

March 11, 2022

Formulation of Obayashi Group Medium-Term Business Plan 2022

Obayashi Corporation hereby announces that it has resolved Obayashi Group Medium-Term Business Plan 2022, “Strengthening the Business Foundation and Accelerating Company-wide Transformation,” the five-year business plan starting in FY2022, at its Board of Directors’ meeting held today.

As announced in a press release on November 8, 2021, the final-year targets for Obayashi Group Medium-Term Business Plan 2017 ending in FY2021 are not expected to be achieved mainly due to a loss related to domestic construction projects.

The Obayashi Group has newly formulated Obayashi Group Medium-Term Business Plan 2022 toward its corporate philosophy of “contributing to realizing a sustainable society,” taking into account the changes in the global social situation, the conditions in the domestic construction market, which is the Group’s core business, and the analysis of causes behind the shortfall relative to targets set in the Medium-Term Business Plan 2017.

Under its new Medium-Term Business Plan, the Obayashi Group will work on the following three pillars of fundamental strategies: (i) Strengthen and Expand the Foundation of the Construction Business, (ii) Innovate Technologies and Businesses, and (iii) Expand Business Portfolio for Sustainable Growth. Pursuing the strategies, we will develop a business foundation capable of generating stable profits with consolidated operating income of 100.0 billion yen as the bottom line, and further improve earnings within the period of the new business plan. We will also establish a path to sustainable growth in corporate value by continuing to make decisive investments.

The Obayashi Group is committed to “Strengthening the Business Foundation and Accelerating Company-wide Transformation” by mobilizing all the diverse capabilities to carry out Obayashi Group Medium-Term Business Plan 2022.

Please see the attached material for the details of Obayashi Group Medium-Term Business Plan 2022.



Obayashi Group

Medium-Term Business Plan 2022

“Strengthening the Business Foundation and
Accelerating Company-wide Transformation”
(2022–2026)



OBUYASHI

MAKE BEYOND

TRANSCENDING THE ART AND SCIENCE OF MAKING OF THINGS

The Obayashi Group will conduct the following three pillars of fundamental strategies under its new Medium-Term Business Plan 2022,
“Strengthening the Business Foundation and Accelerating Company-wide Transformation.”

① **“Strengthen and Expand the Foundation of the Construction Business”**

Enhance productivity and the ability to provide added value for customers by “re-engineering business processes of the domestic construction business,” “expanding the construction value chain” and “implementing innovative construction production systems”

② **“Innovate Technologies and Businesses”**

Capture growth opportunity generated from social demand for “carbon neutrality” and “well-being (safety, security, comfort and health)” by materializing new value with in-depth integration of innovative technology and business model

③ **“Expand Business Portfolio for Sustainable Growth”**

Continuously acquire new profit opportunities through open innovation and active investments, leveraging strengths in technologies and networks cultivated in a variety of global business fields centered on construction

Pursuing the strategies, we will establish a business foundation capable of generating stable profits with consolidated operating income of 100.0 billion yen as the bottom line, and further improve earnings within the period of the new business plan. We will also establish a path to sustainable growth in corporate value by continuing to make decisive investments.

The Obayashi Group will continue to take on the challenge of ceaseless transformation driven by talent and innovation to keep providing a variety of solutions for the sustainability of places where we reside: spaces, cities, and the environment.

1. Vision and Social Issues

2. Review of Medium-Term Business Plan 2017

3. Background and Key Effort to Pursue

4. Medium-Term Business Plan 2022

(1) Overall Picture

(2) Two Phases of the Fundamental Strategy

(3) Three Pillars of the Fundamental Strategy

(i) Strengthen and Expand the Foundation of the Construction Business, (ii) Innovate Technologies and Businesses, (iii) Expand Business Portfolio for Sustainable Growth

(4) Performance Indicator Targets

(i) Financial Indicators and Investment Plan, (ii) Non-financial Qualitative Indicators

(5) Platform Development Strategy

(i) Human Resource Strategy, (ii) Organization Strategy, (iii) DX Strategy, (iv) Technology Strategy, (v) Supply Chain Strategy, (vi) Finance and Capital Strategy, (vii) Sustainability Management System

(6) Business Strategy

(i) Domestic Construction Business, (ii) Overseas Construction Business, (iii) Real Estate Development Business, (iv) Green Energy Business, (v) New Businesses Initiatives

Obayashi Philosophy Contribute to realizing a sustainable society
Obayashi Code of Conduct “Fulfill our social mission” “Ensure strict adherence to corporate ethics”
Obayashi Three Pledges “Quality, Value, and Efficiency”

Basic Principles

Social Vision Realization of sustainability of "the Planet, Society, and People"
Obayashi Group's Three Targets “Decarbonization,” “Provide valuable spaces and services”
“Co-creation of sustainable supply chains”

Obayashi Sustainability Vision 2050

- Uncertain, complex era in which existing values are changing significantly
- Globally growing concern, such as carbon neutrality and well-being

In the light of these social changes, the Obayashi Group's vision for 2050 is defined as follows:

“ The Obayashi Group will continue to take on the challenge of ceaseless transformation driven by talent and innovation to keep providing a variety of solutions for the sustainability of places where we reside: spaces, cities, and the environment. ”

Obayashi Group in 2050

Our brand vision, “MAKE BEYOND Transcending the art and science of making of things,” supports the achievement of our basic principles and vision.

Review of the Medium-Term Business Plan 2017

Financial Indicators

- Net sales, operating income, etc., remained mostly in line with the plan until FY2020.3. FY2022.3 saw a significant decline in profit.
- Capital accumulation progressed steadily, and equity reached 900.0 billion yen. The equity ratio also rose to around 40%.

