

Obayashi Corporation

PRIME 1802

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



November 12, 2024

Disclaimer:

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CEO Message



Progress against the initial plan for FY2024

Progress on Addendum to
Medium-Term Business Plan 2022

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Highlights

1 Progress against the initial plan for FY2024

- ✓ Steady progress on net sales, operating income, profit attributable to owners of parent, and orders received

2 Progress on Addendum to Medium-Term Business Plan 2022

- ✓ Steadily implementing measures for strengthening the business foundations and accelerating transformation for sustainable growth
- ✓ Progress on reducing cross-shareholdings

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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 equity**

- ✓ Valuation difference on available-for-sale securities decreased from the end of previous year due to decrease in value of cross-shareholdings with decline in stock prices.

Consolidated interest-bearing debt and nonrecourse loans

- ✓ Increase in commercial papers due to upfront subcontractor payments as a result of progress in major domestic construction projects.
- ✓ Fundraised through issuances of Sustainability-Linked Bonds.

ROIC and ROE

- ✓ For six months from April to September 2024.

Summary of FY2024 2nd Quarter Results



Consolidated net sales	¥1,240.5 bln	YoY Progress rate	+¥159.2 bln 49.4%	+14.7%	<ul style="list-style-type: none"> 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 Progress rate	+¥14.6 bln 48.9%	+47.5%	<ul style="list-style-type: none"> 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 Progress rate	+¥25.3 bln 63.3%	+85.3%	<ul style="list-style-type: none"> 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 Progress rate	+¥674.9 bln 65.4%	+69.3%	<ul style="list-style-type: none"> 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

Summary of FY2024 2nd quarter results

Consolidated net sales

- ✓ Record-high result for the first half of the fiscal year.
- ✓ Domestic construction projects in hand for both building construction and civil engineering businesses made steady progress.
- ✓ Impact of consolidation of MWH and conversion of overseas subsidiaries performance at the exchange rate of yen's depreciation. (Exchange rate: at the end of June)

Consolidated operating income

- ✓ Domestic building construction business: Despite the provision for losses on construction contracts, profit increased due to start and progress in high profitability projects and profit improvement in construction projects in hand.
- ✓ Domestic civil engineering business: Increased YoY due to profit improvement in projects in hand by cost reduction and additional claim approval.

Profit attributable to owners of parent

- ✓ Significant increase YoY due to higher operating income and steady progress made in the sale of cross-shareholdings.

Consolidated orders received

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

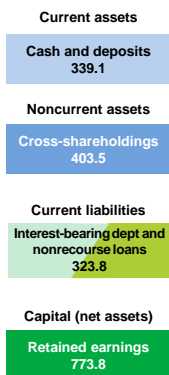
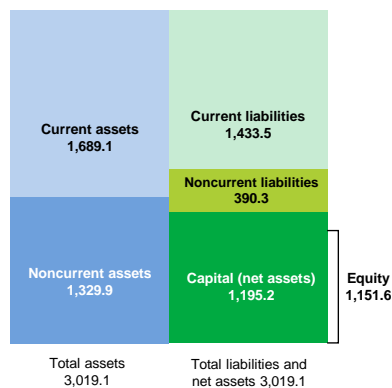
Consolidated Balance Sheets



- 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

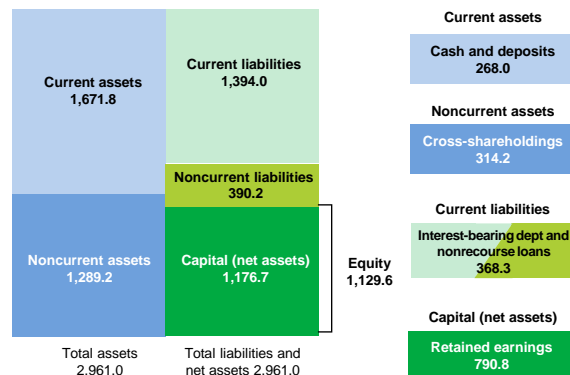
FY2023 Results

(Billions of yen)



FY2024/2Q Results

(Billions of yen)




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Consolidated balance sheets

- ✓ Decrease in cash and deposits due to upfront subcontractor payments as a result of progress in major domestic construction projects.
- ✓ Increase in noncurrent assets due to issuance of commercial papers for upfront subcontractor payments and fundraising through issuances of Sustainability-Linked Bonds.
- ✓ Decrease in capital due to progress in the sale of cross-shareholdings and impact of fall in the stock market result, while increase in retained earnings and foreign currency translation adjustments.
- ✓ Cross-shareholdings are explained on page 24.

Statements of Income



(Billions of yen)

		Consolidated				
		FY2023 2Q Results		FY2024 2Q Results		Y o Y
Net sales of completed construction contracts	Building	811.8		898.9		+ 87.0
	Civil	224.7		296.1		+ 71.3
	Total	1,036.6		1,195.1		+ 158.4
Net sales of real estate business and other		44.6		45.4		+ 0.8
Net sales		1,081.3		1,240.5		+ 159.2
Gross profit on completed construction contracts	Building	% -	-	% -	-	-
	Civil	-	-	-	-	-
	Total	8.2	84.4	8.9	106.7	+ 22.2
Gross profit on real estate business and other		26.0	11.6	26.5	12.0	+ 0.4
Gross profit		8.9	96.1	9.6	118.8	+ 22.6
Selling, general and administrative expenses		6.0	65.2	5.9	73.3	+ 8.0
Operating income		2.9	30.8	3.7	45.4	+ 14.6
Ordinary income		3.5	38.0	4.0	49.7	+ 11.7
Profit attributable to owners of parent		2.8	29.7	4.4	55.1	+ 25.3

(Billions of yen)

