

Acquisition of Shares of MWH US Acquisitions, Inc.

OBAYASHI CORPORATION (hereinafter referred to as the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on November 6, 2023, to acquire shares of MWH US Acquisitions, Inc. (“MWH US”), which engages in construction of water treatment facilities in the United States, through Obayashi USA, LLC, our wholly owned subsidiary in the United States, and make it a specified subsidiary of the Company. The details are described below.

1. Reason for acquisition of shares

Water infrastructure construction services in the United States is a stable market largely unaffected by economic trends. Against the backdrop of urban population growth and aging infrastructure, an increase in public investments is projected in the years ahead. The Obayashi Group has long been looking to make comprehensive inroads into the market, deeming it as a promising and stable setting that will contribute to the development of its North American construction business.

MWH US is a major construction company in the water treatment facility construction market in the United States. It is especially notable for its extensive track record in the construction of large-scale water treatment facilities and its competitive advantage in the market. By becoming a subsidiary of the Company, MWH US will be able to pursue further growth through the utilization of the Obayashi Group’s technologies, resources, and financial support, as well as cooperation from the Company’s existing subsidiaries in the United States.

By making MWH US a subsidiary of the Company, the Obayashi Group will fully develop its business in the water infrastructure construction market in the United States and further enhance its corporate value.

2. Overview of the subsidiary (MWH US Acquisitions, Inc.) subject to change

(1)	Name	MWH US Acquisitions, Inc.	
(2)	Location	Colorado, U.S.A.	
(3)	Title and Name of representative	Blair Lavoie Chair and President	
(4)	Description of Business	Pre-construction services, construction management, design, and construction for water treatment facilities	
(5)	Capital (in Thousands of U.S. dollars)	77,783	
(6)	Year of Establishment	2018(*)	
(7)	Major shareholders and ownership ratios	MWH Intermediate Holdings, L.P. 100%	
(8)	Relationship between the Company and said company	Capital relationship	None
		Personnel relationship	None
		Business relationship	None

(9) Consolidated operating results and consolidated financial positions of said company for the last three years (in Thousands of U.S. dollars)			
As of / Fiscal year ended	FY2020, December	FY2021, December	FY2022, December
Consolidated net assets	79,462	91,745	94,594
Consolidated total assets	236,666	267,229	303,704
Consolidated net assets per share	44	50	57
Consolidated net sales	477,064	479,100	476,959
Consolidated operating profit	10,385	13,773	4,915
Consolidated ordinary profit	10,073	13,508	4,096
Profit attributable to owners of parent	7,055	10,209	2,989
Consolidated earnings per share	1.33	1.93	0.56
Dividend per share	—	—	—

* MWH US Acquisitions, Inc. was established when the current parent company acquired MWH Constructors, Inc. in 2018. Through MWH Constructors, Inc., its subsidiary, MWH US Acquisitions, Inc. engages in the construction of water treatment facilities. MWH Constructors, Inc. was established in 1993 as the construction unit of its predecessor, MWH Global, Inc., and has been engaged in the construction of water treatment facilities, primarily in the United States, for more than 30 years.

3. Overview of the counterparty to the acquisition of shares

(1) Name	MWH Intermediate Holdings, L.P.	
(2) Location	Cayman Islands	
(3) Basis of Establishment, etc.	A limited partnership under the Cayman Islands Exempted Limited Partnership Law	
(4) Purpose of formation	An investment vehicle formed by Oaktree Power Opportunities Fund V, L.P. to invest in MWH US Acquisitions, Inc.	
(5) Year of formation	2018	
(6) Total investment amount	Undisclosed (*1)	
(7) Investors and investment ratio	Oaktree Power Opportunities Fund V, L.P. and private individuals (*2)	
(8) Overview of investor	Name	Oaktree Power Opportunities Fund V, L.P.
	Location	California, U.S.A.
	Title and Name of representative	Jimmy Lee Managing Director and Assistant Portfolio Manager
	Description of Business	Private equity investment
	Share capital	Undisclosed (*1)
(9) Relationship between the Company and said fund, etc.	Relationship between the Company and said fund	None
	Relationship between the Company and investors	None

*1 Under the request of the counterparty, we are required to not disclose this information.

*2 Under the confidentiality obligation owed to the shareholders, we are required to not disclose this information.

4. Overview of consolidated subsidiary acquiring shares

(1) Name	Obayashi USA, LLC
(2) Location	Delaware, U.S.A.
(3) Title and Name of Representative	Hiromitsu Kato President
(4) Description of Business	Construction
(5) Capital (in Thousands of U.S. dollars)	56,352 (For the share acquisition, a capital increase of 130,000 is planned, with total capital amounting to 186,352 as a result.)
(6) Date of Establishment	July 15, 2002

5. Ratio of shares acquired, acquisition costs, and shareholding before and after acquisition

(1) Ratio of shares held before the change	—
(2) Ratio of shares to be acquired	90% (scheduled)
(3) Acquisition costs (in U.S. dollars)	Shares \$126 million (Scheduled) (*) Advisory fees, etc. \$4 million (Estimated amount)
(4) Ratio of shares held after the change	90% (scheduled)

* Under the stock purchase agreement, completion adjustments will be applied based on working capital, etc. on the date of commencement of share transfer.

6. Timetable

(1) Date of resolution at the meeting of the Board of Directors	November 6, 2023
(2) Date of conclusion of the agreement	November 10, 2023 (scheduled)
(3) Date of commencement of share transfer (*)	December 31, 2023 (scheduled)

* The share acquisition will be executed provided that all conditions precedent as stipulated in the share purchase agreement have been fulfilled, such as approval by administrative authorities.

7. Future outlook

The impact of this matter on the consolidated financial results for the fiscal year ending March 2024 is minimal.