantly increased YoY due to higher operating income and steady progress in the sale of cross-shareholdings

## Consolidated orders received

**¥1,648.4** bln

YoY

+¥674.9 bln

**+69.3%**

Progress rate

65.4%

- Secured orders focusing to equalize the amount of construction work for the domestic construction business
- Large progress on the overseas construction business mainly due to large-scale projects received by MWH

# Consolidated Balance Sheets



- Decrease in cash and deposits: Upfront subcontractor payments in line with progress of construction projects
- Decrease in equity: Valuation difference on available-for-sale securities decreased due to decline in stock prices

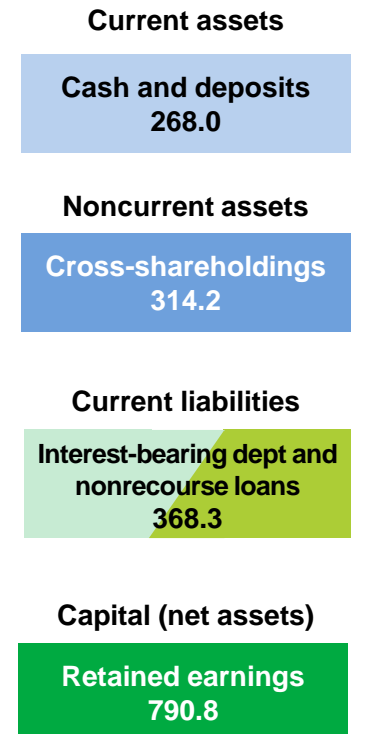
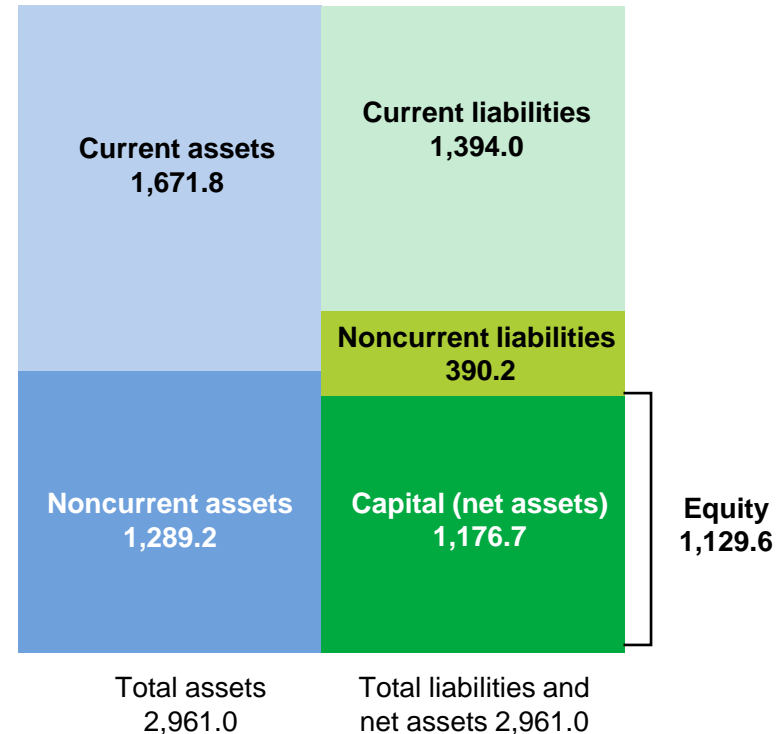
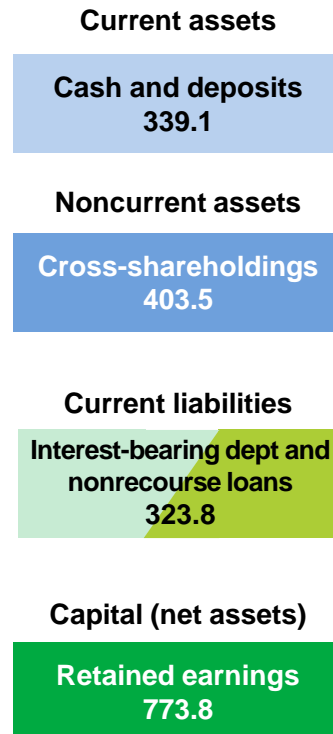
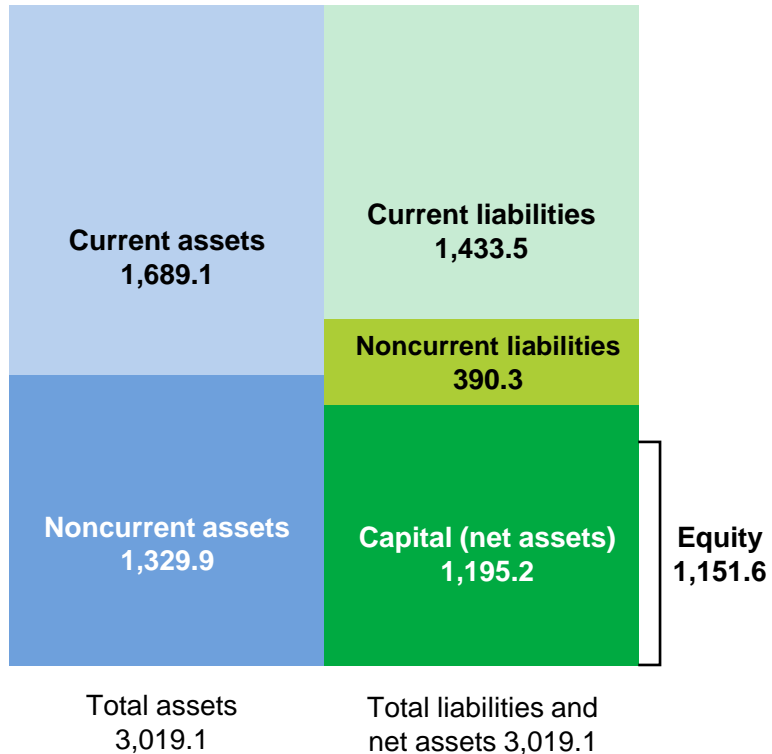
## FY2023 Results

(Billions of yen)



## FY2024/2Q Results

(Billions of yen)



# Statements of Income



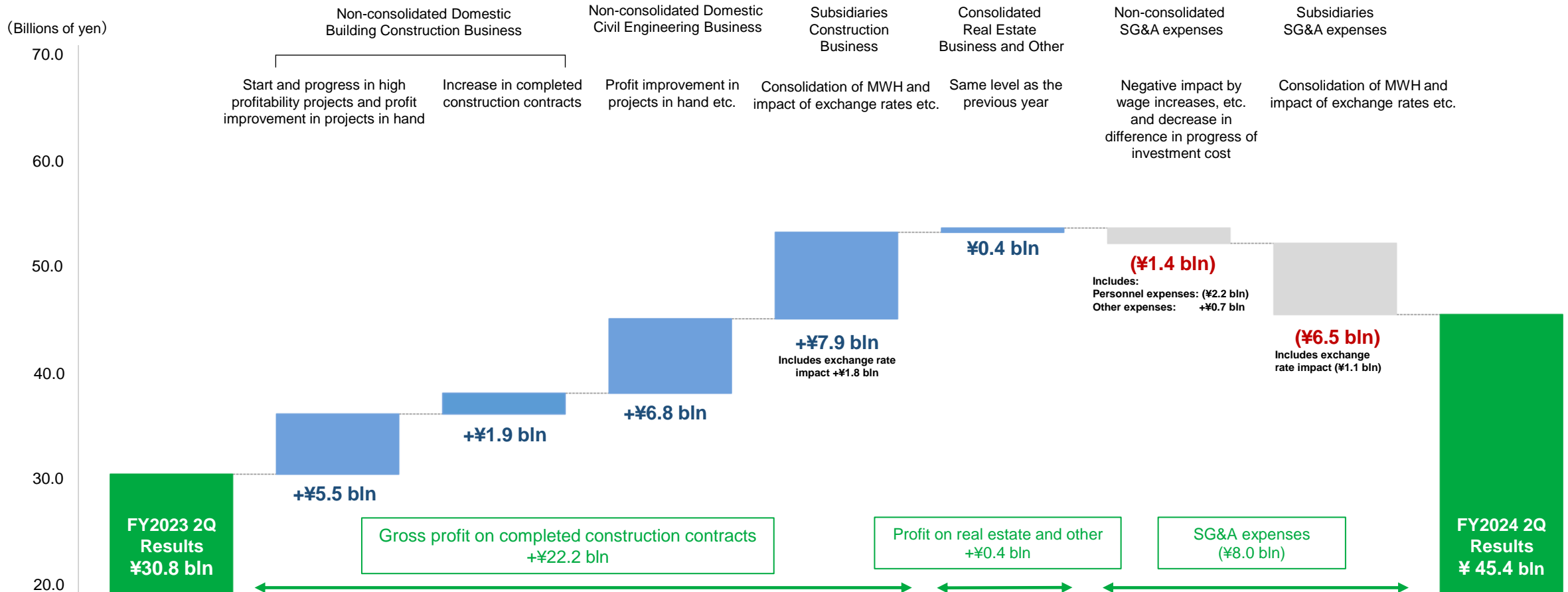
(Billions of yen)