Non-consolidated					
FY2023 2Q Results		FY2024 2Q Results		Y o Y	
586.9		619.7		+ 32.8	
146.4		158.1		+ 11.6	
733.4		777.9		+ 44.5	
10.7		9.4		(1.3)	
744.1		787.4		+ 43.2	
% 5.7	33.6	% 6.6	41.1	+ 7.4	
14.8	21.7	18.1	28.6	+ 6.8	
7.6	55.4	9.0	69.7	+ 14.3	
25.2	2.7	20.0	1.8	(0.8)	
7.8	58.1	9.1	71.6	+ 13.5	
5.9	44.1	5.8	45.5	+ 1.4	
1.9	14.0	3.3	26.0	+ 12.0	
2.9	21.6	3.9	31.0	+ 9.3	
2.6	19.6	5.4	42.8	+ 23.2	

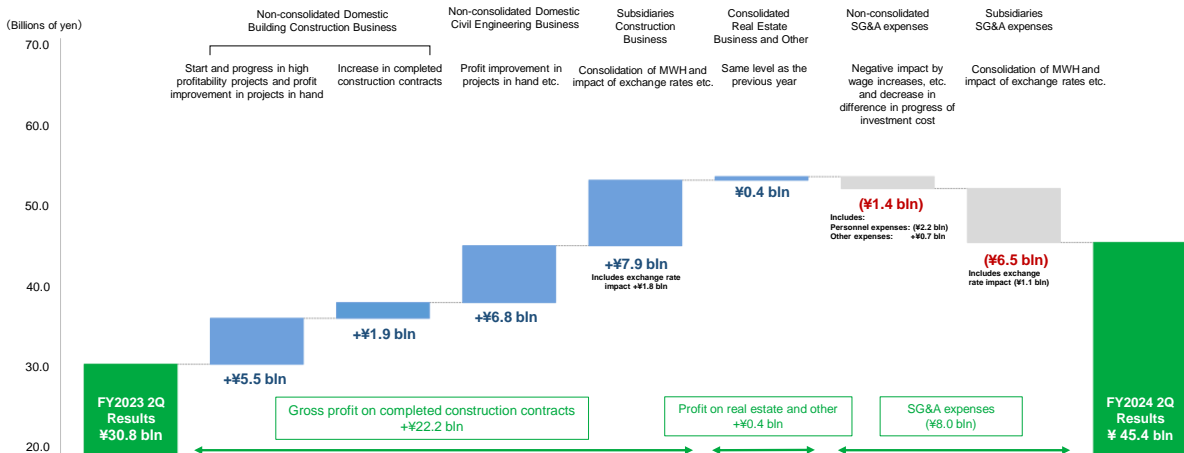
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Statements of income for FY2024/2Q

See next page for YoY change in consolidated operating income.

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




Change in consolidated operating income

Major reasons for the increase:

- ✓ Non-consolidated domestic building construction business: Start and progress in high profitability projects and profit improvement on construction projects in hand, despite the provision for losses on construction contracts.
- ✓ Non-consolidated domestic civil engineering business: Mainly profit improvement in projects in hand.
- ✓ Overseas construction business: Increase in gross profit on completed construction contracts and SG&A expenses due to consolidation of MWH.

Orders Received

(Billions of yen)



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

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Orders received for FY2024/2Q

- ✓ Domestic construction: Secured orders in line with the plan, with focusing to equalize the amount of construction work, amid firm demand.
- ✓ Overseas construction: A large progress compared to the initial plan mainly due to large-scale project received by MWH.

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.

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2 FY2024 Full Year Forecasts

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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.

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Summary of FY2024 forecasts

Consolidated equity

✓ ¥1,147.0 billion

Consolidated interest-bearing debt and nonrecourse loans

✓ ¥400.0 billion (+¥76.1 billion YoY)

Return on invested capital (ROIC)

✓ 4.2% (+0.4 pt YoY)

Return on equity (ROE)

✓ 7.6% (+0.6 pt YoY)

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.

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Summary of FY2024 forecasts**Consolidated net sales**

✓ ¥2,510.0 billion (+¥184.8 billion YoY)

Consolidated operating income

✓ ¥93.0 billion (+¥13.6 billion YoY)

Profit attributable to owners of parent

✓ ¥87.0 billion (+¥11.9 billion YoY)

Consolidated orders received

✓ Expect ¥2,520.0 billion (+¥6.9 billion YoY)

Statements of Income (Forecasts)

(Billions of yen)



		Consolidated			
		FY2023 Results		FY2024 Forecasts	
				Y o Y	
Net sales of completed construction contracts	Building	1,722.0		1,770.0	+47.9
	Civil	484.7		605.0	+120.2
	Total	2,206.7		2,375.0	+168.2
Net sales of real estate business and other		118.3		135.0	+16.6
Net sales		2,325.1		2,510.0	+184.8
Gross profit on complete construction contracts	Building	% -	-	% -	-
	Civil	-	-	-	-
	Total	8.6	188.8	8.8	210.0
Gross profit on real estate business and other		26.0	30.7	21.5	29.0
Gross profit		9.4	219.6	9.5	239.0
Selling, general and administrative expenses		6.0	140.2	5.8	146.0
Operating income		3.4	79.3	3.7	93.0
Ordinary income		3.9	91.5	3.9	98.0
Profit attributable to owners of parent		3.2	75.0	3.5	87.0

