

Engagement with Shareholders and Investors

FY2024: April 2024 – March 2025

June 6, 2025

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Obayashi Corporation

PRIME 1802



MAKE BEYOND
TRANSCENDING THE ART AND SCIENCE OF MAKING OF THINGS

Table of Contents

| | |
|---|------------------|
| 1. Enhancing Investor and Shareholder Relations | ... p. 3 |
| 2. Engagement with Shareholders and Investors | ... p. 4 |
| (1) Activities in FY2024 | |
| (2) IR Meetings | |
| (3) Major Themes Discussed in IR Meetings | |
| (4) Major Themes Discussed in Individual Meetings with Major Shareholders (SR Meetings) | |
| 3. Internal Sharing of Shareholder and Investor Engagement Results | ... p. 11 |
| 4. Incorporation of Shareholder and Investor Feedback | ... p. 12 |

1. Enhancing Investor and Shareholder Relations

- In April 2023, we newly established the [Investor Relations & Shareholder Relations \(IR & SR\) Department under the Corporate Strategy Division](#) to strengthen the organization and carry out IR and SR activities in line with our management strategies. These IR and SR activities are overseen by the [executive officer of the Corporate Strategy Division responsible for IR and SR activities](#).
- In FY2024, we engaged in IR and SR activities with a focus on [strengthening the IR/SR framework and expanding opportunities for engagement with shareholders and investors](#).
- [External evaluation of our IR and SR activities improved](#) as a result of strengthening and expanding these activities.

| | FY2023 | | FY2024 |
|--|--|---|---|
| Expanding Opportunities for Engagement | <ul style="list-style-type: none">● Actively participated in conferences hosted by securities companies | ➡ | <ul style="list-style-type: none">● Held small-group meetings → Created opportunities for engagement with top management● Actively participated in conferences hosted by securities companies and carried out overseas IR activities → Expanded opportunities for engagement with overseas investors● Held an ESG briefing → Created opportunities for engagement regarding non-financial initiatives |
| Strengthening the IR/SR Framework | <ul style="list-style-type: none">● Newly established the IR & SR Department under the Corporate Strategy Division | ➡ | <ul style="list-style-type: none">● Established the IR & SR Basic Policy → Clearly defined the guidelines for the framework and initiatives to foster constructive engagement● Redesigned the Investor Relations section of our website → Revamped it to make information easier to find and use for all investors● Redesigned our financial results presentation materials and began creating them for each quarter → Used not only for financial results briefing conferences but also in IR meetings, contributing to smoother and more effective engagement |

2. Engagement with Shareholders and Investors

(1) Activities in FY2024

| Engagement Activity | Total Number of Times Held/Participated | | Presenter | Participants Engaged / Details |
|--|---|----------------------|--|---|
| | 1 st Half | 2 nd Half | | |
| Financial results briefing conferences | 4 | | For 2Q and 4Q (full-year) briefings: <ul style="list-style-type: none"> President and CEO Head of Marketing Division (Executive Vice President) Executive officer responsible for overall administration (Executive Vice President) Head of Civil Engineering Construction Division (Senior Managing Executive Officer) Head of Building Construction Division (Senior Managing Executive Officer) General Manager of Accounting Department For 1Q briefing: <ul style="list-style-type: none"> General Manager of Accounting Department For 3Q briefing: <ul style="list-style-type: none"> General Manager of Corporate Strategy Division (Executive Officer) | Securities analysts and institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Held online Total of 389 attendees: <ul style="list-style-type: none"> FY2023 4Q: 88 FY2024 1Q: 93 FY2024 2Q: 95 FY2024 3Q: 113 |
| IR meetings | 210 | | <ul style="list-style-type: none"> General Manager of Corporate Strategy Division (Executive Officer) General Manager of Accounting Department General Manager and members from the IR & SR Department | Securities analysts and institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Total of 430 individuals (42 securities analysts, 145 representatives from domestic institutional investors, and 243 representatives from overseas institutional investors) |
| Conferences hosted by securities companies | 4 | | <ul style="list-style-type: none"> General Manager of Corporate Strategy Division (Executive Officer) General Manager and members from the IR & SR Department | Overseas institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Engagement with a total of 24 firms and 38 individuals |
| Small-group meetings | 4 | | <ul style="list-style-type: none"> President and CEO Executive officer responsible for overall administration (Executive Vice President) | Securities analysts and institutional investors (shareholders) <ul style="list-style-type: none"> Total of 8 securities analysts and 7 representatives from domestic institutional investors Main Questions and Answers |
| Overseas IR activities | 1 | | <ul style="list-style-type: none"> President and CEO Executive officer responsible for overall administration (Executive Vice President) General Manager of the IR & SR Department | Overseas institutional investors (shareholders) <ul style="list-style-type: none"> Visited 2 major shareholders |