|  |          | Consolidated         |      |                      |              | Non-consolidated     |      |                      |             |        |       |
|--|----------|----------------------|------|----------------------|--------------|----------------------|------|----------------------|-------------|--------|-------|
|  |          | FY2023<br>2Q Results |      | FY2024<br>2Q Results |              | FY2023<br>2Q Results |      | FY2024<br>2Q Results |             | Y o Y  |       |
| Net sales of<br>completed construction<br>contracts    | Building | 811.8                |      | <b>898.9</b>         |              | 586.9                |      | <b>619.7</b>         |             | +87.0  | +32.8 |
|  | Civil    | 224.7                |      | <b>296.1</b>         |              | 146.4                |      | <b>158.1</b>         |             | +71.3  | +11.6 |
|  | Total    | 1,036.6              |      | <b>1,195.1</b>       |              | 733.4                |      | <b>777.9</b>         |             | +158.4 | +44.5 |
| Net sales of real estate business and other            |          | 44.6                 |      | <b>45.4</b>          |              | 10.7                 |      | <b>9.4</b>           |             | +0.8   | (1.3) |
| Net sales  |          | 1,081.3              |      | <b>1,240.5</b>       |              | 744.1                |      | <b>787.4</b>         |             | +159.2 | +43.2 |
| Gross profit<br>on completed construction<br>contracts | Building | %                    | -    | %                    | -            | 5.7                  | 33.6 | %                    | 6.6         | 41.1   | +7.4  |
|  | Civil    | -                    | -    | -                    | -            | 14.8                 | 21.7 | 18.1                 | 28.6        | +6.8   |       |
|  | Total    | 8.2                  | 84.4 | 8.9                  | <b>106.7</b> | 7.6                  | 55.4 | 9.0                  | <b>69.7</b> | +22.2  | +14.3 |
| Gross profit on real estate business and other         |          | 26.0                 | 11.6 | 26.5                 | <b>12.0</b>  | 25.2                 | 2.7  | 20.0                 | <b>1.8</b>  | +0.4   | (0.8) |
| Gross profit   |          | 8.9                  | 96.1 | 9.6                  | <b>118.8</b> | 7.8                  | 58.1 | 9.1                  | <b>71.6</b> | +22.6  | +13.5 |
| Selling, general and administrative expenses           |          | 6.0                  | 65.2 | 5.9                  | <b>73.3</b>  | 5.9                  | 44.1 | 5.8                  | <b>45.5</b> | +8.0   | +1.4  |
| Operating income                                       |          | 2.9                  | 30.8 | 3.7                  | <b>45.4</b>  | 1.9                  | 14.0 | 3.3                  | <b>26.0</b> | +14.6  | +12.0 |
| Ordinary income  |          | 3.5                  | 38.0 | 4.0                  | <b>49.7</b>  | 2.9                  | 21.6 | 3.9                  | <b>31.0</b> | +11.7  | +9.3  |
| Profit attributable to owners of parent                |          | 2.8                  | 29.7 | 4.4                  | <b>55.1</b>  | 2.6                  | 19.6 | 5.4                  | <b>42.8</b> | +25.3  | +23.2 |



# Change in Consolidated Operating Income

- FY2024/2Q resulted in ¥45.4 billion, up ¥14.6 billion YoY
- Despite the provision for losses on construction contracts in the domestic building construction business, profit increased due to start and progress in high profitability projects and profit improvement in construction projects in hand



# Orders Received



(Billions of yen)

|                                |          |          | Consolidated         |                        |        | Non-consolidated     |                        |        |
|--------------------------------|----------|----------|----------------------|------------------------|--------|----------------------|------------------------|--------|
|                                |          |          | FY2023<br>2Q Results | FY2024<br>2Q Forecasts | Y o Y  | FY2023<br>2Q Results | FY2024<br>2Q Forecasts | Y o Y  |
| Construction<br>business       | Building | Domestic | 421.3                | <b>671.4</b>           | +250.0 | 396.5                | <b>648.8</b>           | +252.2 |
|                                |          | Overseas | 299.3                | <b>282.7</b>           | (16.5) | 1.9                  | <b>3.0</b>             | +1.0   |
|                                |          | Total    | 720.7                | <b>954.1</b>           | +233.4 | 398.5                | <b>651.8</b>           | +253.3 |
|                                | Civil    | Domestic | 153.4                | <b>239.0</b>           | +85.5  | 112.1                | <b>199.4</b>           | +87.3  |
|                                |          | Overseas | 58.5                 | <b>389.7</b>           | +331.1 | 18.0                 | <b>44.4</b>            | +26.3  |
|                                |          | Total    | 212.0                | <b>628.7</b>           | +416.7 | 130.2                | <b>243.9</b>           | +113.6 |
|                                | Total    | Domestic | 574.8                | <b>910.4</b>           | +335.6 | 508.7                | <b>848.3</b>           | +339.5 |
|                                |          | Overseas | 357.9                | <b>672.5</b>           | +314.5 | 20.0                 | <b>47.4</b>            | +27.4  |
|                                |          | Total    | 932.7                | <b>1,582.9</b>         | +650.1 | 528.8                | <b>895.7</b>           | +366.9 |
| Real estate business and other |          |          | 40.7                 | <b>65.5</b>            | +24.7  | 10.8                 | <b>9.4</b>             | (1.3)  |
| Total                          |          |          | 973.5                | <b>1,648.4</b>         | +674.9 | 539.6                | <b>905.2</b>           | +365.6 |



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## FY2024 Full Year Forecasts

- Summary
- Statements of Income (Forecasts)
- Operating Income (Forecasts)
- Orders Received(Forecasts)

**Note: No revisions are made to the forecasts announced on August 6, 2024.**

## Summary of FY2024 Forecasts



### Consolidated equity

**¥1,147.0** bln

YoY

(¥4.6 bln)

(0.4%)

Unconfirmed factors such as decrease in shareholders' equity due to additional returns and changes in valuation difference on available-for-sale securities due to changes in stock price and others, are not taken into account \*

### Consolidated interest-bearing debt and nonrecourse loans

**¥400.0** bln

YoY

+¥76.1 bln

+23.5%

Increase significantly due to advanced payments to suppliers and subcontractors to be covered by procurement according to the progress of the construction projects and investments in the real estate business and other

### Return on invested capital (ROIC)

**4.2** %

YoY

+0.4 pt

ROIC for the domestic construction business is to improve due to the improvement in profitability at the time of receiving orders, etc., and which will boost the ROIC for the entire Company

### Return on equity (ROE)

**7.6** %

YoY

+0.6 pt

- ROE is expected to improve along with profit improvement
- Continue to ensure management with capital efficiency in mind

\*Equity at the end of FY2023, plus or minus the forecasted net income, year-end and interim dividends, and the adjustment to valuation difference on available-for-sale securities resulting from the sale of cross-shareholdings included in the earnings forecast.

Note: No revisions are made to the forecasts announced on August 6, 2024.

## Summary of FY2024 Forecasts



Consolidated  
net sales

**¥2,510.0** bln

YoY

+¥184.8 bln

**+7.9%**

Significant increase of over 100.0 billion yen due to the consolidation of MWH, acquired in the previous year

Consolidated  
operating income

**¥93.0** bln

YoY

+¥13.6 bln

**+17.2%**

Included significant profit recovery due to the impact of losses in the previous year in domestic building construction, increase in net sales of completed construction contracts, and improvement in profitability of construction projects, etc.

Profit attributable  
to owners of  
parent

**¥87.0** bln

YoY

+¥11.9 bln

**+15.9%**

Improved operating income and sale of cross-shareholdings steadily executed as planned

Consolidated  
orders received

**¥2,520.0** bln

YoY

+¥6.9 bln

**+0.3%**

Keep the high level as the same as the previous year foreseeing the continued strong demand for domestic building construction

Note: No revisions are made to the forecasts announced on August 6, 2024.

