

OBAYASHI CORPORATION
Summary of the Press Conference on the Change of President

Date: Monday, December 23, 2024, from 16:00 to 16:50
Respondents: Kenji Hasuwa, President and CEO
Toshimi Sato, Executive Vice President, New President and CEO

Q1. To Mr. Hasuwa: Please tell us specifically why you decided to change the president at this time.

(Hasuwa) I have been promoting succession plan since assuming the position of president in March 2018. Especially over the past two to three years, I have been seeking for the appropriate timing for a change. Looking back, the profit of our construction business had deteriorated since the COVID-19 pandemic in 2020 partly due to soaring construction prices. However, our earnings have generally recovered here and in November of this year, our stock price reached a new high since our listing, and we receive a certain level of positive feedback from our stakeholders on our management efforts that emphasize capital efficiency to increase our corporate value. To accelerate our efforts for our sustainable growth strategy outlined in the Addendum to Medium-Term Business Plan 2022; to establish a group-wide business structure in the future centered on domestic construction business and other businesses generate performance equal to or greater than that of the domestic construction business, I have decided that it is appropriate to pass the baton to the next generation at this time.

Q2. To Mr. Hasuwa and Mr. Sato: Please tell us your idea about requirements as a top executive. For Mr. Hasuwa, please tell us about the attributes and abilities you are expecting, and for Mr. Sato, along with your career, please tell us your thoughts as an administrative background person in the midst of presidents in the past with engineering backgrounds.

(Hasuwa) As a manager, I always had a mind to "MAKE BEYOND". To enhance the Obayashi Group and increase its corporate value in the midst of the rapid changes and instability in the external environment, such as the outbreak of COVID-19, the situation in Ukraine, and the Gaza Crisis, I have been in my current position with the belief that change and practice cannot be achieved without "MAKE BEYOND." Looking back, I was conscious of "MAKE BEYOND" even during the period when I was in charge of Technology Business Development Division. As president, having thought that controlling not only construction phase but also the entire supply chain is necessary to promote wooden construction in Japan, I made capital alliance with Cypress Sunadaya to strengthen materials procurement. I have also executed M&A of MWH in the United States of America. For implementing these strategies to increase the corporate value of the Obayashi Group, "MAKE BEYOND" is always in my mind.

(Sato) I did not envision that I will be appointed as president, since I originally thought that a person with administrative background would never become president in the Obayashi Group and also I wondered if I deserve the position. However, the Group's construction business, real estate development business, green energy business, and new business areas including PPP have allocated the right personnel to the right places, and the Group has reached a certain level of maturity and a high degree of completeness. In order to further solidify its

management foundation and ensure the Obayashi Group's sustainable growth, the Group needs to expand its business beyond the realm of construction at times, which will require leadership that is not limited to its expertise. I believe that the Chairman Obayashi and President Hasuwa have seen what I am capable of and have nominated me to exercise my abilities in this area.

Q3. To Mr. Sato: What is your view on the current construction market and its challenges? Please tell us how you intend to make use of your experience and skills, including your enthusiasm.

(Sato) I would like to ensure that the Obayashi Group continues to be one of the leading companies in the Japanese construction market, which is a large market in the world. On the other hand, in order to further grow the Group, it is important to expand the scope of our domestic construction business from upstream to downstream beyond the contracting business. Another major factor in the direction of future growth will be the expansion of the overseas construction business. In addition, the Obayashi Group will utilize its technological capabilities and comprehensive strengths to increase and improve productivity to address various issues in the construction market, such as labor shortages, securing workers, and rising prices, and of course to ensure safety and quality.

Q4. To Mr. Hasuwa: How would you evaluate Mr. Sato?

(Hasuwa) It is true that he is a substantial CFO and has been leading the business plan in a central position. In addition to his experience of working overseas, he has talent and ability to communicate well with the board members of overseas group companies and the top management of each business area in Japan.

Q5. To Mr. Sato: How will you be applying your experience to your role as president?

(Sato) During my total of 14 years in overseas assignments, I have had the opportunity to work in North America, Europe, and the Asian region. During that time, I experienced not only construction business management but also M&A. I also experienced liquidation of an M&A subsidiary due to poor performance, which gave me a sense of preparedness and responsibility in conducting M&A. As the domestic market becomes more globalized in the future, I believe that I will be able to utilize these experiences and pass them on to those who follow in my footsteps.

Q6. To Mr. Sato: What areas will you focus on after becoming president on April 1?

(Sato) Based on the Obayashi basic principles, a spirit that the Obayashi Group has inherited since its foundation including the three pledges of Quality, Value, and Efficiency, corporate philosophy, and code of conduct, I will work sincerely to enhance corporate value so that the Group can continue to be a company that society trusts more than ever before. First of all, I will steadily implement strategies to realize the direction of sustainable growth outlined in the Addendum to Medium-Term Business Plan 2022 to establish a group-wide business structure centered on the domestic construction business but in which other businesses generate performance equal to or greater than that of the domestic construction business. As it was in the past, I will gain the market's understanding by carefully explaining the Group's initiatives, and as a result, I will make the Obayashi Group even more indispensable for the development of society. I hope to the Obayashi to be a group that receive positive feedback from the market,

and our employees and all other people involved in our business playing an active role in their respective fields with pride of working at a group which contributes to society.