2. Engagement with Shareholders and Investors

(1) Activities in FY2024

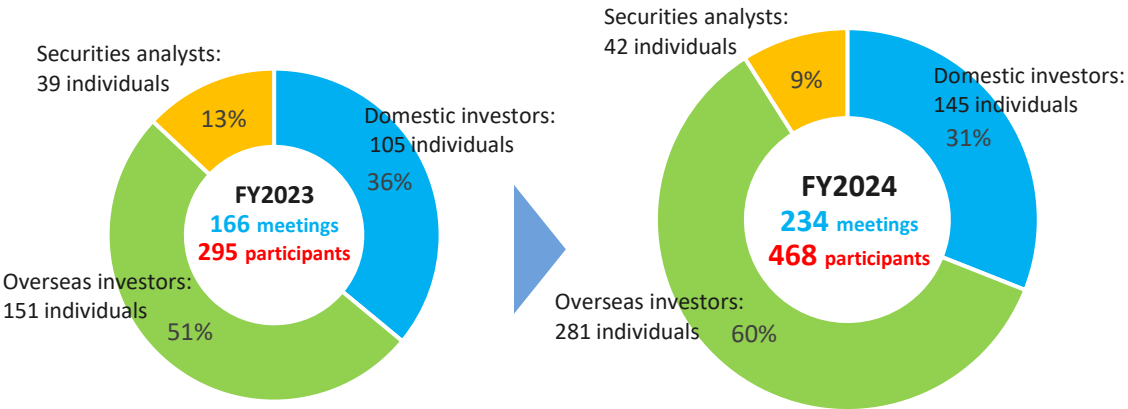
| Engagement Activity | Number of Times Held | | Presenter | Participants Engaged / Details |
|---|----------------------|----------------------|---|---|
| | 1 st Half | 2 nd Half | | |
| Business briefings / Tours of construction sites | 3 | | Tour of West Japan Robotics Center <ul style="list-style-type: none"> Head of West Japan Robotics Center General Manager of Construction Technology, etc. Tour of Expo 2025 Osaka-Kansai Construction Site <ul style="list-style-type: none"> Person in charge of project office administration Tour of Obayashi's Osaka Main Office <ul style="list-style-type: none"> General Manager of Design Department | Securities analysts and institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Introduced business initiatives and construction sites Held tours of the West Japan Robotics Center, the Expo 2025 Osaka-Kansai Site, and Obayashi's Osaka Main Office |
| | — | 3 | | |
| Integrated report discussions | 7 | | <ul style="list-style-type: none"> General Manager and members from the IR & SR Department General Manager and members from the ESG and SDGs Department | Domestic institutional investors (shareholders) <ul style="list-style-type: none"> Held discussions with our top domestic institutional investors to obtain feedback on the Corporate Report 2024 (integrated report) |
| | — | 7 | | |
| Individual meetings with major shareholders (SR meetings) | 15 | | <ul style="list-style-type: none"> Independent Directors General Manager of General Administration Department and Manager of General Administration Section (in charge of managing stocks) General Manager of ESG and SDGs Department General Manager of IR & SR Department | Major shareholders (domestic and overseas institutional investors) and proxy voting advisory firms <ul style="list-style-type: none"> Mainly engaged with proxy voting representatives Total of 36 individuals |
| | — | 15 | | |
| ESG briefing | 1 | | <ul style="list-style-type: none"> President and CEO Executive officer responsible for overall administration (Executive Vice President) General Manager of Corporate Strategy Division (Executive Officer) | Securities analysts and institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Held online Introduced specific ESG initiatives and related efforts Materials and Main Questions and Answers |
| | — | 1 | | |
| ESG meetings | 4 | | <ul style="list-style-type: none"> General Manager of ESG and SDGs Department General Manager of General Administration Department General Manager and members from the IR & SR Department | Institutional investors (some of whom are shareholders) <ul style="list-style-type: none"> Held at the request of the institutional investors Total of 4 firms and 5 individuals |
| | — | 4 | | |

