



**Hibiya Engineering, Ltd.**

(Stock code: 1982)

**Earnings Announcement for the  
First Half of FY3/25  
November 14, 2024**

# Financial Highlights (consolidated)

- Strategically executed the order-receiving plan in consideration of the level of order backlogs and construction capacity.
- Net sales increased year on year on the back of steady progress in construction carried over from the previous fiscal year.
- Profits surged year on year on higher earnings at the time of receiving orders and a higher profit ratio after improving the profitability of projects that reached completion in the first half.

	2022/9	2023/9	2024/9	YoY	YoY (%)	(Billion yen)	
						2023/3 Actual (Full year)	2024/3 Actual (Full year)
<b>Orders received</b>	37.2	50.7	30.5	-20.1	-39.8%	87.3	105.5
<b>Net sales</b>	28.6	33.0	37.6	+4.6	+14.1%	83.9	83.7
<b>Gross profit</b>	4.7	4.9	7.3	+2.4	+48.8%	15.1	14.9
<b>Gross profit ratio</b>	16.4%	14.9%	19.4%	—	+4.5%	18.0%	17.8%
<b>Operating profit</b>	0.7	0.9	3.2	+2.2	+231.8%	5.9	5.7
<b>Ordinary profit</b>	1.1	1.4	3.5	+2.1	+150.1%	6.6	6.4
<b>Profit attributable to owners of parent</b>	0.7	0.9	2.5	+1.6	+169.3%	4.6	4.8

# Forecast for the Fiscal Year Ending March 2025

To date, no change has been made to the forecast announced on May 14.

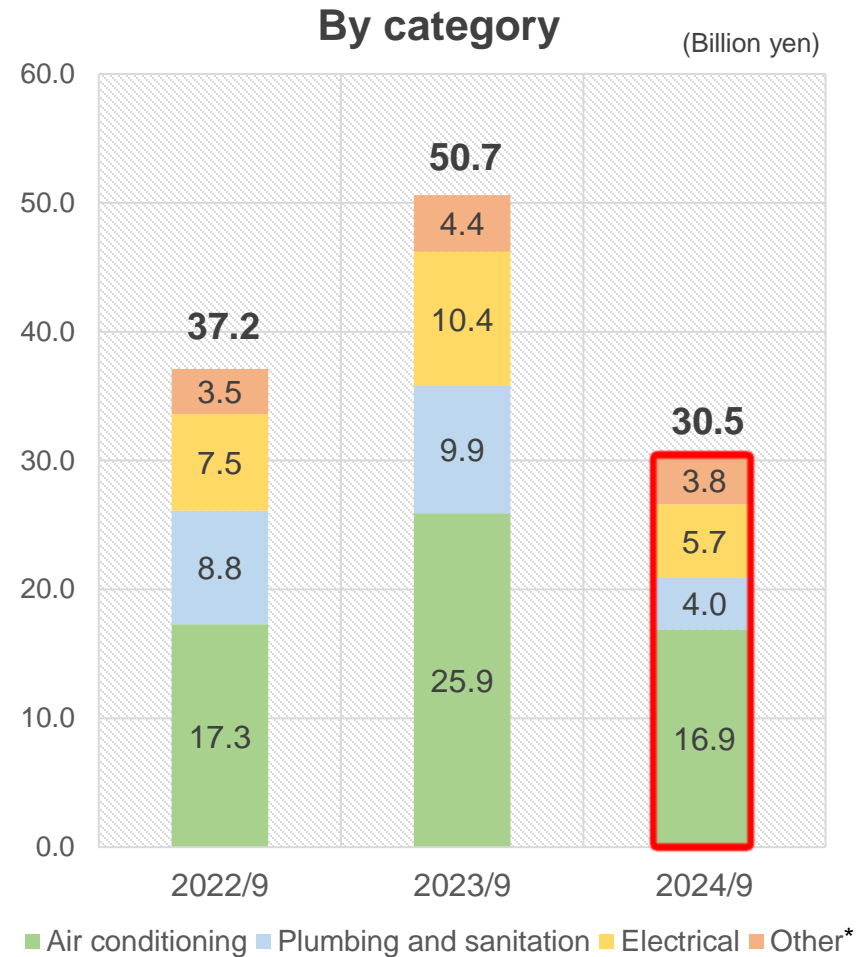
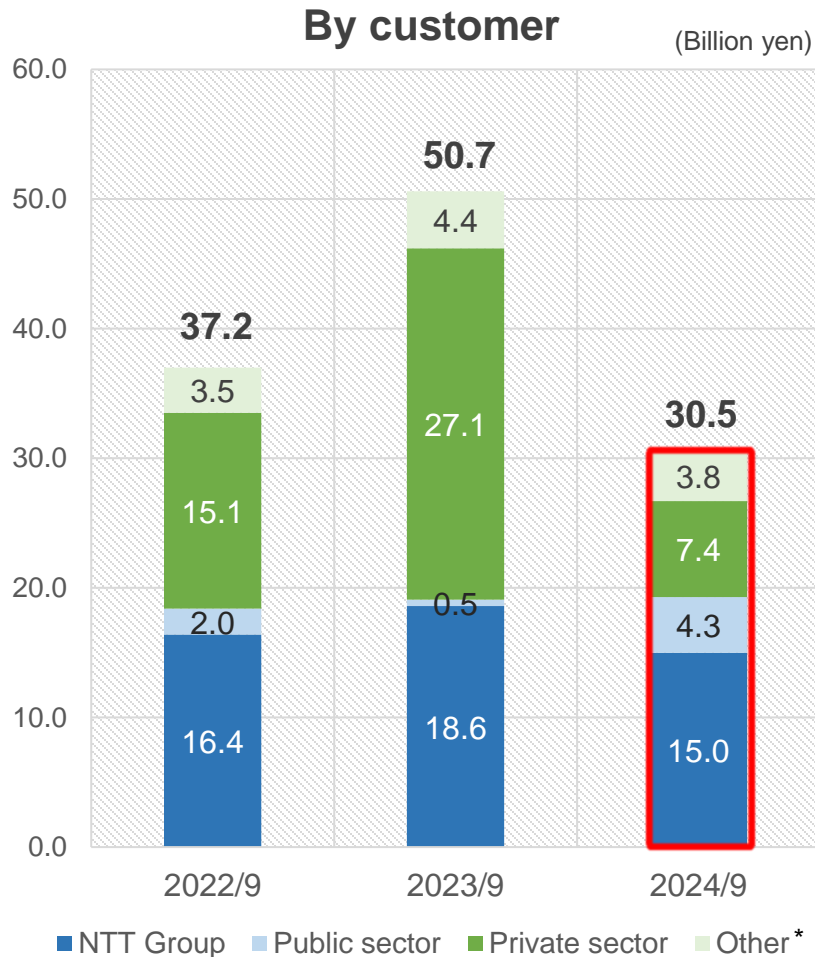
- Orders received fell year on year because of the strategic implementation of the order-receiving plan. However, a larger number of inquiries are received mainly on data centers. It is quite possible to attain the forecast level.
- No revision is made to the net sales forecast although there is a risk of extension of the construction period arising from delays in the construction process.
- Profits were healthy in the first half, but forecasts are kept unrevised in consideration of risks in the second half.

(Billion yen)

	Eighth Medium-term Management Plan				
	2024/3		2025/3		2026/3
	Plan when the Medium-term Management Plan was announced (Announced on May 11, 2023)	Actual (Announced on May 14, 2024)	Plan when the Medium-term Management Plan was announced (Announced on May 11, 2023)	Forecast (Announced on May 14, 2024)	Plan when the Medium-term Management Plan was announced (Announced on May 11, 2023)
<b>Orders received</b>	86.5	105.5	88.5	<b>88.5</b>	91.0
<b>Net sales</b>	85.0	83.7	88.5	<b>91.0</b>	90.5
<b>Operating profit</b>	5.0	5.7	5.5	<b>5.9</b>	6.5
<b>Profit attributable to owners of parent</b>	3.8	4.8	4.1	<b>4.6</b>	4.8

# Orders Received (1): By Customer and By Category (consolidated)

- In terms of orders by customer, orders fell year on year, principally large projects for the private sector. By category, orders dropped year on year in every category.
- For the second half, more orders should be gained mainly from the private sector for large projects.