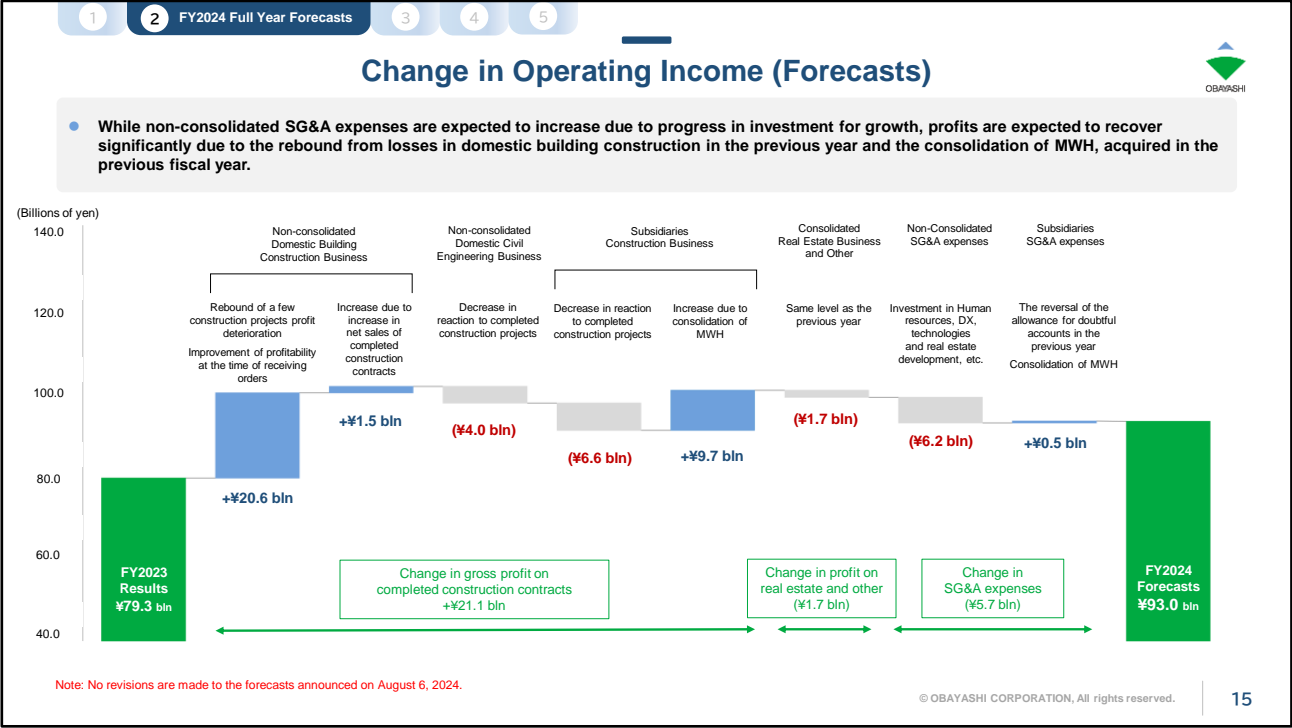
Note: No revisions are made to the forecasts announced on August 6, 2024.

		Non-consolidated			
		FY2023 Results		FY2024 Forecasts	
				Y o Y	
		1,240.2		1,265.0	+24.7
		315.6		320.0	+4.3
		1,555.8		1,585.0	+29.1
		26.3		25.0	(1.3)
		1,582.1		1,610.0	+27.8
		% 6.3	78.3	% 7.9	100.5
		15.4	48.5	13.9	44.5
		8.2	126.9	9.1	145.0
		19.7	5.1	14.0	3.5
		8.3	132.1	9.2	148.5
		5.6	88.7	5.9	95.0
		2.7	43.3	3.3	53.5
		3.5	55.4	3.9	63.5
		3.1	49.6	4.2	68.0

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Statements of income (Forecasts)

See next page for change in operating income.




Change in consolidated operating income (Forecasts)

- ✓ Operating income is expected to recover significantly from ¥79.3 billion in FY2023 to ¥93.0 billion in FY2024.
- ✓ The main factor is an increase in the domestic building construction business in reaction to the loss recorded in the previous fiscal year and an improvement in construction profitability.
- ✓ MWH, acquired in FY2023, also contributes to profit.

Orders Received (Forecasts)

(Billions of yen)



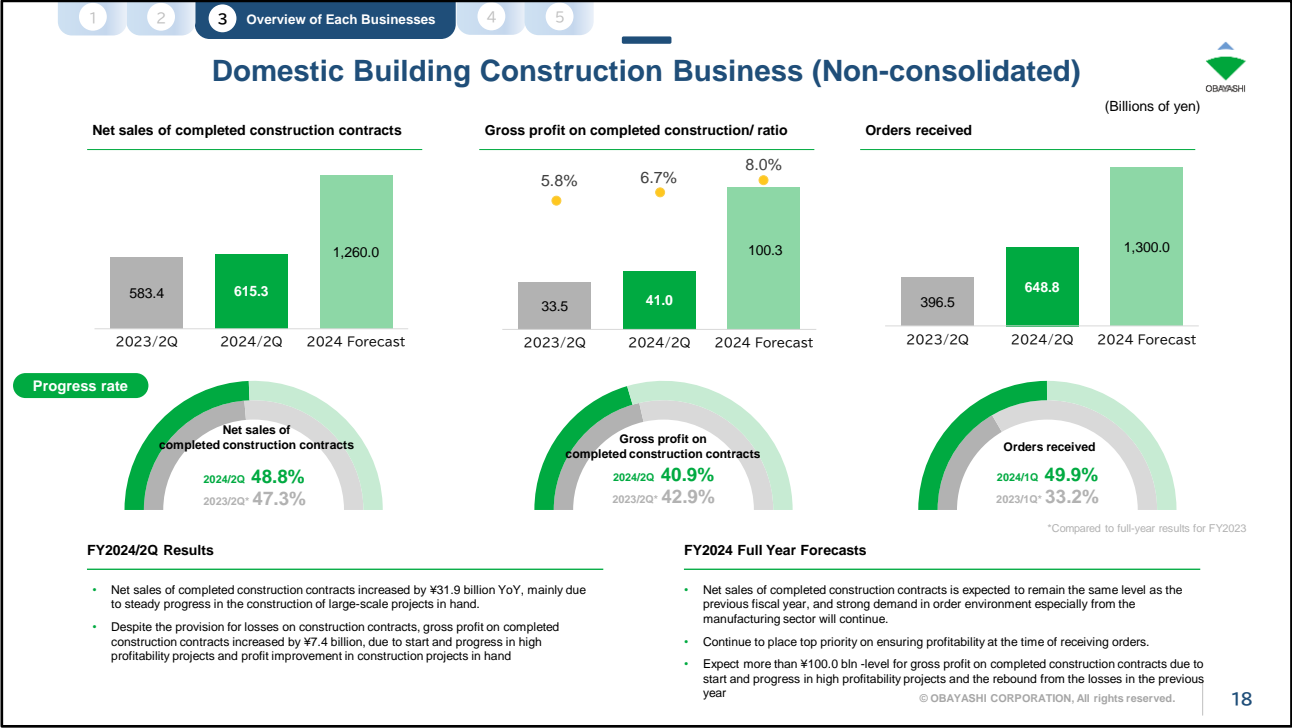
			Consolidated			Non-consolidated		
			FY2023 Results	FY2024 Forecasts	Y o Y	FY2023 Results	FY2024 Forecasts	Y o Y
Construction business	Building	Domestic	1,236.9	1,355.0	+118.0	1,194.8	1,300.0	+105.1
		Overseas	520.3	340.0	(180.3)	3.7	10.0	+6.2
		Total	1,757.3	1,695.0	(62.3)	1,198.5	1,310.0	+111.4
	Civil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



