OBAYASHI CORPORATE REPORT 2025

Integrated Report

OBAYASHI

Obayashi Corporate Report 2025 Key Points

This report comprehensively covers the corporate value of the Obayashi Group and its medium- to long-term vision from both financial and non-financial perspectives. In publishing this report, we have made every effort to provide shareholders and investors about the Group's medium- to long-term vision to gain an understanding of the overall picture of value creation at the Obayashi Group.

Content that addresses expectations and frequently asked questions from stakeholders

Key Point 1 What are the thoughts of the new president, independent directors, and the chairman of the board?

President's Message P. 10

Present the vision of the new president, appointed in April 2025.

Independent Directors' Dialogue P. 65

Discuss the progress and issues on strengthening the business foundation and accelerating Company-wide transformation from the independent directors' perspectives.

Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees P. 81

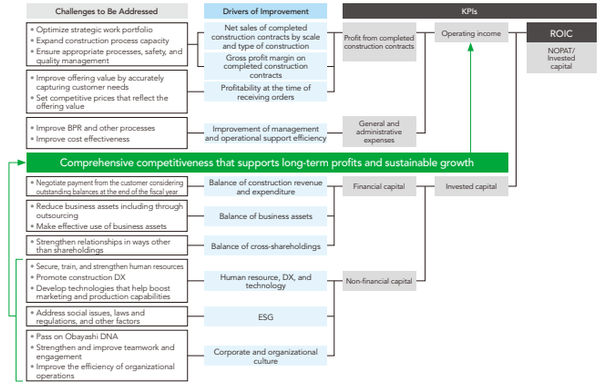
Discuss the process of selecting the president, the profile of the new president, and challenges and prospects for further growth.

Key Point 2 What are the business strategies and what is the status of each business?

Business Strategy P. 31

Explain the status of each business and the initiatives for improving capital efficiency including ROIC reverse trees.

■ ROIC Reverse Tree



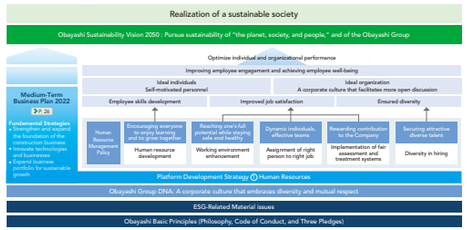
Key Point 3 What are the strengths of the Obayashi Group?

The Obayashi Group's Prowess, Cultivated Over Many Years P. 23

Key Point 4 What are the initiatives in human resource management, DX, technologies, and supply chain management?

Human Resource Management P. 47
DX P. 52
Technologies P. 54
Supply Chain Management P. 56

■ Medium-Term Business Plan and Human Resource Strategy



Contents

Section 1

03 Our Future and Origin

04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2

14 Overview of the Obayashi Group

15 Our History
17 Global Network

Section 3

19 Social Issues and Value Creation

20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4

25 Toward Accelerating Company-Wide Transformation

26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5

45 Foundation Supporting Value Creation

46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6

64 Governance

65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

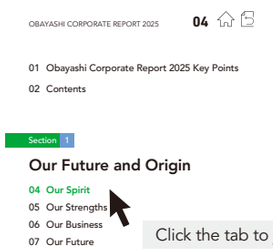
Section 7

92 Data Section

93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

How to Use the Navigation Buttons

Section Tabs



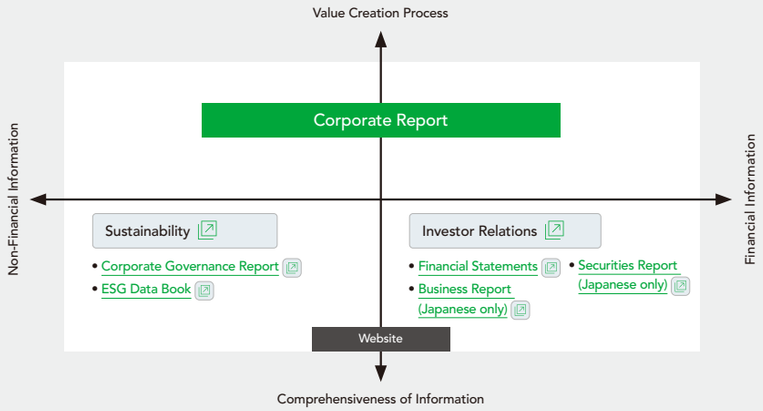
Navigation Buttons

- Return to Contents page
- Return to previously viewed page
- P.XX Jump to referenced pages in the report
- Jump to an external site

Contents

Click the title to jump to that section

Information Disclosure System



Editorial Policy

Purpose of Publication

This report is published as a means of comprehensively disclosing the management strategy, financial information, and non-financial information of Obayashi Corporation and the Obayashi Group in a way that will facilitate understanding of the Group's overall business activities.

Reporting Period

Unless otherwise stated, the report covers FY2024 (April 1, 2024 to March 31, 2025) and some data for FY2025.

Reporting Guidelines

Guidance for Collaborative Value Creation 2.0 compiled by Japan's Ministry of Economy, Trade and Industry
The International Integrated Reporting Framework compiled by the IFRS Foundation
The GRI Sustainability Reporting Standards compiled by the Global Reporting Initiative (GRI)

Publication Date

October 2025

The use of the symbol ¥ indicates the Japanese yen in all instances in this report.

Notes Regarding Forward-Looking Statements

Any statements in this report with respect to the plans, strategies, and projected and forecasted business performance of Obayashi Corporation and the Obayashi Group that are not historical facts are forward-looking statements based on management's judgement in light of currently available information. Factors that could cause actual results to differ materially from our earnings forecasts include, without limitation, risks and uncertainties relating to economic conditions, market demand, currency exchange rates, and tax and other systems.

Section 1

Our Future and Origin

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our Spirit

The spirit that has guided us since our founding

Obayashi Three Pledges

Quality, Value, and Efficiency

Obayashi Corporation was founded as a civil engineering and building construction contractor in Osaka, Japan in 1892. The firmly held work philosophy of founder Yoshigoro Obayashi was clearly stated as the Three Pledges in the foreword to the *Guidelines for On-Site Employees* published in 1935 under the second president, Yoshio Obayashi.
The foreword also urged employees to be aware that this spirit was both the way to ensuring eternal prosperity as a company and the only way to serve the state and society. This spirit is strongly upheld even today, and is included as an ideal of the Obayashi Sustainability Vision 2050.
Guided by the philosophy of the Obayashi Three Pledges to quality, value, and efficiency, we will continue to pursue honest craftsmanship.

Quality We will deliver excellent construction projects backed by our flawless organizational abilities and outstanding skill, and our most sincere and attentive dedication.

Value We will deliver construction projects with substance and rich value at reasonable cost through the efficient application of excellent machinery and equipment, the skillful purchasing of materials, and the pursuit of carefully managed and rational operations.

Efficiency We will eliminate any time wastage and shorten construction periods by demonstrating our full capabilities, coupled with innovative construction methods, superior planning, and meticulous installation.

Founded in
1892

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our Strengths

Powers and honest craftsmanship that we cultivated based on the spirit of the Three Pledges

Power of Vision, Power of Creation, and Power of People

Our strengths derive from the power of vision to see beyond tomorrow, the power of creation to transform ideas into tangible innovations, and the power of people that makes everything possible. These strengths are underpinned by solid technologies and honest craftsmanship. Obayashi Group has earned society's trust over many years based on these commitments.

+ Honest Craftsmanship

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our Business

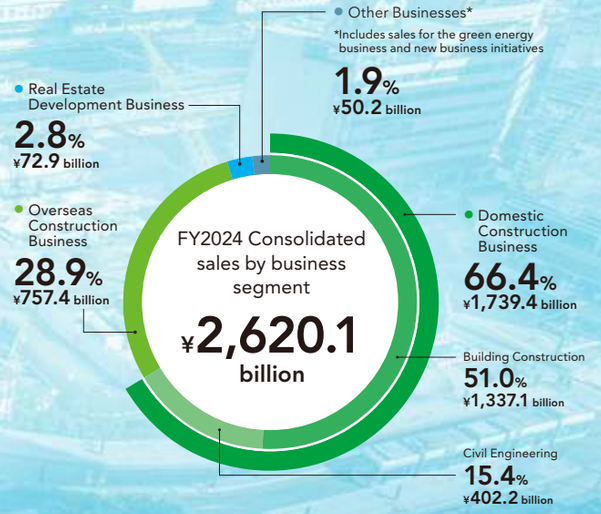
Strengthening the business foundation and accelarating transformation

Unwavering in the Face of New Challenges

In the many years since its founding, Obayashi Group has proudly served as a leading construction company successfully completing numerous projects including the roads, bridges, and buildings that support the fabric of our society.
We are channeling our established on-site technical capabilities and trust, and our craftsmanship into taking on challenges in new areas of business that extend beyond the construction sphere.

Diversified global business portfolio centered on domestic construction

Domestic Construction Business | Overseas Construction Business | Real Estate Development Business | Green Energy Business | New Business Initiatives



01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our Future

The Ideal Obayashi Group

Obayashi Sustainability Vision 2050

Pursue sustainability of "the planet, society, and people" and of the Obayashi Group

Obayashi Group promotes the sustainability of the planet, society, and people based on the spirit of the Obayashi Three Pledges, as well as the sustainability of its own corporate activities, ensuring the compatibility of efforts in both spheres.
Obayashi Sustainability Vision 2050, our long-term vision, has been formulated as a guideline for projecting that heartfelt desire into the future.

The vision targets a future sustainable society, defining the ideal Obayashi Group of 2050. Backcasting was employed to set targets for 2040 to 2050 for the Group to work toward and determine the direction of its business development. To help achieve these targets, we have put concrete action plans in place and set key performance indicators (KPIs) to guide our efforts.

2040–2050 Targets

Decarbonization	+	Provide valuable spaces and services	+	Co-creation of a sustainable supply chain
Achieve zero CO_2 emissions in the entire Obayashi Group		Achieve a society designed for well-being		Achieve with people in our business

Obayashi Sustainability Vision 2050

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our Story

A Path for Creating the Ideal Obayashi Group

Obayashi Basic Principles

Obayashi Philosophy

Obayashi's Vision and Mission in Society

A Leading Sustainability Company

1. Exercise honest craftsmanship with superior technologies and create new value in every space.
2. Care for the global environment and create solutions to social challenges as a good corporate citizen.
3. Value each person with a stake in our business.

By keeping these promises, Obayashi Corporation contributes to realizing a sustainable society.

Obayashi Code of Conduct

These guidelines help us realize the Obayashi Philosophy and continue being an enterprise trusted by all stakeholders

1 Fulfill our social mission

(1) Provide high-quality buildings, infrastructure, and services
(2) Foster an environmentally responsible society
(3) Value every one of our associates
(4) Build stronger mutual trust with suppliers
(5) Build good relationships with communities

2 Ensure strict adherence to corporate ethics

(1) Comply with laws and regulations and take a sensible course of action
(2) Promote fair and free competition
(3) Maintain appropriate relationships with stakeholders
(4) Avoid all contact with antisocial forces
(5) Ensure appropriate information disclosure and transparency of management

Obayashi Three Pledges

The spirit that has guided us since our founding

Quality, value, and efficiency

Our Spirit P. 04

ESG-Related Material Issues

- **E** Establish an Environmentally Responsible Society
- **S** Enhance Quality Control and Technological Capabilities
- **S** Ensure Occupational Health and Safety
- **S** Develop and Retain Human Resources
- **G** Implement Rigorous Compliance
- **G** Conduct Responsible Supply Chain Management

Sustainability Management P. 46

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Obayashi Group Medium-Term Business Plan 2022 and Addendum P. 26

Fundamental Strategies

1. Strengthen and Expand the Foundation of the Construction Business
2. Innovate Technologies and Businesses
3. Expand Business Portfolio for Sustainable Growth

Platform Development Strategy

1. Human Resource Management P. 47
2. Organization P. 31
3. DX P. 52
4. Technologies P. 54
5. Supply Chain Management P. 56
6. Finance and Capital Strategy P. 28
7. Sustainability Management P. 46

Business Strategy P. 31

Diversified global business portfolio centered on domestic construction

Domestic Construction → Overseas Construction → Real Estate Development → Green Energy → New Business Initiatives

Seeds to create new business opportunities

Social Issues and Business Opportunities P. 24

Carbon Neutrality

Well-Being

Our Future

Obayashi Sustainability Vision 2050

Our Vision

Pursue sustainability of "the planet, society, and people," and of the Obayashi Group

Decarbonization + Provide valuable spaces and services + Co-creation of a sustainable supply chain

Obayashi Group's Vision for 2050

The Obayashi Group will continue to take on the challenge of ceaseless transformation driven by talent and innovation to keep providing a variety of solutions for the sustainability of places where we reside: spaces, cities, and the environment.

