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OBYASHI CORPORATION
Summary of the Small-Group Meetings in 2026

<For Securities Analysts>

Dates: Wednesday, September 16, and Friday, September 18 (two meetings in total)
Respondent: Toshimi Sato, Representative Director, President and CEO
Attendees: 7 securities analysts in total

<For Institutional Investors>

Dates: Wednesday, September 16, and Friday, September 18 (two meetings in total)
Respondent: Toshimi Sato, Representative Director, President and CEO
Attendees: 8 domestic institutional investors in total

1. View of the Current Domestic Construction Market and Business Profitability

The domestic construction market has remained generally firm, supported by redevelopment projects, data centers, semiconductor-related facilities, and infrastructure renewal, among other factors. When we formulated Medium-Term Business Plan 2022, we did not expect the market to expand significantly during the plan period, and we assumed that it would decline in the future. However, the market continues to expand.

In the domestic building construction business, profitability at the time of receiving new orders remains high, supported by this strong demand. That said, the gross profit margin on completed construction contracts of 14.9% for FY2025 was partly boosted by one-time factors, and we do not consider this a sustainable margin. We believe we can maintain a higher level of profitability than in the past as long as the current supply and demand conditions persist. However, unlike other industries such as manufacturing, which create new demand through innovative products, the construction industry has limited ability to create new markets on its own or continuously raise its profitability. We also do not expect the current favorable market environment to continue indefinitely.

With regard to the domestic civil engineering market, demand remains firm in both the public and private sectors due to the government's national resilience policy and other factors. Profitability in the domestic civil engineering business has also improved due to factors such as design changes and shifts in our portfolio of orders received. Assuming that the current business environment continues, a gross profit margin on completed construction contracts of around 20% is also conceivable.

2. Direction of Growth Strategy

(1) Domestic Construction Business

Our view that the domestic construction business is the core of the Obayashi Group remains unchanged. The domestic construction market is worth more than 80 trillion yen, while net sales of the Obayashi Group's domestic construction business stand at around 1.6 trillion yen, representing a

market share of only around 2%. We see room for growth in the domestic construction business, given the construction market's extensive value chain. We would also consider domestic M&A opportunities that would help us acquire new capabilities, such as engineering. Furthermore, to maintain and strengthen our firm position in the domestic construction business, we need to increase our construction capacity by improving productivity. With AI and robots still some way off from delivering an immediate leap in productivity, we believe it is essential to make steady progress in securing and developing engineering talent. We are not considering expanding our scale through M&A involving general contractors in the domestic construction market.

(2) Overseas Construction Business

The expansion of our overseas business through M&A has reached a milestone with the acquisition of Multiplex. We believe that the business foundation the Obayashi Group has built in each of its overseas markets will enable the Group to differentiate itself and secure a competitive advantage: the Southeast Asian market; the North American market, where we have built our presence, including in civil engineering and engineering, over the 20 years since acquiring Webcor, a building construction company; and the Australian and UK markets, where our foundation will be strengthened through Multiplex.

Going forward, we intend to build on this business foundation by creating an environment in which each of our overseas Group companies can draw on the Obayashi Group's management resources, including our creditworthiness, technologies, and human resources, and thereby support the autonomous growth of each company while ensuring rigorous governance.

3. Use of AI and Data to Support Growth Strategy

In administrative work, the use of AI and data is becoming increasingly effective. The BPR (Business Process Re-design) Department, which is responsible for introducing AI, has been working for around six years to standardize and visualize our business processes, as well as to organize our data. These efforts now serve as the foundation for implementing generative AI. In addition, the Market Intelligence Department, which brings together specialists in data analysis, analyzes the risks and opportunities facing individual industries and companies, signs of change in market conditions, and other such factors, based on publicly available information. We use this analysis to accurately identify changes in the business environment and consider management initiatives with a view to the future. We believe that such data-driven management will also lead to differentiation over the medium to long term.

4. Equity and Capital Allocation to Support Growth

In preparation for the next medium-term business plan, we are now carefully reviewing the necessary equity level for our businesses, including domestic construction, overseas construction, real estate development, and green energy. We do not assume that favorable economic conditions will persist over the medium to long term, and we consider it an important management priority to build the resilience, both financial and operational, to withstand abrupt changes in conditions.

After determining the necessary equity level, we intend to present a disciplined capital allocation framework focused on profitability and capital efficiency in the next medium-term business plan.

5. Shareholder Returns and Cross-Shareholdings

In light of the equity level and the capital allocation framework, we will secure the equity needed for the Obayashi Group's long-term viability and growth, as well as the funds needed for growth investment, and then seek to provide shareholder returns based on a dividend on equity (DOE) ratio. Under this capital policy, we intend to increase shareholder returns by raising the DOE level when circumstances permit.

For cross-shareholdings, our minimum target is to reduce their value to below 20% of consolidated net assets by the end of this fiscal year. We will review the rationale for each holding every fiscal year and sell those whose rationale for holding has weakened. However, we intend to retain holdings where we judge that doing so will not impair capital efficiency, taking into account business relationships, business needs, contributions to orders received, and dividend income. Although this will also depend on the stance of ISS and other proxy advisors, we are not currently considering setting a deadline-based commitment to targets such as 10% or 0%. Our approach to cross-shareholdings has gained a measure of support from overseas institutional investors with a long-term investment horizon.

6. Toward the Next Medium-Term Business Plan

The next medium-term business plan will center on the growth strategy for our core domestic construction business and business strategies to strengthen the management foundation of the overseas construction business and support its autonomous growth. In the plan, we intend to set out in detail the necessary equity level, growth investment, capital efficiency in each business, and our capital policy framework, and to clearly communicate our vision for the Obayashi Group's growth over the medium to long term.

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Notes:

The content of this document represents the Company's views, summarized based on the questions and answers at the small-group meetings. The Company does not guarantee or warrant the accuracy or completeness of this information, and the content is subject to change without notice.

In addition, forward-looking statements, including financial forecasts, are based on information currently available to the Company and certain assumptions that the Company has judged to be reasonable, and are not intended as a guarantee of their realization. Actual results may differ significantly from the forecasts due to various factors.