2. Engagement with Shareholders and Investors

(2) IR Meetings

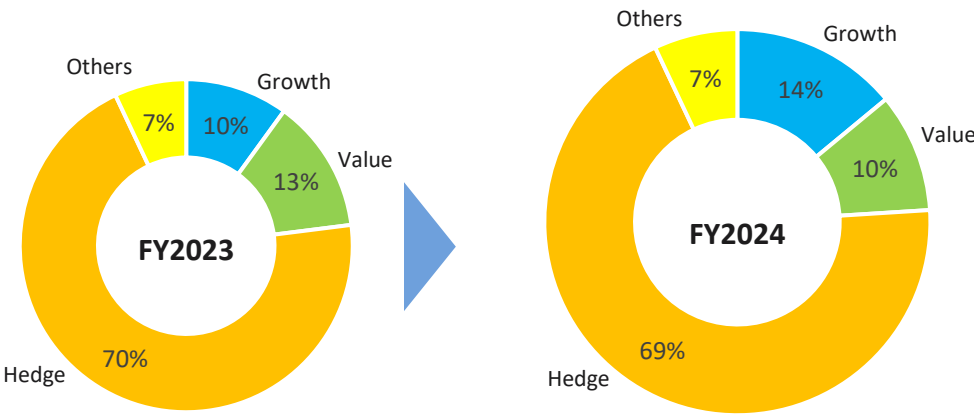
Number of IR Meetings and Participants (Including Conferences Hosted by Securities Companies)

- In FY2024, both the number of IR meetings and participants increased significantly compared to the previous fiscal year.
- Most likely attributed to interest in construction stocks in general due to the strong market, recognition of our profit growth, positive evaluation of [our capital policy announced in March 2024](#), and expectation and understanding of our flexible shareholder returns and how they are being implemented
- Actively participated in conferences hosted by securities companies to expand opportunities to engage with overseas investors



Breakdown of Meetings with Overseas Investors by Investment Approach

- Maintained a P/B ratio of over 1.0 in FY2024, as our share price has risen since the announcement of our capital policy in March 2024
- By investment approach, the proportion of IR meetings with value-focused overseas investors decreased, while the proportion increased for growth-focused overseas investors.



2. Engagement with Shareholders and Investors

(3) Major Themes Discussed in IR Meetings

| Item | Major Themes |
|---|---|
| Domestic building construction business | <ul style="list-style-type: none"> ● Gross profit on completed construction contracts in FY2024 <ul style="list-style-type: none"> — Reasons why the profit margin improved even though a higher proportion of net sales of completed construction contracts was attributable to projects for which a provision for loss on construction contracts was recorded, compared to FY2023 — Reasons why it exceeded the initial forecast (including the reasons behind additional claim approvals) ● Outlook for net sales of completed construction contracts in FY2025 and beyond ● Outlook for gross profit on completed construction contracts in FY2025 and beyond <ul style="list-style-type: none"> — Prospects for achieving a gross profit margin on completed construction contracts of 10% during the period of the Medium-Term Business Plan 2022 — Prospects for exceeding the gross profit margin on completed construction contracts recorded in FY2017 (12.8%) given the current order environment ● Provision for loss on construction contracts (the ratio to net sales of completed construction contracts in FY2024 as well as FY2025 and beyond, and the risk of recording additional provisions for loss due to inflation and other factors) ● New orders in FY2024 as well as FY2025 and beyond (aligned with demand and current construction capacity) ● Improvement in profitability at the time of receiving new orders, driven by tight supply-demand conditions ● Mechanical and electrical (M&E) subcontractors being short of manpower and M&E equipment: measures and outlook ● Closing construction sites eight days out of every four-week period <ul style="list-style-type: none"> — Achievement in construction sites — Impact on new orders (client reaction) |
| Domestic civil engineering business | <ul style="list-style-type: none"> ● Reasons why the gross profit on completed construction contracts in FY2024 exceeded the initial forecast (including additional claim approvals for design changes) ● Outlook for net sales of completed construction contracts in FY2025 and beyond (reflecting new orders received and the current construction capacity) ● Outlook for gross profit on completed construction contracts in FY2025 and beyond ● Level of gross profit margin on completed construction contracts (in comparison with other companies in the same industry) ● Demand outlook |
| Overseas business | <ul style="list-style-type: none"> ● Impact of foreign exchange rates on net sales and operating income in FY2024 (assumed rates and exchange rate sensitivity) ● Contribution to FY2024 results by MWH (North American subsidiary acquired through M&A in FY2023) ● Performance outlook of WEBCOR (North American subsidiary), which is impacted by the U.S. interest rate policy ● Future M&A strategy |