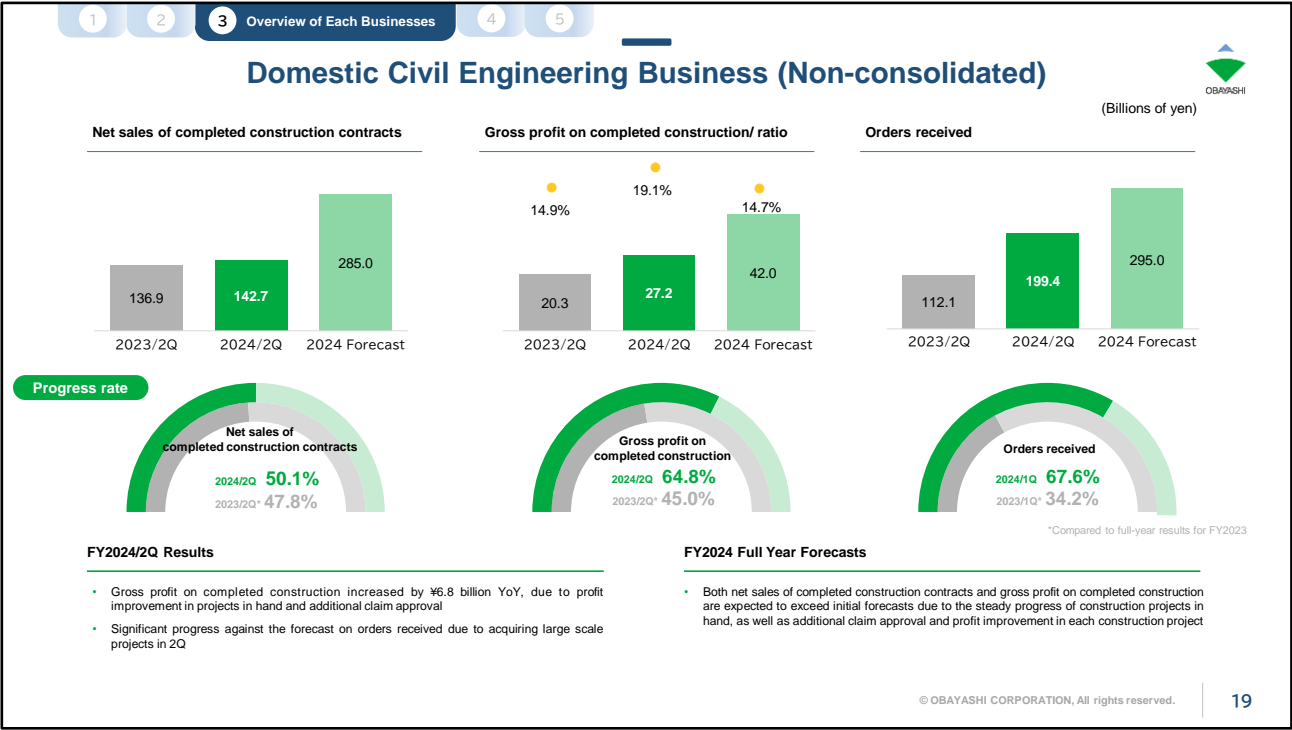
Domestic building construction business (Non-consolidated)

FY2024/2Q results

- ✓ Net sales of completed construction contracts increased YoY due to steady progress in the construction of large-scale projects in hand.
- ✓ Gross profit on completed construction increased due to start and progress in high profitability projects and profit improvement in construction projects in hand, despite the provision for losses on construction contracts.

FY2024 full year forecasts

- ✓ Aim to achieve the plan on completed construction contracts by improving profits for construction in hand. (Progress on gross profit on completed construction is 40.9%, while that on net sales of completed construction contracts is 48.8%.)
- ✓ Trend in order environment of strong demand mainly from the manufacturing sector remains. Continue to secure orders focusing to equalize the amount of construction work and place top priority on ensuring profitability at the time of receiving orders.