Q7. To Mr. Hasuwa: What were the impressive initiatives during your tenure?

(Hasuwa) I have been struggling to find ways to cope with the rapidly changing environment surrounding the society. In the face of the business continuity of the COVID-19 pandemic and the recent price hikes that have put pressure not only on order-receiving activities but also on profits, I have always kept in mind the need to motivate employees, strive for our customers and to respond flexibly and in a timely manner to changing circumstances.

Q8. To Mr. Sato: What is the priority challenge as president?

(Sato) Over the medium- to long-term, I will maintain the Obayashi Group's position as a leading company in the core domestic construction business, and at the same time, I will establish a structure that can generate the same level of performance in other businesses. Specifically, solving a variety of social challenges strategically, creating business opportunities will contribute to the Obayashi Sustainability Vision 2050. In order to realize this vision, we need to resolve issues in hand such as labor shortages, securing workers and rising prices. While firmly maintaining safety and quality, we will find solutions to these issues by using the Obayashi Group's technological capabilities and comprehensive strengths to improve productivity.

Q9. To Mr. Sato: Are there any aspects of Mr. Hasuwa's approach that you would like to follow or any new aspects that you would like to add?

(Sato) As for the Obayashi Group organizational management, the core domestic construction business in particular has reached a considerable degree of maturity and is managed to a high degree of perfection with human resources well positioned for this purpose. At the same time, for the Group to grow globally, I am aiming for each of business divisions with independent management focusing on capital efficiency. I intend to further solidify this management foundation that have built up to date.

Q10. To Mr. Sato: When were you told the decision of the change? What was your response?

(Sato) I will refrain from answering about the timing, but after deliberation by the Recommendation Committee, Chairman Obayashi and President Hasuwa told me that I would be asked to succeed them. Frankly speaking, I was confused as to whether I, with administrative background, was the right person to take over, given that I had always thought that engineers should head a construction company. On the other hand, I accepted the position because I wanted to contribute to the growth of the Obayashi Group and it will be a way to give back to the company that had nurtured me.

Q11. To Mr. Sato: Why did you join Obayashi Corporation? If you have a motto, please share it with us.

(Sato) It was 40 years ago, I had a desire to work overseas. At that time with no Internet, I looked at employment magazines as thick as a telephone book and was attracted with general contractors having chance to work overseas. I was also attracted to the fact that the buildings and infrastructures which I have been involved in will remain for a long time.

Q12. To Mr. Hasuwa: Could you further tell us reasons for selecting Mr. Sato as president?
(Hasuwa) The idea that the president of a company with core business on construction must be an engineer seems to be, in today's terms, an aspect of unconscious bias. I believe that management and technical insights are completely separate. The top management of each business unit in building construction, civil engineering, and other areas undoubtedly has a high level of technical insight in their area of expertise. On the other hand, increasing corporate value, improving capital efficiency, and human resource management are challenges common to all divisions. From the standpoint of his ability to manage from a holistic perspective, we decided that Mr. Sato was the most suitable person among several nominees regardless of occupation.

Q13. To Mr. Sato: What has been your tough business experience so far?
(Sato) The toughest experience was the liquidation of a M&A company in North America due to poor performance, which took less than two years. In the end, I was able to find ways of new employment for almost all of the approximately 200 employees, and the liquidation was completed in a good way. M&A is good when we acquire, but it is never a money game, and it was an invaluable experience for me that I felt the importance of maintaining and growing the acquired company well.

Q14. To Mr. Sato: In leading Obayashi as a top executive, I think it is sometimes necessary to switch on and off. Please tell us about your hobbies, what you do on your days off, and how you spend time with your family.
(Sato) I watch baseball games, play golf with friends and enjoy concert with my family.

Q15. To Mr. Sato: What are the M&A results you have led?
(Sato) Webcor in 2007, Kenaidan in 2011 and Kraemer in 2014 in North America are companies that I have directly involved for M&A. I have also been involved in the M&A of Cypress Sunadaya in 2023 and MWH Management in 2024 as management side.

Q16. To Mr. Hasuwa: What is your role as vice chairman going forward? And is it correct that you will continue in the recently announced reappointment of the Vice Chairman of the Japan Federation of Construction Contractors (JFCC)?
(Hasuwa) After assuming Vice Chairman, I will not be involved in management or execution. I would like to support initiatives to achieve our company's social mission and contribute to society as an individual by continuing my role at the JFCC and by utilizing the personal network I have gained during my tenure so far.

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