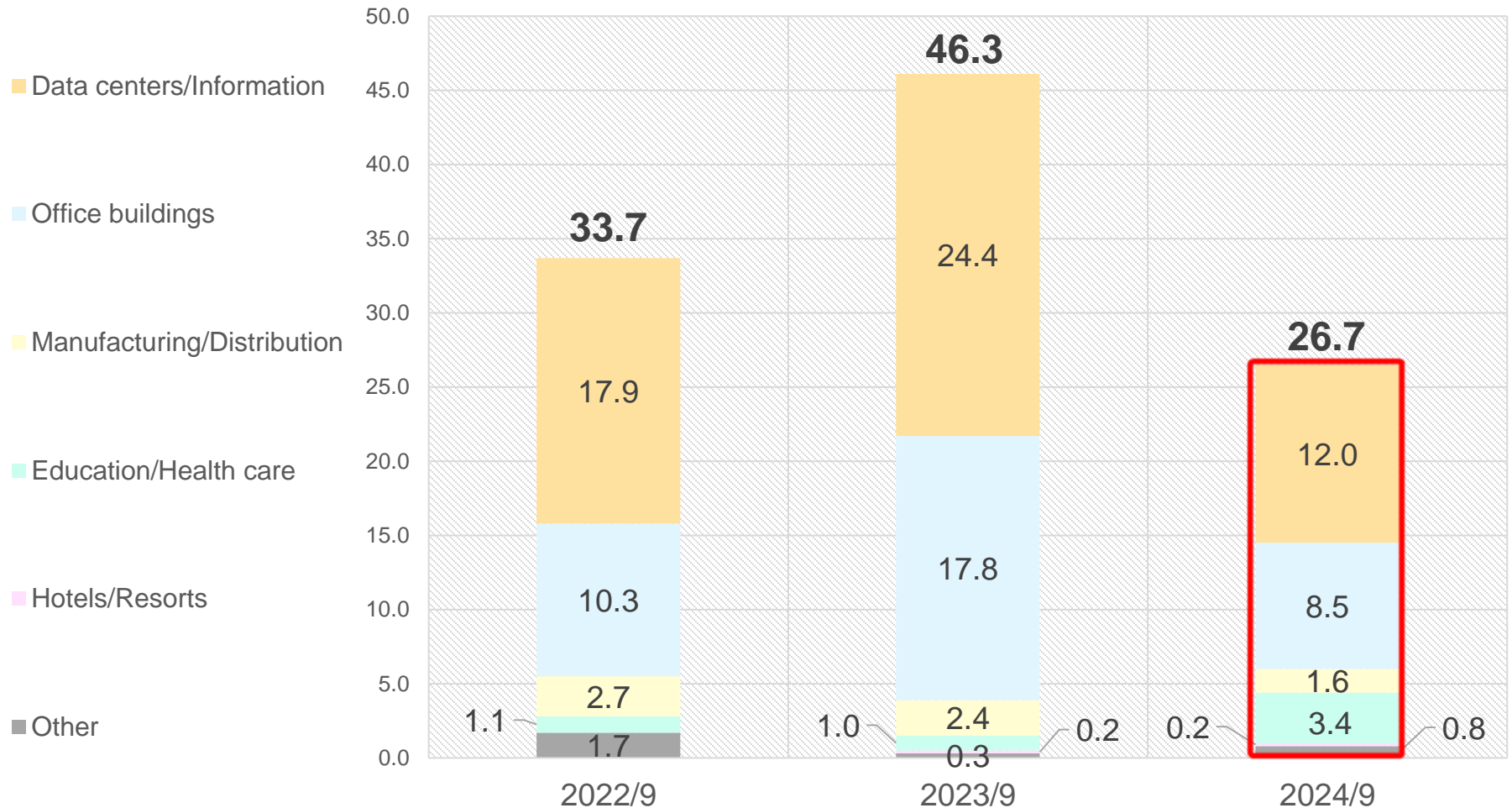


# Orders Received (2): By Facility Category (non-consolidated)

- Orders related to data centers/information and to offices declined year on year. Orders related to education/health care grew because of large hospital projects.
- For the second half, orders are expected to increase, mainly related to large data centers.

Trend in orders received (non-consolidated)

(Billion yen)

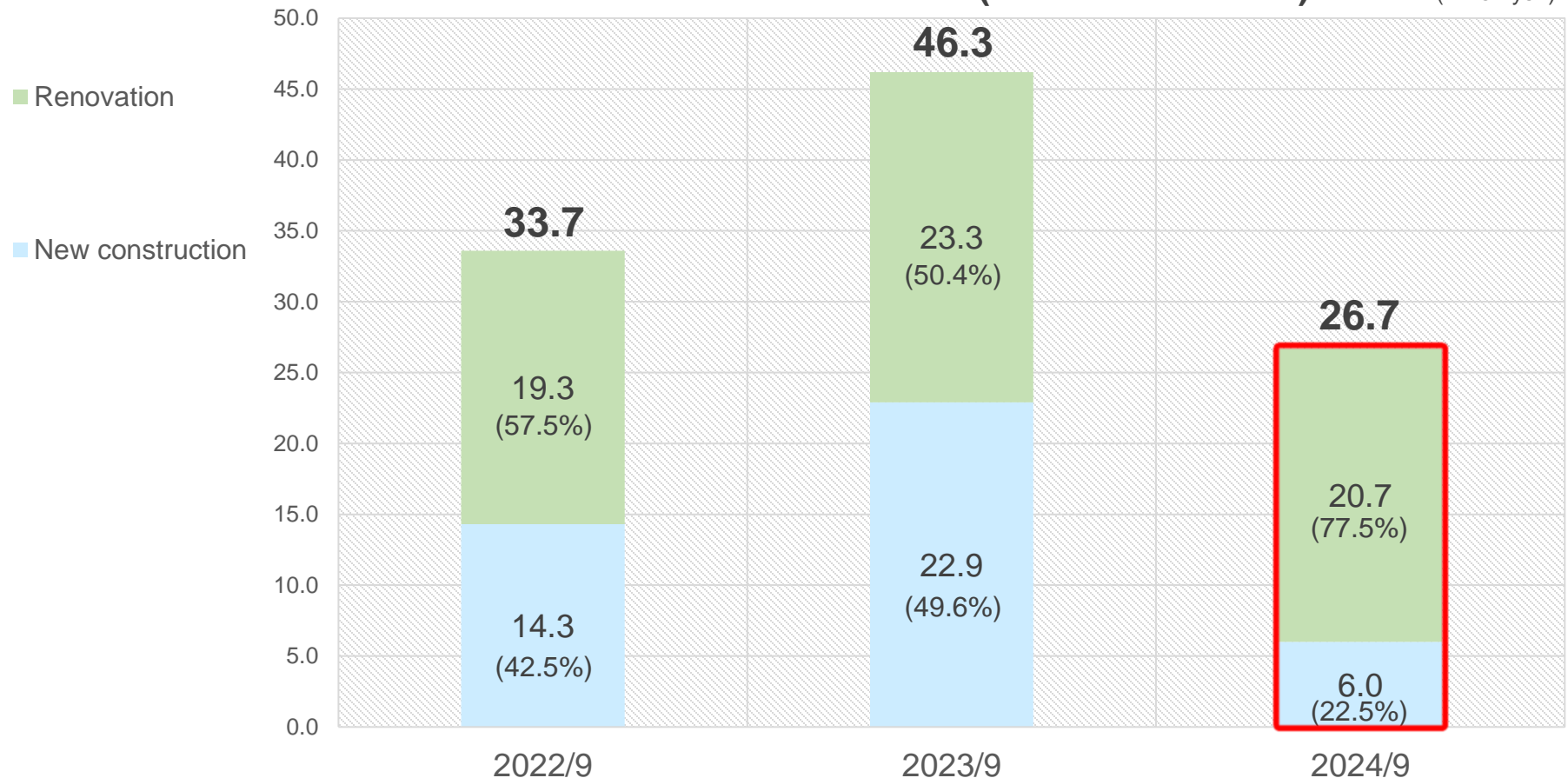


# Orders Received (3): Percentage of Orders Received that are New Construction and Renovation (non-consolidated)

- Orders for renovation decreased year on year, although remained at a solid level.
- Orders for new construction decreased sharply year on year due to a small number of orders for large projects from the private sector.
- For the second half, orders for large new construction projects are expected while the full-year percentage of renovation will be smaller in the second half than in the first.

**Trend in the percentage of orders received that are new construction and renovation (non-consolidated)**

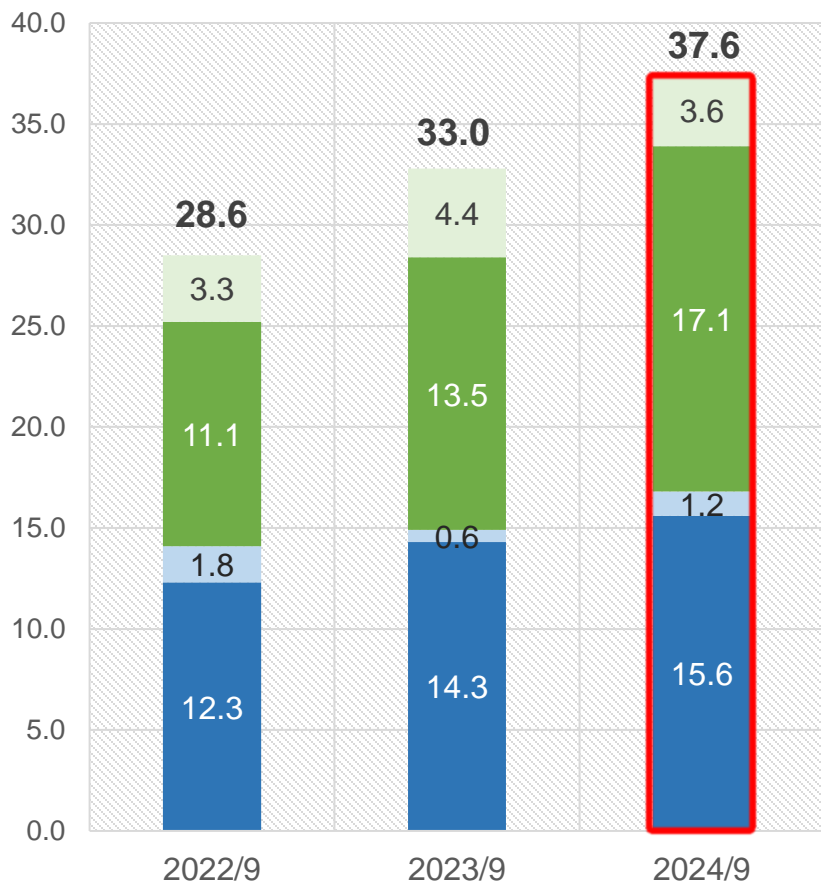
(Billion yen)



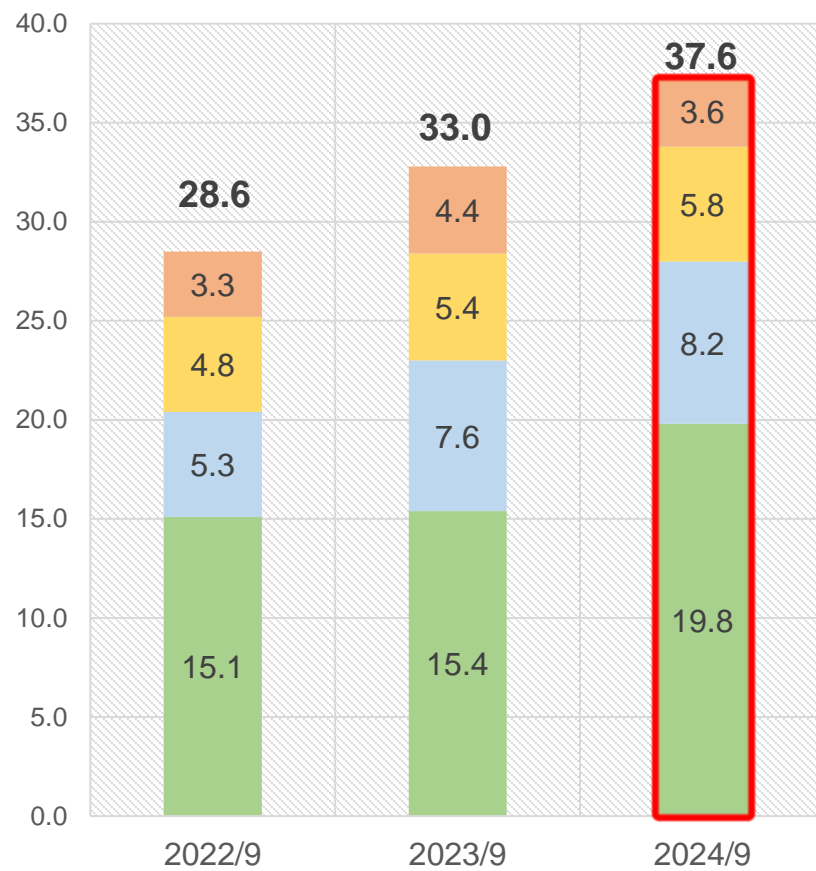
# Net Sales (1): By Customer and By Category (consolidated)

- Sales from major customers and those in major categories rose year on year, given that construction carried over from the previous fiscal year made good progress.