# Statements of Income (Forecasts)

(Billions of yen)



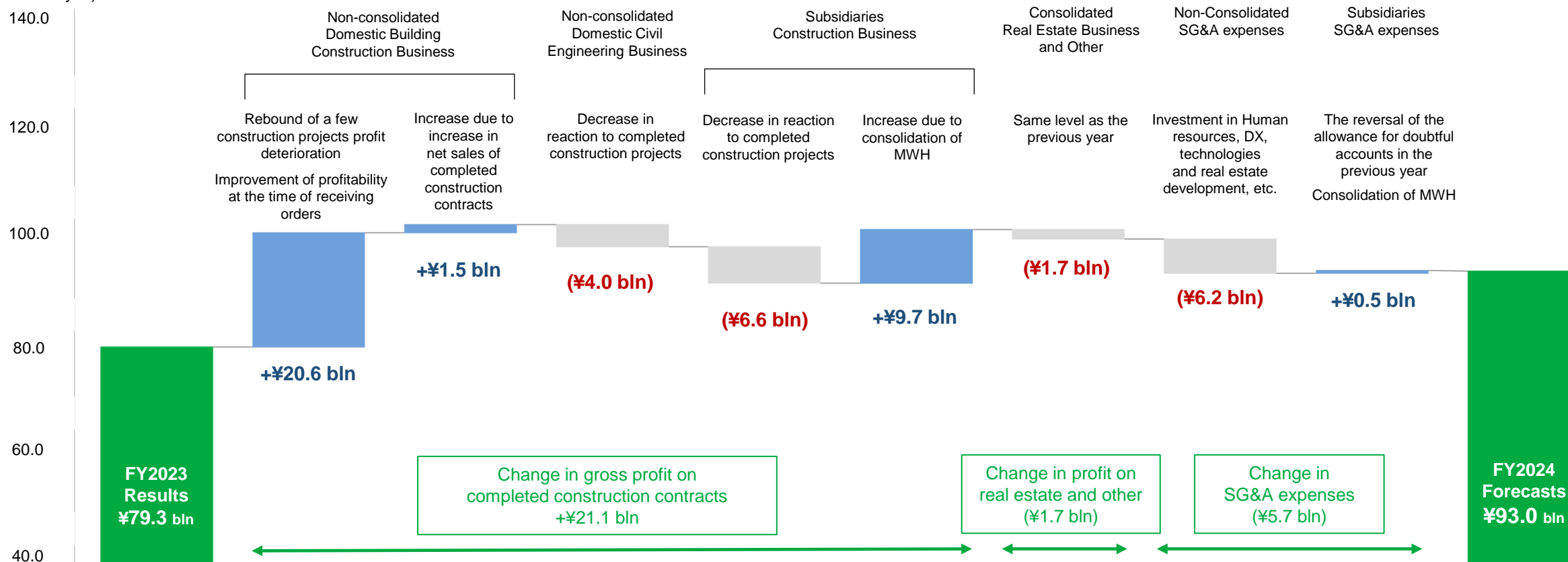
|   |          | Consolidated   |                  |            | Non-consolidated |                  |       |              |       |              |       |
|---|----------|----------------|------------------|------------|------------------|------------------|-------|--------------|-------|--------------|-------|
|   |          | FY2023 Results | FY2024 Forecasts | Y o Y      | FY2023 Results   | FY2024 Forecasts | Y o Y |              |       |              |       |
| Net sales of completed construction contracts   | Building | 1,722.0        | <b>1,770.0</b>   | +47.9      | 1,240.2          | <b>1,265.0</b>   | +24.7 |              |       |              |       |
|   | Civil    | 484.7          | <b>605.0</b>     | +120.2     | 315.6            | <b>320.0</b>     | +4.3  |              |       |              |       |
|   | Total    | 2,206.7        | <b>2,375.0</b>   | +168.2     | 1,555.8          | <b>1,585.0</b>   | +29.1 |              |       |              |       |
| Net sales of real estate business and other     |          | 118.3          | <b>135.0</b>     | +16.6      | 26.3             | <b>25.0</b>      | (1.3) |              |       |              |       |
| Net sales                                       |          | 2,325.1        | <b>2,510.0</b>   | +184.8     | 1,582.1          | <b>1,610.0</b>   | +27.8 |              |       |              |       |
| Gross profit on complete construction contracts | Building | % -            | % -              | -          | 6.3              | 78.3             | 7.9   | <b>100.5</b> | +22.1 |              |       |
|   | Civil    | -              | -                | -          | 15.4             | 48.5             | 13.9  | <b>44.5</b>  | (4.0) |              |       |
|   | Total    | 8.6            | 188.8            | <b>8.8</b> | <b>210.0</b>     | +21.1            | 8.2   | 126.9        | 9.1   | <b>145.0</b> | +18.0 |
| Gross profit on real estate business and other  |          | 26.0           | 30.7             | 21.5       | <b>29.0</b>      | (1.7)            | 19.7  | 5.1          | 14.0  | <b>3.5</b>   | (1.6) |
| Gross profit                                    |          | 9.4            | 219.6            | 9.5        | <b>239.0</b>     | +19.3            | 8.3   | 132.1        | 9.2   | <b>148.5</b> | +16.3 |
| Selling, general and administrative expenses    |          | 6.0            | 140.2            | 5.8        | <b>146.0</b>     | +5.7             | 5.6   | 88.7         | 5.9   | <b>95.0</b>  | +6.2  |
| Operating income                                |          | 3.4            | 79.3             | 3.7        | <b>93.0</b>      | +13.6            | 2.7   | 43.3         | 3.3   | <b>53.5</b>  | +10.1 |
| Ordinary income                                 |          | 3.9            | 91.5             | 3.9        | <b>98.0</b>      | +6.4             | 3.5   | 55.4         | 3.9   | <b>63.5</b>  | +8.0  |
| Profit attributable to owners of parent         |          | 3.2            | 75.0             | 3.5        | <b>87.0</b>      | +11.9            | 3.1   | 49.6         | 4.2   | <b>68.0</b>  | +18.3 |

Note: No revisions are made to the forecasts announced on August 6, 2024.

## Change in Operating Income (Forecasts)

- While non-consolidated SG&A expenses are expected to increase due to progress in investment for growth, profits are expected to recover significantly due to the rebound from losses in domestic building construction in the previous year and the consolidation of MWH, acquired in the previous fiscal year.

(Billions of yen)



Note: No revisions are made to the forecasts announced on August 6, 2024.

# Orders Received (Forecasts)



(Billions of yen)

|                                |          |          | Consolidated   |                  |         | Non-consolidated |                  |        |
|--------------------------------|----------|----------|----------------|------------------|---------|------------------|------------------|--------|
|                                |          |          | FY2023 Results | FY2024 Forecasts | Y o Y   | FY2023 Results   | FY2024 Forecasts | Y o Y  |
| Construction business          | Building | Domestic | 1,236.9        | <b>1,355.0</b>   | +118.0  | 1,194.8          | <b>1,300.0</b>   | +105.1 |
|                                |          | Overseas | 520.3          | <b>340.0</b>     | (180.3) | 3.7              | <b>10.0</b>      | +6.2   |
|                                |          | Total    | 1,757.3        | <b>1,695.0</b>   | (62.3)  | 1,198.5          | <b>1,310.0</b>   | +111.4 |
|                                | Civil    | Domestic | 423.1          | <b>380.0</b>     | (43.1)  | 328.0            | <b>295.0</b>     | (33.0) |
|                                |          | Overseas | 174.5          | <b>325.0</b>     | +150.4  | 48.5             | <b>45.0</b>      | (3.5)  |
|                                |          | Total    | 597.7          | <b>705.0</b>     | +107.2  | 376.6            | <b>340.0</b>     | (36.6) |
|                                | Total    | Domestic | 1,660.1        | <b>1,735.0</b>   | +74.8   | 1,522.9          | <b>1,595.0</b>   | +72.0  |
|                                |          | Overseas | 694.9          | <b>665.0</b>     | (29.9)  | 52.2             | <b>55.0</b>      | +2.7   |
|                                |          | Total    | 2,355.0        | <b>2,400.0</b>   | +44.9   | 1,575.1          | <b>1,650.0</b>   | +74.8  |
| Real estate business and other |          |          | 158.0          | <b>120.0</b>     | (38.0)  | 26.3             | <b>25.0</b>      | (1.3)  |
| Total                          |          |          | 2,513.0        | <b>2,520.0</b>   | +6.9    | 1,601.5          | <b>1,675.0</b>   | +73.4  |

Note: No revisions are made to the forecasts announced on August 6, 2024.





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## Overview of Each Business

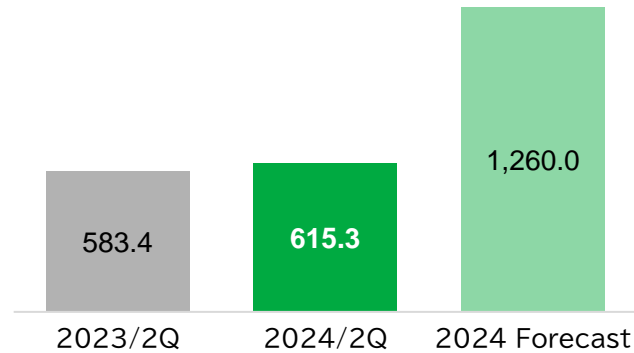
- Domestic Building Construction Business
- Domestic Civil Engineering Business
- Overseas Construction Business
- Real Estate Business and Other
- Consolidated/ Non-consolidated Comparison

# Domestic Building Construction Business (Non-consolidated)

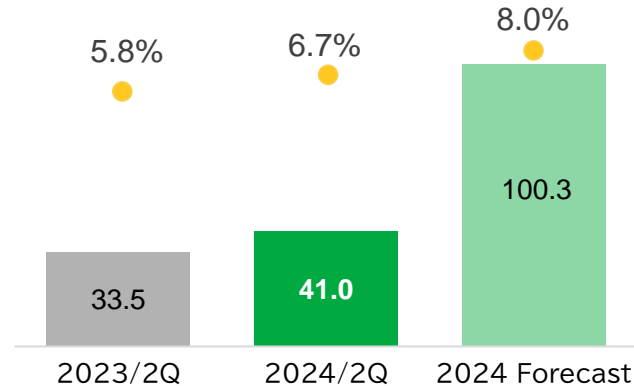


(Billions of yen)