Realization of a sustainable society

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

President's Message

The Obayashi Group aims to generate sustainable growth by establishing a business portfolio centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business.

The Obayashi Group boasts a diverse workforce of around 20,000 that includes a large number of world-class construction engineers. We seek to provide solutions to social challenges and help bring about a sustainable society by creating new value in every space through the provision of high-quality construction services underpinned by world-leading technological expertise. Having been appointed President and CEO in April 2025, my primary duty is to lead the Obayashi Group into its next stage of growth and build an even better corporate group to hand on to future generations. I intend to accelerate efforts to strengthen our business foundations and implement Company-wide transformation to ensure that we always play an indispensable role in realizing a sustainable society.

Toshimi Sato

Toshimi Sato
Representative Director
President and CEO

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Upholding the Obayashi Group Basic Principles and Expanding Business Domains Centered on the Construction Business

The Obayashi Group has operated in accordance with the Obayashi Three Pledges to quality, value, and efficiency since its foundation, and passed these pledges down through the generations. Each of the Three Pledges specifically guides our approach to construction, procurement, and productivity, serving as a universal spirit underpinning our craftsmanship even today, when entire supply chains are required to be sustainable. We, too, must uphold and pass on to future generations the spirit of the Three Pledges, which have served as the bedrock of all efforts to secure growth for the Obayashi Group since its founding.

The Obayashi Basic Principles encompass the Obayashi Three Pledges, the Obayashi Philosophy, which defines our vision and mission in society, and the Obayashi Code of Conduct, which comprises guidelines in our efforts to realize the Obayashi Philosophy and achieve the trust of our stakeholders. Based on these fundamental principles, we will constantly strive to become ever more indispensable to the formation of a sustainable society by earnestly seeking to improve corporate value and achieving sustainable growth for the Group. Our Spirit P. 04

Boasting well over 8,000 world-class construction engineers of different ages, Obayashi Corporation has been providing high-quality construction services underpinned by exceptional technological expertise. Through such services, we have created new value in every space, sought to provide solutions to social issues, and contributed to bringing about a sustainable society. In the process, thanks to the unstinting efforts of our predecessors, Obayashi Corporation has been fortunate to become one of the leading companies in the Japanese construction industry and to create the solid business foundations necessary to drive global business expansion as the Obayashi Group. However, to ensure sustainable growth, we need to further develop our business model to avoid heavy reliance on the domestic construction business, diversify business domains, and promote global expansion.

Left: "Quality, value, and efficiency," handwritten by Takeo Obayashi, Chairman of the Board
Right: "Safety," handwritten by Toshimi Sato, President and CEO

The Obayashi Group has already built a highly refined organizational management framework centered on its core domestic construction business. We are steadily establishing a business portfolio that will facilitate sustainable growth for the Group, within which overall management capital is allocated not just to the domestic construction business. Rather, it is spread across a wide range of businesses, including overseas construction with its long track record in North America and Asia; the real estate development business, which helps develop environmentally responsible cities; the green energy business, which meets decarbonization needs; and new business initiatives, which open up new growth opportunities. I believe that, to achieve sustainable growth on a global scale, it is essential to constantly bear capital efficiency in mind, while also accelerating the implementation of autonomous management in each individual business. My mission as the corporate leader is to further strengthen the Group's management foundations, elevate the level of management, and build an organization that is centered on the domestic construction business, and in which other businesses generate performance equal to or greater than that of the domestic construction business. Our Story P. 08

An Organization That Finds Growth Opportunities by Flexibly Responding to Changes in Business Environments and to Risks

I myself have been deeply involved in formulating management strategies for Medium-Term Business Plan 2017 and Medium-Term Business Plan 2022, so my appointment as president is unlikely to result in any major reviews of how we define the ideal Obayashi Group or the management strategies for continuing to achieve that ideal. I believe that we must maintain our unwavering determination and continue to steadily promote the management measures to which the Group has dedicated itself.

Medium-Term Business Plan 2022 (announced in March 2022) was based on the judgement that strengthening the Group's business foundations and accelerating Company-wide transformation were vital to solving specific management issues. When it was formed, the plan envisaged an initial two-year period for efforts to strengthen the foundations of the construction business, and the remainder of the time through FY2026 was to be spent establishing a medium- to long-term growth path by accelerating Company-wide transformation. However, part of the content of the plan was reviewed and an addendum to Medium-Term Business Plan 2022 was announced in May 2024 to reflect various issues. These included larger-than-anticipated changes in the business environment, such as soaring construction material prices, an increase in Japanese construction demand that exceeded our ability to meet production capacity expansion, changes in the renewable energy market, international political and economic turmoil, and global supply chain disruptions. Other issues included our inability to eradicate all serious accidents and the continued occurrence of quality defects that could not be ignored.

In the addendum, we reaffirmed that ensuring safety and quality was a top management priority as well as our commitment to continuing efforts to strengthen the construction

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

business foundation. At the same time, to further promote management with a focus on capital efficiency, we raised our ROE target for FY2026 from 8% to 10%, assuming cost of shareholder's equity for the Obayashi Group of between 8% and 9%, and recognizing that achieving that minimum ROE level was vital for the future of the Group.

On the other hand, if we look at the situation from a medium- to long-term perspective, the Obayashi Group needs to urgently formulate and implement effective strategies and measures to address structural issues such as the shrinking Japanese construction market due to the declining population, and the shortage of engineers and workers. Furthermore, with AI and other technological innovations progressing much faster than expected on a global scale, the Group could reach a major turning point on the path to sustainable growth if it can view these developments as growth opportunities. We will engage more proactively than ever in promoting digital transformation (DX) through growth investment in productivity-enhancing technological development and the radical transformation of our operations. We also intend to further expand our business portfolio in areas outside the domestic construction business to help consolidate sustainable growth. In these ways, we will improve ROE and capital efficiency. Specifically, we will strive to achieve profit growth on a global scale based on our solid business foundation. This will be achieved by harnessing our core strength in advanced technologies and also by using M&A to pursue business opportunities that will help solve social issues relating to carbon neutrality, water, energy, and food, and developing them into new pillars of business, as well as by expanding our overseas construction business.

Furthermore, in light of the current situation in which the business environment that formed the basis for our current medium-term plan has changed significantly, we feel we cannot validate our current situation simply by achieving the plan's key performance indicators. For this reason, we are working to revise Obayashi Sustainability Vision 2050, our long-term vision formulated in 2019 to pursue the sustainability of the planet, society, and people, and of the Obayashi Group, as well as to review our backcasting methods. I would like to share our revised long-term vision when we announce our next medium-term business plan.

Medium-Term Business Plan P. 26

Improving Capital Efficiency Even Further

To increase the Obayashi Group's corporate value while also striving to secure steady growth, it is essential that we achieve a level of ROE that exceeds the cost of shareholder's equity expected by stock markets (currently assumed to be 8% to 9%). We are aware that a positive equity spread is what enables us to achieve an investment-driven cycle of growth.

The necessary level of equity for the Obayashi Group has been set at ¥1 trillion based on its current business portfolio. We made this decision taking into account factors including changes in the scale of our business through FY2026 (the final year of the current medium-term plan), the implementation of growth investments, changes in construction business revenue and expenditure, revised payment terms to suppliers and subcontractors, the reduction of cross-shareholdings, and the use of leverage in the real estate development business. Based on our shareholder return policy, which emphasizes long-term stable dividends, we will pay ordinary dividends with a dividend on equity (DOE) ratio of around 5% and conduct share buybacks to the scale of ¥100.0 billion during the current medium-term plan period in order to appropriately control the level of equity. Beyond the period covered by the current medium-term plan, we will continue to appropriately control the level of equity by reviewing DOE and conducting share buybacks based on such factors as the status of current business portfolios and growth investments.

We adopted return on invested capital (ROIC) as a performance indicator in the current medium-term plan to promote management that emphasizes capital efficiency. The aim is to achieve ROIC of 5% or more over the medium term. To ensure effective ROIC management, we have introduced ROIC reverse trees into the setting of goals for individual employees, helping them to understand how the work they do can boost Obayashi Group performance through contributions to capital efficiency and, ultimately, operating income. ROIC is considered an important indicator for determining business continuity and expansion, especially in our real

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

estate development and green energy businesses, where the amount of invested capital is directly linked to the scale of profits, so we are striving to guarantee and improve the capital efficiency of our businesses.

As we prepare for the next medium-term plan, we will determine the bottom line for ROE and ROIC based on the capital requirements for each of the Obayashi Group's business areas and the cost of capital in each business and market. Based on those figures, we will appropriately assess the profitability and capital efficiency of each business area and work to achieve sustainable growth. At the same time, I hope to build a system in which discussion by the Board of Directors on the ideal business portfolio for the Obayashi Group is based on these kinds of executive initiatives, thus ensuring that optimal management decisions are made. We aim to achieve sustainable growth in the medium to long term as a corporate group unfettered by the conventional frameworks of general contracting business, both in terms of the composition of earnings-generating assets and their profitability.

I want to present our shareholders and investors with information on ROE and ROIC levels for each business, as well as the level of return on assets (ROA) that the overall Obayashi Group should achieve, along with our future growth strategy.

We will continue to entrench our sustainable creation of corporate value by pursuing a strategic capital policy that focuses on capital efficiency and strive to steadily enhance the Obayashi's corporate value and shareholder value.

Finance and Capital Strategy 》 P. 28

Aligning Company and Employee Aspirations to Create a Group where Employees are Proud to Work

I have already mentioned how having talented engineers working at Obayashi is one of the Group's greatest strengths. Our solid position as one of the leading companies in the Japanese construction market and our highly talented human resources are irreplaceable assets for the Obayashi Group, and these assets constitute a precious source of competitiveness to fuel global growth.

The Obayashi Group boasts a diverse workforce of roughly 20,000 people, primarily comprising construction engineers. Talented future leaders of all ages are currently playing an active role in their respective fields. I believe one of my most important responsibilities as president is to build a solid management platform that enables talented individuals to grow into effective leaders in various fields. These leaders will identify business opportunities in helping to solve social issues, support the Obayashi Group's sustainable growth, and drive it to become an indispensable player in the formation of a sustainable society. I want to create an Obayashi Group that can keep on recovering after setbacks by encouraging its future leaders to consistently tackle challenges and to persevere and try again after every failure, motivated by the spirit of the Three Pledges.

Since joining the Company, I myself have been able to gain experience in various roles at different ages, which has proved a great asset. Although Obayashi Corporation was the latest market entrant among Japan's five major general contractors, it has become a leading company in the several decades since its founding and is still generating growth today. One reason is that we have always created opportunities for young employees to play an active role. They have participated extensively, fueled by a sense of responsibility for the development of the Obayashi Group and unhindered by the fear of failure. I myself was afforded that opportunity and used it as a chance to grow.

I hope young Obayashi Group employees who will lead the future of the Group can also gain varied experiences that will contribute to future personal growth and to growth in their respective jobs. One of my own tasks as a leader is to steadily advance the formulation of growth strategies that enable employees to practice craftsmanship with a spirit of endeavor and fulfillment and help create a vibrant and energetic corporate cycle in which employee endeavor produces results, job satisfaction rises, efforts are appropriately remunerated, and corporate value is enhanced. In conjunction with this, I will also pursue strategic human capital investment and organizational and personnel system reforms.