**By customer** (Billion yen)



**By category** (Billion yen)



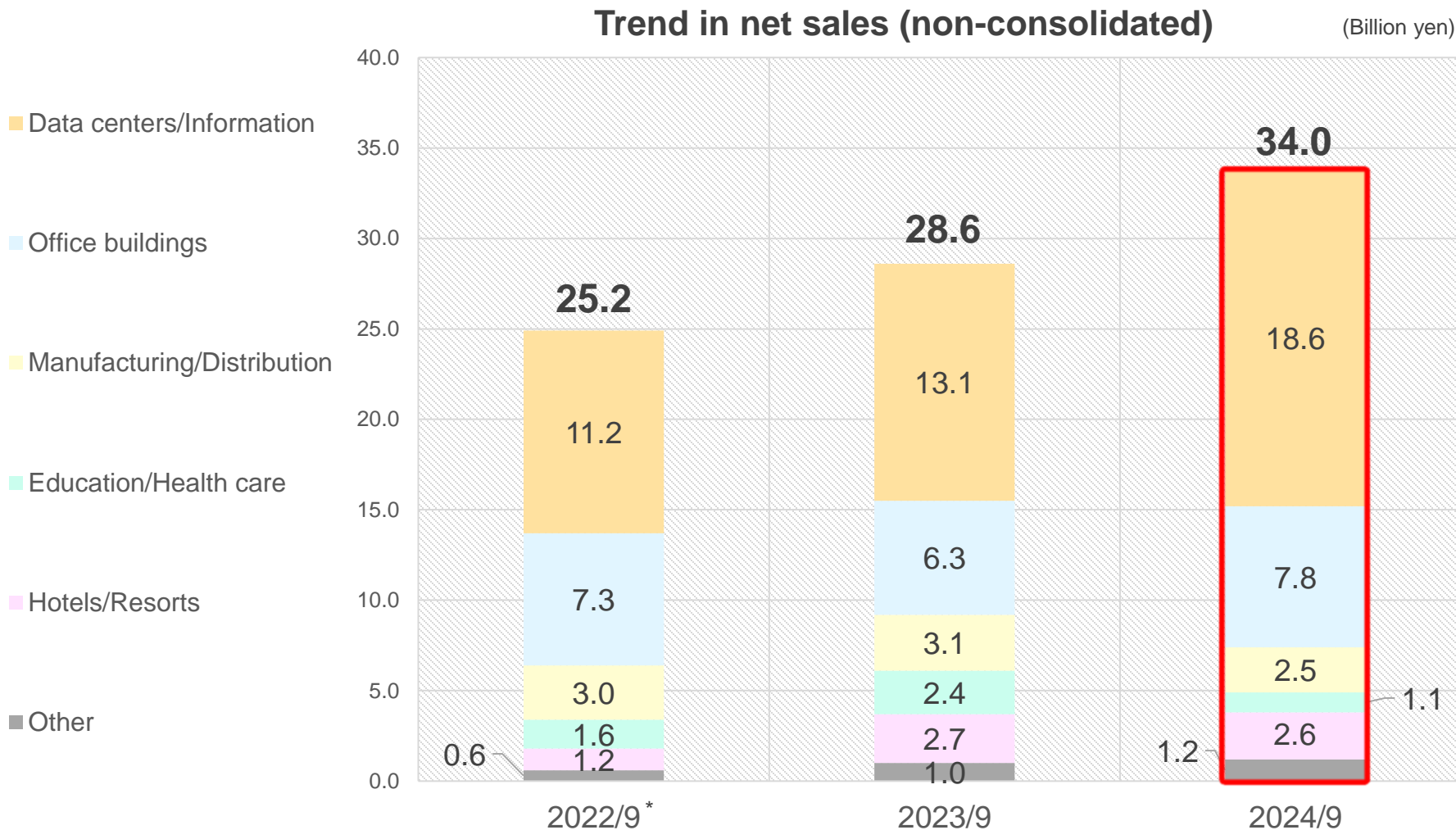
■ NTT Group ■ Public sector ■ Private sector ■ Other\*

■ Air conditioning ■ Plumbing and sanitation ■ Electrical ■ Other\*

\* Sales earned by consolidated subsidiaries

# Net Sales (2): By Facility Category (non-consolidated)

- Net sales grew year on year in data centers/information and in office buildings as balanced progress was made in construction carried over in these categories.



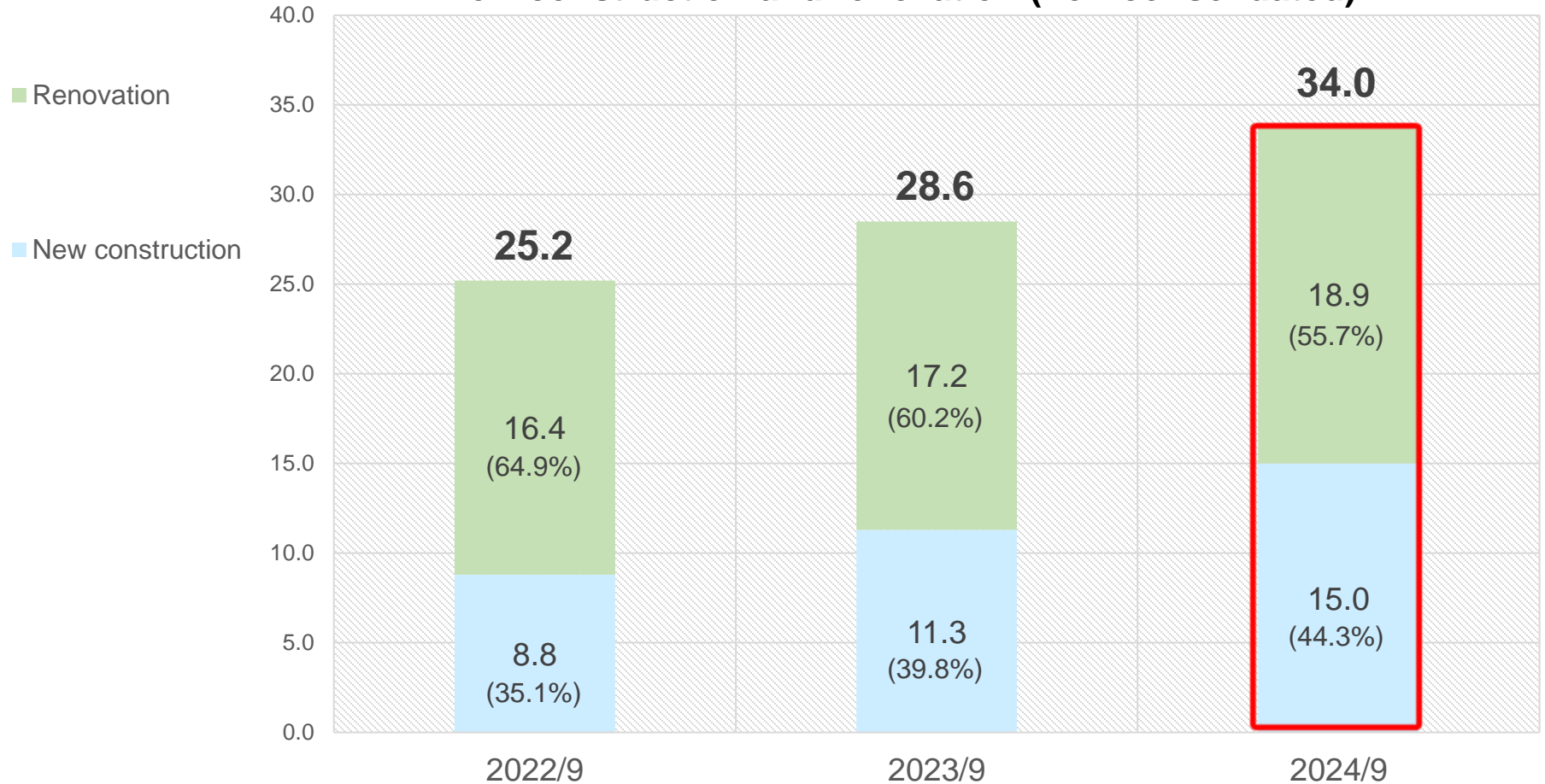
\* Net sales by facility category for FY2022 reflect estimates.

# Net Sales (3): Percentage of Orders Received that are New Construction and Renovation (non-consolidated)

- Net sales increased both in new construction and in renovation.
- While the number of new construction projects in the private sector rose significantly, the percentage of renovation shrank.