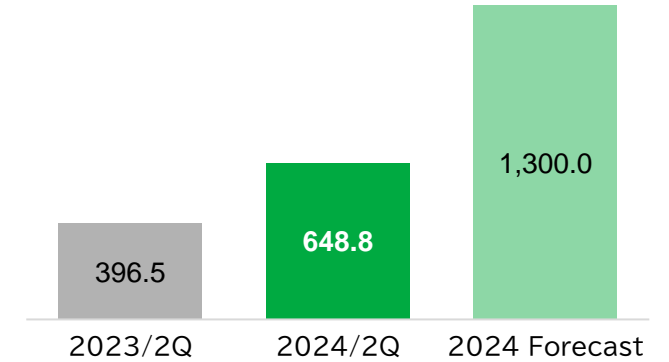
## Net sales of completed construction contracts



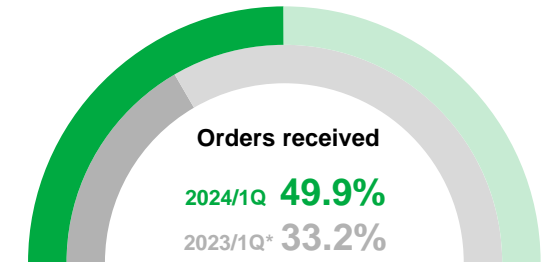
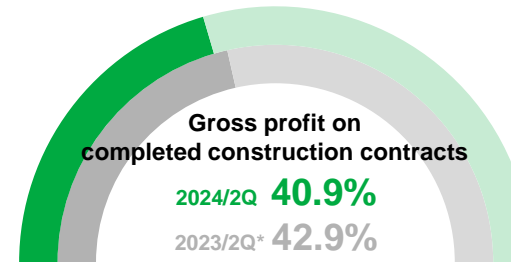
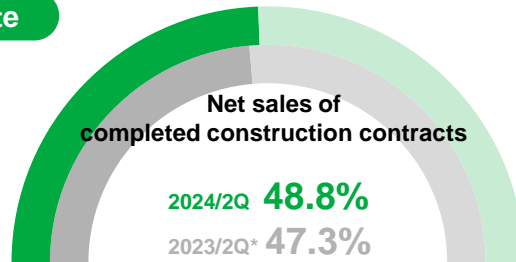
## Gross profit on completed construction/ ratio



## Orders received



## Progress rate



\*Compared to full-year results for FY2023

## FY2024/2Q Results

- Net sales of completed construction contracts increased by ¥31.9 billion YoY, mainly due to steady progress in the construction of large-scale projects in hand.
- Despite the provision for losses on construction contracts, gross profit on completed construction contracts increased by ¥7.4 billion, due to start and progress in high profitability projects and profit improvement in construction projects in hand

## FY2024 Full Year Forecasts

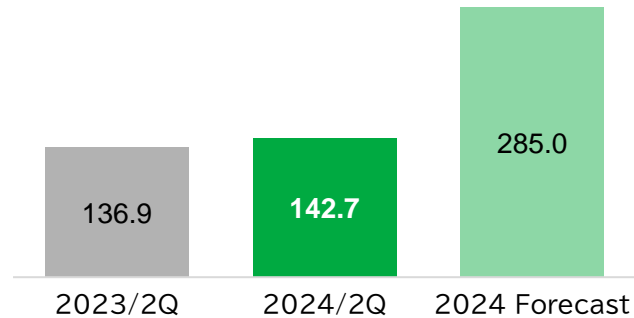
- Net sales of completed construction contracts is expected to remain the same level as the previous fiscal year, and strong demand in order environment especially from the manufacturing sector will continue.
- Continue to place top priority on ensuring profitability at the time of receiving orders.
- Expect more than ¥100.0 bln -level for gross profit on completed construction contracts due to start and progress in high profitability projects and the rebound from the losses in the previous year

# Domestic Civil Engineering Business (Non-consolidated)

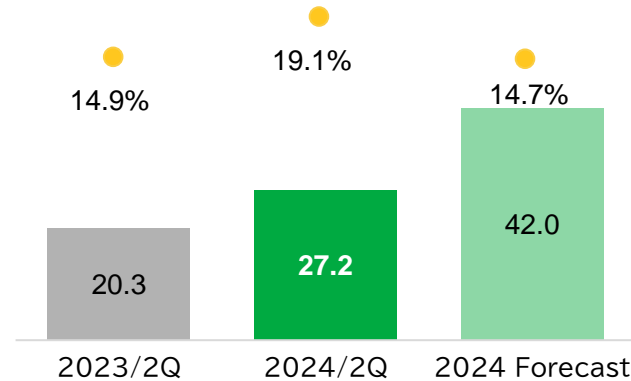


(Billions of yen)

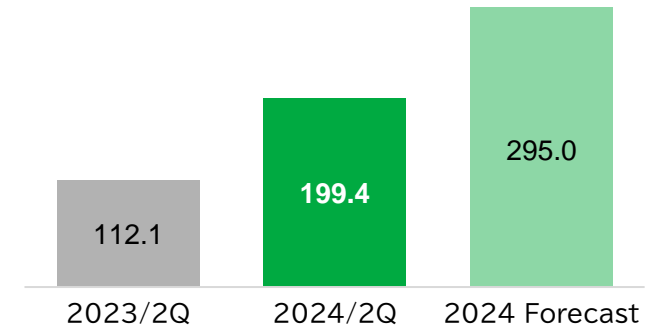
## Net sales of completed construction contracts



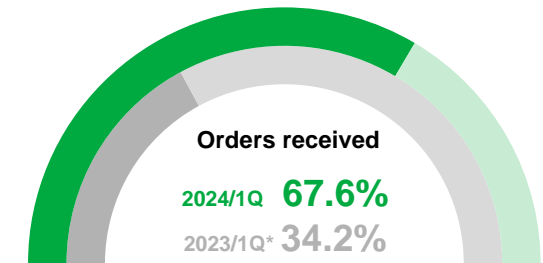
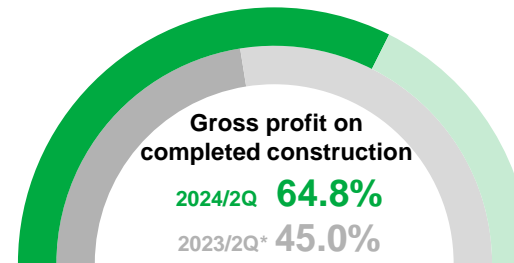
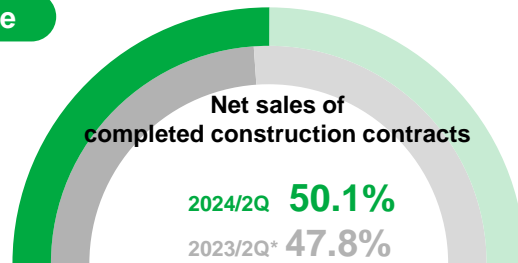
## Gross profit on completed construction/ ratio



## Orders received



## Progress rate



\*Compared to full-year results for FY2023

## FY2024/2Q Results

- Gross profit on completed construction increased by ¥6.8 billion YoY, due to profit improvement in projects in hand and additional claim approval
- Significant progress against the forecast on orders received due to acquiring large scale projects in 2Q

## FY2024 Full Year Forecasts

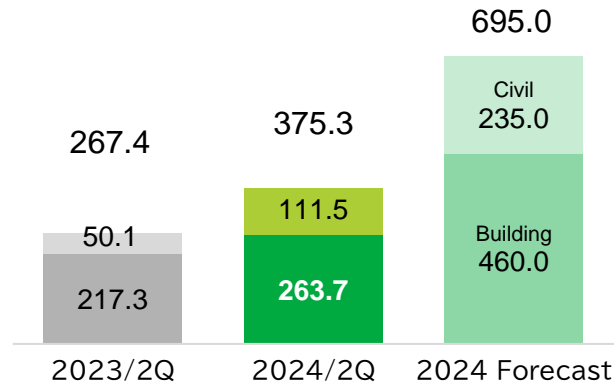
- Both net sales of completed construction contracts and gross profit on completed construction are expected to exceed initial forecasts due to the steady progress of construction projects in hand, as well as additional claim approval and profit improvement in each construction project

# Overseas Construction Business (Consolidated)

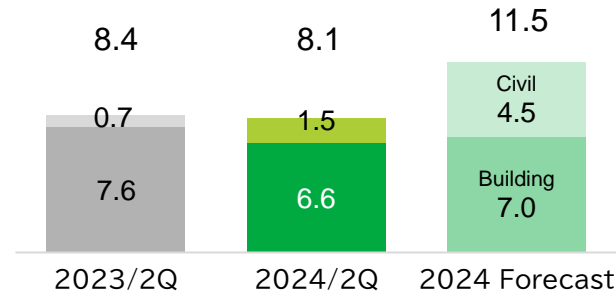


(Billions of yen)