For personnel to perform at their full potential, the Company and its personnel must share an unwavering relationship of trust and ensure that the Obayashi Group vision and the ideal corporation envisioned by each employee are aligned. Those are the prerequisites for corporate management. With all my heart, I truly want to create a company in which all employees feel they are indispensable to the formation of a sustainable society and enjoy great pride in their work. I will continue to clearly convey in detail the Group's future vision and my own approach as a manager to our shareholders, investors, and all other stakeholders.

I hope you will all watch with interest how the Obayashi Group develops as we do our utmost to strengthen our business foundation and accelerate Company-wide transformation under the new management team.

Human Resource Management 》 P. 47

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1
Our Future and Origin
04 Our Spirit
05 Our Strengths
06 Our Business
07 Our Future
08 Our Story
10 President's Message

Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Section 2

Overview of the Obayashi Group

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin

Section 2
Overview of the Obayashi Group
15 Our History
17 Global Network

Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Our History

OBAYASHI CHRONICLE 130

Since its founding in 1892, the Obayashi Group has amassed technologies and expertise in craftsmanship enabling it to tackle epoch-making projects that respond to the demands of society. We have used this expertise, which is, founded on the spirit of the Obayashi Three Pledges that has been handed down through the generations, to carve out new areas that extend beyond the realm of construction.

The Obayashi Group's History

1892
Founded

At the age of 19, founder Yoshigoro Obayashi changed his career from kimono merchant to civil engineering and building construction contractor declaring that the contracting business, which he had always believed had a strong future, was the business that he could devote his heart and soul to. He opened the Obayashi Store in Osaka at the age of 28.

1935
***Guidelines for On-Site Employees* Published**
Stipulated the Obayashi Three Pledges as the Basic Principles

Our Spirit P. 04

The Guidelines for On-Site Employees is a four-part handbook, with volumes on administration and accounting, construction, facilities, and electrical work. The Obayashi Three Pledges to quality, value, and efficiency articulated in the foreword to the Guidelines remain the cornerstone of the Company's business to this day.

1960 Listed on the Tokyo Stock Exchange

The construction industry started to require large amounts of funds due to construction work mechanization and more diverse, large-scale, and high-cost projects. So, in anticipation of future funding needs, Obayashi made its shares available for over-the-counter trading on the Osaka Securities Exchange in 1957 and was listed on the Tokyo Stock Exchange in 1960.

1964 Expanded the Overseas Business

Having worked on post-war reparations projects in Southeast Asian countries, Obayashi started expanding its business outside Japan in earnest with the opening of its first representative office in Thailand.

1965 Technology Research Institute Established

The Technology Research Institute in Kiyose City, Tokyo was established to conduct basic research spanning fields in civil engineering and building construction, and to further develop that research to the applied research stage. Developing new construction methods led to contracts for a wider variety of large-scale projects.

Historical Background and Social Issues

1892
Foundation and Early Years

- Infrastructure and urban development propelled by policies to increase national wealth and strengthen the military, and promote new industries
- Development of railways, ports, water and sewage systems, etc. fueled greater urbanization and industrialization

1926
Modernization Policies and World War II

- Disaster prevention and urban regeneration highlighted as issues in the wake of the Great Kanto Earthquake
- Experienced early Showa period modernization, then World War II

1945
From Postwar Recovery to Modernization and Development

- The installation of electricity in homes progressed during the periods of postwar reconstruction and rapid economic growth, resulting in an urgent, need to secure sources of electricity
- The Olympic Games Tokyo 1964 spurred rapid urbanization

1970
The Fast Lane to Globalization

- Expo 1970 Osaka was held became a symbol of reintegration into the international community
- Japan increased its international presence, with its growing technological prowess inspiring the phrase "Japan as Number One"
- The Japanese economy recorded negative growth following the first oil crisis

Our Major Projects

1905
Port of Osaka

This was the first major construction project secured through a bidding process. Construction was difficult, involving sediment dredging, land reclamation, and the building of a large pier and other port facilities designed to regain prosperity lost to the emerging Kobe port due to Osaka's sediment inflows and their adverse impact on port functions. Participation in the project enabled us to establish our business foundations in the early years.

1956
Nukabira Dam Power Generation Development

The purpose of this construction project was to restore electric power generation capabilities, an urgent need in the postwar period. Completed the dam on schedule in three years despite its location in a cold region, where dams had never been constructed.

1982
San Francisco Sewer

Obayashi became the first Japanese construction company to receive an order for a public civil engineering project in the continental United States. It was a difficult project due to the soft ground and strict environmental restrictions, but Obayashi's technical capabilities were highly praised, marking a major step forward in our business in the United States.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin

Section 2
Overview of the Obayashi Group
15 Our History
17 Global Network

Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

The Obayashi Group's History

1990 Introduced Our Corporate Identity

Obayashi introduced its corporate identity (CI) shortly before its 100th anniversary. A new company emblem and corporate symbol were created to symbolize Obayashi's philosophy, management approach, and Code of Conduct.

Corporate Symbol

The symbol expresses our wish for rich and fruitful harmony between the earth and its people, along with our desire to create a healthy and robust future while also leaving big dreams to the endless, beautiful horizon and beyond.

Reflects the Company's attitude of constantly aiming for improvement as a dynamic thinker that creates new value

- Morning Blue represents the dawn's blue sky and symbolizes our freshness, vigor, and stability.

Image of a safe and secure earth, nurturing any and all things, and the hope that Obayashi will continue to develop without limitation

- Bright Green represents the lush vegetation of the earth and symbolizes the harmony between nature and humans, as well as individuals and society as a whole; in short, it is symbolic of a bright future.

2011 Formulated the Medium- to Long-Term Environmental Vision, Obayashi Green Vision 2050 (OGV2050)

In recognition of growing environmental awareness, Obayashi Green Vision 2050, a medium- to long-term environmental vision, was formulated to guide Obayashi's business activities aimed at realizing a sustainable society, as stipulated in its corporate philosophy.

2017 Defined ESG Approach as a Platform Development Strategy

Medium-Term Business Plan 2017 was formulated during the recovery in business performance sparked by earthquake reconstruction and the decision to hold the Olympic Games in Tokyo in 2020. In addition to further developing and expanding business domains and accelerating globalization, the pursuit of ESG initiatives was declared a platform development strategy.

2019 Revised OGV2050 as Long-Term Vision, Obayashi Sustainability Vision 2050

Our Future P. 07

Updated to expand on Obayashi Green Vision 2050, the new vision reflects changes in social conditions and business environments, the importance of ESG initiatives as part of the management platform, and the need to help achieve the SDGs.

2022

Started Offering Carbon-Neutrality and Well-Being Solutions for a Sustainable Society

Medium-Term Business Plan 2022 was formulated with a focus on strengthening business foundations and accelerating Company-wide transformation. One of the plan's basic strategies is to help form a sustainable society, providing new value to customers by viewing solutions in the areas of carbon neutrality and well-being as business opportunities.

Photo: Akita Offshore Wind Corporation

Historical Background and Social Issues

1989 Overcoming the Long Recession

- Bursting of the economic bubble led to a lengthy downturn and stagnant growth
- Values shifted from quantity to quality as birthrates declined and the population aged
- The importance of seismic reinforcement and vibration isolation and control technologies increased after the 1995 Hanshin-Awaji Earthquake
- Infrastructure development progressed with a focus on comfortable urban and everyday living

2011 Expanding into New Business Areas and the Introduction of ESG Management

- The 2011 East Japan Earthquake raised awareness of disaster prevention and energy needs
- Digitalization accelerated
- Pursued full-fledged ESG initiatives to address social issues
- The Paris Agreement was adopted in 2015 to strengthen international climate change efforts

2022 Toward Achieving Carbon Neutrality and Well-Being

- Introduction of renewable energy, hydrogen, and other green energies accelerated
- Cities and companies adopted more people-centric designs
- A society that balances environment and quality of life started being explored

Our Major Projects

1997 Tokyo Bay Aqua-Line

This project connects the Keihin area and the Boso area for easier access. Constructed an undersea tunnel using one of the world's largest shield drilling machines to construct this very long tunnel, which was rare at the time.

2012 TOKYO SKYTREE®

The world's tallest free-standing broadcasting tower was built primarily for transmitting TV and radio waves across the Kanto region, above the increasing number of skyscrapers. To reach the unprecedented height of 634m, many special technologies were incorporated in foundation construction, framework construction methods, machinery and equipment, and temporary facilities.

2022 Port Plus® Obayashi Yokohama Training Center

Photo: SS Co., Ltd. Naoyoshi Sode

Japan's first high-rise, fire-resistant, all-timber building was completed as the Company's next-generation training facility. All of the above-ground structural components (columns, beams, floors, and walls) are made of wood, and the building is the tallest all-timber building in Japan at 44 m (11 stories). The use of wood helps reduce CO_2 emissions and makes the building conducive to wellness.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin

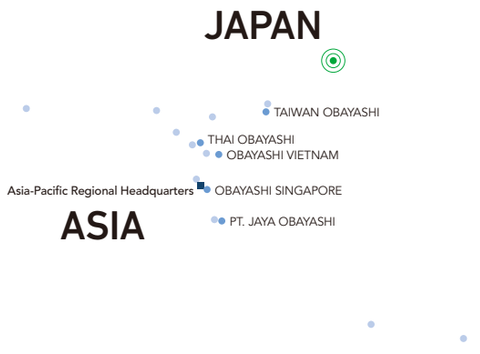
Section 2
Overview of the Obayashi Group
15 Our History
17 Global Network

Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Global Network

Global Network/Group Companies

The Obayashi Group is pursuing construction and construction-related businesses in North America, Southeast Asia, Oceania, and other regions. In doing so, it leverages the high degree of technological prowess that it has cultivated in the domestic construction business.



JAPAN Global Headquarters

Construction Business / Real Estate Business, etc. OBAYASHI CORPORATION	Employees 9,386	Net sales ¥1,660.6 billion
Civil Engineering Business OBAYASHI ROAD CORPORATION	Employees 1,092	Net sales ¥110.1 billion
Building Construction Business OAK SETSUBI CORPORATION	Employees 238	Net sales ¥18.6 billion
Building Construction Business OBAYASHI FACILITIES CORPORATION	Employees 937	Net sales ¥36.9 billion
Building Construction Business CYPRESS SUNADAYA CO., LTD.	Employees 191	Net sales ¥11.7 billion
Building Construction Business NAIGAI TECHNOS CORPORATION	Employees 171	Net sales ¥10.8 billion
Real Estate Business OBAYASHI-SHINSEIWA REAL ESTATE CORPORATION	Employees 172	Net sales ¥57.4 billion
Renewable Energy Business OBAYASHI CLEAN ENERGY CORPORATION	Employees 31	Net sales ¥16.2 billion
Other Businesses OAK INFORMATION SYSTEM CORPORATION	Employees 192	Net sales ¥11.3 billion

ASIA Asia-Pacific Regional Headquarters

Thailand

Building Construction Business / Real Estate Business THAI OBAYASHI CORPORATION LIMITED	Employees 1,382	Net sales ¥71.9 billion

THAILAND OFFICE

Singapore

Building Construction Business OBAYASHI SINGAPORE PRIVATE LIMITED	Employees 512	Net sales ¥78.1 billion

Taiwan

Building Construction Business TAIWAN OBAYASHI CORPORATION	Employees 140	Net sales ¥12.3 billion

TAIWAN OFFICE

Vietnam

Building Construction Business OBAYASHI VIETNAM CORPORATION	Employees 166	Net sales ¥15.8 billion

HANOI OFFICE

Indonesia

Building Construction Business PT. JAYA OBAYASHI	Employees 282	Net sales ¥20.2 billion

INDONESIA OFFICE

U.A.E.