2. Engagement with Shareholders and Investors

(3) Major Themes Discussed in IR Meetings

| Item | Major Themes |
|----------------------------------|---|
| Real estate development business | <ul style="list-style-type: none">● FY2024 operating income<ul style="list-style-type: none">— Reasons for the YoY decrease— Scale and timing of the sale of properties● Strategy going forward to improve capital efficiency<ul style="list-style-type: none">— Approach to selecting assets for the capital recycling business— Degree of leverage● Necessary asset scale in the leasing business● Overseas initiatives (London and Bangkok) of the leasing business |
| New business initiatives | <p>Urban data center business</p> <ul style="list-style-type: none">● Business overview, strategy, and competitive advantage● Planned timeline to opening● Medium- to long-term business environment and demand outlook● Potential clients and strategic partners, as well as the negotiation status |
| Performance indicator targets | <p>Operating income of ¥100.0 billion or more</p> <ul style="list-style-type: none">● Expected profit level for each business● Internal response to the consensus estimates for FY2026 (the final year of the Medium-Term Business Plan 2022)● Prospects for achieving an operating income of ¥150.0 billion during the period of the next medium-term business plan, given the current business environment <p>ROE of 10% or more by FY2026</p> <ul style="list-style-type: none">● Profit structure for achieving and sustaining the target (level of operating income and gain on sales of cross-shareholdings)● Profit scenario for achieving and sustaining the ROE target after substantial completion of the reduction of cross-shareholdings |

2. Engagement with Shareholders and Investors

(3) Major Themes Discussed in IR Meetings

| Item | Major Themes |
|--|--|
| Capital policy and shareholder returns | <p>Necessary equity level of ¥1 trillion</p> <ul style="list-style-type: none">● Background to our decision to set the necessary equity level as an amount, rather than a ratio● Rationale for ¥1 trillion● Structuring of the necessary equity (our approach to the necessary equity for each business)● Approach to the amount exceeding ¥1 trillion (approach to changes in the valuation difference on available-for-sale securities associated with cross-shareholdings)● Factors that may lead to a revision of the ¥1 trillion level in the future <p>Growth investments</p> <ul style="list-style-type: none">● Reasons for increasing the growth investment plan from ¥600.0 billion to ¥750.0 billion during the period of the Medium-Term Business Plan 2022 <p>Shareholder returns</p> <ul style="list-style-type: none">● Rationale for raising the dividend on equity ratio (DOE) from 3% to approximately 5% for ordinary dividends● Possibility that a decline in stock prices could lead to a reduction in equity, resulting in lower dividends under our DOE-based calculation (DOE of approx. 5%)● Background to our decision to conduct share buybacks instead of paying special dividends as a means to deliver flexible shareholder returns● Reasons for setting the amount of share buybacks at approximately ¥100.0 billion for the period of the Medium-Term Business Plan 2022● Possibility of equity accumulation despite share buybacks of approximately ¥100.0 billion due to our strong expected performance, and our approach to providing additional shareholder returns in such a case● Reasons why we did not choose to raise the DOE, even though we expect our performance to remain strong● Potential for increased capacity to provide additional shareholder returns due to surplus cash generated by a greater-than-planned reduction of cross-shareholdings <p>Reduction of cross-shareholdings</p> <ul style="list-style-type: none">● (Please refer to page 10) |

2. Engagement with Shareholders and Investors

(4) Major Themes Discussed in Individual Meetings with Major Shareholders (SR Meetings)