**Trend in the percentage of orders received that are new construction and renovation (non-consolidated)**

(Billion yen)

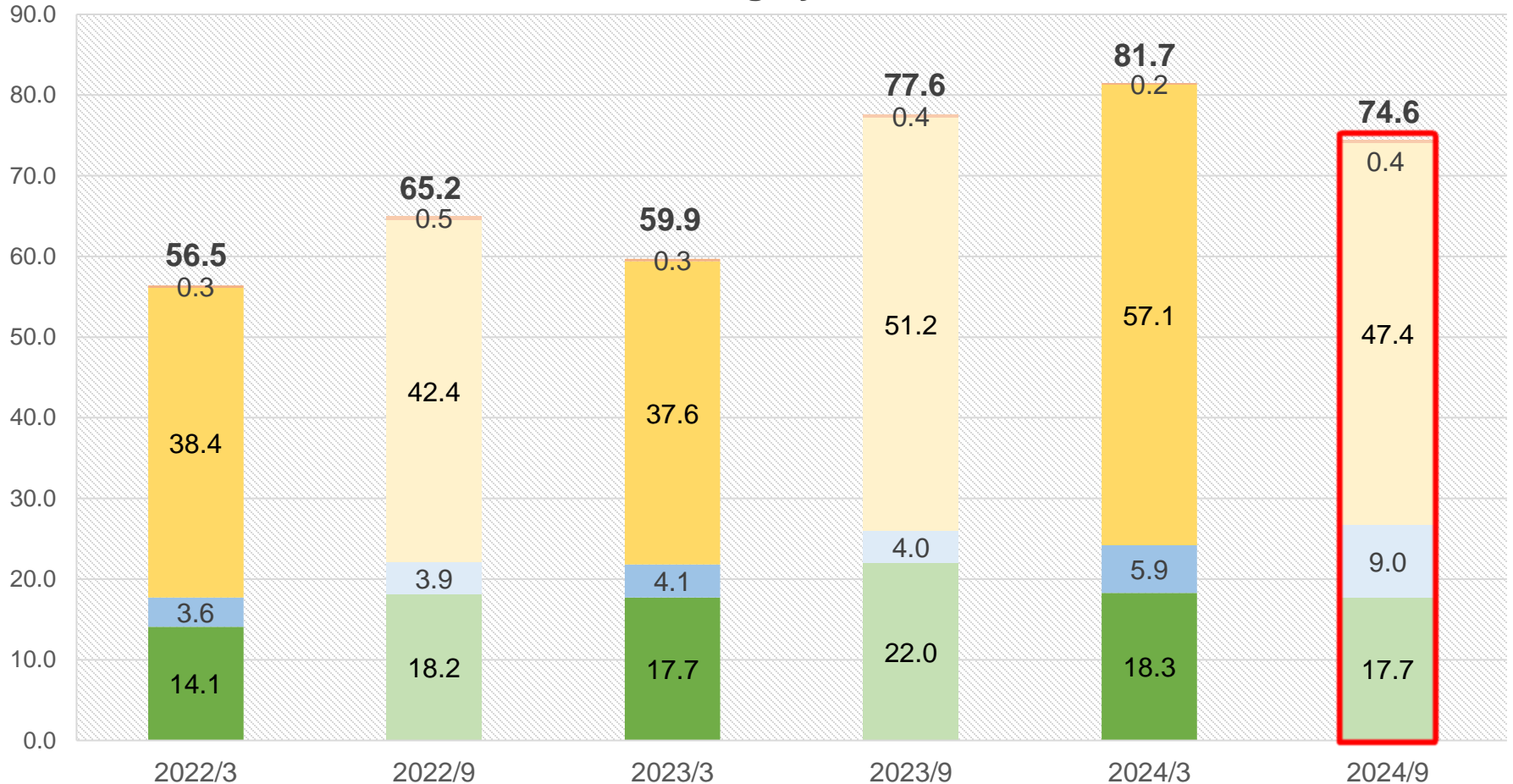


# Order Backlog by Customer (consolidated)

- Order backlogs continued to hover at high levels.
- However, it began to decline at the end of the previous fiscal year, i.e. March 2024, due to good progress in construction carried over.

## Order backlog by customer

(Billion yen)



■ NTT Group

■ Public sector

■ Private sector

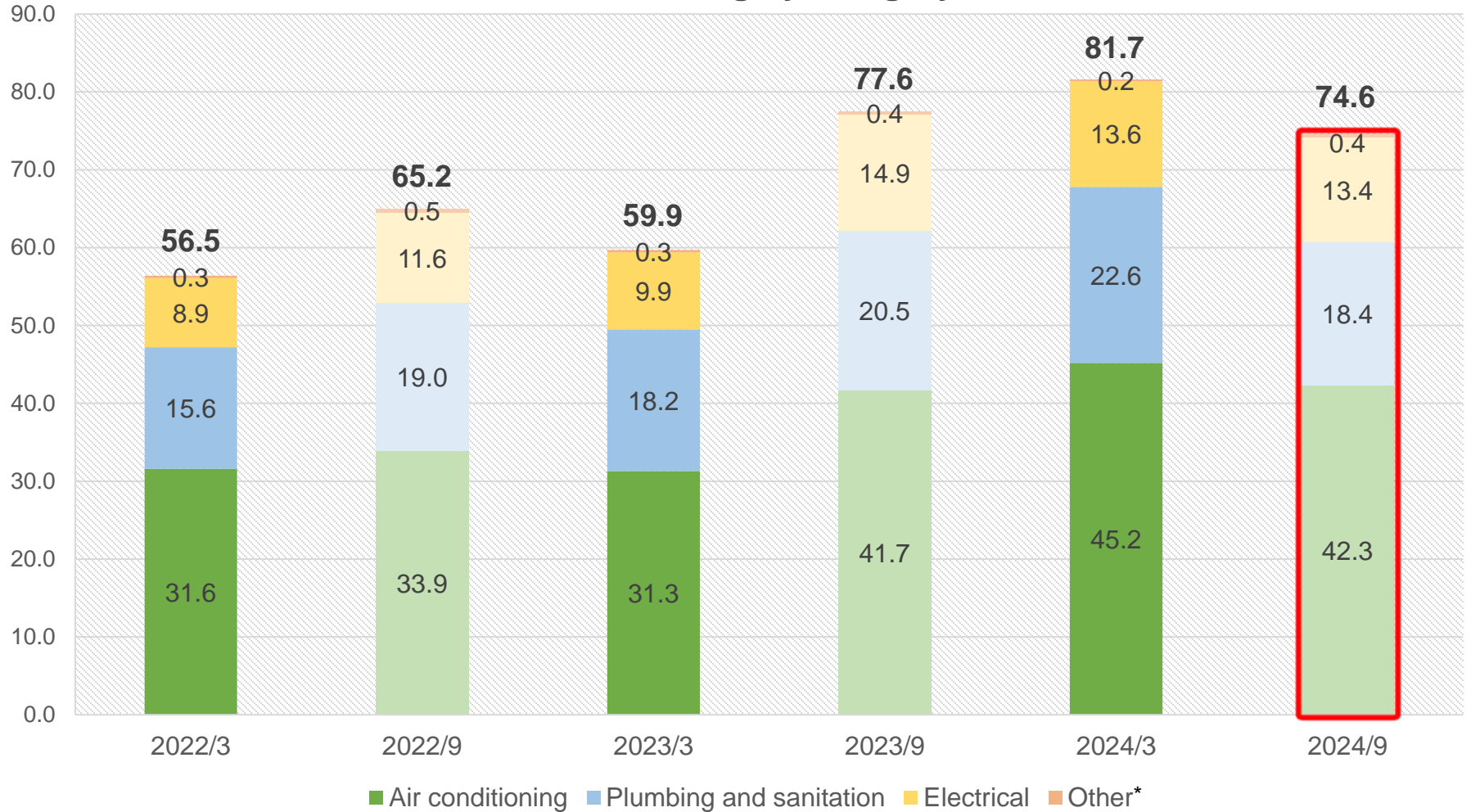
■ Other\*

\* Order backlog held by consolidated subsidiaries

# Order Backlog by Category (consolidated)

## Order backlog by category

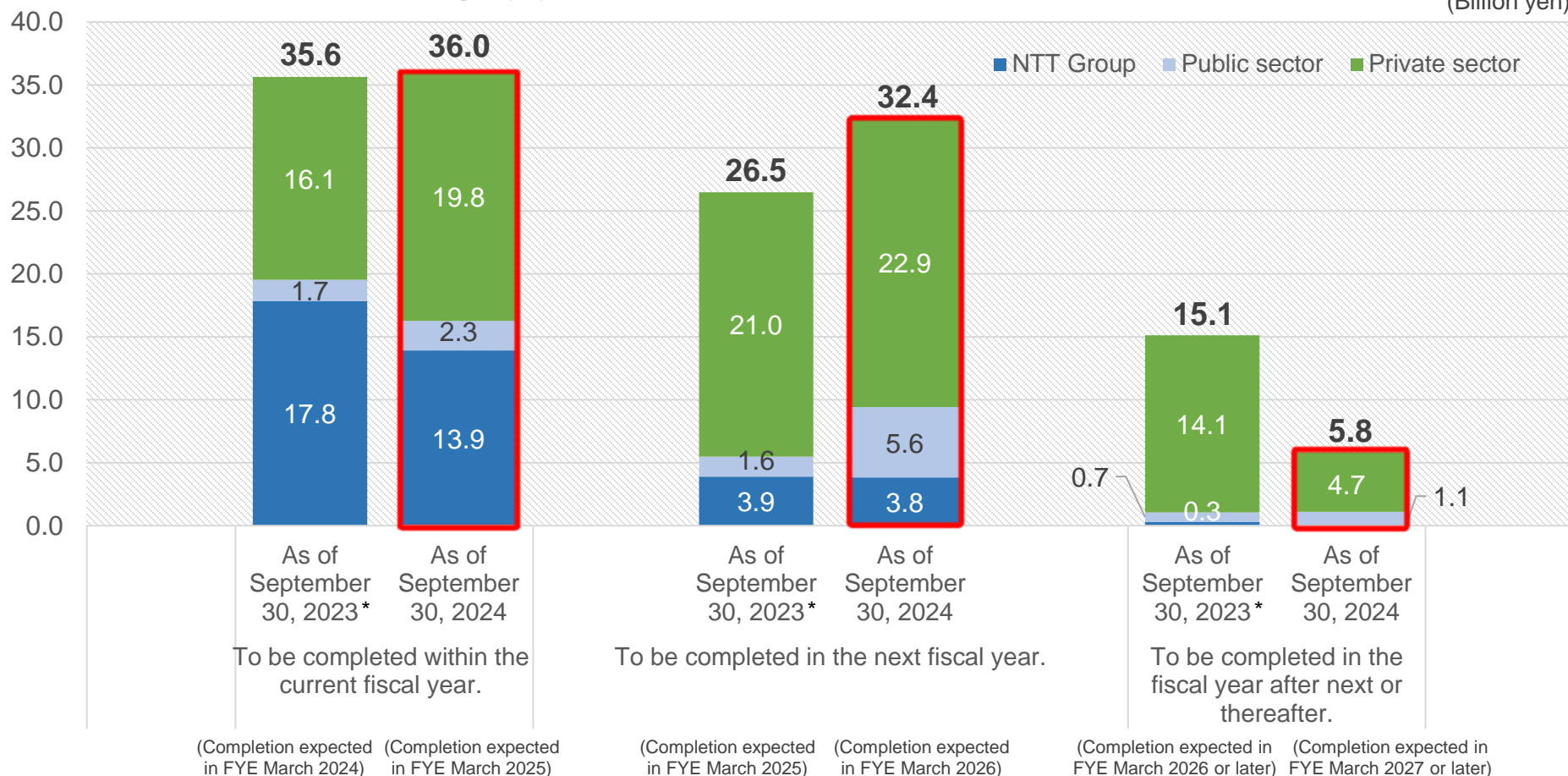
(Billion yen)