	FY2018.3 Results	FY2019.3 Results	FY2020.3 Results	FY2021.3 Results	FY2022.3 Forecast	Medium-Term Business Plan 2017 Profit/loss for FY2022.3
Net sales	1,900.6 billion yen	2,039.6 billion yen	2,073.0 billion yen	1,766.8 billion yen	1,960.0 billion yen	Around 2 trillion yen
Operating income	137.8 billion yen	155.4 billion yen	152.8 billion yen	123.1 billion yen	34.5 billion yen	Around 150.0 billion yen
Profit attributable to owners of parent	92.6 billion yen	113.1 billion yen	113.0 billion yen	98.7 billion yen	35.0 billion yen	Around 100.0 billion yen
Profit attributable to owners of parent per share (EPS)	129.09 yen	157.65 yen	157.59 yen	137.64 yen	48.82 yen	Around 150 yen
Return on equity (ROE)	14.5%	15.6%	14.3%	11.3%	3.8%	Over 10%

	Results as of March 31, 2018	Results as of March 31, 2019	Results as of March 31, 2020	Results as of March 31, 2021	Forecast for March 31, 2022	Medium-Term Business Plan 2017 Balance sheets for FY2022.3
Equity	684.8 billion yen	768.9 billion yen	817.8 billion yen	931.0 billion yen	942.2 billion yen	900.0 billion yen
Retained earnings	404.8 billion yen	498.1 billion yen	587.0 billion yen	661.5 billion yen	679.7 billion yen	700.0 billion yen
Equity ratio	32.2%	34.7%	36.7%	41.0%	38.9%	40%
Net interest-bearing debt	86.6 billion yen	103.5 billion yen	(66.4 billion yen)	7.4 billion yen	—	0
Interest-bearing debt	276.7 billion yen	272.2 billion yen	248.5 billion yen	265.9 billion yen	300.0 billion yen	250.0 billion yen
Cash and deposits	190.0 billion yen	168.6 billion yen	315.0 billion yen	258.5 billion yen	—	250.0 billion yen

Note1 : Profit per share (EPS) as of March 31, 2022, is calculated based on the number of issued shares minus treasury shares as of December 31, 2021.

Note2 : Equity and retained earnings as of March 31, 2022 are total of equity and retained earnings as of March 31, 2021 and FY2022.3 forecasted net profit minus annual dividend payment.

Note3 : Equity ratio as of March 31, 2022 is calculated based on total asset as of December 31, 2021.

Investment Plan

- We expect to achieve 460.0 billion yen of the total investments over five years, exceeding the planned amount of 400.0 billion yen. There has been steady progress in large-scale investments in properties for lease as a means of preparing the way for the future
- Both in the real estate leasing business and the renewable energy business, the profit contribution of investments made during the period of the Medium-Term Business Plan 2017 is anticipated after FY2023.3.

	Medium-Term Business Plan 2017	FY average	Projected results
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■ Continuous investment in order to remain “the leader at the forefront of technology and productivity”

R&D of construction technologies	100.0 billion yen	20.0 billion yen	120.0 billion yen	Including the transformation of digital infrastructure
Construction machinery and business facilities	50.0 billion yen	10.0 billion yen	63.0 billion yen	

■ Investment to become “a corporate group advancing while creating diverse earnings sources”

Real estate leasing business	100.0 billion yen	20.0 billion yen	185.0 billion yen	Contribution to profits during the period of the Medium-Term Business Plan 2022
Renewable energy business and others	100.0 billion yen	20.0 billion yen	55.0 billion yen	

■ Growth investment by capturing opportunities

M&A, etc.	50.0 billion yen	10.0 billion yen	37.0 billion yen	Including open innovation investment
Total investment amount for five years	400.0 billion yen	80.0 billion yen	460.0 billion yen	

Change in Society and Economy

- Changes in behaviors and values due to COVID-19
- Uncovered weakness in global supply chains
- Rising prices due to a shortage of semiconductors and soaring oil prices
- Accelerating global efforts for decarbonization, such as carbon neutrality and hydrogen, and well-being initiatives
- Increasing economic and security risks, etc.

Business Environment

- Increased competition due to the leveling off of the domestic construction market
- Solid demand anticipated in national resilience projects, redevelopment, renovation, smart cities, and green energy fields
- Rapidly increasing and diversifying customer needs for carbon neutrality
- Responding to the application of overtime cap regulation under the revised Labor Standards Act of Japan
- Lack of skilled workers in the construction industry due to factors such as the declining birthrate and aging society, etc.

Efforts Carried Over from the Medium-Term Business Plan 2017

- Strengthening the business foundation of the domestic construction business
 - Expansion of proposal and production capacity
 - Enhancement of procurement capability
 - Continuing a corporate culture that prioritizes safety and quality
- Expansion and further localization of overseas construction business
- Environmental changes in the green energy business
- Transformation of business processes through digitization
- Use of data in the construction value chain such as BIM/CIM, and implementation of next-generation technologies such as construction technologies and robotics, etc.

Key Efforts to Pursue for Sustainable Growth

- Strengthen the construction business foundation by enhancing proposal capabilities and production capacity integrating all the construction business process
- Innovate technologies and businesses model in order to create valuable solutions to social issues that we can turn into our new business opportunities
- Expand the business portfolio on the assumption that business activities in the global market are a given condition for the Company's survival

“ Strengthening the Business Foundation and Accelerating Company-wide Transformation ”

“ Strengthening the Business Foundation and Accelerating Company-wide Transformation ”

<Three Pillars of Fundamental Strategy>

(1) Strengthen and Expand the foundation of the Construction Business

Enhance productivity and the ability to provide added value for customers by “re-engineering business processes of the domestic construction business,” “expanding the construction value chain” and “Implementing innovative construction production systems”

(2) Innovate Technologies and Businesses

Capture growth opportunities generated from social demand for “carbon neutrality” and “well-being (safety, security, comfort and health)” by materializing new value with in-depth integration of innovative technology and business model.