MIDDLE EAST OFFICE

Bangladesh

BANGLADESH OFFICE

Myanmar

MYANMAR OFFICE

Cambodia

CAMBODIA OFFICE

Malaysia

MALAYSIA OFFICE

Australia

AUSTRALIA OFFICE

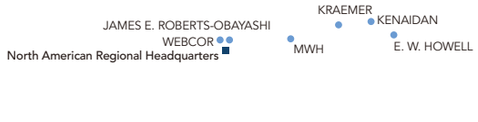
New Zealand

NEW ZEALAND OFFICE

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2
Overview of the Obayashi Group
15 Our History
17 Global Network
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Europe

North America



- Branch
- Group company
- Office

Group Overview (As of March 31, 2025)

Overseas offices **19** countries and regions

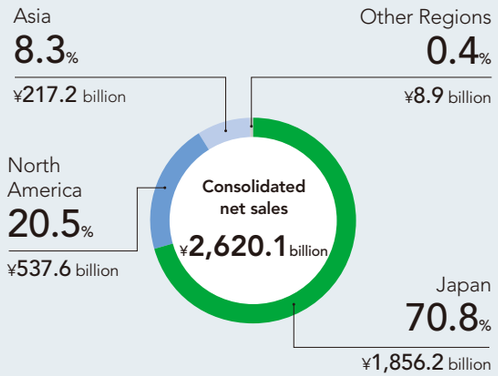
Employees (consolidated) **17,305**

Group companies **153**

Obayashi Corporation and subsidiaries **124**

Affiliated companies **29**

Net Sales by Region (FY2024 results)



North America

North American Regional Headquarters

U.S.A.

Building Construction Business
WEBCOR, L.P.
Employees 502
Net sales ¥175.1 billion

U.S.A.

Building Construction Business
JAMES E. ROBERTS-OBAYASHI CORPORATION
Employees 62
Net sales ¥58.3 billion

U.S.A.

Building Construction Business
E.W. HOWELL CO., LLC
Employees 160
Net sales 61.1 billion

U.S.A.

Civil Engineering Business
KRAEMER NORTH AMERICA, LLC
Employees 225
Net sales ¥72.0 billion

U.S.A.

Civil Engineering Business
MWH MANAGEMENT INC.
Employees 804
Net sales ¥126.1 billion

U.S.A.

GUAM OFFICE

Canada

Civil Engineering Business
KENAIDAN GROUP LTD.
Employees 219
Net sales ¥30.7 billion

Europe

U.K.

Real Estate Business
OBAYASHI PROPERTIES UK LIMITED
Employees 4
Net sales ¥5.2 billion

EUROPE OFFICE

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin

Section 2
Overview of the Obayashi Group
15 Our History
17 Global Network

Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Section 3

Social Issues and Value Creation

01 Obayashi Corporate Report 2025 Key Points
02 Contents

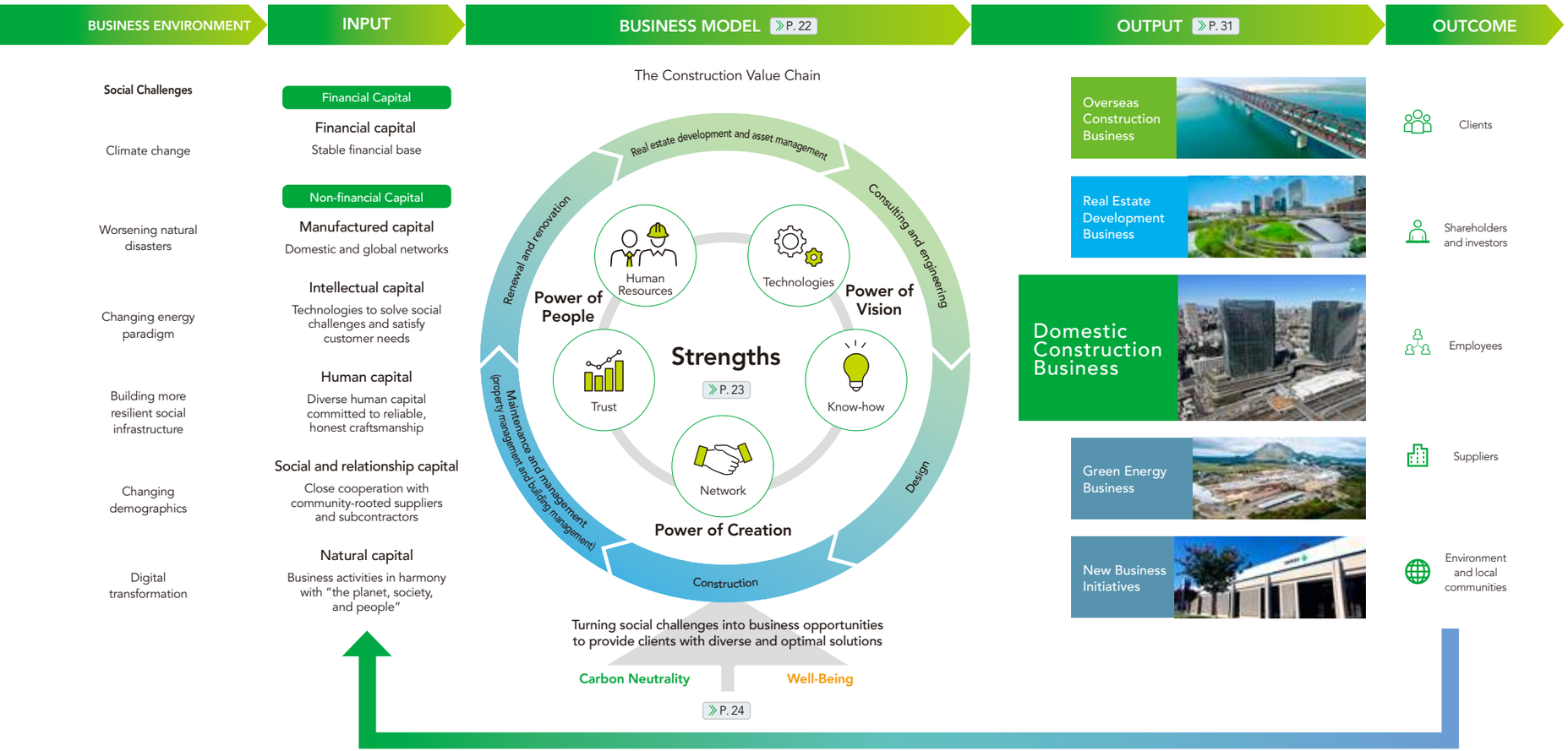
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group

Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Value Creation Process

Based on the Obayashi Basic Principles, the Obayashi Group works to solve social and corporate sustainability issues through its businesses using both financial and non-financial capital, aiming to achieve its long-term vision, Obayashi Sustainability Vision 2050.



Obayashi Sustainability Vision 2050

Obayashi Group's Vision for 2050

ESG-Related Material Issues P. 46

- E: Establish an Environmentally Responsible Society
- S: Enhance Quality Control and Technological Capabilities
- S: Ensure Occupational Health and Safety
- S: Develop and Retain Human Resources
- G: Implement Rigorous Compliance
- G: Conduct Responsible Supply Chain Management

Obayashi Basic Principles (Philosophy, Code of Conduct, and Three Pledges) P. 08

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group

Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Value Creation Process

Values shown for each fiscal year (e.g. FY2024) are the results for the fiscal year or values as of the end of the fiscal year.

INPUT

Management resources | Further enhancements

Financial capital

	FY2023	FY2024
Total assets	¥3,019.1B	¥3,042.7B
Equity	¥1,151.6B	¥1,158.2B
Invested capital	¥1,519.1B	¥1,572.9B

A robust financial foundation is the basis for sustainable growth. We will work to achieve profit growth through bold and timely growth investments while also confirming the amount of investment capital for each business and the total necessary equity level based on those figures and executing strategic shareholder returns to focus more on capital efficiency.

Manufactured capital

	FY2023	FY2024
Group companies/ overseas offices	147/16	153 companies/ 19 countries and regions
Real estate development business investment	FY2022–FY2023 ¥175.9B	FY2022–FY2024 ¥201.1B
Green energy business investment	¥6.0B	¥27.1B
Construction machinery and business facilities investment	¥33.5B	¥47.1B
M&A and others investment	¥44.8B	¥56.7B

Strengthening the foundations of the construction business and establishing a diverse portfolio help enhance our profitability and allow us to consistently capture revenue-generating opportunities. While working to raise the productivity of our core construction business, we will create a global network, thereby establishing a structure that will enable us to enter new businesses beyond the construction realm so that we can provide solutions that are tailored to individual regional needs and social challenges.

Intellectual capital

	FY2022–FY2023	FY2022–FY2024
DX-related investment	¥31.9B	¥51.2B
Technology-related investment	¥33.2B	¥50.5B

Our long-cultivated prowess in construction is the source of value creation. We are proactively investing on DX and technology to improve productivity and establish a competitive advantage.

Human capital

	FY2023	FY2024
Employees (consolidated)	16,986	17,305
Human resource-related investment	FY2022–FY2023 ¥10.6B	FY2022–FY2024 ¥17.8B

People are a key resource that drives value creation. We will build environments that encourage diverse talent to fully demonstrate their capabilities and will invest steadily in refining our three powers; the power of vision, power of creation, and power of people.

Social and relationship capital

	FY2023	FY2024
Number of Obayashi Rin-yu-kai* member companies	Approx. 1,200	Approx. 1,200

*Suppliers and subcontractors federation

It would be impossible to execute projects such as social infrastructure and urban development if we lacked the cooperation of suppliers and subcontractors who possess various forms of expertise or failed to foster good relations with communities where we operate. We engage in active and constructive dialogue with stakeholders and build strong mutual trust.

Natural capital

	FY2023	FY2024
Renewable energy generation capacity	305 MW	307 MW

Environmental management is part of our corporate philosophy. We will contribute to nature positivity through our efforts to achieve decarbonization, a recycling oriented society, and respect for the natural world.

BUSINESS MODEL

Carbon Neutrality | Well-Being

OUTPUT

- Overseas Construction
- Real Estate Development
- Domestic Construction
- Green Energy
- New Business Initiatives

OUTCOME

Clients

Providing safe, secure, and comfortable buildings and infrastructure

	FY2023	FY2024
Client satisfaction rate	97.1%	96.5%
Number of ZEB certified projects	12	9
Number of wooden structure and interior orders received	5	6

Shareholders and investors

- Profit growth
- Improving capital efficiency
- Stable shareholder returns

	FY2023	FY2024
Operating income	¥79.3B	¥143.4B
ROE	7.0%	12.6%
ROIC	3.8%	6.4%
Dividends per share	¥75	¥81

Employees

Creating a safe and rewarding work environment

	FY2023	FY2024
Number of fatal accidents	3	2
Number of accidents resulting in four or more lost workdays	45	46
Average of engagement indicators	72.5%	74.4%
Turnover rate	1.6%	1.5%
	FY2024	FY2025
Raise of the basic wage rate	4.5%	3.0%

Suppliers

Building strong partnerships based on trust

	FY2023	FY2024
Number of suppliers and subcontractors attending engagement events	201	190
Number of persons completing training at the Obayashi Rin-yu-kai Vocational School	66	67
Number of Certified Excellent Site Supervisors and Excellent Operators	531	566

Environment and local communities

- Contributing to society as a good corporate citizen
- Reducing environmental impact

	FY2023	FY2024
CO_2 emissions	4,628 thousand t-CO_2	5,209 thousand t-CO_2
Cost of social contribution activities	¥1.1B	¥1.0B

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group

Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Construction Value Chain as the Key Driver of Value Creation

The Obayashi Group provides added-value service to society by expanding the construction value chain from initial development through to renewal and renovation, centered on the spirit of honest craftmanship and on the power of vision, the power of creation and the power of people, strengths that are the hallmarks of its history and the tradition it has followed since its foundation.

Real estate development and asset management

To receive orders, the marketing and development departments work together to present real estate information, propose business plans, and provide various consulting services that meet client needs. We participate in large-scale urban redevelopment projects from the initial stages helping to plan and support large-scale development projects including order receiving incorporating the local community's needs.

Further enhancements

- Improve non-price competitiveness
- Acquire prime assets in potential growth areas
- Support the promotion of large-scale development projects
- Plan and propose projects that help achieve carbon neutrality and well-being
- Propose added value through smart city initiatives, and wooden structures and interiors

Risks

- Changes in office needs associated with workstyle transformation
- Cancellation or postponement of projects due to soaring prices
- Decline in investment appetite due to rising interest rates and sluggish economic conditions in Japan
- Rise in vacancy rates and fall in rents in offices and other locations

Renewal and renovation

We formulate detailed renewal and renovation plans based on its comprehensive knowledge. We also provide other services, such as those related to extending the useful life of buildings and infrastructure, conserving energy, and supporting business continuity planning and management to help maintain and improve the value of building and infrastructure assets.