| Item | Major Themes |
|------------------------------------|--|
| Reduction of cross-shareholdings | <ul style="list-style-type: none"> ● Progress toward the reduction target by the end of March 2027 (20% or less of consolidated net assets) ● Negotiations with companies that we hold shares in and changes in their responses ● Use of proceeds from the sale of cross-shareholdings ● Voting guidelines of each institutional investor and their approaches to the exercise of voting rights given the progress with reduction ● Policy on further reduction after achieving the reduction target of 20% or less of consolidated net assets ● How our reduction target may be impacted by the high level of reduction targets set by other companies in the same industry |
| Accident at Yaesu | <p>Accident that occurred at a construction site of Yaesu, in front of Tokyo Station, in September 2023</p> <ul style="list-style-type: none"> ● Process and safety procedures for resuming construction in January 2024 ● Current status of the investigation by the police and the Labor Standards Inspection Office ● Requests for disclosure of any progress in the investigation ● Company-wide safety procedures to prevent recurrence ● Institutional investors' approaches to exercising voting rights |
| Change in president | <ul style="list-style-type: none"> ● Background to the change and its timing ● Succession plan ● Appointment process |
| Election of Directors and officers | <ul style="list-style-type: none"> ● Ratio of Independent Directors ● Ratio of female directors ● Progress and measures regarding the Japanese government's target of "30% or more female executives by 2030" ● Distribution of skill holders in the skill matrix |
| Other items | <ul style="list-style-type: none"> ● Impact of the cap on overtime work under the revised Labor Standards Act of Japan, and clients' acceptance of construction periods based on closing construction sites for eight days out of every four-week period ● Status of childcare leave and other childcare related leave taken by male employees ● Initiatives for human capital management |

3. Internal Sharing of Shareholder and Investor Engagement Results

Internal Sharing in FY2024

| Shared Item | Shared Contents | Frequency (per year) | Recipients and Methods of Sharing |
|--|---|----------------------|---|
| Financial results briefing conference summary | <ul style="list-style-type: none"> Q&A at financial results briefing conferences (attended by securities analysts and institutional investors) | 4 | Via email: <ul style="list-style-type: none"> Directors who attended the briefing Each business division Relevant departments Posted on the intranet: <ul style="list-style-type: none"> All officers and employees |
| IR meeting summary | <ul style="list-style-type: none"> IR meeting overview Major questions Opinions and requests from securities analysts and institutional investors Comments by the IR & SR Department Share price and stock price index after the disclosure of financial results Analysts' target share prices Trends in consensus estimates, etc. | 4 | At the meetings of the Board of Directors or the Directors' Roundtable Meetings: <ul style="list-style-type: none"> Directors Audit and Supervisory Board members |
| | | 4 | Explanations and discussions via email or in person: <ul style="list-style-type: none"> Each business division |
| | | 4 | Via email: <ul style="list-style-type: none"> Relevant departments |
| Summary of individual meetings with major shareholders (SR meetings) | <ul style="list-style-type: none"> Our company's explanations and shareholder feedback Shareholder interest related to ESG Approaches to the exercise of voting rights, etc. | 1 | At the meeting of the Board of Directors: <ul style="list-style-type: none"> Directors Audit and Supervisory Board members |
| Other IR and SR activities | <ul style="list-style-type: none"> Contents of the business briefings, the tours of construction sites, and the ESG briefing Efforts to address issues, etc. | 2 | At the meetings of the Board of Directors: <ul style="list-style-type: none"> Directors Audit and Supervisory Board members |
| Analyst reports | <ul style="list-style-type: none"> Analyses, evaluations, and ratings by securities analysts | As needed | Via email: <ul style="list-style-type: none"> Directors Audit and Supervisory Board members General Manager of the Business Division Relevant departments, etc. |