(3) Expand Business Portfolio for Sustainable Growth

Continuously acquire new profit opportunities through open innovation and active investments, leveraging strengths in technologies and networks cultivated in a variety of global business fields centered on construction

<Platform Development Strategy>

(1) HR

(2) Organization

(3) DX

(4) Technologies

(5) Supply chain

(6) Finance and Capital

(7) Sustainability Management System

<Business Strategy>

Diversified global business portfolio centered on domestic construction



Seeds to create new business opportunities

Obayashi Group Medium-Term Business Plan 2022

Measures for Strengthening the Foundation of Construction Business (Through FY2024.3)

Strengthen the Foundation

In FY2023.3 and FY2024.3, we will prioritize the recovery and stabilization of earnings **with consolidated operating income of 100.0 billion yen as the bottom line.**

Fundamental Strategy (i) Strengthen and Expand the Foundation of the Construction Business

- Strategize work portfolio building
- BPR (Business Process Re-engineering)
- Increase competitiveness and profitability
- Maintain, strengthen, and expand supply chain
- Respond to the application of overtime cap regulation under the revised Labor Standards Act of Japan

Fundamental Strategy (ii) Innovate Technologies and Businesses

- Develop innovative construction production systems

Fundamental Strategy (iii) Expand Business Portfolio for Sustainable Growth

- Adopt ROIC as a key performance indicator to make management decision with a focus on capital efficiency

Measures for Accelerating Transformation (Through FY2027.3)

Accelerate Transformation

From FY2025.3, we will **establish a path to medium- to long-term growth** through company-wide transformation.

Fundamental Strategy (i) Strengthen and Expand the Foundation of the Construction Business

- Strengthen the construction value chain and expanding construction service domains
- Improve productivity through implementing innovative construction production systems

Fundamental Strategy (ii) Innovate Technologies and Businesses

- Generate new value for customers in new business domains
- Develop business models and technologies that will lead to resolving social issues, such as carbon neutrality and well-being

Fundamental Strategy (iii) Expand Business Portfolio for Sustainable Growth

- Establish solid and resilient source of growth integrating the five business domains enhanced by continuous investment

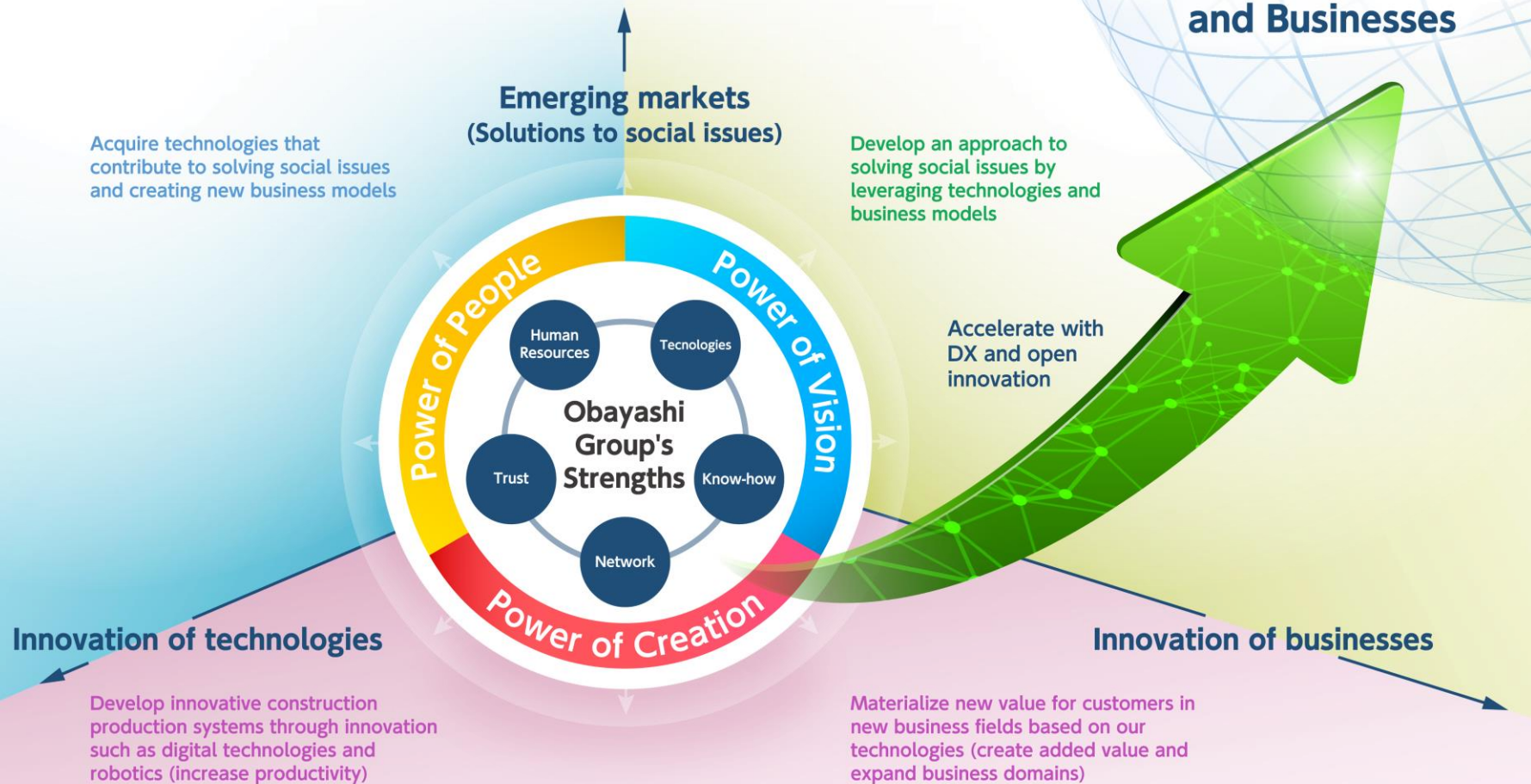
① Strengthen and Expand the Foundation of the Construction Business

- a. Improve the certainty of earnings through the transformation of business processes and exhaustive risk management
- b. Enhance competitiveness and profitability by increasing capability of delivering additional value for customers and improving all the components and integration of construction business processes (business development, design, procurement, production, and supply chain)
- c. Strengthen the construction value chain and expand construction service domains
 - Strengthen the series of the “construction value chain,” development, consultation, design, construction, maintenance, and renovation
 - Promote initiatives in new “construction service domains” such as wooden structure, marine projects, and smart roads



2 Innovate Technologies and Businesses

- a. Strengthen the foundation of construction business through technological innovation
- b. Materialize new value for customers and expand business domains through business innovation
- c. Formulate and implement a strategy that turning solutions to social issues into our business opportunities



Reference: Obayashi Group's strengths described in its brand vision, "Transcending the art and science of making of things," are "Power of Vision," "Power of Creation," and "Power of People."