Further enhancements

- Respond to infrastructure renewal demand
- Promote net Zero Energy Building (ZEB) renovation
- Develop renewal- and renovation-related technologies and apply those technologies at construction sites
- Carbon neutrality advisory capabilities

Risks

- Occurrence of public disturbance and nuisance to third parties
- Intensified competition in the renewal and renovation field

Maintenance and management (property/building management)

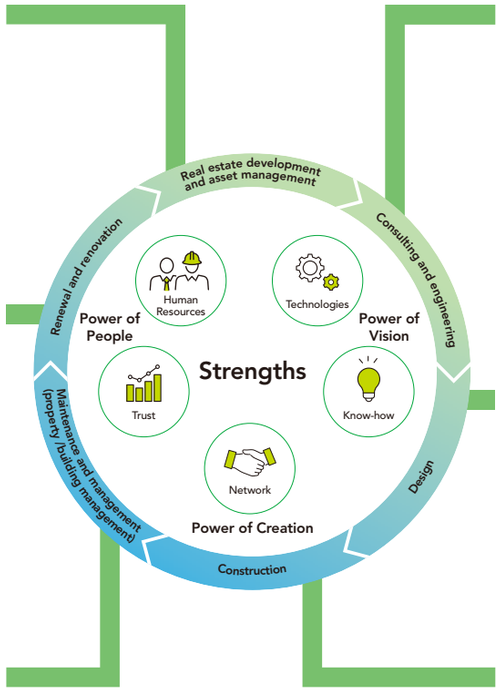
We provide safe, secure, and comfortable spaces for building users, and maintain and improve the value of building assets through a variety of management services, such as M&E facility management, cleaning management, and security.

Further enhancements

- Expand building management (BM) administration systems
- Acquire property/building management contracts

Risks

- Demand for operational management services suited to the characteristics of individual facilities
- Shortage of personnel in the BM business



Turning social challenges into business opportunities to provide clients with diverse and optimal solutions

Carbon Neutrality Well-Being

Consulting and engineering

We provide consulting services and solutions that levarage our advanced technological prowess, expertise, and knowledge, and provide the technical support that marketing teams need to realize client needs. Solid engineering management ensures the provision of high value-added services throughout the construction process.

Further enhancements

- Enhance ability to make proposals that satisfy increasingly diverse client needs such as for DX, green transformation (GX), and smart systems
- Enhance ability to make proposals responding to environmental and energy policies
- Create new business models

Risks

- Occurrence of serious quality defects
- Impact on natural environments and ecosystems

Design

Team members join forces to accurately understand client needs and achieve design, quality, and cost requirements. Besides designing and delivering facilities with high business value, the team also aims to provide new value to people and society and bring about a brighter future by offering new perspective and idea.

Further enhancements

- Expand human resources by cooperating with external design offices
- Strengthen competitiveness in highly specialized fields
- Strengthen proposal capabilities for environment-conscious buildings such as ZEB
- Expand training systems

Risks

- Excessive workload due to strong demand
- Budget overruns due to soaring construction material prices
- Potential quality problems caused by design defects

Construction

Based on a detailed plan, we construct with due consideration for safety, quality, and the environment, and delivers completed buildings to clients on time. Subcontractors with specialist skills carry out the construction, while Obayashi takes responsibility for the overall management of the project, including safety and quality, and construction schedule management.

Further enhancements

- Create innovative production systems and improve productivity
- Pursue initiatives in new construction service areas
- Secure skilled workers including foreign national workers, and strengthen human resource development
- Decarbonize construction processes
- Recycle construction materials
- Promote safety and quality education

Risks

- Potential serious safety- or quality-related incidents
- Soaring prices and supply constraints of construction materials
- Shortage of construction site personnel
- Impact of materials procurement on ecosystems
- Human rights violations across the supply chain
- Environmental impact of construction work

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group

Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

The Obayashi Group's Prowess, Cultivated Over Many Years

Three Strengths by Project Story

The Obayashi Group mobilized its three strengths—the power of vision, the power of creation, and the power of people—for the grand roof (Grand Ring) construction project at Expo 2025 Osaka, Kansai, Japan, in an impressive demonstration of its honest craftsmanship.

Construction project for the Pavilion World northeast construction area at The Expo 2025 Osaka, Kansai, Japan

Photo courtesy of Japan Association for the 2025 World Exposition and taken by Shinwa Co., Ltd.

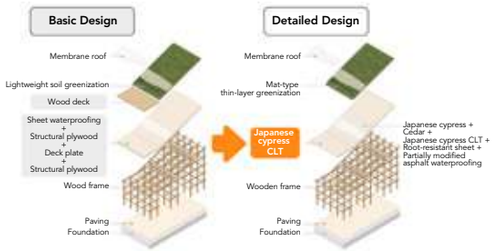
The Grand Ring has become a symbol of Expo 2025 Osaka, Kansai, Japan, and embodies the Expo's "Unity in Diversity" design concept. The area under the roof of the ringed structure serves as the main route for smooth visitor traffic around the Expo site and also as a comfortable space out of the rain, wind, and harsh sunlight. From the rooftop, you can view the whole venue from different vantage points. Looking outside the ring, you can enjoy the natural seascape of the Seto Inland Sea, the sunset vistas, and other appealing views from the Expo site, which is surrounded by sea and sky.

Power of People

Integrity　Enterprising spirit

Completing the Grand Ring by working together with other construction zones

Adhering to the construction schedule was absolutely vital to completing the construction of the Grand Ring in time for the opening. To reduce the risk of timber procurement delays given the extremely short design and construction period, Obayashi Corporation suggested simplifying the material composition using cross-laminated timber (CLT) flooring, which was then adopted across all construction zones.



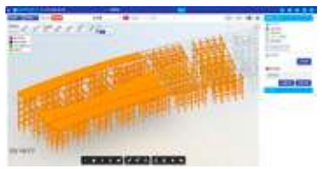
CLT used for the Grand Ring's two-tiered walkways and connecting greenery-clad slopes

Power of Creation

Development capabilities　Management skills　Adaptability　Execution skill　Ingenuity

Visualizing construction site progress in cyberspace

The CONNECTIA™ digital twin construction app was used to build the construction site in cyberspace for advanced construction management linking with the visual project management system "ProMIE™." This enabled the huge structure, which was garnering global attention, to be built within a limited construction period.



Visual project management system ProMIE™

Visualization of Grand Ring construction process by the CONNECTIA™ digital twin app.

Power of Vision

Proposal capabilities　Design prowess　Assessment skills

Showing superior Japanese wood construction skills to the world

Obayashi's proprietary construction methods were used to resolve the challenge of achieving both traditional architectural design like the stage at Kiyomizu Temple in Kyoto and high earthquake resistance of the wooden building.

Joints of the Grand Ring. The joints between the pillars and horizontal beams of the structure were reinforced with metal fittings (steel plates and lag screw bolts) for extra rigidity.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group

Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities

Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Carbon Neutrality and Well-Being as Business Opportunities

Obayashi Group Medium-Term Business Plan 2022 views the resolution of social issues, such as how to achieve carbon neutrality and well-being, as business opportunities, and aims to create new customer value by providing solutions in these areas, capitalizing on the Group's comprehensive competitiveness.

Carbon Neutrality

To help customers achieve carbon neutrality, we utilize our extensive experience in design, engineering, and construction along with expertise gained through our green energy business, and in so doing provide optimal solutions tailored to individual building characteristics and purposes of use. Specific efforts are being made to strengthen ZEB, wooden structures and interiors, and Clean-Crete™, low-carbon concrete, as powerful solutions for achieving carbon neutrality. We are building a steady track record in these areas.

Net Sales of Wooden Structure and Interior Projects[1,4]

Net Sales of ZEB Projects[2,4]

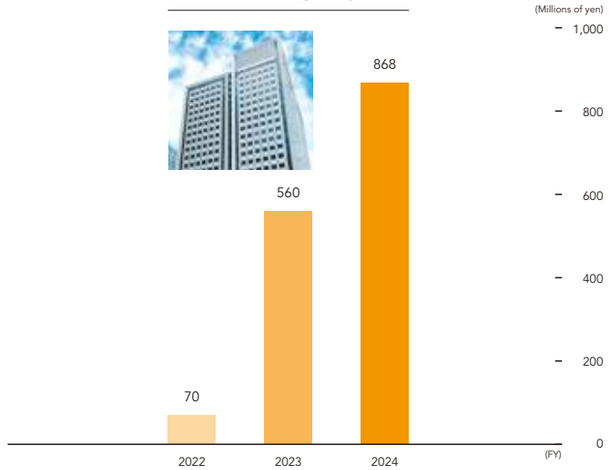
Net Sales of Clean-Crete™ Application Projects[3,4] P. 55

1. Net sales of entire projects are included, regardless of the amount of wood used. Figures are for Obayashi Corporation's building construction business, including projects designed by other companies.
2. Net sales for projects with ZEB certification as well as for all projects with ZEB-equivalent environmental performance. Among domestic building construction projects, figures represent those designed and built by Obayashi Corporation.
3. Net sales of entire projects are included, regardless of the volume of concrete cast. Figures are for Obayashi Corporation's domestic civil engineering and building construction, including projects designed by other companies.
4. Net sales of projects that fall under two or more categories (wooden structures and interiors, ZEB, Clean-Crete™ casting) are included under each category.

Well-Being

The Obayashi Group aims to bring about well-being not just through the construction of buildings but also by striving to establish better relationships between buildings and their users. Obayashi Corporation aims to improve convenience, comfort, and safety for building owners, managers, and users by providing one-stop smart building solutions that utilize cutting-edge ICT and IoT to ensure efficient building operations.

Net Sales of Smart Building Projects[5]



5. Includes net sales from smart building construction projects carried out by Obayashi Corporation and Oprizon, Ltd., as well as from Oprizon's subscription-based cloud services.

Wooden Structures and Interiors

Forest Resources

The Obayashi Group is promoting the use of Japanese timber under the Circular Timber Construction™ model, which optimizes the entire supply chain for the construction of wooden structures and interiors. Net sales increased by approximately 2.8 times in FY2024 compared to FY2020 and are expected to remain strong.

ZEB

Technology Research Institute

We have been pioneering ZEB initiatives for some time and have amassed an impressive track record since obtaining ZEB certification for Techno-station, the Obayashi Technology Research Institute's main building. Net sales have increased roughly five-fold in four years thanks to growing customer needs and our proactive proposals, and they are likely to remain at a high level going forward.

Clean-Crete™

Clean-Crete™ (Japanese Only)

Since its development in 2010, the total amount of Clean-Crete™ cast has reached 440,000 m^3 (as of the end of March 2025). In terms of low carbon concrete application volume, we are proud to be the front runner in the industry. Net sales in FY2023 increased approximately 3.5 times compared to FY2020. Despite decreasing to some extent in FY2024, sales still remain at a high level.

Smart Buildings

Smart Buildings (Japanese Only)

Recent years have seen annual increases in net sales as the need for smart buildings continues to grow. Sales have been growing particularly strongly since Obayashi Corporation and Hitachi Solutions, Ltd. established Oprizon, Ltd. as the first smart building-focused service provider in Japan in FY2023, with sales expanding by over 12 times in FY2024 compared to FY2022.