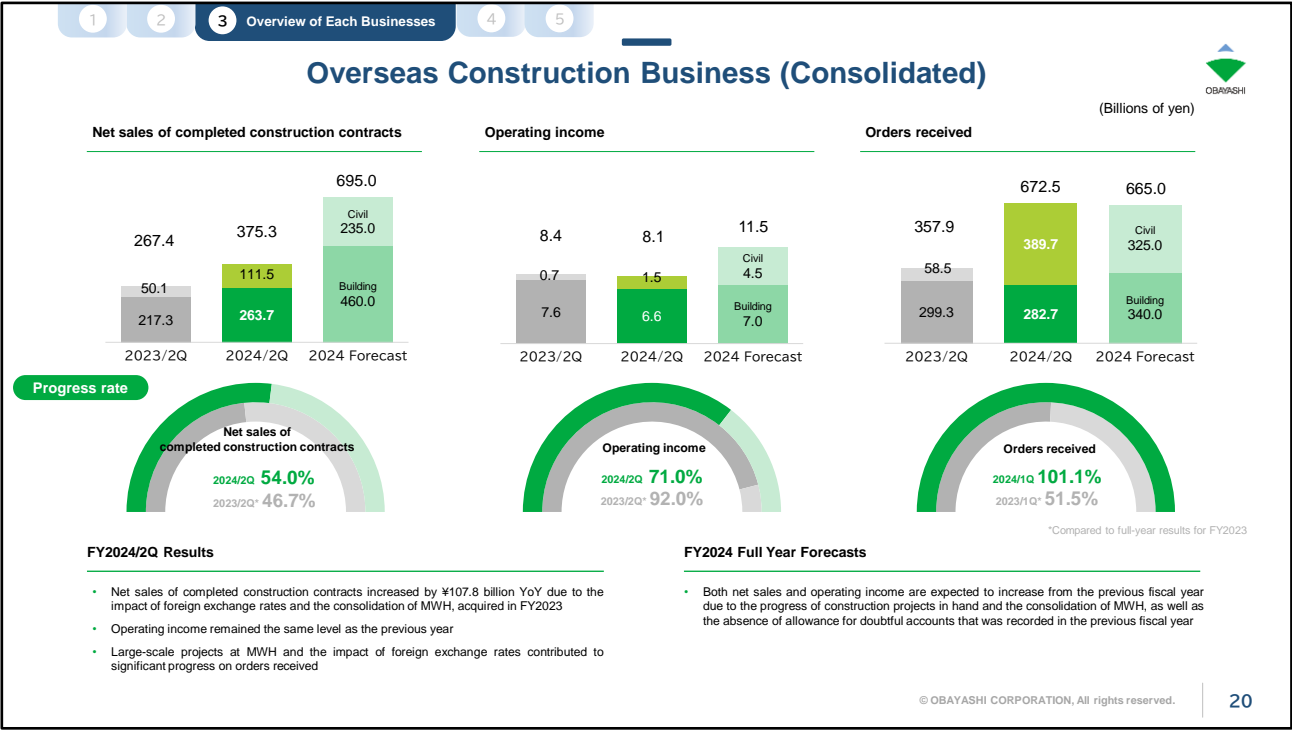
Domestic civil engineering business (Non-consolidated)

FY2024/2Q results

- ✓ Net sales of completed construction contracts increased YoY due to steady progress in construction in hand.
- ✓ Gross profit on completed construction also increased due to profit improvement in projects in hand and additional claim approval.
- ✓ Orders received significantly progressed due to acquisition of large projects.

FY2024 full year forecasts

- ✓ Net sales of completed construction contracts and gross profit on completed contracts are on track at 50.1% and 64.8%, respectively.
- ✓ Continue to aim more than the forecast on gross profit on completed construction by acquiring additional contracts and improving profit on each construction project.



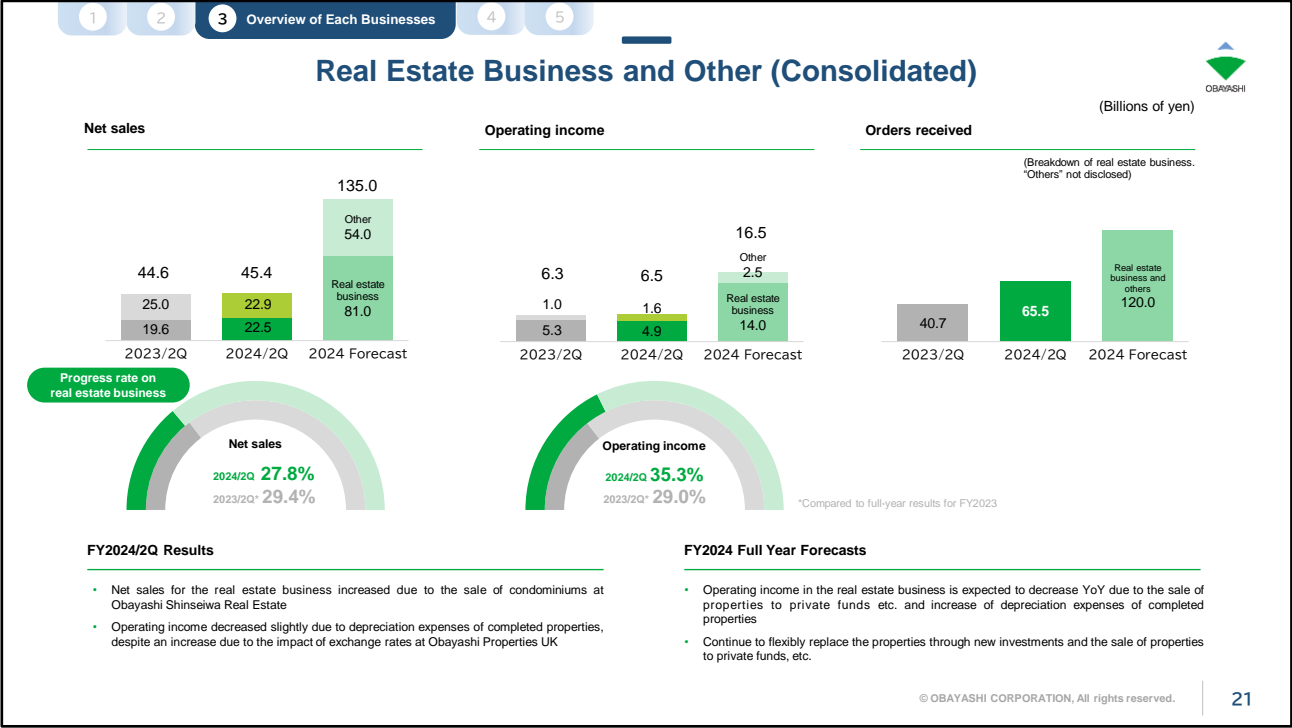
Overseas construction business (Consolidated)

FY2024/2Q results

- ✓ Net sales of completed construction contracts significantly increased YoY due to consolidation of MWH acquired in FY2023, as well as the impact of foreign exchange rates.
- ✓ Despite the increase in civil engineering business due to consolidation of MWH, a slight decrease in total operating income due to the absence of a one-time factor that boosted profits in FY2023 in building construction business.
- ✓ Acquisition of large-scale projects at MWH and the impact of foreign exchange rates contributed to significant progress on orders received.