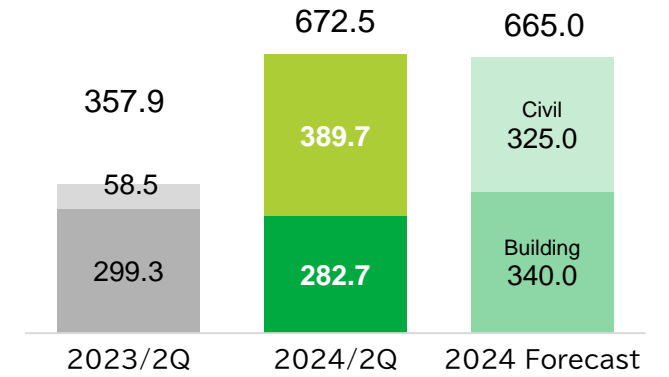
## Net sales of completed construction contracts



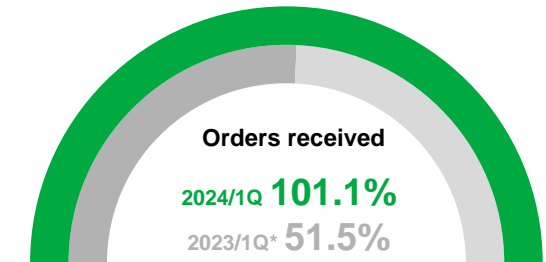
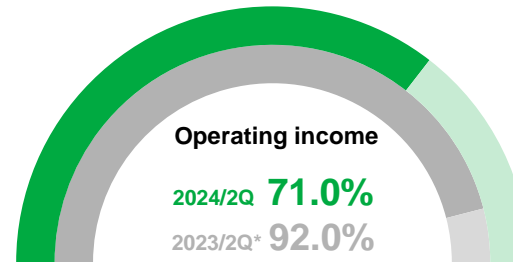
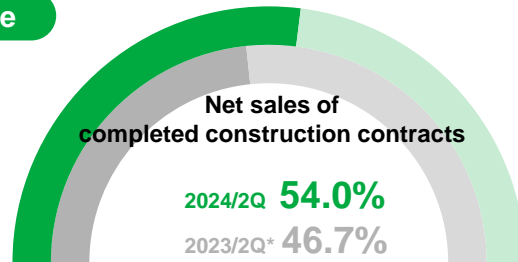
## Operating income



## Orders received



## Progress rate



\*Compared to full-year results for FY2023

## FY2024/2Q Results

- Net sales of completed construction contracts increased by ¥107.8 billion YoY due to the impact of foreign exchange rates and the consolidation of MWH, acquired in FY2023
- Operating income remained the same level as the previous year
- Large-scale projects at MWH and the impact of foreign exchange rates contributed to significant progress on orders received

## FY2024 Full Year Forecasts

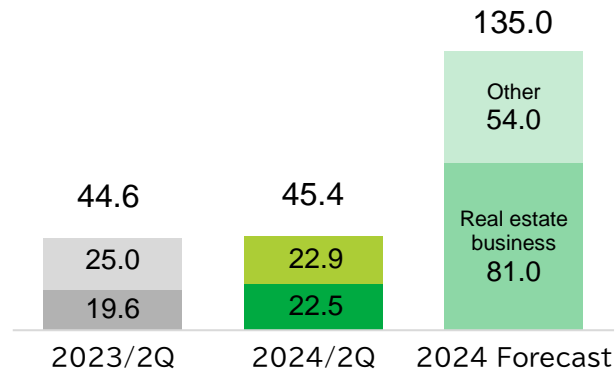
- Both net sales and operating income are expected to increase from the previous fiscal year due to the progress of construction projects in hand and the consolidation of MWH, as well as the absence of allowance for doubtful accounts that was recorded in the previous fiscal year

# Real Estate Business and Other (Consolidated)

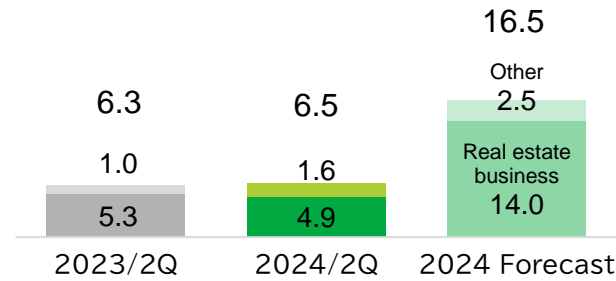


(Billions of yen)

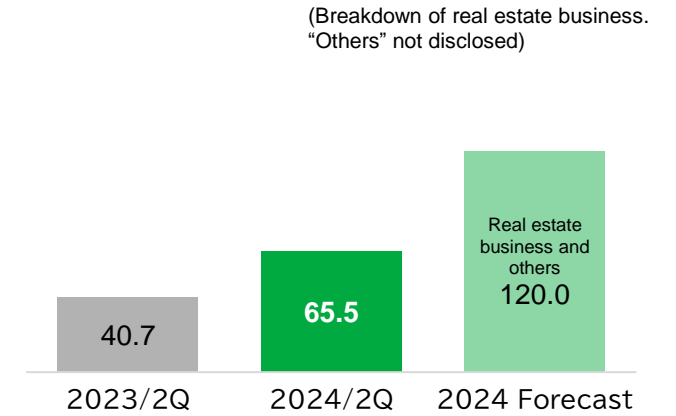
## Net sales



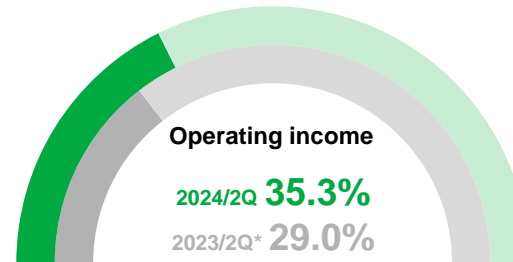
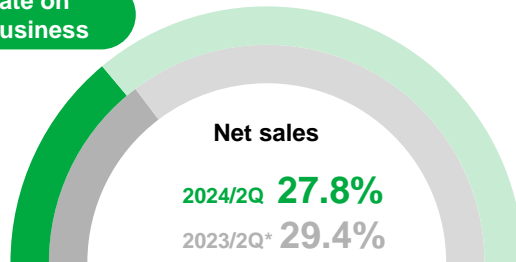
## Operating income



## Orders received



### Progress rate on real estate business



\*Compared to full-year results for FY2023

## FY2024/2Q Results

- Net sales for the real estate business increased due to the sale of condominiums at Obayashi Shinseiwa Real Estate
- Operating income decreased slightly due to depreciation expenses of completed properties, despite an increase due to the impact of exchange rates at Obayashi Properties UK

## FY2024 Full Year Forecasts

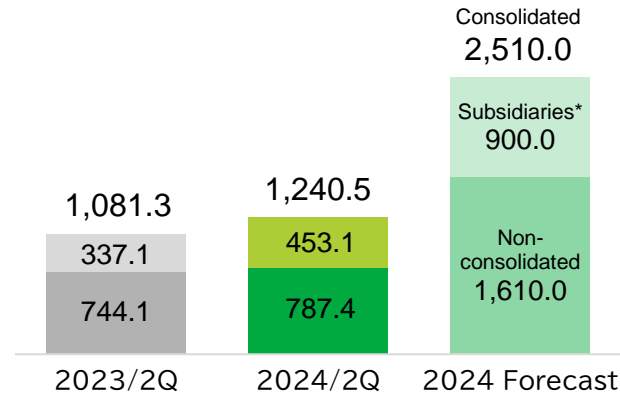
- Operating income in the real estate business is expected to decrease YoY due to the sale of properties to private funds etc. and increase of depreciation expenses of completed properties
- Continue to flexibly replace the properties through new investments and the sale of properties to private funds, etc.

# Consolidated / Non-consolidated Comparison

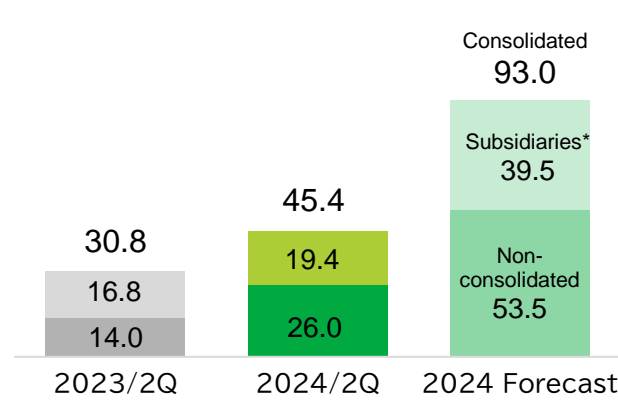


(Billions of yen)