3 Expand Business Portfolio for Sustainable Growth

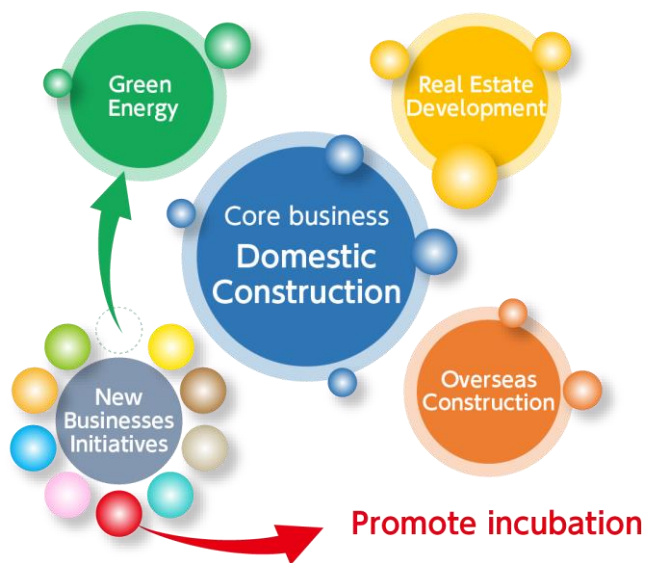
a. Establish solid and resilient source of growth integrating the five business domains enhanced by continuous investment

Allocate business resources to strengthen and expand the business portfolio, comprising the core Domestic Construction Business, the Overseas Construction Business, Real Estate Development Business, Green Energy Business, and New Businesses Initiatives

b. Focus on capital efficiency (adoption of Return on Invested Capital [ROIC])

c. Reduce uncertainty in return with exhaustive risk management

Diversified global business portfolio centered on domestic construction



ROIC

Adopted as a performance indicator
Improve the ROIC across the Group by controlling the resource allocation and coordination among businesses

ROIC reverse tree

Set different WACC target for each business
Aim the ROIC exceeding the targeted WACC
The ROIC reverse tree for each business is introduced to clarify concrete strategy and action items

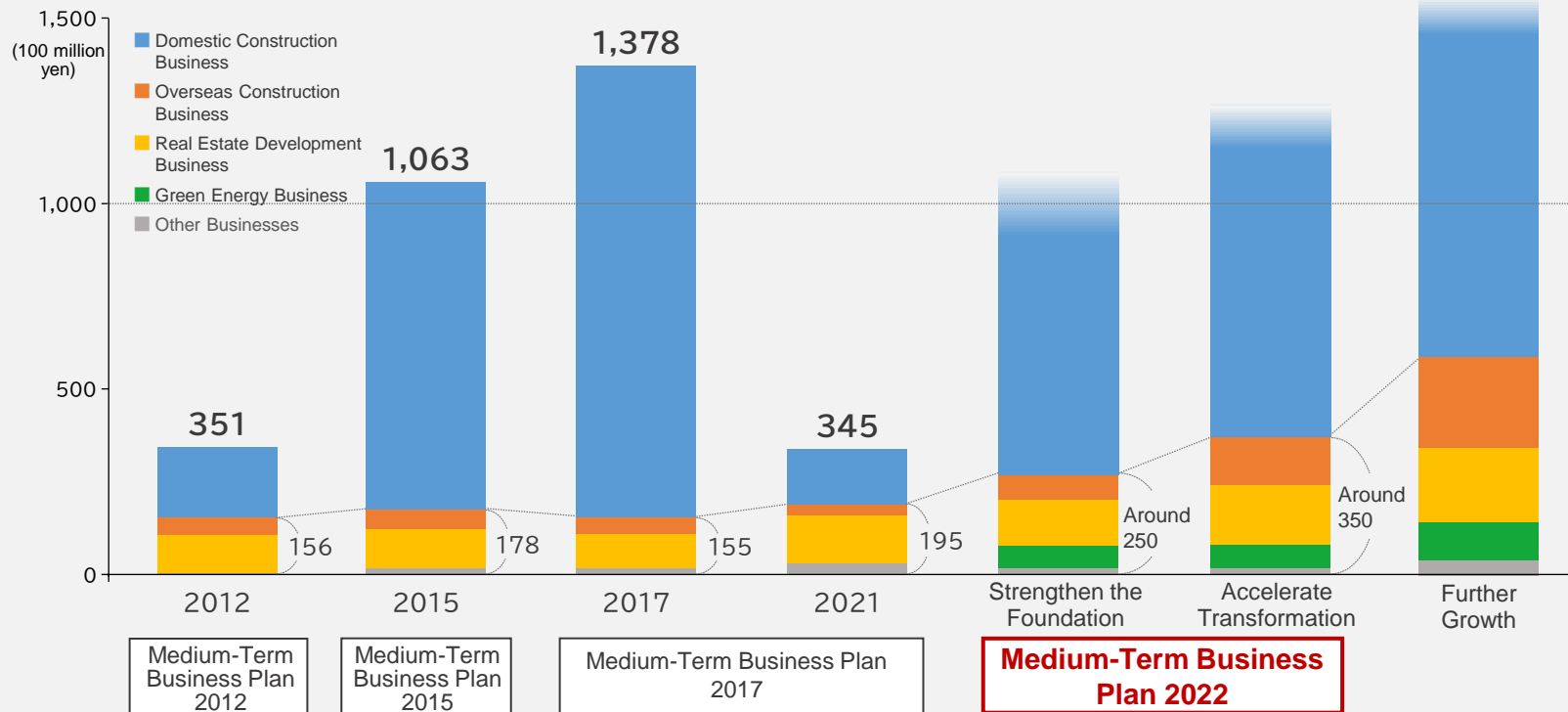
New Businesses Initiatives : smart city management, PPP/concessions, agriculture and biotechnology, space, consulting, etc.

Financial Indicators

We will establish a business foundation capable of generating stable profits with consolidated operating income of 100.0 billion yen as the bottom line, and further improve earnings by increasing competitiveness and expanding business opportunities.