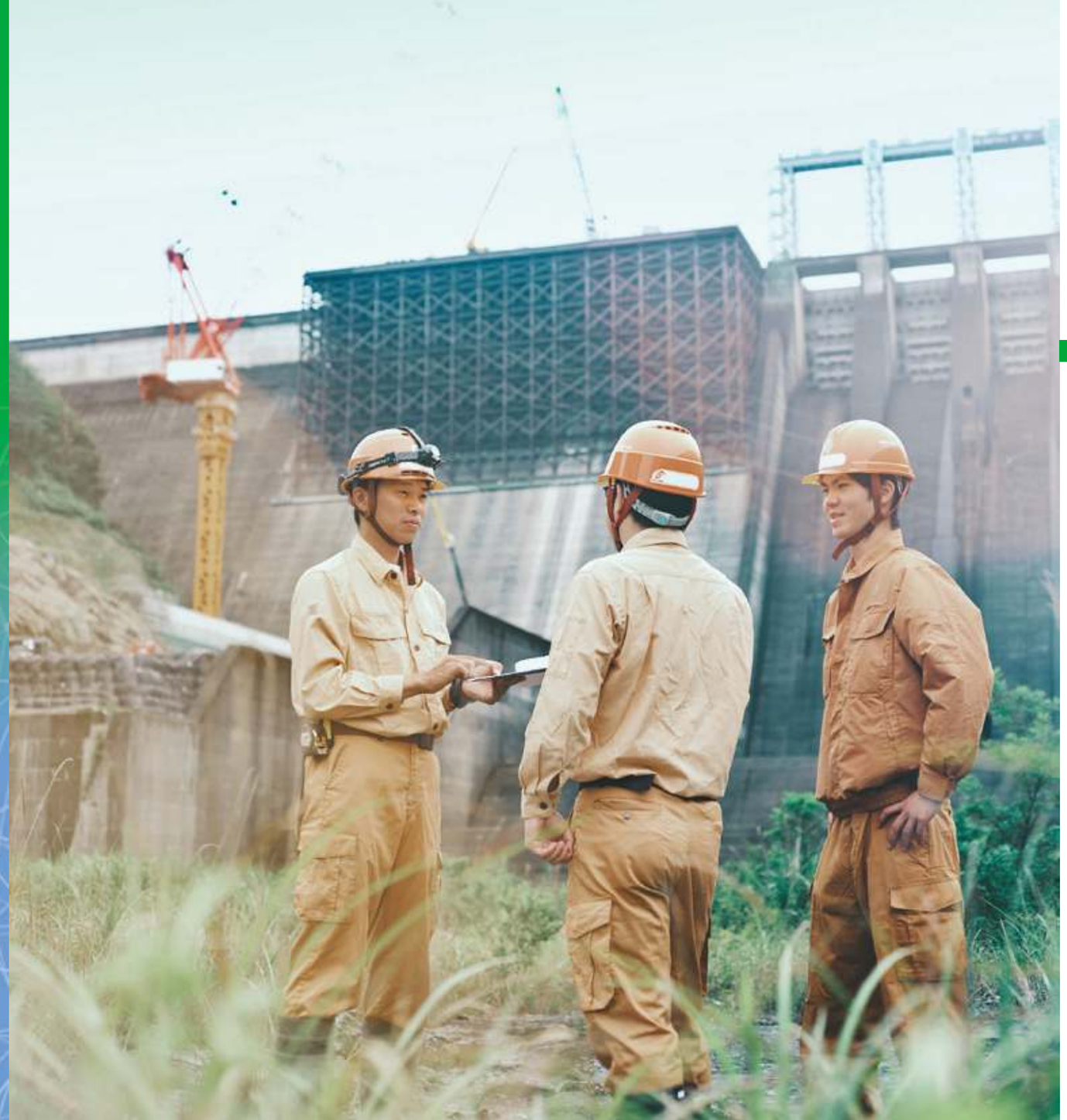
Oprizon

Oprizon

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3
Social Issues and Value Creation
20 Value Creation Process
22 Construction Value Chain as the Key Driver of Value Creation
23 The Obayashi Group's Prowess, Cultivated Over Many Years
24 Carbon Neutrality and Well-Being as Business Opportunities
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Section 4

Toward Accelerating Company-Wide Transformation



01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Medium-Term Business Plan

Medium-Term Business Plan 2022 | Addendum to Medium-Term Business Plan 2022

Driven by Medium-Term Business Plan 2022 announced in March 2022, the Obayashi Group is pursuing three fundamental strategies to strengthen the foundation of its construction business and accelerate Company-wide transformation.
In May 2024, we announced an addendum to Medium-Term Business Plan 2022. In doing so, we reviewed some of our performance indicator targets to reflect factors including the changing business environment. The addendum also emphasizes our aim to secure sustainable growth for the Obayashi Group by establishing a group-wide business structure centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business.

Basic Policy of Medium-Term Business Plan 2022

Note: Underlined parts are from the addendum.

Obayashi Group Medium-Term Business Plan 2022

FY2022 | FY2023 | FY2024 | FY2025 | FY2026

Measures for Accelerating Transformation

Measures for Strengthening the Foundation of the Construction Business

Fundamental Strategies

Strengthen the Foundation

To secure safety and quality, thoroughly implement measures to strengthen the foundation of the business and continue other necessary measures while keeping in mind that the business environment changes constantly

Fundamental Strategy 1 Strengthen and Expand the Foundation of the Construction Business

- Strategize work portfolio with a focus on securing stable earnings and passing on technologies
- Suppress material price fluctuation risk, including the revision of terms and conditions with the clients
- BPR (business process re-engineering)*
- Retain and develop human resources and maintain, strengthen, and expand supply chain
- Respond to the application of overtime cap regulations under the revised Labor Standards Act of Japan

Fundamental Strategy 2 Innovate Technologies and Businesses

- Early transition in the implementation phase of new technologies that contribute to production capacity enhancement
- Develop innovative construction production systems

Fundamental Strategy 3 Expand Business Portfolio for Sustainable Growth

- Adopt ROIC and ROE as key performance indicators to make management decisions with a focus on capital efficiency

Accelerate Transformation

Establish a path to medium- to long-term growth through Company-wide transformation and achieve stable consolidated operating income of ¥100 billion or more

Fundamental Strategy 1 Strengthen and Expand the Foundation of the Construction Business

- Value-added proposals and development of differentiated technologies to meet social needs
- Strengthen the construction value chain and expand construction service domains
- Improve productivity through the implementation of innovative construction production systems

Fundamental Strategy 2 Innovate Technologies and Businesses

- Generate new value for customers in new business domains
- Develop business models and technologies that will lead to resolving social issues, such as carbon neutrality and well-being
- Promote Circular Timber Construction™

Fundamental Strategy 3 Expand Business Portfolio for Sustainable Growth

- Establish solid and resilient sources of growth and reorganize the five business domains, enhanced by continuous investment

Platform Development Strategy

1 Human Resource Management P. 47
2 Organization P. 31
3 DX P. 52
4 Technologies P. 54
5 Supply Chain Management P. 56
6 Finance and Capital Strategy P. 28
7 Sustainability Management P. 46

Business Strategy

Diversified global business portfolio centered on domestic construction

P. 31-44

*A review of existing organizations and systems, and re-designing the business flows, etc. from a process perspective toward the intended objective of the business

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Performance Indicator Targets

Financial KPIs

Financial and Capital Strategy P. 28

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecasts	Medium-Term Business Plan 2022 KPI Targets
Consolidated net sales	¥1,983.8 billion	¥2,325.1 billion	¥2,620.1 billion	¥2,560.0 billion	**Mid- ¥2 trillion range**
Consolidated operating income	¥93.8 billion	¥79.3 billion	¥143.4 billion	¥122.0 billion	**¥100.0 billion or more**
Profit attributable to owners of parent	¥77.6 billion	¥75.0 billion	¥146.0 billion	¥100.0 billion	**Around ¥100.0 billion**
Profit attributable to owners of parent per share (EPS)	¥108.34	¥104.69	¥203.88	¥142.17	**Around ¥140**
Invested capital at the end of period	¥1,373.8 billion	¥1,519.1 billion	¥1,572.9 billion	¥1,540.0 billion	—
Equity at the end of period	¥997.1 billion	¥1,151.6 billion	¥1,158.2 billion	¥1,165.0 billion	**¥1 trillion level**
Interest-bearing debt at the end of period	¥337.9 billion	¥323.8 billion	¥362.7 billion	¥320.0 billion	—
Return on invested capital (ROIC)	4.9%	3.8%	6.4%	5.5%	**5% or more in the medium term**
Return on equity (ROE)	8.0%	7.0%	12.6%	8.6%	**10% or more by FY2026**
Dividend on equity ratio (DOE)	3.1%	5.0%	5.0%	5.0%	**Around 5%**

Non-Financial Qualitative Indicators

Foundation Supporting Value Creation P. 45

Environment	
Reduction of greenhouse gas emissions	CO_2 emissions reduction (Scope 1, 2) Achievement target: FY2030 (vs. FY2019) **46.2%** decrease • Commit to SBT, aiming to achieve carbon neutrality by 2050
Actions toward achieving carbon neutrality	• Acquire technologies that contribute to achieving carbon neutrality in society and promote value-added proposals • Promote green energy including hydrogen (Various solutions and business opportunities: Supporting customer businesses, EPC business, and energy service provider)
Promotion of environmental investment	• Promote investments that contribute to reducing greenhouse gas emissions and achieving carbon neutrality in society
Social	
Ensuring safety and quality	• Eradicate fatal accidents, serious accidents, and serious quality defects
Well-being initiatives	• Make proposals and participate in developing comfortable, secure and disaster-resistant infrastructure, smart cities and buildings • Develop and create safe and secure working environments through collaborations across the supply chain • Increase the work engagement and well-being of employees
Promotion of diversity	• Establish an environment in which talents with various background can play an active role • Promote health and productivity management
Governance	
Implementing a PDCA cycle for sustainable corporate growth	• Introduce discussion and monitoring on sustainability issues by the Sustainability Committee
Implementing rigorous compliance	• Keep heightening awareness of compliance and prevent violations of laws and regulations

Measures for Accelerating Transformation for Platform Development

Main Items	Measures	To FY2024	FY2025	FY2026
Organizational structure	Consider in-house company system, pure holding company, and transition to IFRS (International Financial Reporting Standards)			
Governance structure P. 64	Shift to a structure in which outside directors make up the majority of the Board of Directors (4 inside and 5 outside)	Completed		
	Adopt ROE as the basis for calculating performance-linked remuneration for internal directors	Completed		
	Consider the appointment of CxOs such as COO, CFO, CTO to the executive officer position to clarify responsibilities			
M&A implementation	• Establish Strategic Business Development Department in the Corporate Strategy Division (April 2024) • Develop and execute M&A strategies from a Company-wide perspective	Strategy development	Execute M&A strategy	
Investment in business platform	Establish a personnel system to secure and develop human resources for the core construction business and acquire human resources to realize our growth strategy P. 47		Start operation in phases	
	Develop a quantitative time-based method of evaluating economic returns on investments in human capital, DX, and technology			

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Finance and Capital Strategy

The Obayashi Group is targeting a return on invested capital (ROIC) of 5% or more over the medium term as a means of pursuing management with an emphasis on capital efficiency. Furthermore, in addition to securing sustainable profit growth for each of its businesses while controlling invested capital, the Group has set the level of necessary equity at ¥1 trillion and is executing strategic shareholder returns as part of its target to achieve return on equity (ROE) of 10% or more by the final year of the current medium-term plan in FY2026.

Capital Policy and FY2024 Review

1 Sustainable profit growth by executing growth strategies

Target of profit attributable to owners of parent: **¥100.0 billion**

FY2024 result: **¥146.0 billion**

2 Setting a necessary equity level and strategic shareholder returns

Necessary equity level: **¥1 trillion**

FY2024 result: **¥1,158.2 billion**

ROE target: 10% or more

FY2024 result: **12.6%**

>

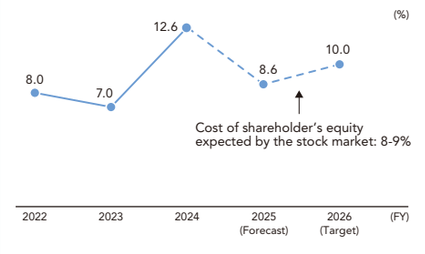
Stock Market expectation of **Cost of Shareholder's Equity: 8-9%**[1]

1. Obayashi Group estimate at the end of FY2024 (No change from FY2023)

FY2024 Review

- Profits improved in the domestic construction business and ongoing efforts to sell cross-shareholdings generated profit attributable to owners of parent of ¥146.0 billion, which outstripped the target.
- Announced share buybacks of ¥100.0 billion by the end of FY2026 and undertook purchases of a maximum of ¥30.0 billion during the February to June 2025 period.
- The 12.6% ROE for FY2024 exceeded the target, resulting in a positive equity spread.[2]
- From FY2025 onwards, the Group will continue to steadily implement growth strategy to achieve sustainable profit growth and aim to further enhance corporate value.