# Order Backlog by Year of Scheduled Completion (non-consolidated)

## Order backlog by year of scheduled completion (non-consolidated)

(Billion yen)

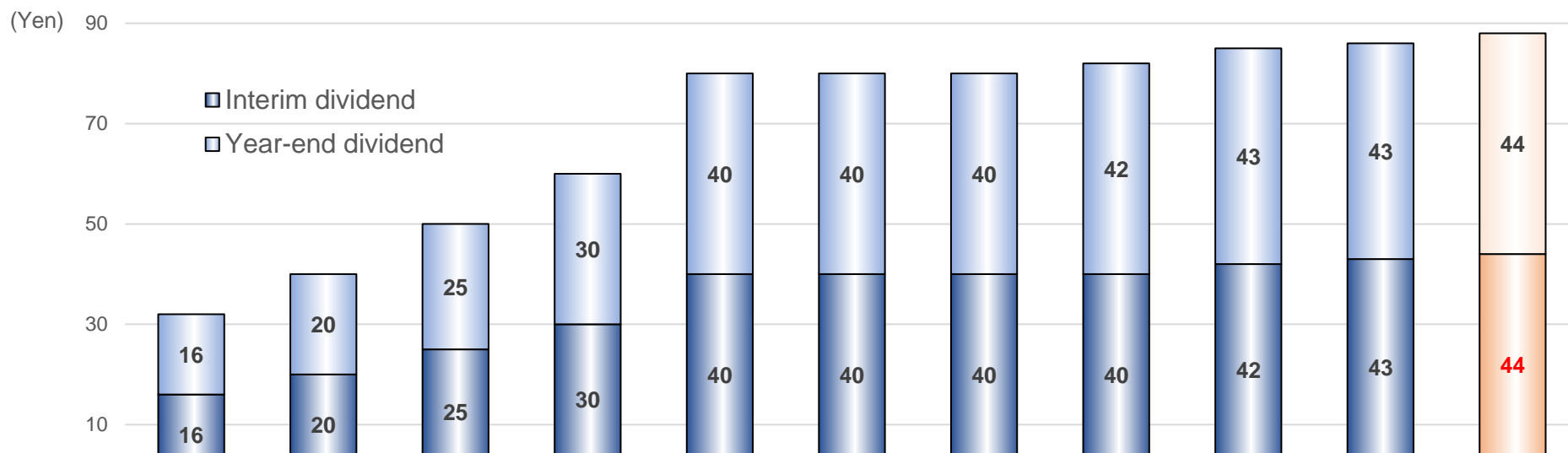


\* The order backlog as of the end of September 2023 differs from that which is stated in the presentation material entitled *Earnings Announcement for the First Half of FY3/24* published on November 20, 2023. (A new calculation method based on the construction progress standard, replacing the construction completion standard, applies from *Earnings Announcement for the Fiscal Year Ended March 2024* published on May 22, 2024 onwards.)

# Trend in Dividend per Share

## ■ Dividend

The interim dividend stayed unchanged from the forecast at **44 yen** per share, up 1 yen per share year on year. (Previous fiscal year: 43 yen for interim and year-end dividends each, for an annual dividend of 86 yen --> Forecast for the current fiscal year: 44 yen for interim and year-end dividends each, for an annual dividend of 88 yen)

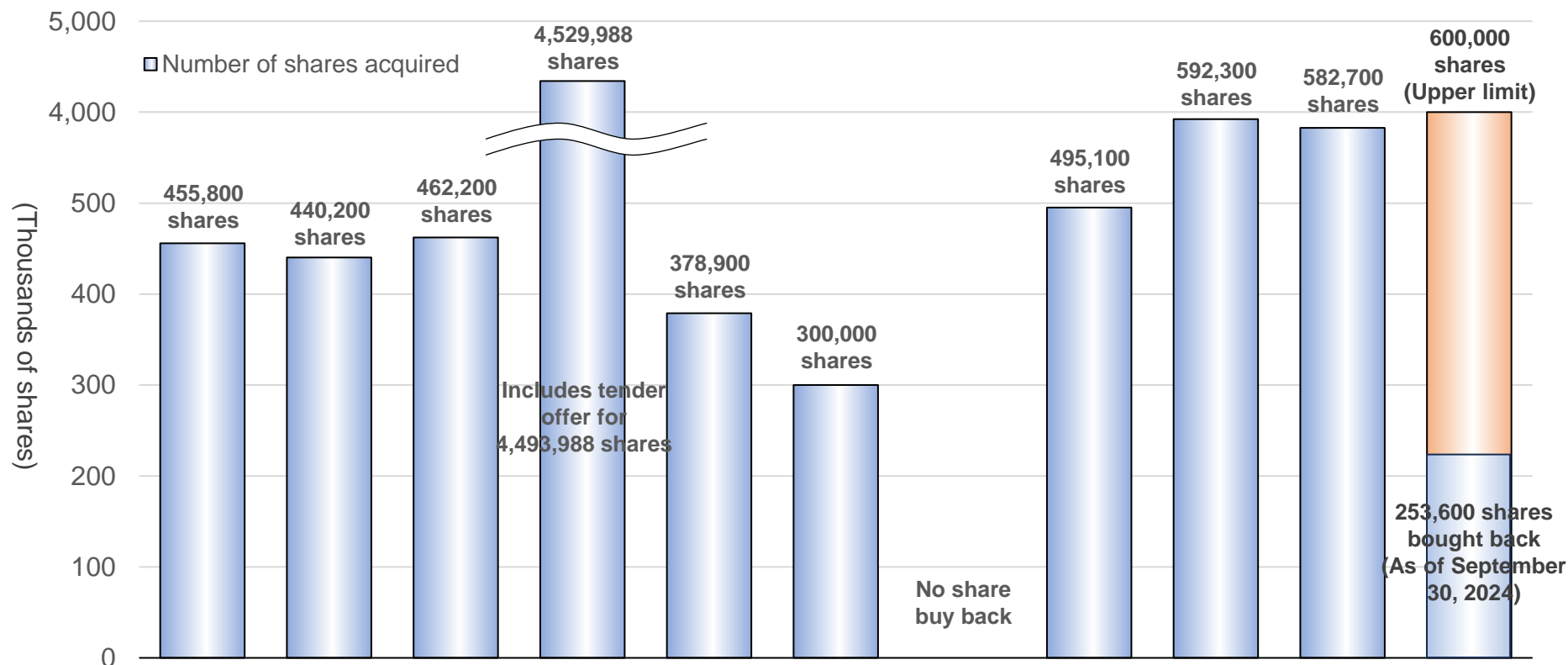


FYE	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Interim dividend	16	20	25	30	40	40	40	40	42	43	<b>44</b>
Year-end dividend	16	20	25	30	40	40	40	42	43	43	<b>44</b> (Forecast)
Annual dividends	32	40	50	60	80	80	80	82	85	86	<b>88</b> (Forecast)
Payout ratio (consolidated)	36.5%	25.5%	28.0%	22.9%	71.9%	54.3%	62.1%	44.6%	42.4%	40.7%	(43.0%)
	Period of the Fifth Medium-term Management Plan (average) 30.0%			Period of the Sixth Medium-term Management Plan (average) 49.7%			Period of the Seventh Medium-term Management Plan (average) 49.7%			—	—
DOE	1.7%	2.1%	2.5%	2.7%	3.3%	3.3%	3.2%	3.2%	3.1%	3.0%	—

# Trend in Share Buy Backs

## ■ Purchase of treasury shares

The flexible purchase of treasury shares will be made with an upper limit of 600,000 shares or 1.8 billion yen. Result at the end of September: 253,000 shares for 0.78 billion yen purchased (with achievement rates of 42.27% in terms of the number of shares and 43.42% in terms of the buyback amount)



FYE	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Buyback amount (Billion yen)	0.72	0.70	0.75	11.09	0.70	0.56	—	0.94	1.13	1.39	1.80
Total payout ratio (%)	64.3	40.7	53.0	23.2*	98.1	70.6	62.6	66.1	66.6	70.0	—

\* Disregarding the amount of 11,023,752,564 yen concerned with the purchase of treasury shares through a takeover bid

# **Eighth Medium-term Management Plan Initiatives**

# Eighth Medium-term Management Plan Basic Policies

## Deepening Core Business

- Future developments based on the data center capacity forecast
- Data center cooling technologies and the Company's initiatives

## Expanding Business Areas

- Accelerating carbon neutrality solutions

## Strengthening Management Foundation

## ESG Management

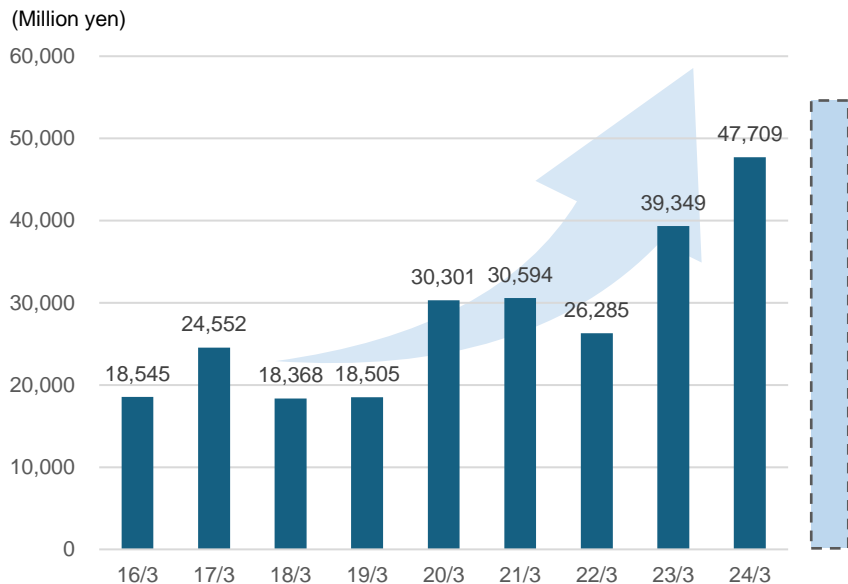
- Strengthening of management foundations and ESG management

