

March 4, 2024

Notice Concerning Changes in Dividend Policy and Revision to Dividend Forecasts (Dividend Increase)

OBAYASHI CORPORATION (hereinafter referred to as the “Company”) hereby announces that changes in the dividend policy were resolved, and dividend forecasts for the fiscal year ending March 31, 2024, were revised (dividend increase) by the Board of Directors. The details are described below. Please refer to “Notice Concerning Revision of Capital Policy” announced separately on March 4, 2024.

1. Changes in the Dividend Policy

(1) Reasons for the Changes

To further enhance corporate value and sustainable growth, the Company decided to strive for profit growth in order to achieve its existing target of a minimum return on invested capital (ROIC) of 5% or more over the medium term, and at the same time, target a return on equity (ROE) of 10% by fiscal year ending March 31, 2027 by setting the necessary amount of equity and carrying out strategic shareholder returns after examining a capital structure that further emphasizes capital efficiency.

Consequently, the Company will change the dividend policy and raise the dividend level from a dividend on equity ratio (DOE) of around 3% to DOE of around 5%, maintaining stable dividends over long term as the priority.

(2) Dividend Policy

(Before the Change)

With a priority on maintaining long-term stable dividends, the Company has set a shareholder return policy of DOE of around 3% in the Obayashi Group Medium- Term Business Plan 2022 in order to return stable outcome based on accumulation of profits to shareholder over long term, while making investments in tangible and intangible assets and growth to enhance corporate value and securing a strong financial base.

(After the Change)

Aiming to enhance its corporate value, the Company will strengthen investment in human resources, digital transformation (DX), technology, and enhancement of productivity and create sustainable profits to continue to fulfill the social mission of the construction industry where a decline in the number of engineers and workers is expected while giving top priority to the safety and quality. In addition, the Company will primarily carry out timely and proactive growth investments in fields where it can establish a competitive advantage and increase profits. From the point of improving capital efficiency, the Company will implement strategic shareholder returns by setting investment capital for each business according to the growth of the

construction business and related businesses of the Group and set the necessary equity amount after examining the capital structure of each business.

For annual dividends, the Company established a policy that sets DOE of around 5%, with a priority on maintaining long-term stable dividends.

< Reference: Annual dividends based on DOE of around 5%>
 DOE 5% = [(Equity as of the end of the previous fiscal year + Equity as of the end of the current fiscal year) / 2] × 5%
 → Target for total annual dividends (interim + year-end)

In addition to annual dividends, the Company will execute flexible shareholder returns by using various ways such as special dividends and acquisition of own shares, according to necessary equity and profit status (comprehensive decision-making will be made in consideration of the profitability and financial status of the Group, PBR, and other factors)

In addition, the Company will review the DOE target in line with the medium- to long-term improvement of the profit level.

(3) Effective Date of Change

The change will be effective from the year-end dividends at the end of the fiscal year ending March 31, 2024.

2. Revision of the Dividend Forecast for the Fiscal Year Ending March 31, 2024 (Dividend Increase)

(1) Reasons for the Revision

Due to the change in the dividend policy in above 1., the previous forecast for year-end dividends of 21 yen (announced on February 5, 2024) will be increased by 30 yen to 51 yen.

The annual dividend for fiscal year ending March 31, 2024, will be 72 yen per share, equivalent to a DOE of 5%, including the paid 21 yen as interim dividend. The consolidated dividend payout ratio based on the consolidated performance forecast released on February 5, 2024, is expected to be 87.5%.

(2) Dividend Forecast after the Revision

(Yen)

	Dividend per Share		
	End of 2Q	End of 4Q	Annual
Previous Forecast	—	21.00	42.00
Revised Forecast	—	51.00	72.00
Dividend Paid	21.00		
Results of Previous Fiscal Year	21.00	21.00	42.00

The above forecast is based on available information as of the date of the release, and actual results may differ from the forecast due to various factors in the future.

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