ROE Trend **KPI Target** ROE of 10% or more by FY2026



2. Equity spread = ROE – cost of shareholder's equity

1 Sustainable Profit Growth by Executing Growth Strategies

- While the number of engineers and workers in the construction industry is expected to decline, the Group will sustainably generate profits by further enhancing investment in human resource, DX, technology, and greater productivity as it prioritizes safety and quality.
- The Group will identify fields where it can establish a competitive advantage for each of its businesses by contributing to the solution of social issues, such as carbon neutrality and well-being, or by focusing on promising growth fields.
  It will achieve profit growth by implementing proactive and timely growth investments in the identified fields.
- Investment over the past three years totaled ¥451.6 billion out of the ¥750.0 billion planned in Medium-Term Business Plan 2022. Progress is roughly according to plan.

Investment Plan for Medium-Term Business Plan 2022

(Billions of yen)

		FY2022–FY2024 Results	FY2022–FY2026 Plan
Intangible assets investment for platform development			
Human resource-related investment	P. 47	17.8	30.0
DX-related investment	P. 52	51.2	90.0
Technology-related investment	P. 54	50.5	100.0
Continuous tangible assets investment with a focus on strengthening the foundation of the construction business			
Construction machinery and business facilities		47.1	75.0
Growth investment toward expanding business portfolio			
Real estate development business	P. 41	201.1	300.0
Green energy business	P. 43	27.1	60.0
M&A, capital tie-ups, VC, etc.[1]		56.7	95.0
Total investment amount		451.6	750.0[2]

1. Including open innovation investment
2. Potential investments for growth such as large-scale M&A projects are not included in the plan above

Deduction of amount not included in cash flows from investing activities	(190.0)
Amount recovered from the sale of assets in real estate development business	(140.0)
Amount to be included in cash flows from investing activities	420.0

Breakdown of ¥750.0 Billion Investment from ESG Perspective

(Billions of yen)

	E: Environment	S: Human capital	S: Productivity, safety and quality	S: New businesses	Other business investments
Intangible assets investment for platform development					
Human resource-related investment		30.0			
DX-related investment			90.0		
Technology-related investment	20.0		70.0	10.0	
Continuous tangible assets investment with a focus on strengthening the foundation of the construction business					
Construction machinery and business facilities		5.0	70.0		
Growth investment toward expanding business portfolio					
Real estate development business	100.0				200.0
Green energy business	60.0				
M&A, capital tie-ups, VC, etc.[1]				95.0	
Total investment amount	180.0	35.0	230.0	105.0	200.0

Medium-Term Business Plan 2022 Cash Allocation Perspective

Cash Inflows

- **5-year forecast of consolidated operating income during Medium-Term Business Plan 2022: Around ¥480.0 billion**
  Note: Reflects budget allocated for the base salary increase in line with the transition to an iflation economy
- **Depreciation: ¥120.0 billion over 5 years**
- **Sale of cross-shareholdings to less than 20% of consolidated net assets: ¥260.0 billion* based on the current stock market prices**
- **Use of leverage in real estate development business: ¥200.0 billion**

Cash Outflows

- **Income taxes**
- **Shareholder returns**
  - Annual dividend at a DOE of around 5%
  - Flexible shareholder returns in line with levels of equity and profits
- **Improved payment terms for subcontractors and suppliers**
- **Cash used in investing activities: Around ¥420 billion**

*As of the announcement of the addendum on May 13, 2024

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

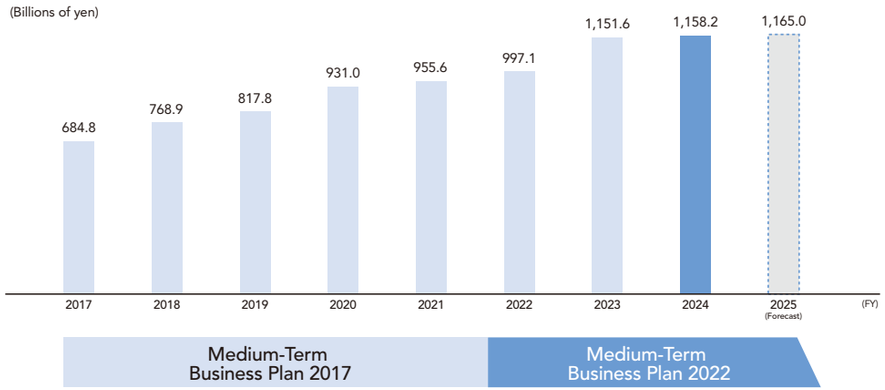
2 Setting a Necessary Equity Level and Strategic Shareholder Returns

Setting a Necessary Equity Level and Controlling Equity

- Set the necessary equity level for each business, taking into account business scale changes, execution of investments, changes in the asset-liability balance of the construction business, revisions to payment terms, sales of cross-shareholdings, use of leverage in the real estate development business, and other factors through FY2026
- Finance through interest-bearing debt and nonrecourse loans to use leverage in improving capital efficiency
- Control equity through profit generation and strategic shareholder returns
- Maintained equity at the end of FY2024 at a similar level to that of the previous year by increasing retained earnings and shareholder returns through share buybacks, and others

Changes in Consolidated Equity

KPI Target Necessary equity level of 1 trillion yen



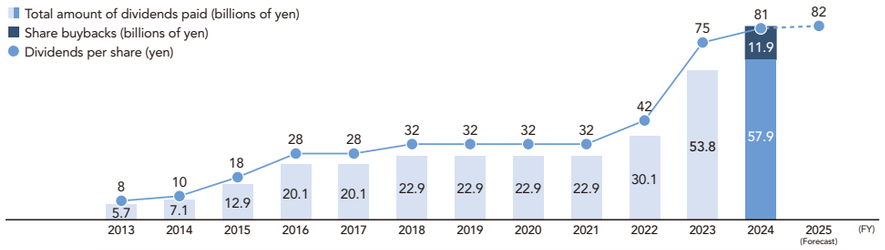
Shareholder Return Policy

Basic policy: Maintain stable dividend payments over the long term

- Adopted the dividend on equity ratio (DOE) to place greater emphasis on delivering stable, medium- to long-term returns to shareholders based on equity enhanced through the accumulation of profits. Ordinary dividends will be paid based on a target of DOE of around 5%
- Flexibly deliver additional returns, in addition to ordinary dividends, based on the necessary equity and profit levels
- In FY2024, paid a dividend of ¥81 per share and completed ¥11.9 billion out of the maximum of ¥30.0 billion in share buybacks scheduled to be undertaken by the end of June 2025

Changes in Shareholder Returns

KPI Target DOE of around 5%



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (Forecast)
DOE (%)	1.4	1.6	2.5	3.6	3.1	3.2	2.9	2.6	2.4	3.1	5.0	5.0	5.0
(Reference) Dividend payout ratio (%)	26.6	25.0	20.4	21.3	21.7	20.3	20.3	23.2	58.7	38.8	71.6	39.7	57.7
(Reference) Total payout ratio (%)	—	—	—	—	—	—	—	—	—	—	—	47.8	—

*DOE for FY2013–FY2021 is for reference only

Medium-Term Business Plan 2017 | Medium-Term Business Plan 2022

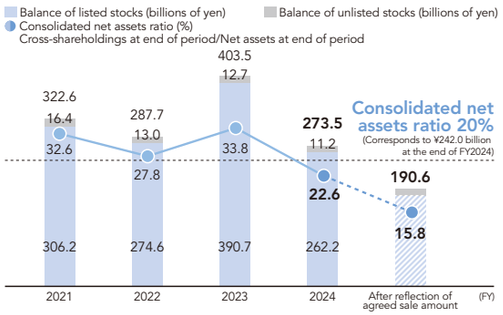
Progress on Reduction of Cross-Shareholdings

Reduction policy: Reduce cross-shareholdings to 20% or less of consolidated net assets as soon as possible (before the end of March 2027)

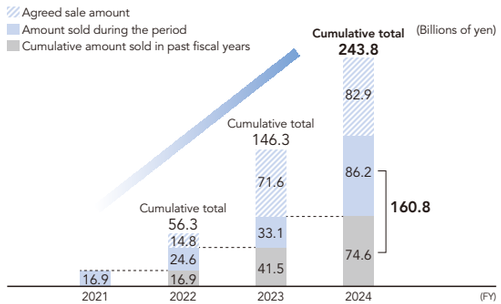
FY2024 Review

- Cross-shareholdings amounted to ¥273.5 billion at the end of FY2024 (a decrease of ¥130.0 billion from the end of FY2023) due to significant progress in their reduction and a decline in stock market prices.
- At the end of FY2024, the ratio of cross-shareholdings to consolidated net assets totaled 22.6%, down 11.2 percentage points from the end of FY2023.
- The ratio was 15.8% reflecting the value of sales already agreed.
- Continue to reduce cross-shareholdings to achieve the target of 20% or less of consolidated net assets.

Balance of Cross-Shareholdings and Net Assets Ratio (Consolidated)



Cumulative Cross-Shareholdings Sold since FY2021 (Consolidated)



Reasons for the Change in Balance during the Period (FY2024 consolidated)

Balance and Changes	Amount
Balance as of March 31, 2024	¥403.5 billion
Amount sold during the period	(¥86.2 billion)
Decrease due to decline in stock market prices	(¥42.4 billion)
Other (Impairment loss on unlisted stocks, etc.)	(¥1.3 billion)
Balance as of March 31, 2025	¥273.5 billion Of which agreed sale amount: ¥82.9 billion

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

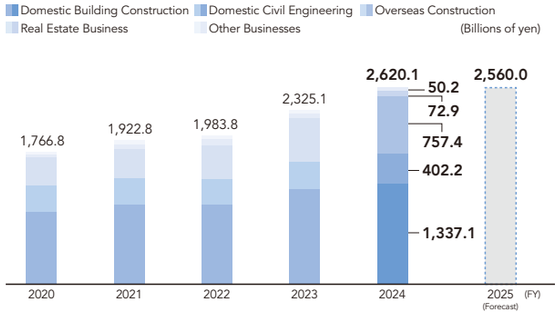
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Key Financial Indicators

Consolidated Net Sales

(FY2024) ¥2,620.1 billion

KPI Target Mid-¥2 trillion range



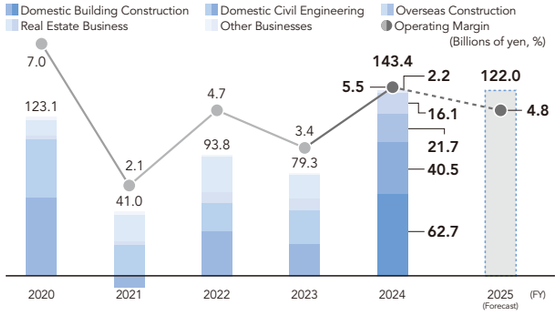
FY2024: Increased due to steady progress on construction projects in hand in the domestic construction and the effect of MWH becoming a consolidated subsidiary in the overseas civil engineering.

FY2025: Expected to decline year on year due to a decline compared to FY2024 which benefit from the completion of large-scale projects in the domestic construction.

Consolidated Operating Income / Operating Margin

(FY2024) ¥143.4 billion 5.5%

KPI Target ¥100.0 billion or more



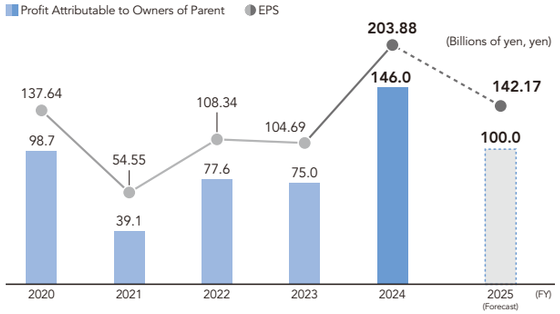
FY2024: Increased due to start and progress of more profitable projects in the domestic construction and receiving additional claim approvals.