In addition to improving profitability by strengthening the foundation of the domestic construction business, we aim to develop a solid and resilient corporate structure earing over 30% of operating income in diversified profit source other than the domestic construction businesses.

Consolidated operating income



Financial Indicators

■ Performance indicators

Consolidated net sales	Around 2 trillion yen	Higher lever target, compared to the long-term historical performance of the Obayashi Group Generate stable profits, with consolidated operating income of 100.0 billion yen as the bottom line, through the company-wide transformation
Consolidated operating income	100.0 billion yen or more	
Earnings per share (EPS)	100 yen or more	

■ Stability indicators

Equity ratio	Around 40%	Secure financial stability by maintaining the level achieved under the Medium-Term Business Plan 2017.
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■ Efficiency indicators

Return on invested capital (ROIC)	5% or more in the medium term	Secure ROIC of 5% or more in the medium term (Equivalent to ROE of 8%) Heighten internal awareness of capital efficiency improvement through the ROIC and ROIC reverse tree
Reference: Return on equity (ROE)	8% or more in the medium term	

■ Targets for shareholder returns

Dividend on equity ratio (DOE)	Around 3%	Adopt the dividend on equity ratio (DOE) Return stable outcome based on accumulation of profits to shareholders in the medium to long term.
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ROIC = Consolidated operating income × (1-Effective tax rate) / [(Invested capital as of the end of the previous fiscal year + Invested capital as of the end of the current fiscal year)/2]

ROE = Profit attributable to owners of parent / [(Equity as of the end of the previous fiscal year + Equity as of the end of the current fiscal year)/2]

DOE = Total annual dividends (interim + year-end) / [(Equity as of the end of the previous fiscal year + Equity as of the end of the current fiscal year)/2]

4 Medium-Term Business Plan 2022 (4) Performance Indicator Targets

Investment Plan

Medium-Term Business Plan 2022	
2022-2026	FY average

(Reference)
2017-2021
Projected results

Intangible asset investment for platform development

Human resource-related investment	25.0 billion yen	5.0 billion yen		20.0 billion yen
Digital-related investment	70.0 billion yen	14.0 billion yen	Including the amount recognized as assets	55.0 billion yen
Technology-related investment	80.0 billion yen	16.0 billion yen	Including the amount recognized as assets	65.0 billion yen

Ongoing tangible asset investment with a focus on strengthening the foundation of the construction business

Construction machinery and facilities	50.0 billion yen	10.0 billion yen		63.0 billion yen
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Growth investment toward expanding business portfolio

Real Estate Development Business	300.0 billion yen	60.0 billion yen	Excluding 140.0 billion yen recovered as a result of sales of assets invested (Net 160.0 billion yen when combined with the recovered amount)	185.0 billion yen
Green Energy Business	50.0 billion yen	10.0 billion yen		55.0 billion yen
M&A, etc.	25.0 billion yen	5.0 billion yen	Including open innovation investment	37.0 billion yen
Total investment amount for five years	600.0 billion yen	120.0 billion yen		480.0 billion yen

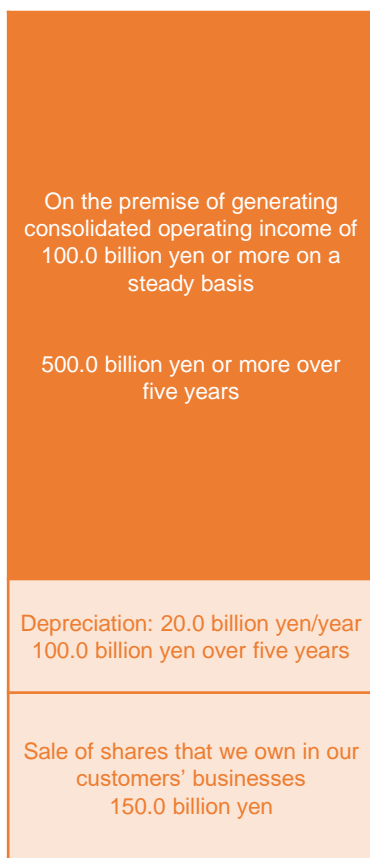
Note: Potential investments for growth such as large-scale M&A projects are not included in the plan above

Note: Human resource-related investment is based on approximate estimates.

Investment Plan

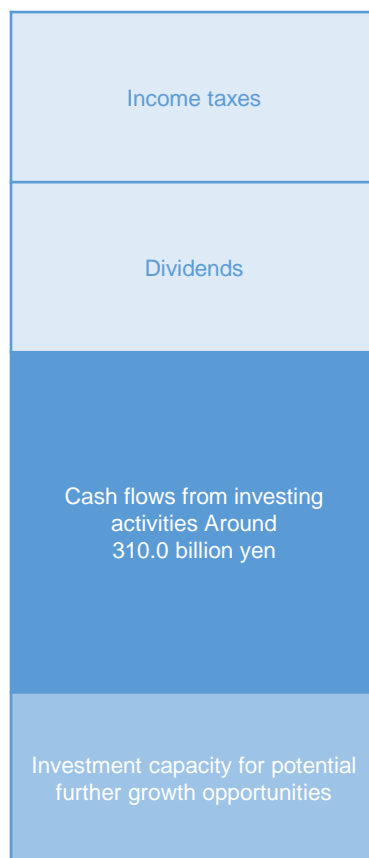
Cash allocation during the period of the Medium-Term Business Plan 2022

Cash inflow



Generate cash amounting to 750.0 billion yen over five years

Cash outflow



Breakdown of cash flows from investing activities

Item	Investment Plan
Human resource-related investment	25.0 billion yen
Digital-related investment	70.0 billion yen
Technology-related investment	80.0 billion yen
Construction machinery and facilities	50.0 billion yen
Real Estate Development Business	300.0 billion yen
Green Energy Business	50.0 billion yen
M&A etc.	25.0 billion yen
Investment Plan	600.0 billion yen
Deduction of the amount to be excluded from cash flows from investing activities	(150.0 billion yen)
Recovery through the sales of assets invested in the Real Estate Development Business	(140.0 billion yen)
Amount to be included in cash flows from investing activities	310.0 billion yen

Non-financial Qualitative Indicators

Environment

(i) Reduction of greenhouse gas emissions

CO₂ emissions reduction (Scope 1, 2)