4. Incorporation of Shareholder and Investor Feedback

| Item | Opinions and Requests from Shareholders and Investors | Our Response and Actions |
|---|---|--|
| Growth strategy | <ul style="list-style-type: none"> What is your medium- to long-term growth strategy? | <ul style="list-style-type: none"> In the Addendum to the Medium-Term Business Plan 2022, we have defined our growth strategy as follows: “As a direction of sustainable growth, the Group aims 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.” |
| | <ul style="list-style-type: none"> We would like top management to comment on the company’s long-term vision in the corporate report (integrated report). | <ul style="list-style-type: none"> In the President’s Message of the Corporate Report 2024, our president provided a more detailed explanation of the company’s long-term vision. |
| Performance indicator targets of the Medium-Term Business Plan 2022 | <ul style="list-style-type: none"> Given that the necessary equity level has been set at ¥1 trillion, could you disclose the amount of invested capital and necessary amount of equity for each business? | <ul style="list-style-type: none"> We will continue to examine the matter internally, including how information may be disclosed. |
| | <ul style="list-style-type: none"> Could you disclose ROIC for each business? How has the concept of improving capital efficiency based on the ROIC reverse tree been implemented across the company? | <ul style="list-style-type: none"> We do not currently plan to disclose ROIC for each business but will continue to examine the matter internally. Disclosure of how the ROIC reverse tree is implemented internally is currently under consideration for inclusion in the Corporate Report 2025. |
| Capital policy | <ul style="list-style-type: none"> Since the revision of our capital policy in March 2024, various opinions and requests regarding flexible shareholder returns have been received from securities analysts and investors during engagement, including those regarding share buybacks, dividend increases, and raising the dividend on equity ratio. | <ul style="list-style-type: none"> Discussed flexible shareholder returns in the Directors’ Roundtable Meetings based on a range of views expressed by securities analysts and investors (announced in February 2025 to buy back shares totaling approximately ¥100.0 billion during the period of the Medium-Term Business Plan 2022) |
| Growth investments | <ul style="list-style-type: none"> What are your growth investments, including the expected time horizon for returns? | <ul style="list-style-type: none"> Disclosure regarding returns on each investment area will remain under ongoing review. Developing a quantitative, time-based method for evaluating economic returns on investments in human capital, DX, and technology Provided information on specific growth investments in the presentations on financial results |
| Real estate development business | <ul style="list-style-type: none"> Given that the balance of real estate assets for lease is continuing to increase, what scale of assets do you consider necessary going forward? | <ul style="list-style-type: none"> Explained our current strategy to expand and restructure the business portfolio through new investments and property sales, based on a target of ¥700.0 billion in real estate assets during the period of the Medium-Term Business Plan 2022. |
| | <ul style="list-style-type: none"> Could you consider providing more detailed disclosure, including a list of properties, occupancy rates of each property, yields, and a breakdown of rental versus sales revenue? | <ul style="list-style-type: none"> Provided information on major real estate development projects and related matters in the presentations on financial results. We will continue to explore further disclosure where feasible. |

4. Incorporation of Shareholder and Investor Feedback

| Item | Opinions and Requests from Shareholders and Investors | Our Response and Actions |
|---|--|---|
| Reduction of cross-shareholdings | <ul style="list-style-type: none"> For a clearer understanding of the progress with the reduction, could you disclose information on the impact of stock price changes? Could you disclose separate balances for listed and unlisted stocks? | <ul style="list-style-type: none"> In addition to disclosure of the amount sold, the agreed sale amount, and the balance held, we have begun disclosing the impact of stock price changes on the balance held and the breakdown of the balance by listed and unlisted stocks. Disclosure is made through the following (with 2Q and full-year results): Notice of convocation of ordinary general meeting of shareholders, financial results, presentation on financial results, our corporate website, etc. |
| Sustainability | <ul style="list-style-type: none"> Could you provide quantitative information on the financial impacts associated with the TCFD (climate-related) scenario analysis? | <ul style="list-style-type: none"> Information disclosed in April 2024 |
| | <ul style="list-style-type: none"> Could you provide disclosure in line with the Taskforce on Nature-related Financial Disclosures (TNFD)? | <ul style="list-style-type: none"> Information disclosed in February 2025 |
| | <ul style="list-style-type: none"> What are the management strategies regarding human capital and intellectual property stipulated in the revised Corporate Governance Code? | <p>Human capital</p> <ul style="list-style-type: none"> In line with the Obayashi Group Human Resource Management Policy, we are building a personnel system to secure and develop human resources for the core construction business and acquire human resources to realize our growth strategy. A logic tree that systematically outlines the Human Resource Management Policy has been published in the Corporate Report 2024 and on our corporate website. <p>Intellectual property</p> <ul style="list-style-type: none"> In line with the Obayashi Group Intellectual Property Policy, we have analyzed and identified our technological strengths and weaknesses, as well as the fields that will contribute to competitiveness and advantage, based on which we are formulating and advancing technological development strategies in key focus areas. |
| Governance | <ul style="list-style-type: none"> We would like more enhanced disclosure on the evaluation of the effectiveness of the Board of Directors. | <ul style="list-style-type: none"> Enhanced the content in the Corporate Report 2024, as well as sharing candid insights from Directors in the Independent Directors' Dialogue and the Chairman of the Board's Dialogue |
| | <ul style="list-style-type: none"> Could you describe the process behind the change in president? | <ul style="list-style-type: none"> Explained the process in IR/SR meetings and the ESG briefing Also planned to be included in the Corporate Report 2025 |
| Enhancement of engagement with shareholders and investors | <ul style="list-style-type: none"> We would like to have an opportunity to hear directly from top management. | <ul style="list-style-type: none"> Held small-group meetings with securities analysts and domestic institutional investors |
| | <ul style="list-style-type: none"> Would you consider holding a briefing on your non-financial initiatives? | <ul style="list-style-type: none"> Held an ESG briefing |