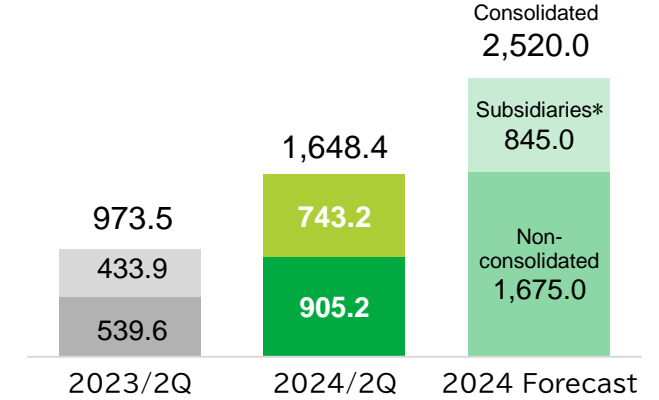
## Net sales



## Operating income



## Orders received



\*Includes consolidated journal entries

### Consolidated/ non-consolidated ratio

|      |      |      |
|------|------|------|
| 1.45 | 1.58 | 1.56 |
|------|------|------|

|      |      |      |
|------|------|------|
| 2.20 | 1.74 | 1.74 |
|------|------|------|

|      |      |      |
|------|------|------|
| 1.80 | 1.82 | 1.50 |
|------|------|------|

### FY2024/2Q Results

- Non-Consolidated: Both net sales and operating income increased due to steady progress in construction projects in hand for domestic building construction and civil engineering, as well as contribution from start and progress in high profitability projects in hands
- Subsidiaries: Net sales and operating income increased mainly due to the contribution of MWH acquired in FY2023

### FY2024 Full Year Forecasts

- Both net sales and operating income are expected to increase due to steady progress in construction projects in hand in the non-consolidated domestic construction sector, as well as due to profit improvement in construction projects in hand
- Subsidiaries: Increase in net sales and operating income due to the consolidation of MWH acquired in the previous fiscal year



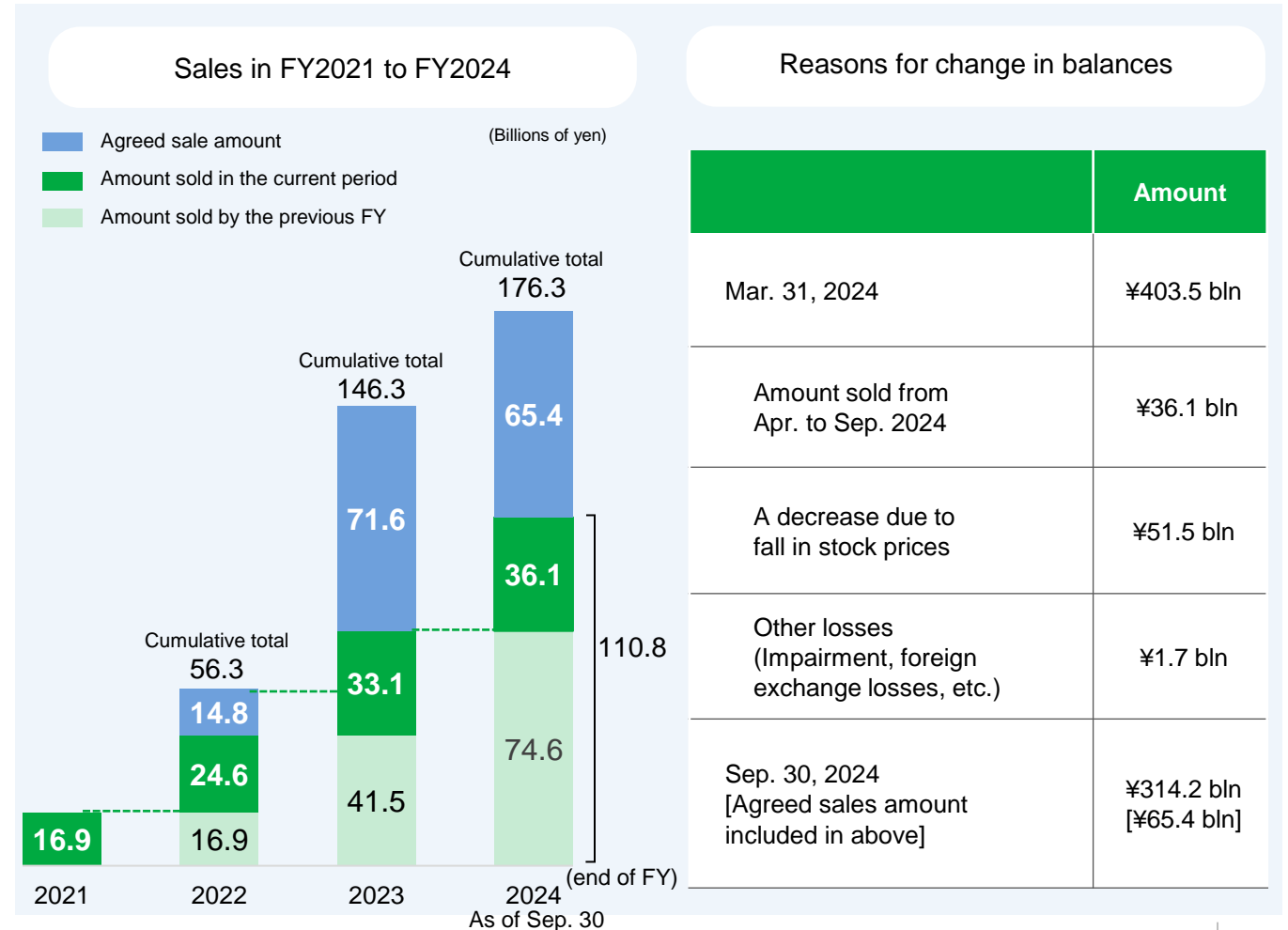
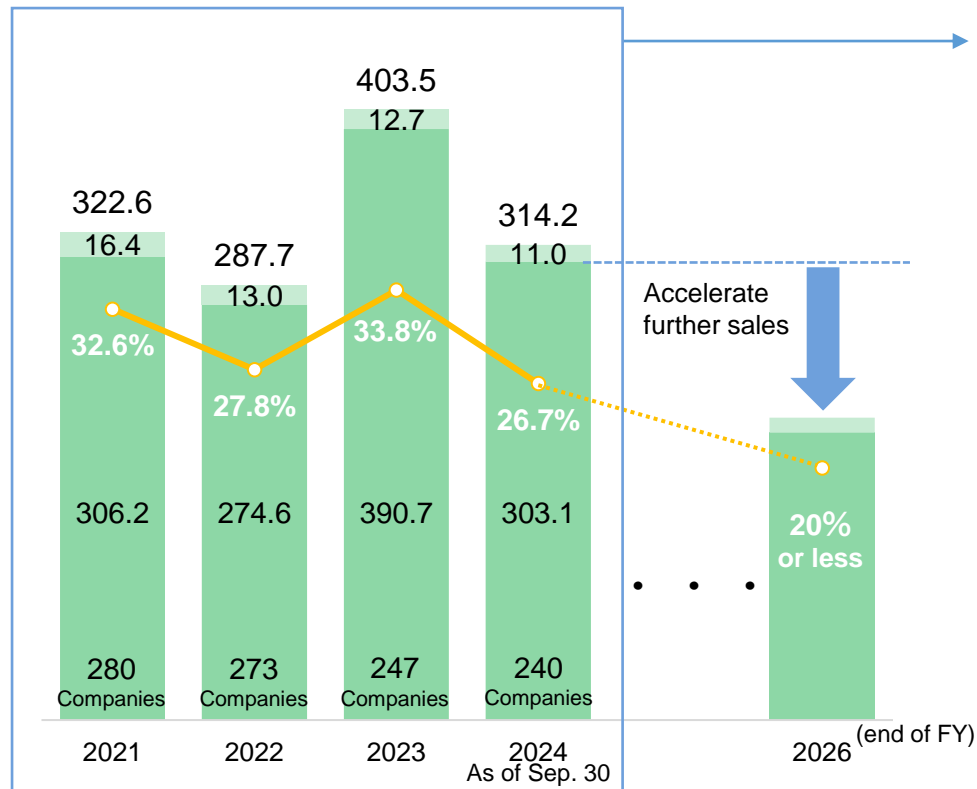
4

## **Reduction of Cross-Shareholdings / Changes in Shareholder Returns**

# Reduction of Cross-Shareholdings

- The balance at the end of September 2024 decreased from March 2024 due to steady progress on sales and recent fall in the stock market
- Continue to strive for further reduction, with the goal of achieving 20% or less of consolidated net assets by the end of March 2027