Achievement target: FY2031.3 (vs. FY2020.3)

46.2% decrease

- Commit to SBT, aiming to achieve carbon neutrality by 2050

(ii) Actions toward achieving carbon neutrality

- Acquire technologies that contribute to achieving carbon neutrality in society and promote value-added proposals
- Promote green energy including hydrogen
(Various solution and business opportunity: Supporting customer businesses, EPC business, and energy service provider)

(iii) Promotion of environmental investment

- Promote investments that contribute to reducing greenhouse gas emissions and achieving carbon neutrality in society

Social

(i) Ensuring safety and quality

- Eradicate fatal accidents, serious accidents, and serious quality defects

(ii) Well-being initiatives

- Make proposals and participate in developing comfortable, secure and disaster-resistant infrastructure, smart cities and buildings
- Develop and create safe and secure working environments through collaborations across the supply chain
- Increase the work engagement and well-being of employees

(iii) Promotion of diversity

- Establish an environment in which talents with various background can play an active role
- Promote health and productivity management

Governance

(i) Implementing a PDCA cycle for sustainable corporate growth

- Introduce discussion and monitoring on sustainability issues by the Sustainability Committee to be established

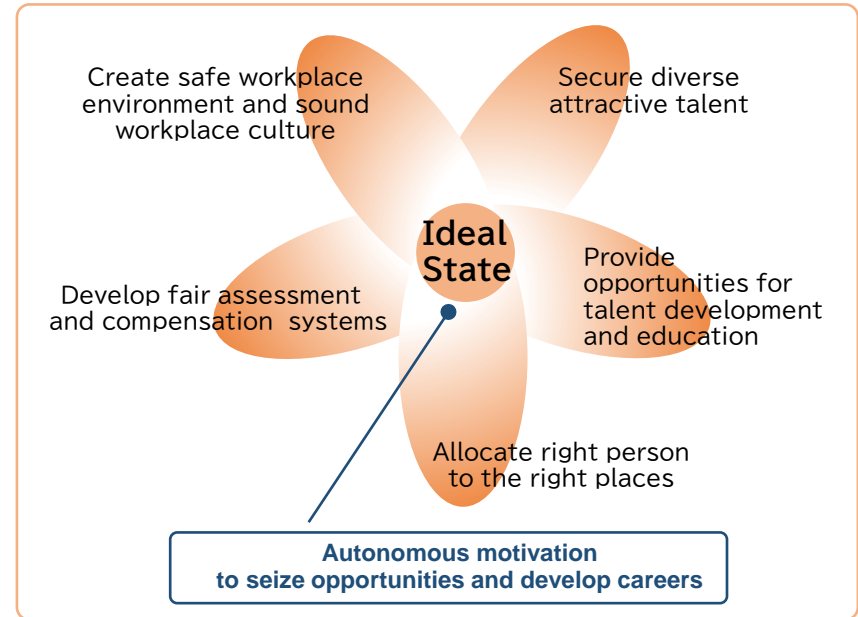
(ii) Implementing rigorous compliance

- Keep heightening awareness of compliance and prevent violations of laws and regulations

① Human Resource (HR) Strategy

Shift focus from “work style reforms” to “work experience”

- Develop a HR management policy
- Take actions based on the HR management policy
 - ▶ Recruit diverse talent in order to pass on skills and strengthen competitiveness
 - ▶ Optimize talent allocation contributing personal career development and maximize personal performance
 - ▶ Develop an education and training system to stimulate proactive learning
- Increase the work engagement of employees
- Promote diversity and inclusion
- Promote health and productivity management