FY2024 full year forecasts

- ✓ Net sales of completed construction contracts, operating income and orders received steady progressing although some difference in each subsidiary and impact of foreign currency transition.



Real estate business and other (Consolidated)

FY2024/2Q results

- ✓ Net sales for the real estate business increased due to the sale of condominiums at Obayashi Shinseiwa Real Estate.
- ✓ Decrease in operating income for the real estate business due to depreciation expenses of completed properties in FY2023, despite an increase due to the impact of foreign exchange rates at Obayashi Properties UK.

FY2024 full year forecasts

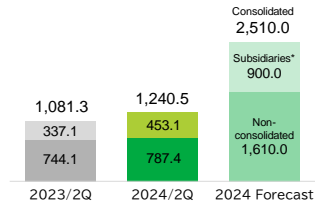
- ✓ Net sales for the real estate business is expected to increase due to the sale of properties to private funds.
- ✓ Operating income for the real estate business is expected to decrease due to a lower rental income by the sale of properties to private funds and increase of depreciation expenses of completed properties.

Consolidated / Non-consolidated Comparison

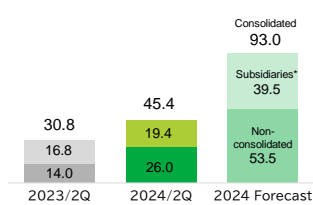


(Billions of yen)

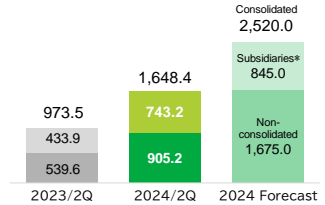
Net sales



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

Consolidated/non-consolidated comparison

- ✓ Expect increases in net sales and operating income for both consolidated and non-consolidated segments.
- ✓ Progress of consolidated net sales, operating income for the second quarter are slightly less than 50%, and 65% for orders received.



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Reduction of Cross-Shareholdings / Changes in Shareholder Returns

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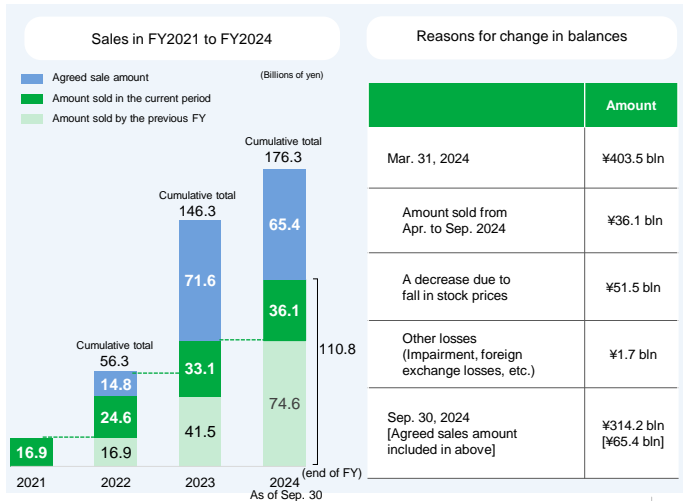
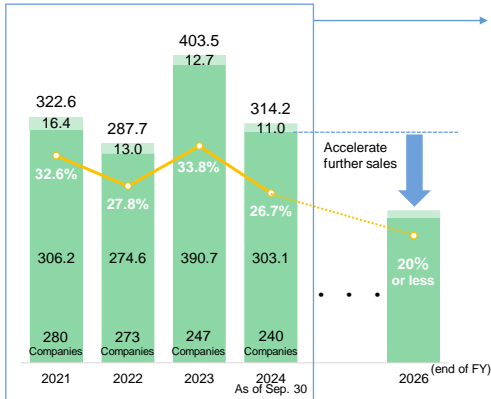
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Reduction of Cross-Shareholdings



- 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)



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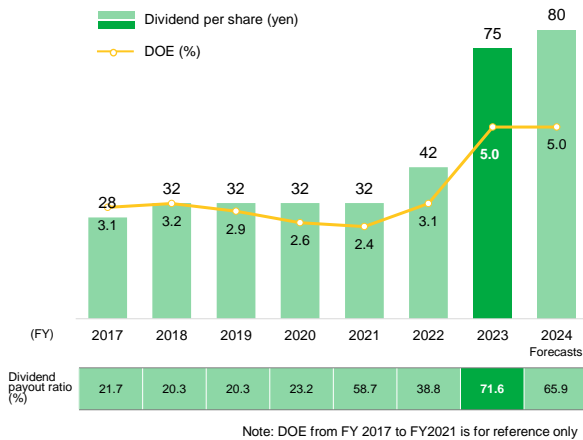
Reduction of cross-shareholdings

- Working on the sale of cross-shareholdings with the aim of reducing the balance of cross-shareholdings to 20% or less of consolidated net assets as soon as possible before the end of March 2027.
- Cumulative sales amount from FY2021 is ¥110.8 billion, ¥176.3 billion including the agreed-to-sell amount.
- The balance as of September 2024 based on market value decreased to ¥314.2 billion or 26.7% of consolidated net assets due to the fall in the stock price.
- Accelerate further sales to achieve a target of 20% or less of consolidated net assets.