# Future developments based on the data center capacity forecast

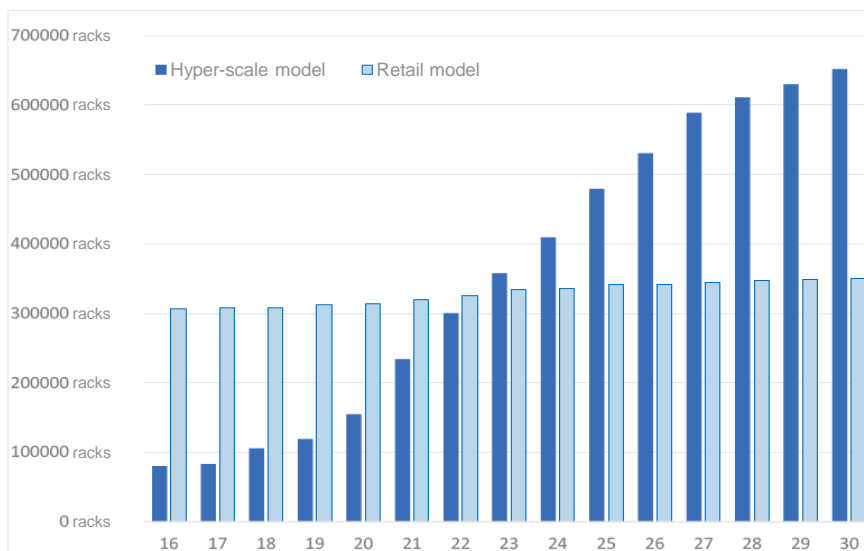
## ■ Forecast of Japan's data center capacity and the Company's achievements

- As the data center market expands, the Company receives increasing orders for telecommunications facility and data center projects.
- Given that the data center market is expected to continue to expand, the Company will harness its extensive experience and expertise and further build up its technologies to win more orders.

### Orders received by the Company for telecommunications facilities and data centers (FYE March 2016 to FYE March 2024)



### Forecast of Japan's data center capacity (2016 to 2030)



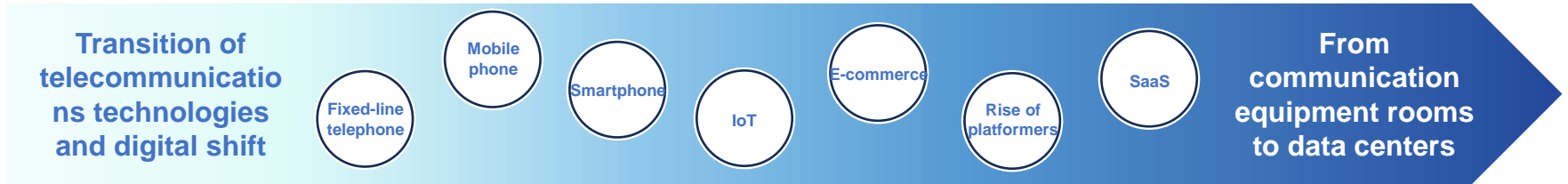
[Cited from *Data Center Investigation Report 2024* published by Impress General Research Institute]

- \* A hyper-scale model: Any data center with a server room floor area of 5,000 m<sup>2</sup> or more and a power capacity of 6 kVA per rack or more
- \* Retail model: Conventional medium- and small-sized data centers

# Data center cooling technologies and the Company's initiatives

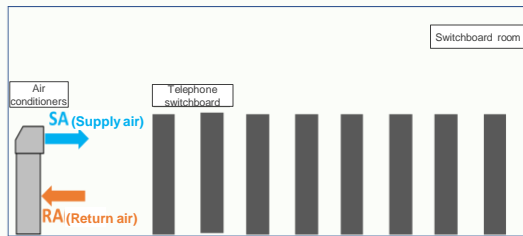
## ■ Transition of telecommunications technologies and the Company's initiatives

- Responding to growing demand for data centers with advanced technological capabilities nurtured through construction for NTT



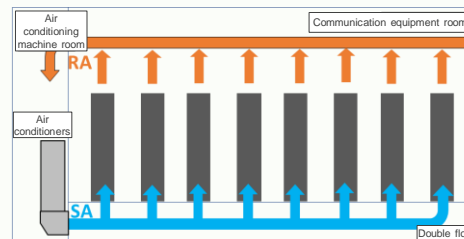
### Floor standing cooling system

- Air conditioning equipment that removes dust and particles while keeping the temperature and humidity in the whole room constant



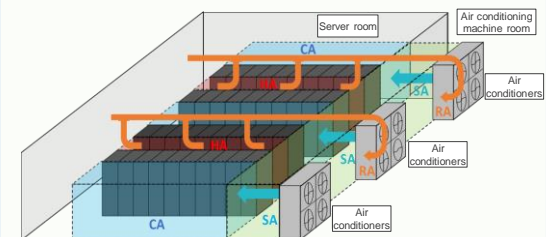
### Under floor cooling system

- Air conditioning equipment that directly supplies cool air to racks through the double floor



### Isle containment and Side-wall air supply cooling system

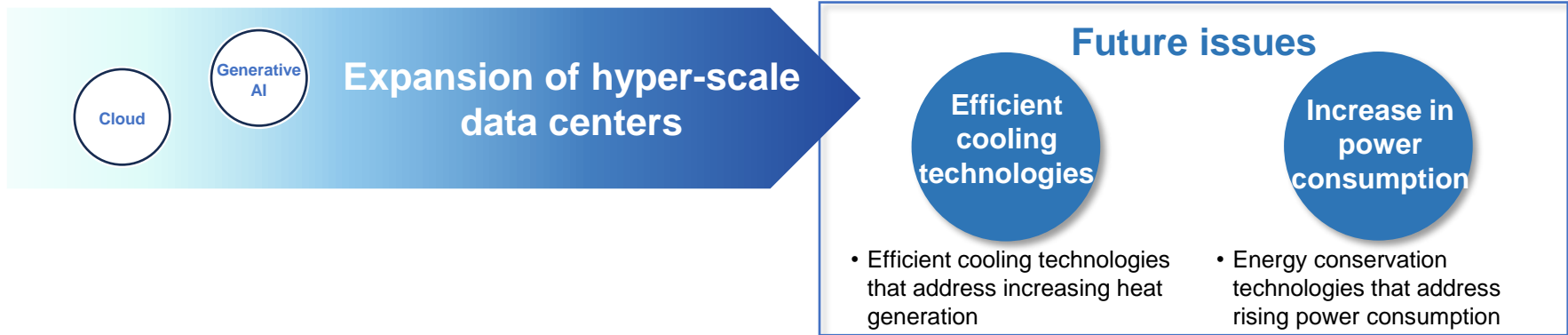
- It is an air cooling method in which enclosures are placed\* on the air feed side and the air discharge side in order to enclose cool air and exhaust air. From walls to racks, a huge volume of air is directly supplied.
- \* Isle containment



# Data center cooling technologies and the Company's initiatives

## ■ Readiness for hyper-scale data centers

- Sophisticating construction capabilities and energy conservation performance to adapt to a wide variety of cooling technologies for data centers



## Future cooling technologies

### Rear door coolers (as one of the liquid cooling methods)

- A technology for directly catching exhaust heat from servers and cooling with the cooling system installed on the rear side of a server rack

### Liquid-cooled servers (Cold Plate)

- A technology for attaching water jackets on heat-generating chips in servers, such as CPUs and GPUs to directly cool them

### Immersion cooling (as one of the liquid cooling methods)

- An innovative technology according to which a server is immersed in special non-conductive liquid to directly cool chips and peripherals

## Our initiatives

- Carry out verification of technologies and demonstration experiments on new cooling methods including those mentioned above independently and in collaboration with alliance partners
- Provide an energy conservation technology that combines different technologies (use of a chilled tower\*)

\* See page 23

# Accelerating carbon neutrality solutions

## ■ Efforts to achieve carbon neutrality

### ZEB business

- Step up initiatives for optimal design of ZEBs mainly through renovation as a ZEB planner
- Use the experience and expertise in constructing renovated ZEBs for local governments to spread ZEB solutions to local governments and private companies all over the country

### Renewable energy introduction and decarbonization business

- Propose the replacement of different facilities on the basis of degradation assessments on them to achieve the introduction of renewable energy

Carbon neutrality solutions	Number of projects in progress	Business
ZEB business	22 projects	Propose ZEB feasibility surveys, consulting services and others as a ZEB planner Carry out implementation design for projects ordered and conduct construction for them, and others
Renewable energy introduction and decarbonization business	18 projects	Offer proposals on energy conservation at production facilities, proposals on the use of exhaust heat for energy conservation and the introduction of renewable energy, proposals on solutions based on facility degradation assessments, sales and proposal activities with subsidies, and others

### Spread to ZEB projects by local governments all over the country

- Conduct ZEB feasibility surveys vigorously in collaboration with alliance partners such as architectural offices and leasing companies
- Introduce ZEB technologies to different organizations across the company at the initiative of personnel in the sales team and in the design team

### Propose energy conservation to production facilities

- Propose energy conservation for all production facilities (as systems) in collaboration with boiler system manufacturers and distributors



### Expand from ZEB projects for local governments to private-sector ZEB projects

- Apply experience and achievements in ZEB projects for local governments to private-sector projects

### Collaborate with hotel management and operation companies

- Propose energy conservation and assessments on degradation and renewable energy to hotels across the country owned by hotel management and operation companies

# Strengthening of management foundations and ESG management

## ■ Improvement in value of human capital and initiatives with stakeholders

### Improvement in the value of human capital

Carry out multiple measures with a focus on humans to strengthen the management foundations

#### [Securing human resources]

- Increase points and opportunities of contact with students
  - Enhance internship programs and organize on-site tours
  - Increase recruitment tools
- Recruit a diverse pool of employees
  - Recruit more recent graduates and work-ready personnel
  - Re-employ senior personnel with a good deal of experience

#### [Enhancement of training programs]

- Construct a system for employees' self-learning
  - Launch a website for on-demand videos for learning to encourage re-skilling and self-development
- Cultivate management executives for the next generation and young leaders
  - Give management training and technology training in the category of rank-specific training
  - Organize training in the form of cross-industrial exchange aimed at developing female executives

#### [Improvement of employee engagement]

- Consider financial wellbeing programs for increasing job satisfaction (review salary, bonus, evaluation and pension programs)
- Remedy long working hours for technology-related employees
- Improve the workplace environment for allowing diverse work styles and attaining higher work efficiency



{Co-Working Lounge at the Tokyo Main Office}

### Communication with stakeholders

Implement management improvements based on comments from major stakeholders

#### [Customers]

- Carry out ISO 9001-based customer satisfaction surveys continuously

#### [Partner companies]

- Conduct surveys to partner companies

#### [Employees]

- Conduct engagement surveys

#### [Investors]

- Conduct surveys to shareholders
- Hold briefings (for institutional investors and for personal investors) and individual IR meetings with separate institutional investors to bolster constructive dialogues.