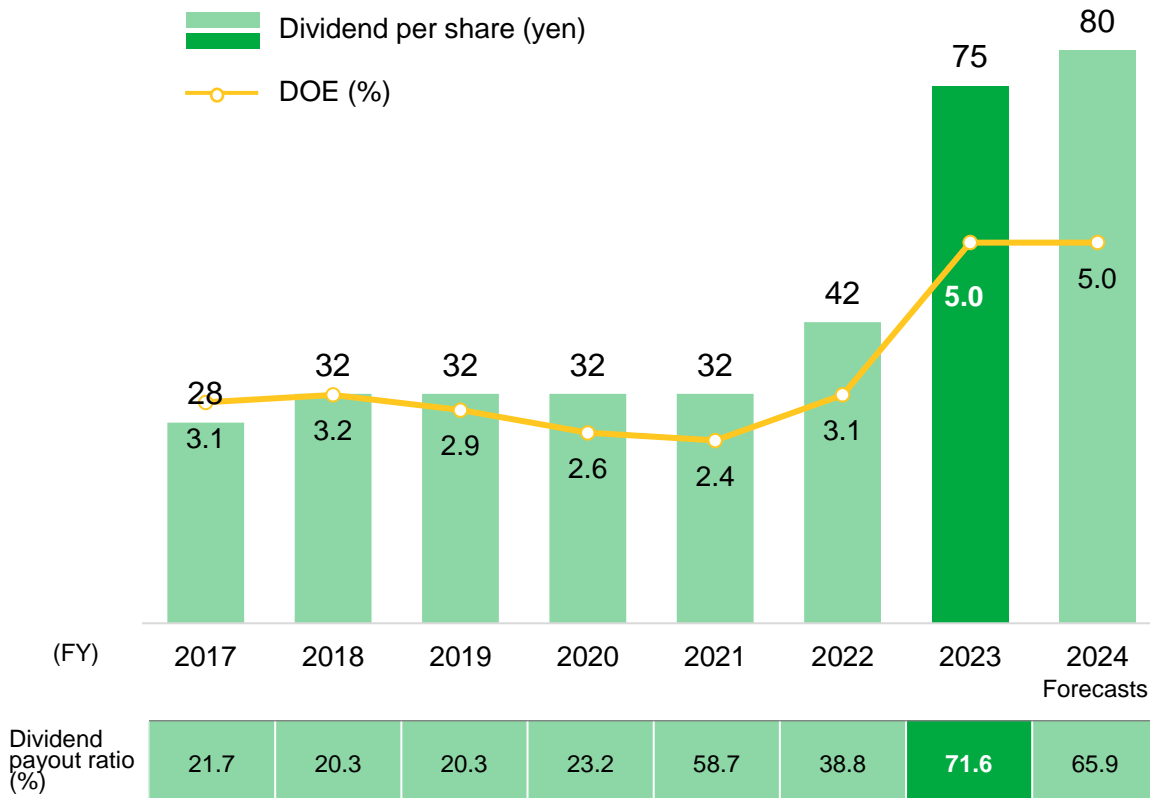
- Balance of listed stocks (Consolidated, Billions of yen)
- Balance of unlisted stocks (Consolidated, Billions of yen)
- Consolidated net assets ratio (%)
- Cross-shareholdings at end of period / Net assets at end of period (Consolidated)





# Changes in Shareholder Returns

- Planning an interim dividend of 40 yen per share and an annual dividend of 80 yen per share, based on a dividend policy of DOE around 5%
- Internal studies such as simulating the impact on performance indicators are currently underway, and flexible shareholder-returns are considered (implementation methods, scale, timing, etc.),



Top priority to maintain  
stable long-term  
dividend

**DOE around 5%**  
Raised from around 3%

Review DOE target in line with  
medium- to long-term improvement of  
the profit level

Execute flexible  
shareholder-returns  
according to necessary  
equity and profit status

**Strategic shareholder  
returns**

Use various ways such as  
special dividends and acquisition  
of own shares



5

## **Medium-Term Business Plan 2022 Performance Indicator Targets / Investment Plan and Results / Major Investments**

## Performance Indicator Targets

- Recover profitability and achieve consolidated operating income of ¥100.0 billion despite the impact of low-profit construction project due to factors such as the rising construction material prices will remain for the time being
- Aim to achieve ROE of 10% by FY2026 through strategic capital policy by setting the necessary equity at around 1 trillion yen after considering the capital structure that further emphasizes capital efficiency
- In addition to equity and ROE, new targets are set for consolidated net sales, profit attributable to owners of parent, EPS and DOE in the Medium-Term Business Plan 2022 addendum

|   | FY2022<br>Results | FY2023<br>Results | FY2024<br>Forecasts | Original Targets                            | Targets After the Change         |
|---|-------------------|-------------------|---------------------|---|----------------------------------|
| Consolidated net sales                                  | ¥1,983.8 billion  | ¥2,325.1 billion  | ¥2,510.0 billion    | Around ¥2 trillion                          | <b>Mid-¥2 trillion range</b>     |
| Consolidated operating income                           | ¥93.8 billion     | ¥79.3 billion     | ¥93.0 billion       | ¥100.0 billion or more                      | ¥100.0 billion or more           |
| Profit attributable to owners of parent                 | ¥77.6 billion     | ¥75.0 billion     | ¥87.0 billion       | —   | <b>Around ¥100.0 billion</b>     |
| Profit attributable to owners of parent per share (EPS) | ¥108.34           | ¥104.69           | ¥121.34             | ¥100 or more                                | <b>Around ¥140</b>               |
| Invested capital at the end of period                   | ¥1,373.8 billion  | ¥1,518.6 billion  | ¥1,590.0 billion    | —   | —                                |
| Equity at the end of period                             | ¥997.1 billion    | ¥1,151.6 billion  | ¥1,147.0 billion    | Equity ratio of around 40%                  | <b>¥1 trillion level</b>         |
| Interest-bearing debt at the end of period              | ¥337.9 billion    | ¥323.8 billion    | ¥400.0 billion      | —   | —                                |
| Return on invested capital (ROIC)                       | 4.9%              | 3.8%              | 4.2%                | 5% or more<br>in the medium term            | 5% or more<br>in the medium term |
| Return on equity (ROE)                                  | 8.0%              | 7.0%              | 7.6%                | Reference: 8% or more<br>in the medium term | <b>10% or more by FY2026</b>     |
| Dividend on equity ratio (DOE)                          | 3.1%              | 5.0%              | 5.0%                | Around 3%                                   | Around 5%                        |

# Investment Plans and Results



(Billions of yen)

|   | Original Plan         |                               | Plan after the Change |
|---|-----------------------|-------------------------------|-----------------------|
|   | FY2022 through FY2026 | FY2022 through FY2023 Results |                       |
| <b>■ Intangible asset investment for platform development</b>   |                       |                               |                       |
| Human resource-related investment   | 25.0                  | 10.6                          | 30.0                  |
| DX-related investment   | 70.0                  | 31.9                          | 90.0                  |
| Technology-related investment   | 80.0                  | 33.2                          | 100.0                 |
| <b>■ Continuous tangible asset investment with a focus on strengthening the foundation of the construction business</b> |                       |                               |                       |
| Construction machinery and Business facilities  | 50.0                  | 33.5                          | 75.0                  |
| <b>■ Growth investment toward expanding business portfolio</b>  |                       |                               |                       |
| Real estate development business  | 300.0                 | 175.9                         | 300.0                 |
| Green energy business   | 50.0                  | 6.0                           | 60.0                  |
| M&A and capital tie-ups, VC, etc. including open innovation investments   | 25.0                  | 44.8                          | 95.0                  |
| <b>Total investment amount over 5 years</b>   | <b>600.0*</b>         | <b>336.0</b>                  | <b>750.0</b>          |

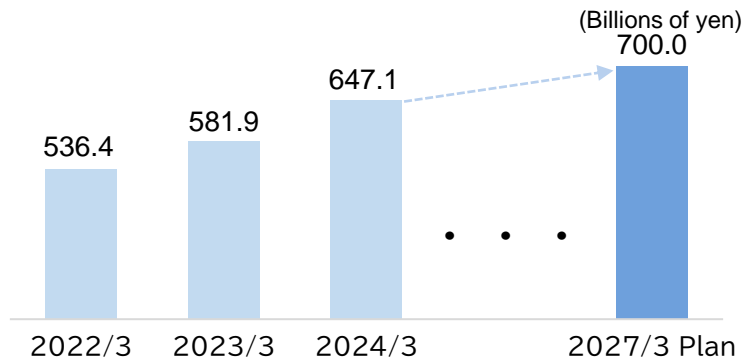
\*Potential investments for growth such as large-scale M&A projects are not included in the plan above

# Major Investments

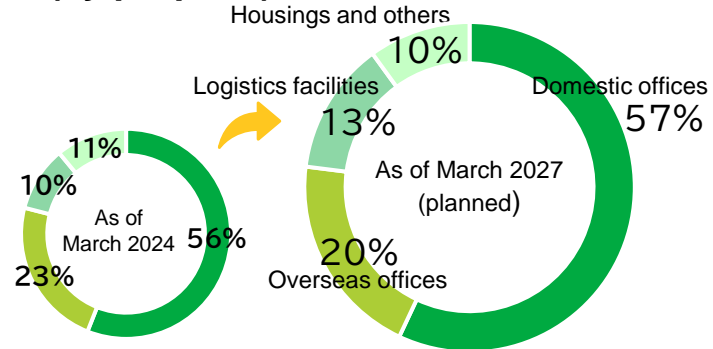
## Real Estate Development Business

Growth investment toward expanding business portfolio

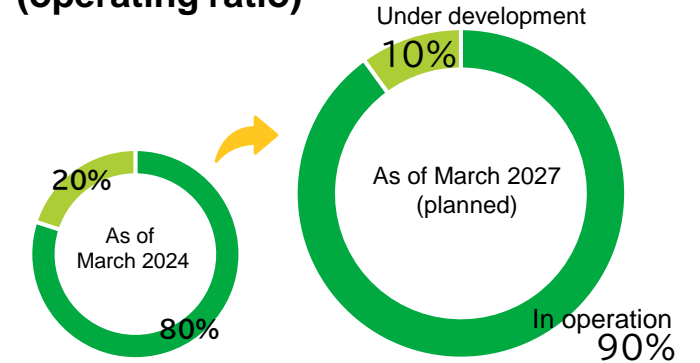
### Changes in the scale of real estate assets during Medium-Term Business Pan 2022