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

Changes in shareholder returns

Annual dividend

- ✓ Basic policy is to maintain long-term stable dividends.
- ✓ 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%.

Flexible shareholder-returns

- ✓ Make decisions on implementation taking into consideration the necessary equity level and profit status at the end of the fiscal year as well as profit outlook during the medium-term business plan, in line with the addendum of Medium-Term Business Plan 2022.
- ✓ Internal studies such as simulating (i.e., implementation methods, scale, timing, etc.) the impact on performance indicators are currently underway.
- ✓ Will promptly announce at the time of implementation is decided.

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 Results	FY2023 Results	FY2024 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	Mid-¥2 trillion range
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	—	Around ¥100.0 billion
Profit attributable to owners of parent per share (EPS)	¥108.34	¥104.69	¥121.34	¥100 or more	Around ¥140
Invested capital at the end of period	¥1,373.8 billion	¥1,519.1 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%	¥1 trillion level
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 in the medium term	5% or more in the medium term
Return on equity (ROE)	8.0%	7.0%	7.6%	Reference: 8% or more in the medium term	10% or more by FY2026
Dividend on equity ratio (DOE)	3.1%	5.0%	5.0%	Around 3%	Around 5%

Performance indicator targets

- ✓ Showing targets set in the addendum to Medium-Term Business Plan 2022.

Investment Plans and Results

(Billions of yen) 

	Original Plan		Plan after the Change
	FY2022 through FY2026	FY2022 through FY2023 Results	
■ Intangible asset investment for platform development			
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
■ Continuous tangible asset investment with a focus on strengthening the foundation of the construction business			
Construction machinery and Business facilities	50.0	33.5	75.0
■ Growth investment toward expanding business portfolio			
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
Total investment amount over 5 years	600.0*	336.0	750.0

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

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Investment plans and results

- ✓ M&A investments to expand the business portfolio are increased, as well as investments for platform development in the addendum to Medium-Term Business Plan 2022.
- ✓ Increased investment amount over 5 years from ¥600.0 billion to ¥750.0 billion.

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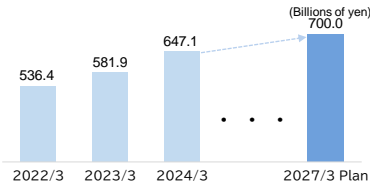
5 Performance Indicator Targets /
Investment Plan and Results / Major Investments

Major Investments

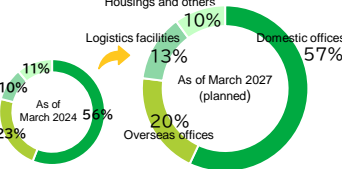
Real Estate Development Business

Growth investment toward expanding business portfolio

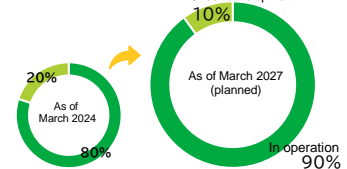
Changes in the scale of real estate assets during Medium-Term Business Plan 2022



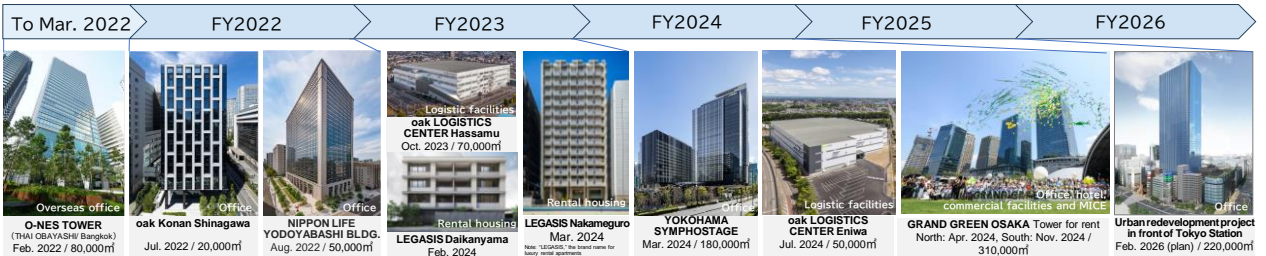
Breakdown of owned assets (by purpose)



Breakdown of owned assets (operating ratio)