### Initiatives for identifying material issues

#### [Climate change]

- Carry out preliminary studies on risks and opportunities in the 4°C and 1.5°C global warming scenarios

#### [Consideration for identifying material issues]

- Kick off a project for identifying material issues in the whole of the ESG area

# References

# The Company's Advantage in the Area of Data Centers

**Long history of high reliability  
in the area of telecommunications**  
— Continuously protecting telecommunications —

**High  
quality**

- **High quality technologies cultivated in the construction of telecommunications station buildings**
- Construction of resilient high-performance equipment and systems
- Cost control and efficient construction to ensure the financial feasibility of projects
- Efforts whose top priority is ensuring safety and quality



**Building  
life cycle**

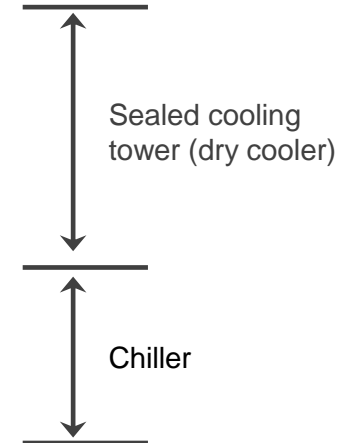
- **Solutions suited to the different stages of a building's life cycle**
- Construction planning that considers future changes and renovation
- Construction with customers' business and telecommunications functions ensured
- Medium- and long-term repair plan for maintaining and improving asset value of the building

## **Demonstrating strengths in the data center market**

Utilize the expertise cultivated in NTT Group facility projects to support the construction of a foundation for a digital society

# Chilled Tower\* Coolant Supply System

- **A system that integrates a dry cooler with a chiller to supply coolant to the immersion cooling system and the liquid-cooling system for servers.**
- In December 2023, Hibiya Tsusho Co., Ltd. signed a basic sales transaction agreement with Kuwana Metals, Ltd., formerly known as Proterial, Ltd., to embark on sales of the Chilled Tower.
  - Prioritizing a passive cooling method
  - Hybrid heat sources
  - Required temperature is supplied in an energy-efficient manner.
  - Prioritizing operation of free cooling with the cooling tower
  - Consisting of a cooling tower and a chiller
  - Exhibiting maximum product performance at a liquid supply temperature of 20°C or higher



## Making the most of natural energy

Operating in optimal and energy efficient manners in three different modes in consideration of the liquid temperature and outside air conditions

Operation mode	Description of operation	Energy efficiency
Free cooling	Cooling with the cooling tower (dry cooler) only	Highest
Hybrid	The chiller is operated with the number of compressors controlled to compensate for the capacity shortfall of the cooling tower (dry cooler).	Energy efficient
Chiller	Cooling with the chiller only	Comparable with the conventional cooling

\* Chilled Tower is a registered trademark of Kuwana Metals, Ltd.

# What is ZEB?

**One of the major actions aimed at achieving carbon neutrality by 2050 under the Plan for Global Warming Countermeasures (approved by the Japanese Cabinet in October 2021)**

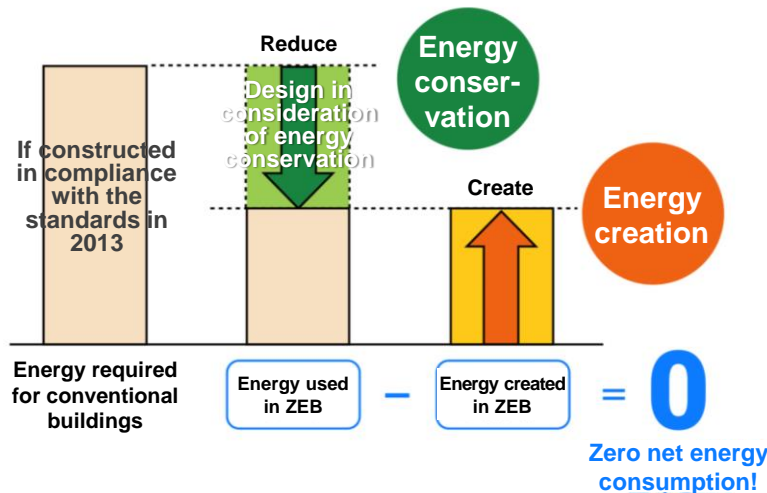
## ■ Buildings with net zero annual primary energy consumption\*

- ZEB stands for Net Zero Energy Building.
- ZEB buildings successfully reduce energy consumption by 50% or more compared with the level in FY2013.
- The goal is to achieve zero energy consumption by reducing the energy consumption of buildings and by generating energy.

\* Energy consumed for air conditioning, lighting and other equipment

## ■ ZEB concept

- Comparison between the estimated energy consumption of the building assessed using hypothetical specifications designed in compliance with the standards in 2013 and the energy consumption of the building with its actual specifications



## Criteria for four rating levels matched with the achievement of energy conservation levels

<b>ZEB</b>	Energy consumption reduced 100% or more through a combination of energy conservation and energy creation
<b>Nearly ZEB</b>	Energy consumption reduced 75% through a combination of energy conservation and energy creation
<b>ZEB Ready</b>	Energy consumption reduced 50% through energy conservation
<b>ZEB Oriented</b>	Achievement of a predetermined energy consumption reduction level for the applicable purpose of the building and the introduction of technologies to increase energy conservation <ul style="list-style-type: none"> <li>- At least 40% for offices, schools, factories, etc.</li> <li>- At least 30% for hotels, hospitals, department stores, etc.</li> </ul> * These standards apply to buildings with a total floor area of 10,000 m <sup>2</sup> or more

# Achievements and Prospect of ZEB Technologies

Seventh Medium-term Management Plan

Eighth Medium-term Management Plan

From Ninth Medium-term Management Plan

## Conduct analyses by a dedicated organization and establish methods

- Accumulate ZEB renovation methods
- Establish optimal ZEB design methods
- Increase the number of alliance partners
- Start projects for local governments

## Establish and expand local government ZEBs

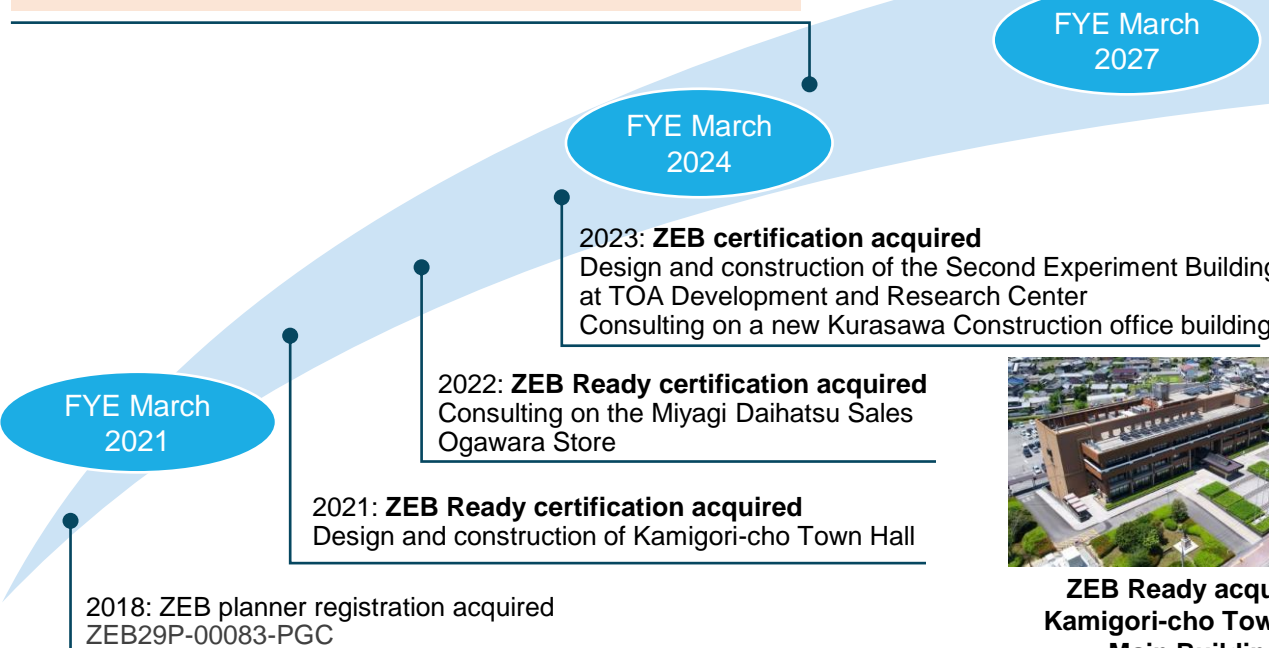
- Strengthen structures at individual bases
- Strengthen actions for local government ZEBs
- Build closer relationships with alliance partners

## Establish a firm position as a ZEB planner

- Establish and expand private sector ZEB projects
- Enrich ZEB options

Participation in the Mahoroba Zero Carbon Promotion Project operated by the Nara Prefectural Government  
Acquisition of ZEB Ready certification expected (see the next page)