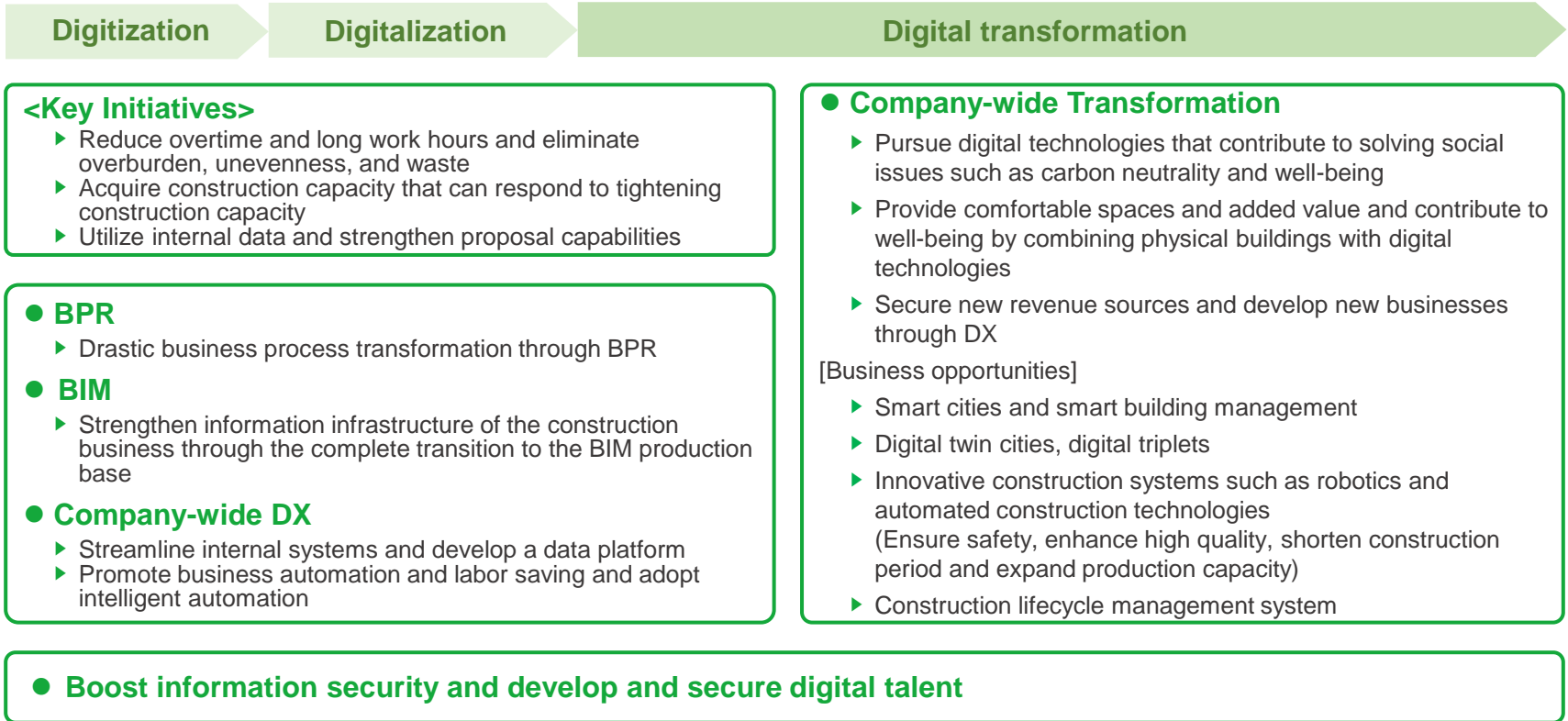
② Organization Strategy

Vertical and horizontal coordination and autonomous collaboration among business units and supervising units

- Regional and functional business units promote operation to maximize specialties and efficiency (vertical).
- Supervising units control group-wide issues, such as global business development and safety, to pursue overall optimization and thorough risk management (horizontal).
- Each business units develops its business activities autonomously under unified policy and cooperate directly without involving direction from headquarters.
- Develop the organizational structure and capabilities in line with the business portfolio by utilizing M&A and business alliance

③ DX Strategy

DX strengthening business foundation and accelerating companywide transformation



[Topics: Establishment of DX Division in February 2022]

We will strongly push forward with digital business transformation with optimal decision-making and a sense of speed for all business functions of IT infrastructure, system development, production digital, DX promotion, BPR, and BIM/CIM. The DX Division has been established as a top-down company-wide organization that is in charge of formulating, promoting, and managing our DX strategy.

④ Technology Strategy

Develop a technology portfolio and ecosystems to secure a competitive advantage

- Develop a technology portfolio in the light of the IP landscape
 - ▶ Acquire technologies to strengthen the construction value chain, increase productivity, enhance safety and quality, and improve the work environment (BIM/CIM, DX [robots, ICT], labor-saving, green energy, smart cities, infrastructure renewal, environment, pharmaceuticals, nuclear, wooden structure and interior initiatives, marine projects, and smart roads)
 - ▶ Acquire technologies leading to solving social issues and expanding business domains (carbon neutrality, well-being, hydrogen, space, etc.)
- Promote collaboration with the public sector/academics, competitors and suppliers/subcontractors, M&A and open innovation
 - ▶ Aim to promote standardization by involving countries and industries in solving social issues
 - ▶ Develop ecosystems by organically combining in-house development, collaboration through open innovation, external procurement-based development, utilization of grants, etc.

⑤ Supply chain Strategy

Increase competitiveness and secure skilled workers by developing sustainable supply chains

- Improve work environment for on-site construction workers and create comfortable and inclusive workplace
- Build co-creative relationships to promote ESG and the SDGs, including environmentally responsible design and construction
- Provide suppliers/subcontractors with support for improving productivity and digitization
- Enhance technological capabilities and pass on expert skills by utilizing vocational training schools and training facilities
- Work with suppliers/subcontractors to develop successors and secure skilled workers
- Strengthen and revitalize Obayashi Rin-yu-kai

⑥ Finance and Capital Strategy

Increase corporate value and improve capital efficiency

- Investment policy
 - ▶ Further increase corporate value through investment in talent, digital, and technologies and growth investment for the future, while utilizing external funds, if required, under certain financial discipline
- Shareholder return policy
 - ▶ Adopt the dividend on equity ratio (DOE) as an indicator, prioritizing long-term stable dividends
 - ▶ Return stable outcome based on accumulation of profits to shareholders in the medium to long term
- Policy for sale of shares that we own in our customers' businesses
 - ▶ Sell about 150.0 billion yen worth of shares that we own in our customers' businesses, to bring the shares to 20% of consolidated net assets or below by the end of March 2027

⑦ Sustainability Management System

Enhance governance by strengthening board functions

- Achieve sustainable growth and increase in corporate value by strengthening the corporate governance system
- Shift the thought of sustainability from the social and environmental contribution to a driver for profit growth
- Establish the “Sustainability Committee” under the Board of Directors to discuss sustainability issues including the long-term viability of the business portfolio

Business Opportunities and Solutions for Carbon Neutrality

Obayashi Group's Comprehensive Competitiveness

Fulfill Obayashi Three Pledges "Quality, Value, and Efficiency"

Provide construction lifecycle management

Provide infrastructure by utilizing natural energy and next-generation energy (hydrogen, etc.)

Develop and activate technologies leading to reducing environmental loads

Establish new production systems by integrating people with digital technologies and robots

<Business Opportunities and Solutions>

Extend the product life cycle

- High quality
- Renovation
- Conversion, etc.

CO₂ reduction

- Renewable energy
- CO₂-free hydrogen
- Zero Energy Construction /Zero Energy Building
- Micro grid, etc.

CO₂ absorption

- Wooden buildings
- Urban greening
- Development of agriculture, best use of forest resource
- Development of materials that absorb CO₂, etc.

CO₂ recycling

- Carbon regeneration system (Algae and biofuel)
- Utilization of CO₂-free hydrogen

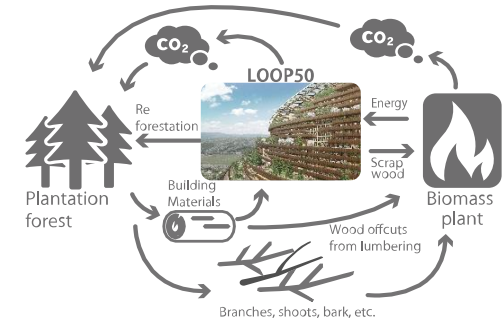
CO₂ encapsulation

- CO₂ capture and storage (CCUS)
- Development of materials that capture CO₂, etc.