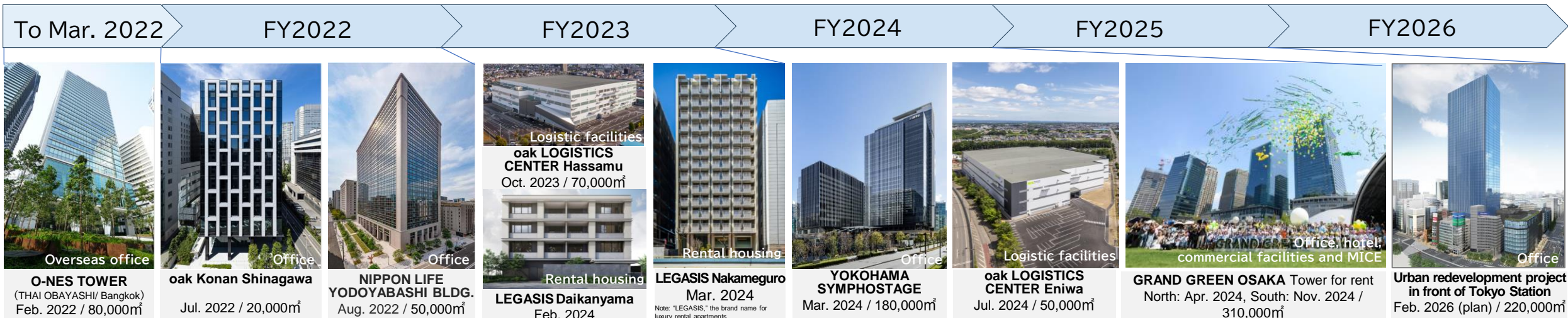
### Breakdown of owned assets (by purpose)



### Breakdown of owned assets (operating ratio)



### Recent major real estate development projects (Description shows completion date and approximate total floor area)





# Major Investments

## Green Energy Business

Growth investment toward expanding business portfolio

Overseas renewable energy power generation business development and commercialization of green hydrogen export in NZ

### Power Generation Business

#### STRATEGY

Develop investments targeting the **Oceania region**

#### ACTION 2024.4

**Acquired 50% share in Eastland Generation Limited**, a power generation company in the North Island of New Zealand. This means acquisition of **68 MW geothermal generation capacity**, equivalent to 34 MW of our generation capacity



At the signing ceremony of a commemorative certificate for the capital tie-up with Eastland Generation.

### Hydrogen Business

#### STRATEGY

**Expand hydrogen production and supply bases** to strengthen the hydrogen supply network using the hub-and spoke method (See the picture on the right)

#### ACTION 2024.6

Built a new hydrogen fast-fill station in **Wiri**, South Auckland, the second station after the first in Taupo



**Commercialize green hydrogen export business**

**Established a locally-produce & consume-supply chain model for green hydrogen**

**Advanced overseas renewable energy power generation projects and increased profits**

**2021.12**  
**Opened a hydrogen production and supply facility in Taupo**

Started regular supply of green hydrogen to long-distance transport trucks for a dairy manufacturer based in Taupo

The North Island of New Zealand

Wiri

Fast refueling station

Taupo

Production and supply facility



Fiji



**【Demonstration Project】**  
[Transportation of the hydrogen produced in Taupo by sea to Fiji, used as fuel for a hydrogen co-firing power generator attached to the local gas company's office](#) (Japan's Ministry of the Environment subsidy project)

# Major Investments

## M&A

### Growth investment toward expanding business portfolio

#### Established Department within Corporate Strategy Division to plan and advance M&A projects

To realize the Obayashi Group's Vision for 2050 as set out in the Medium-Term Business Plan 2022, the Corporate Strategic Growth Department has established to strengthen the system to plan and advance M&A projects

#### M&A Policy

- Increase the value for customers by solving social challenges and expand business portfolio for sustainable growth
- Focus on synergies with existing business portfolio, including construction business
- Purpose is not to restructure the industry or expand sales by acquiring companies in the construction industry

#### Recent M&A

MWH Management, Inc.



- A major construction company in the water treatment facility construction market in the United States
- Acquisition date: December, 2023
- Acquisition costs: Undisclosed (Amortization of goodwill: approx. ¥15.0 billion over 10 years)

Results for FY2024 (Apr. to Sep.) Net sales: ¥ 51.9 bln Operating income: ¥1.6 bln \*

Forecast for FY2024 full-year Net sales: ¥103.0 bln Operating income: ¥3.8 bln \*

\* Before amortization of goodwill, etc.

# Major Investments

## Technology-related Investment

## Intangible asset investment for platform development

Established an Overseas R&D Base, Obayashi Construction-Tech Lab Singapore (OCLS) in April 2024

### Purpose and activities

- Build an R&D ecosystem in Asia to accelerate the development of technologies that will shape the future
- Focus areas are “**robotics**” and “**automation**”
- Start joint research with two universities and collaborate with a robot manufacturer

### Benefits of setting up in Singapore

- Plenty demonstration opportunities to apply new technologies due to the precedence of government-led rationalization of construction
- Many options for partners to build up an ecosystem
- Improving Information exchange and collaboration with local subsidiaries in Asia
- Opportunity to acquire talented Asian researchers



OCLS

Nanyang Technological  
University



Fabrication of structures using  
metal 3D printing

Singapore University of  
Technology and Design



Robot-friendly design and robot  
for construction planning

Fang Shi Technology  
(China)



Application of a robot for  
leveling and pressing concrete  
floors on construction sites



# Major Investments

## Technology-related Investment

## Intangible asset investment for platform development

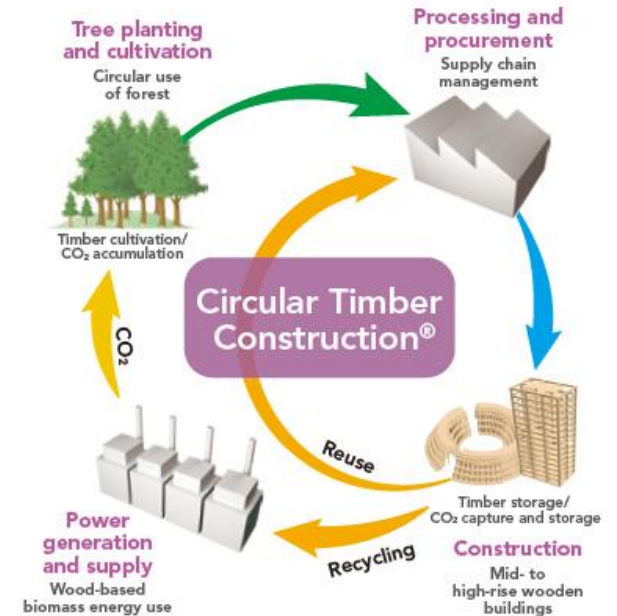
Developed a hybrid production system of saplings using artificial and natural light and started its pilot plant

### Purpose and activities

- Established the pilot plant in Tottori Prefecture aiming for a **stable supply of saplings** for tree planting
- Started **cultivating larch saplings** in June and plan to **supply 10,000 saplings a year**

### External awards

- Excellent award at the Forest x ACT challenge 2024 hosted by the Forestry Agency in Japan
- Highly regarded the Obayashi Group's initiatives in the conservation and utilization of forest resources including cultivating saplings



### Benefits of producing larch saplings

- Help **revitalize forest** land through an optimal growth environment
- Revitalize forests to **achieve carbon neutrality**
- Contribute to the promotion of **large-scale wooden building** construction due to its superior strength
- Contribute to **well-being** by reducing the risk of hay fever

# Major Investments

## Open Innovation Investment

### Intangible asset investment for platform development

Timely Disclosure Items dated November 11, 2024

**Establish a new company to develop and operate urban data centers (DCs); the first DC to be opened in Tokyo in FY2028**  
**Approx. ¥100.0 billion investment in total over the next 10 years**

#### Company Outline



MiTASUN Inc.

- Location: 3-12-14, Mita, Minato-ku, Tokyo
- Date of establishment: Late November 2024
- Capital: ¥495 million

#### Business Overview

- Renovate or reconstruct existing buildings with vacancy in urban areas into urban DCs utilizing know-how related to data center construction, renewal technologies and customer networks, etc.
- Respond to the needs for edge computing\*, which enables high-speed data processing, by developing urban DCs adjacent to areas of high demand
- In addition to the first DC, opened in FY2028, the land for the second DC has also been secured. Planning investment of approx. ¥100 billion in total over the next 10 years
- Aim to build a 40 MW-class DC cluster by FY2031, by advancing alliances with partners in Japan and overseas, and converting and interconnecting buildings owned by other companies into DCs

\*Edge computing

Technology that distributes processing devices close to users and terminals and perform data processing at network endpoints



Completed image of the first urban DC to be opened in Minato Ward, Tokyo in FY2028



MAKE  
BEYOND  
つくるを拓く

OBAYASHI