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

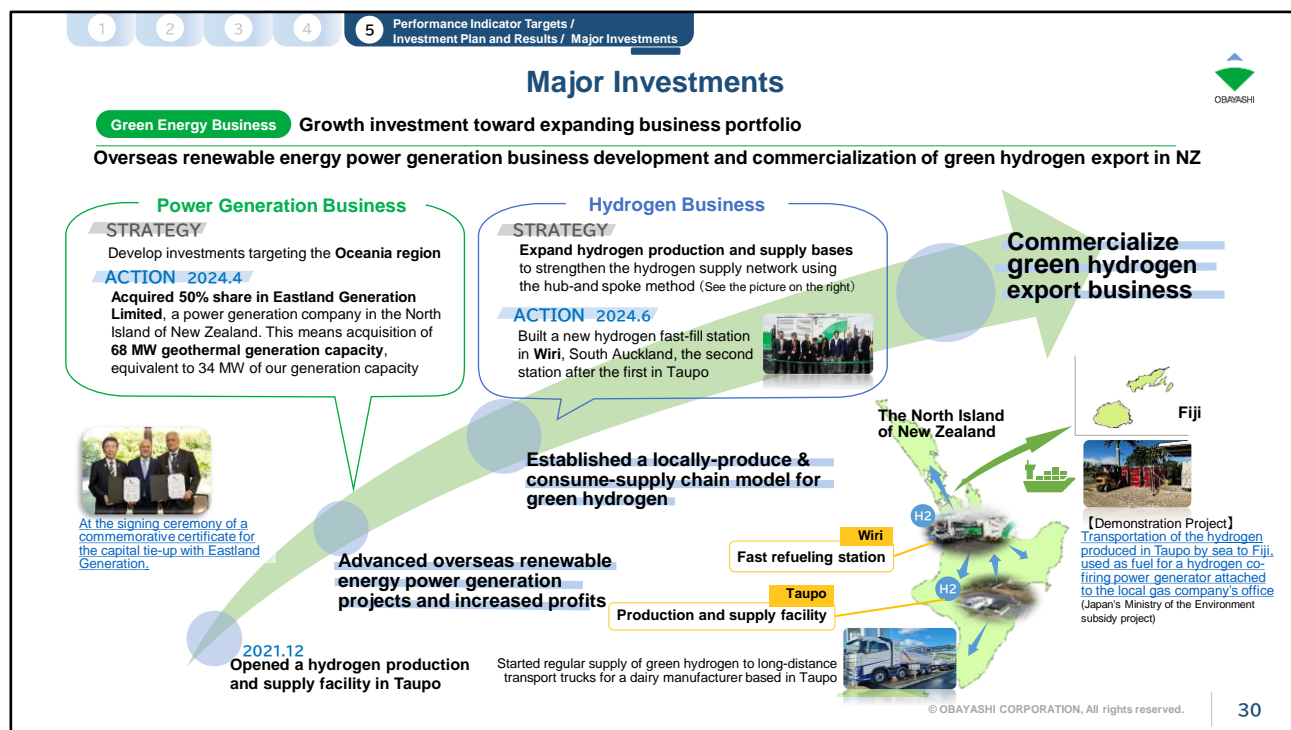


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Real estate development business

- ✓ Investments have been focused on office development in urban areas previously.
- ✓ During the Medium-Term Business Plan 2022, investments are focused on diversifying asset types such as logistics facilities and rental condominiums.
- ✓ Target asset size by the end of Medium-Term Business Plan 2022 is ¥700.0 billion.
- ✓ Referring to indicators of developers with similar-sized assets, we will improve capital efficiency through leveraging and enhance ROE, while optimizing the asset portfolio through a cycle of investment and selling.



Green energy business

- ✓ Strategic investment for expansion of revenue from renewable energy generation business and realization of hydrogen business.

New Zealand

Power generation business

- ✓ Acquired a 50% share of Eastland Generation, a power generation company in April 2024.
- ✓ Technologies and expertise in geothermal power generation of Eastland Generation will contribute to Group's focused area, geothermal development in Japan, to further expand business.
- ✓ Planning to use these renewable energy to produce green hydrogen in the future.

Hydrogen Business

- ✓ Opened the first hydrogen production and supply facility capable of fast filling and supplying FC trucks and other large vehicles in New Zealand, Wiri, about 20 km south of Auckland in June 2024. (Obayashi's second hydrogen production and supply facility after the first in Taupo.)
- ✓ Will strengthen the supply network by establishing supply facilities in the north and south of North Island of New Zealand.
- ✓ Aim to capture hydrogen demand in a wide range of fields, establish a supply chain model of local production for local consumption, and build an export-oriented model to Japan and other countries.

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.

M&A

- ✓ Corporate Strategic Growth Department, a dedicated department for planning and advancing M&A, was newly established in the Corporate Strategy Division in April 2024.
- ✓ Acquired shares of MWH, a major construction company in the water treatment facilities in the U.S., in December 2023. MWH is expected to contribute approximately 2.3 billion yen in operating income after taking into account goodwill and other factors for the full year of FY2024.

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



Fabrication of structures using metal 3D printing



Robot-friendly design and robot for construction planning



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

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Technology-related investment

- ✓ Established Obayashi Construction-Tech Lab Singapore (OCLS) as a new overseas R&D base.
- ✓ OCLS focuses mainly on construction robotics technologies, providing support for applying these technologies to construction sites in the Asian region, conducting joint research and development with other construction companies and research institutions such as local universities and start-ups.
- ✓ Aim to expand the scope of R&D into fields other than construction robotics, and actively promote and disseminate the results of our research and development outside of the company.

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

Technology-related investment

- ✓ Promoting wood and wood-based building construction and the sustainable use of forest resources under the Circular Timber Construction business model to realize the "Obayashi Sustainability Vision 2050."
- ✓ Developed a hybrid seedling production system using artificial and natural light and began producing larch saplings mainly for forestry companies in the vicinity of the plant in June 2024.
- ✓ The system enables stable and efficient supply of saplings, which had been difficult due to seasonal and weather conditions.
- ✓ Received the Excellent award of the "Forest x ACT Challenge 2024" hosted by the Forestry Agency of Japan for this initiative and others.

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

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Open innovation investment

- ✓ Expanding DC market due to advances in artificial intelligence and the growth in use of cloud services.
- ✓ Expect an increase in needs of urban DCs with medium-power consumption adjacent to areas of high demand in addition to large-scale DCs concentrated in the suburbs of metropolitan areas.
- ✓ MiTASUN will utilize the Obayashi Group's know-how such as data center construction, renewal technologies and customer networks to renovate or reconstruct existing buildings with vacancy in urban areas into urban DCs.
- ✓ Plan to invest a total of approximately ¥100.0 billion over the next 10 years.
- ✓ Aim to build a 40 MW-class DC cluster by FY2031 through alliances with partners in Japan and overseas, and to achieve sustainable growth.



To conclude

- ✓ Ensuring safety and quality is a top management priority for the Obayashi Group. To achieve this, Obayashi Group is currently continuing and thoroughly implementing measures to strengthen the foundation of the construction business set forth in the addendum to Medium-Term Business Plan 2022.
- ✓ Also, we are actively implementing measures to accelerate transformation for platform development for sustainable growth.
- ✓ Obayashi Group will meet the expectations of shareholders and investors by achieving performance indicator targets and promoting management that emphasizes capital efficiency.