Innovation to realize High-rise Wooden Structure 「OBAYASHI WOOD VISION」



“LOOP50,” a visionary project to create a town growing with forestry
Energy cycle based on forestry resources



Future vision of developing green hydrogen supply chains [Taupo, New Zealand]



Business Opportunities and Solutions for Well-being

Obayashi Group's Comprehensive Competitiveness

Fulfill Obayashi Three Pledges "Quality, Value, and Efficiency"

Provide safe, secure and comfortable buildings and infrastructure

Disaster-resilient society Initiatives for disaster prevention, disaster reduction, and post-disaster reconstruction

Area management using digital twin technology

Establish new production systems by integrating people with digital technologies and robots

<Business Opportunities and Solutions>

Safety

- Safety of buildings and infrastructure
- Safety of food and water
- Response to severe natural disasters
- Safety at the workplace

Security

- Secure logistics network
- Create a society with reliable security
- Facilities that can be managed steadily and efficiently

Comfort

- Comfortable working and living environment (Convenience, environmental control, etc.)
- Comfortable transportation network
- Environmental restoration
- Living harmonized with nature

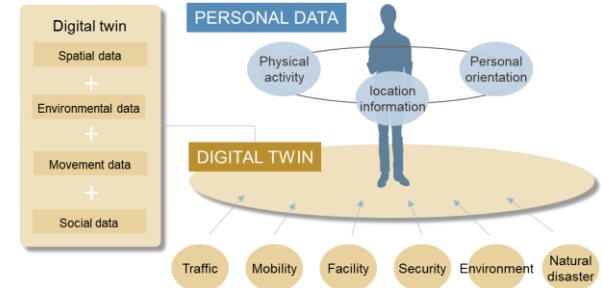
Health

- Comfortable work-spaces
- Health of residents
- Enhanced medical systems
- Health of employees and suppliers

A futuristic city that is spatially and functionally optimized by big data 2050 Mosaic City



Area management service integrating personal data and digital twin comprising virtual and real data



Recycling-oriented agriculture in the future "COMPACT AGRICULTURE" project



① Domestic Construction Business

Maximize value to be delivered, collaborating with supply chains

- Continuously expand production capacity through business transformation, including BPR of production processes
- Secure steady earnings based on strategic work portfolio in line with production capacity
- Develop a procurement platform for maintaining, strengthening and expanding supply chains
- Increase the production capacity by utilizing next-generation production technologies/systems, data, and digital technologies
- Strengthen the construction value chain and expand construction service domains by utilizing networks toward solving social issues such as carbon neutrality and well-being (including the usage of M&As)

Building construction

- Secure stable earnings by solidifying risk management process and by improving cost competitiveness, gathering effort of all the construction business process including business development, design, procurement, and production
- Further promote initiatives in growing sectors including data centers, semiconductor plants, pharmaceutical plants, wooden structure, and environmentally responsible building construction such as ZEB (Zero Energy Building)

Civil engineering

- Secure steady awards and profits by flexibly responding to changes in customer needs, such as Early Contractor Involvement and Design Build, as well as social and environmental changes
- Capitalize know-how as a pioneer in infrastructure renewals such as major expressway upgrades, and maintain/strengthen competitive advantage
- Strengthen competitive advantage and business resource in the renewable energy field and utilize networks to solve social issues such as environmental restoration and decarbonization

② Overseas Construction Business

Acquire further growth opportunities in the global market by leveraging a solid business foundation

- Expand construction capacity through continuous growth of group companies in North America and new M&As
- Strengthen the local business foundation of group companies in Asia and develop a cross-border collaboration system centered on Asia Headquarters
- Implement a strategy to enter targeted region, including M&As in non-construction businesses (Real Estate Development Business, Green Energy Business, and others in North America and Thailand)

③ Real Estate Development Business

Increase investment efficiency and profitability by optimizing the asset portfolio

- Diversify asset types and secure steady income gains by investing in growing sectors including environmentally responsible buildings such as ZEB (Zero Energy Building) and value-added logistics facilities
- Flexibly obtain capital gains and establish property/building management business model by utilizing private funds under management
- Acquire competitive assets by utilizing networks in the global market

④ Green Energy Business

Achieve growth by responding to needs to realize carbon neutrality

- Create synergies with the Construction Business and the Real Estate Development Business by responding to customer needs toward decarbonization (EPC, PPA, consulting, etc.)
- Increase power generation capacity and diversify energy source to lower total risk
 - (i) initiate renewable energy related business in Asia, (ii) promote efforts for non-FIT power supply, etc.
- Strengthen efforts for progress in hydrogen-related technologies and commercialization
 - (i) Promote decarbonization by using hydrogen in the Construction Business (construction machinery using hydrogen mixed combustion engines, etc.), (ii) promote businesses in the light of experience in hydrogen pilot projects both in Japan and abroad, etc.

⑤ New Businesses Initiatives

Pursue breakthroughs for exponential growth with exploration and launch of new businesses

- Focus on market areas with high growth potential by addressing social issues and leveraging our core technologies
 - (i) Carbon neutrality
 - (ii) Well-being
 - (iii) Transformation of existing industries brought about by digitization and innovative technologies,
 - (iv) New markets to be triggered by potential deregulations
- Strengthen initiative for PPP/concessions, etc., and test new business models, such as the subscription platform business
- Establish new business development processes, and efficiently employ available resources
 - (i) Promote collaboration among business units (including SVVL)
 - (ii) Develop ecosystems with research organizations, start-ups, and others in order to create and launch new businesses

MAKE BEYOND

TRANSCENDING THE ART AND SCIENCE OF MAKING OF THINGS

We make things.

And in the process, we go beyond.

Our experience and technology empower us
to break new ground, to do what has never been done.

With the Power of Vision we see beyond tomorrow.

Through the Power of Creation we transform ideas
into tangible innovations.

But it is the Power of People that makes everything possible.

Our shared history and collective expertise constitute our strengths,
allowing us to go beyond construction
and into new realms, for this is where our future lies.

As the world becomes more unpredictable and complex,
our unique approach to making things defines a new horizon,
and we lay a foundation that will enrich lives and ensure sustainability.

This is our mission, our truth.

Now, we take the next step,
and go beyond making,
to the next Obayashi.