2050  
For a decarbonized society



**ZEB Ready acquired Kamigori-cho Town Hall Main Building**



**Acquisition of ZEB Second Experiment Building, TOA Development and Research Center**

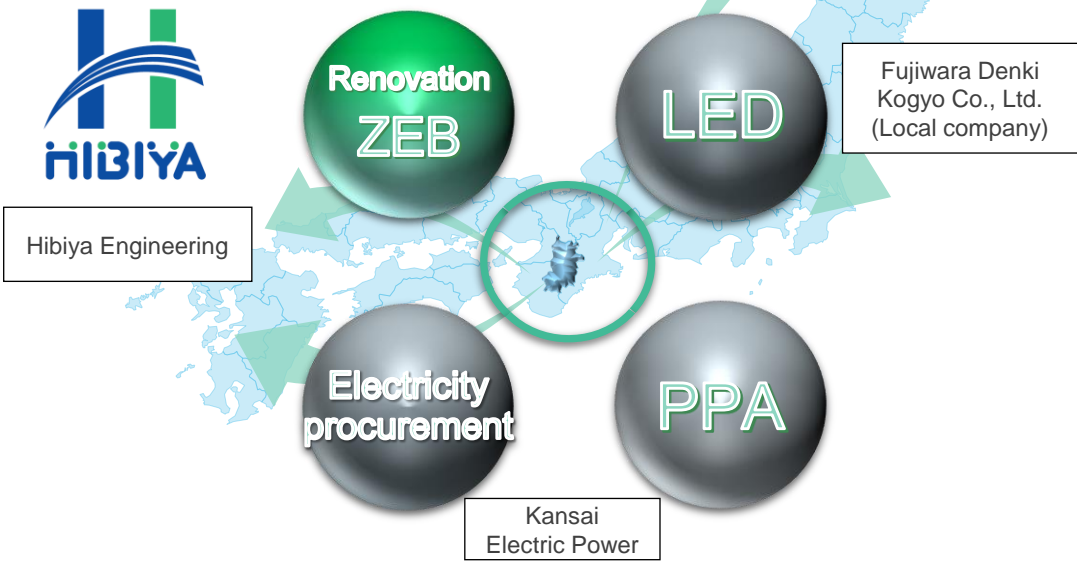
# Mahoroba Zero Carbon Promotion Project

- ◆ It the first initiative of its kind in Japan. It is being implemented by the Nara Prefectural Government for its facilities to procure electricity, install solar power generation equipment and renovate facilities for energy conservation in a comprehensive manner.
- ◆ The management and technological capabilities of private operators are leveraged to reduce greenhouse gas emissions and power consumption.
- ◆ The Company has joined a consortium led by Kansai Electric Power Co., Inc.
- ◆ The Company renovated a government building using the ZEB renovation technology that the Company excels in to support actions towards a decarbonized society.

A priority action acceleration project recognized by the Ministry of the Environment



## Mahoroba Zero Carbon Promotion Project



Projects implemented by the Company  
The Company designed and constructed two facilities and **expects to acquire ZEB Ready certification.**



Koriyama General Prefectural Government Building



Nara General Prefectural Government Building

# A Stronger Jobsite Oversight System

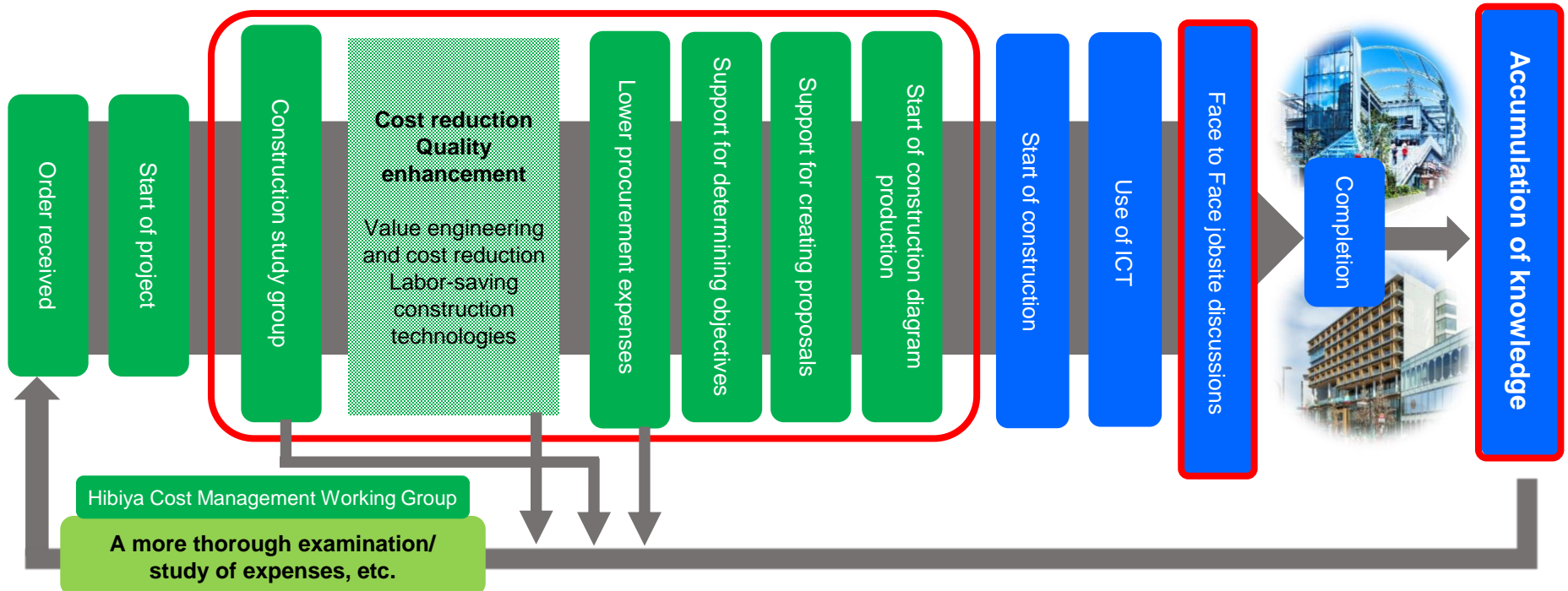
## ONE TEAM/Face to Face activities

### ONE TEAM Project

Established a team encompassing all tasks to support construction operations from the very first stage, aiming for cost reduction, quality improvement, and other benefits

### Face to Face Project

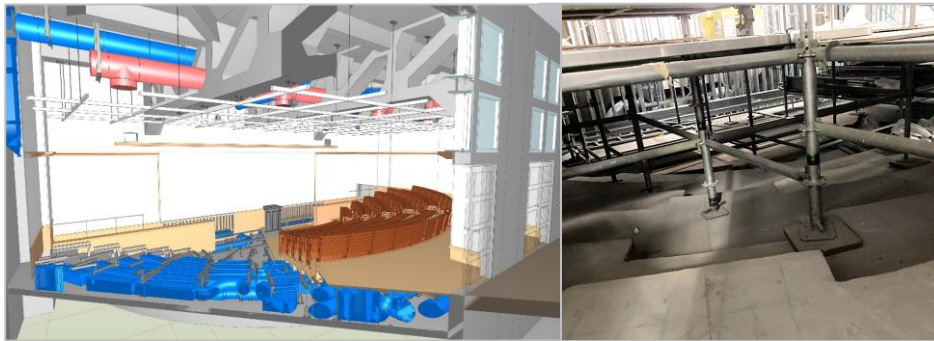
Supervisors with extensive knowledge of the construction project visit the jobsite to strengthen communications and reduce the need to redo jobs and other risks



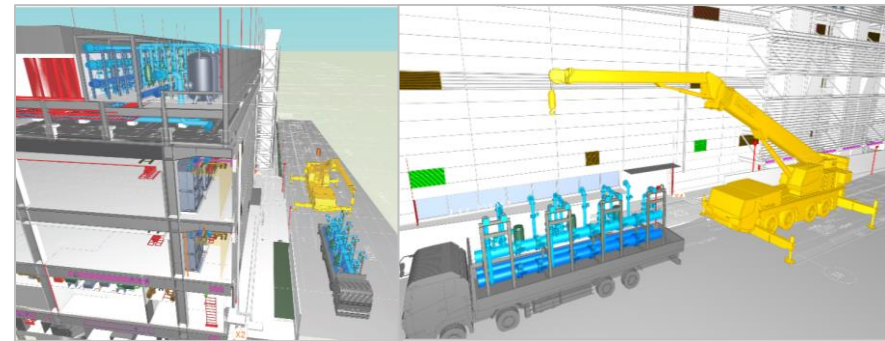
# Examples of Building Information Modeling

## BIM for constructing a building with greater efficiency

- 3D imaging for determining placements of pipes and ducts relative to steel beams, braces and many other obstacles eliminates the risk of needing to redo a job
- 3D presentations of the locations of equipment ensure trouble-free agreements between designers and project owners; customer response is very positive
- Initiatives for front-loading, such as the use of BIM for considering unitization and construction planning



▶ Use of BIM with the integration of architecture (customer) and equipment



▶ Simulated deliveries using a BIM model

## Features of BIM software (Rebro/Revit) and initiatives for the future

### Rebro (NYK Systems Inc.: Japan)

- To be used in [the on-site construction stage](#) in response to the on-site [needs of customers](#)
- User-friendly software featuring superior [operability](#) demonstrated in [3D drawing](#), such as the creation of a construction diagram
- It is expected that this software will continued to be used as 3D drawing software which will replace CAD software for building construction equipment

### Revit (Autodesk, Inc.: US)

- At present, this software is used mainly in the architectural design stage.
- Excelling in [functional linkage and expandability](#), as a design automation tool and for automatic computation, simulation, etc.
- Promising software that is likely to be used more widely in the equipment industry if standardization progresses

- Position them as **strategic tools** for the future and enhance initiatives for **human resource development** and tool **improvement**.
- Make maximum use of BIM information through **database integration** in an attempt to **improve business efficiency**.

# Trends in the EPS, ROE and Share Price (in the last five years)



(Cautionary Statement Concerning Forward-Looking Statements)

Forward-looking statements such as forecasts of financial results stated in these materials are based on information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may be materially different from the above forecasts for a number of reasons.

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