OBAYASHI

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

OBAYASHI CORPORATION

Summary of the Financial Results Briefing Conference
for FY2026 1st Quarter (April 1, 2026 to June 30, 2026)

Date:	Friday, August 7, 2026, from 14:00 to 14:45
Respondent:	Takayuki Tomioka, Managing Executive Officer, General Manager of Corporate Strategy Division
Attendees:	117 securities analysts, institutional investors and others

1. Presentation on Financial Results for FY2026 1st Quarter, Forecasts for FY2026 and Other Topics

An explanation was provided by the Managing Executive Officer, based on the Presentation on Financial Results for FY2026 1st Quarter (April 1, 2026 to June 30, 2026).

2. Main Questions and Answers

(1) Domestic Building Construction Business

Q. The non-consolidated gross profit margin on completed construction contracts appears to have progressed steadily in the first quarter. Is progress in line with the FY2026 full-year forecast of 13.0%? Is there a possibility that the full-year forecast could be exceeded? In addition, what is the current status of profitability at the time of receiving new orders?

A. Our progress toward achieving the full-year forecast is steady. Although it is difficult to make a simple comparison with FY2025 as the full-year forecast for that year was revised upward in the second and third quarters, there is no significant difference in the progress rate compared to FY2024 and earlier. Profitability at the time of receiving new orders remains at a record-high level.

Q. You stated that unprofitable construction projects have largely been completed. Aside from these, how many low-profitability projects remain that are weighing on overall profit? Can you continue to expect profit improvement going forward from changes in the project mix?

A. While the majority of projects for which provision for loss on construction contracts had been recorded have largely been completed, a certain number of projects that were ordered three to four years ago at profitability levels below the current level of profitability at the time of receiving new orders still remain. We believe there is still room for improvement in the gross profit margin on completed construction contracts if the current firm order environment continues.

Q. Orders received are increasing, and the environment appears favorable. Is there any difference in demand trends by region, such as between the Kanto and Kansai areas?

A. There has been no change in the particularly strong demand in the Tokyo metropolitan area. Demand remains firm in the Kansai area and other regions as well, where no significant decline in demand has been identified.

(2) Domestic Civil Engineering Business

Q. The non-consolidated gross profit margin on completed construction contracts for the first quarter was 13.6%, an improvement of 1.1 percentage points from the same period of the previous year. What are the factors behind this? In addition, what is the outlook for progress toward the full-year forecast going forward?

A. The improvement in the gross profit margin on completed construction contracts in recent years is largely attributable to our efforts over many years to improve our portfolio of orders received. We believe the full-year forecast is fully achievable as we continue to improve profits, including through design changes.

(3) Overseas Construction Business

Q. In the factors behind the change in operating profit for the first quarter compared to the same period of the previous year (page 6 of the Presentation on Financial Results for FY2026 1st Quarter), an improvement of +¥4.3 billion in gross profit on completed construction contracts is noted for the subsidiaries' construction business. How much of this reflects the contribution of GCON, which was acquired last fiscal year?

A. We do not disclose the results of individual subsidiaries for the first quarter. As GCON is consolidated within Webcor, it would not generally be subject to separate disclosure, but we would like to consider how to disclose this in the second quarter.

Q. Regarding the order environment for the overseas building construction business (page 19 of the Presentation on Financial Results for FY2026 1st Quarter), is it correct to understand that there are some uncertainties in the North American region due to factors including interest rate trends? In addition, while orders received for the overseas civil engineering business remain stable, is there any change in the order environment?

A. We are closely monitoring interest rate trends in North America. Our main building construction subsidiary Webcor previously had a strength in developer projects. Currently, however, projects utilizing public funding, such as hospitals and schools, account for the majority of orders received, and we believe we can secure a sufficient volume of orders even as developer projects decline due to the impact of interest rates. There has also been no significant change in the order environment for overseas civil engineering, and we expect steady growth to continue.

Q. The share of the overseas construction business in the FY2026 consolidated operating profit forecast (page 22 of the Presentation on Financial Results for FY2026 1st Quarter) is 15.3%. Over what time frame, and to what level, do you expect this share to expand going forward?

A. The Addendum to the Medium-Term Business Plan 2022 sets out the aim of establishing a business structure centered on the domestic construction business, in which businesses other than domestic construction generate performance equal to or greater than that of the domestic construction business. The overseas construction business is an important factor in achieving this. It is difficult to specify a time frame at this stage, but we would like to present our approach together with the next medium-term business plan.

(4) Capital Policy, Shareholder Returns and Growth Investment

Q. Regarding the purchase of treasury shares, of the previously announced ¥100.0 billion, the remaining ¥30.0 billion is scheduled to be implemented within FY2026. What is the current status of discussions?

A. We are considering implementing this within FY2026, as scheduled. Details such as the timing of implementation will be determined based on a comprehensive assessment of factors including the performance outlook, progress of investments, and cash flow conditions.

Q. You previously stated that the timing for announcing a review of the necessary equity level and an increase in the dividend on equity ratio (DOE) level would appropriately coincide with the next medium-term business plan. Has there been any change, including in the timing?

A. Capital policy, including shareholder returns, is being considered together with the Group's overall growth strategy, and we believe it is appropriate to announce this together with the next medium-term business plan.

Q. Regarding the terms and purchase price of the Multiplex acquisition, this was not disclosed at the time of the timely disclosure on June 18, 2026. Is it correct to understand that this will not be disclosed until closing?

A. We have largely reached agreement with the seller on the terms and purchase price of the acquisition. We ask for your patience until closing, when we will provide further details.

Q. You have actively pursued M&A across a wide range of fields in recent years. What will be your focus areas going forward? In addition, while the overseas construction business has lower profitability compared to the domestic construction business, what is the impact on capital efficiency from the expansion of the overseas construction business?

A. Our basic policy on M&A is to focus on growth fields that also contribute to solving social issues, and we are continuously considering opportunities across a wide range of fields, both in Japan and overseas. While the overseas construction business has a relatively lower profit margin compared to the domestic business, payment terms from clients are favorable, and funding efficiency is better than in Japan. We will pursue business expansion in a way that does not impair, or that improves, the Group's overall capital efficiency.

Q. What would be the impact on shareholder returns if M&A activity continues to accelerate going forward? While ordinary dividends are stable under DOE, is there a possibility that funds allocated to the purchase of treasury shares could decrease?

A. We consider shareholder returns in terms of the total amount, including dividends under DOE and the purchase of treasury shares, and we are currently reviewing our policy toward the next medium-term business plan. We will continue to consider this in light of the balance between shareholder returns and growth investments.

Q. What is the progress of the urban data center business?

A. We are preparing to start construction of the data center building that will serve as the data center site. We would like to provide further explanation once we are in a position to disclose more details.