FY2025: Expected to decline primarily due to fewer completed construction contracts in the domestic building construction, a decline compared to FY2024 which benefit from additional design change contracts in the domestic civil engineering, and fewer demand in the North American building construction.

Profit Attributable to Owners of Parent / Profit Attributable to Owners of Parent per Share (EPS)

(FY2024) ¥146.0 billion ¥203.88

KPI Target Around ¥100.0 billion and ¥140



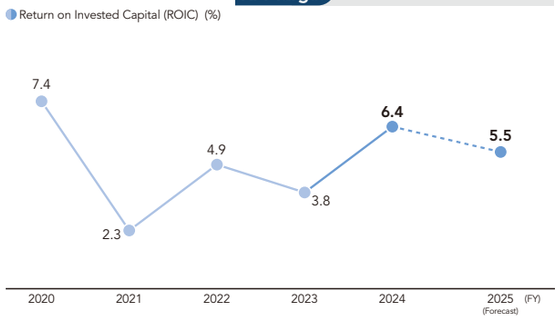
FY2024: Profit attributable to owners of parent increased on the back of improved operating income and faster-than-planned progress in the sale of cross-shareholdings.

FY2025: Expected to decline due to an anticipated decline in operating income and a year-on-year decline in the total value of cross-shareholding sales based on current sale agreements.

Return on Invested Capital (ROIC)

(FY2024) 6.4 %

KPI Target 5% or more in the medium term

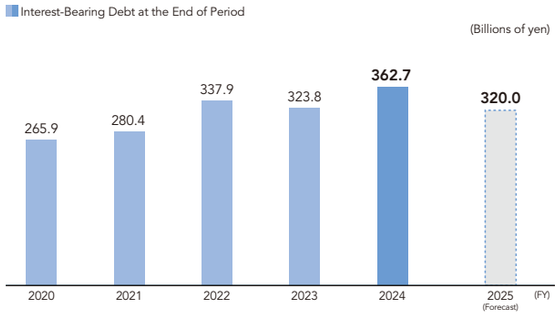


FY2024: Company-wide ROIC rose after operating income improved on the back of start and progress of more profitable projects and other factors primarily in the domestic building construction business.

FY2025: Expected to exceed the 5% performance indicator target despite an anticipated year-on-year decline in operating income primarily in the domestic construction business.

Interest-Bearing Debt (Including Non-recourse Loans)

(FY2024) ¥362.7 billion

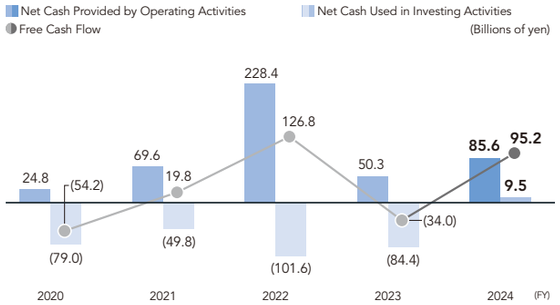


FY2024: Increased due to cover advance payments to suppliers and subcontractors in line with construction progress, while financing to make investments in the real estate and other businesses.

FY2025: Expected to decline since working capital finance will become temporarily unnecessary due to the completion of several large-scale projects with improved collections on outstanding construction receivables.

Cash Flows

Net Cash Provided by Operating Activities (FY2024) ¥85.6 billion



FY2024: Net cash provided by operating activities rose primarily due to a strong balance of income versus expenditure in the domestic construction business.
Despite expenditures for purposes including the purchase of real estate for business use, cash flow from investing activities was positive due to the sale of cross-shareholdings and other factors.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Business Strategy

Since the day of the foundation, the Obayashi Group has always sought to expand its business domains by leveraging technologies of honest craftsmanship cultivated in the domestic construction business, based on the Obayashi Three Pledges to quality, value, and efficiency.
The Group is developing a diversified global business portfolio centered on domestic construction. The addendum to Medium-Term Business Plan 2022 states our intention to secure sustainable growth for the Obayashi Group by establishing a Group-wide business structure centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business. The current aim is to build a future Group business structure to facilitate this goal.

Business Portfolio and Changes in Operating Income

The Obayashi Group aims to transform its business portfolio and further improve profitability by establishing a Group-wide business structure centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business.

Domestic Construction Business P. 32

Building Construction

We provide all kinds of buildings—offices, factories, schools, hospitals, commercial facilities, condominiums and more—for the varied needs of our customers and society. We have completed many projects emblematic of the era and culture.

P. 35

Civil Engineering

We contribute to a safer, more secure, and richer society by constructing the infrastructure that our lives depend on: tunnels, bridges, dams, river works, urban civil engineering structures, railroads, expressways, and more.

P. 36

Overseas Construction Business

We are expanding our building construction and civil engineering businesses in North America, Southeast Asia, and Oceania with our Group companies rooted in the various countries and regions, utilizing the foundations built up in various countries for more than half a century.

P. 38

Real Estate Development Business

Photo by GRAND GREEN OSAKA Development JV

We will continue to develop and hold prime properties for lease in favorable locations, primarily in urban areas, and flexibly garner capital gains through the use of private funds. We also actively promote the development and acquisition of prime assets in global markets, such as the United Kingdom and Thailand.

P. 40

Green Energy Business

In line with the 2050 Carbon Neutral Declaration, we are pursuing the generating business with renewable energy, such as solar, wind, woody biomass, geothermal, and hydroelectric power both in Japan and overseas. We are also promoting social implementation of carbon-free green hydrogen.

P. 42

New Business Initiatives

In addition to our existing public-private partnership (PPP) projects and concession initiatives, we aim to develop businesses in new areas in growing markets to resolve social challenges such as achieving carbon neutrality and promoting well-being, and to contribute to a sustainable society.

P. 44

Photos of Each Project

Domestic Building Construction Business: TAKANAWA GATEWAY CITY THE LINKPILLAR 1 NORTH/SOUTH (Tokyo, Japan)
Domestic Civil Engineering Business: Osaka Metro Chuo Line Yumeshima Station (Osaka, Japan)
Overseas Construction Business: Jamuna Railway Bridge (Eastern Part of Civil Works Package WD-1) (Bangladesh)
Real Estate Development Business: GRAND GREEN OSAKA Construction Project (Osaka, Japan)
Green Energy Business: Terawera Ormat Power Plant 1 (TOPP1) geothermal power plant (New Zealand)
New Business Initiatives: Minmachi DROP, a web app that accumulates the emotions and values of people living in the community

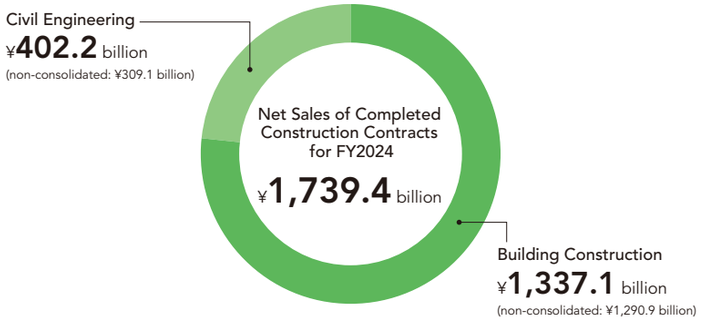
01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Domestic Construction Business



Civil Engineering

- **Major subsidiary**

OBAYASHI ROAD CORPORATION
Civil engineering construction including road construction, building construction, and manufacturing/sales of materials, etc.

Building Construction

- **Major subsidiaries**

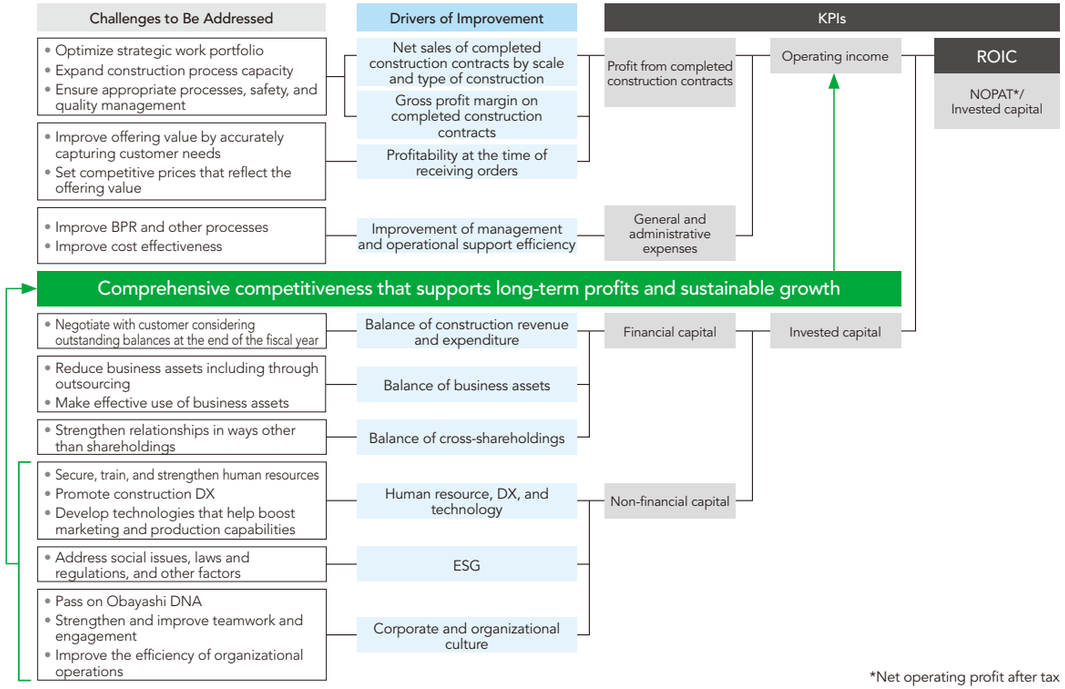
NAIGAI TECHNOS CORPORATION
Building construction, construction fitting, interior and exterior, and manufacturing/sales of materials, etc.

OBAYASHI FACILITIES CORPORATION
Overall property and facilities management, building construction, and contracted administrative operations

OAK SETSUBI CORPORATION
M&E design and construction such as air conditioning/cleanrooms/sanitary fire extinguishers

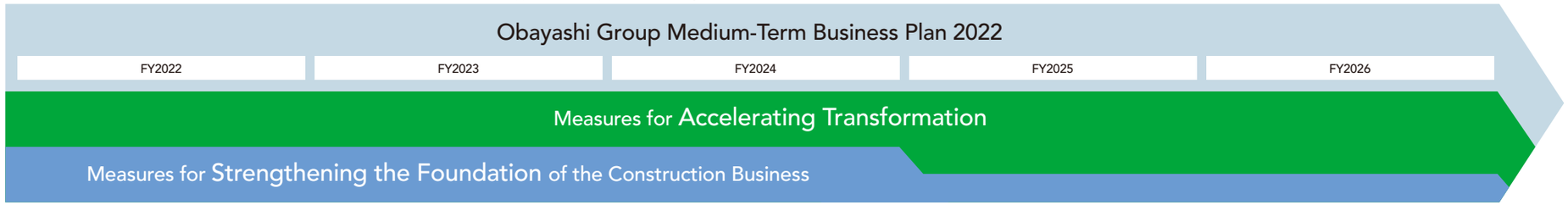
CYPRESS SUNADAYA CO., LTD.
Production and sales of timber and wooden materials

ROIC Reverse Tree



*Net operating profit after tax

Initiatives of Medium-Term Business Plan 2022: Fundamental Strategy (1) Strengthen and Expand the Foundation of the Construction Business



Strengthen the Foundation

- Strategize work portfolio with focusing on securing stable earnings and passing on technology
- Suppress material price fluctuation risk, including the revision of terms and conditions of the contract with the client
- BPR (business process re-engineering)
- Retain and develop human resources and maintain, strengthen, and expand supply chain
- Respond to the application of overtime cap regulation under the revised Labor Standards Act of Japan

Accelerate Transformation

- Value-added proposals and development of differentiated technologies to meet social needs
- Strengthen the construction value chain and expand construction service domains
- Improve productivity through implementing innovative construction production systems

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

■Addendum to Medium-Term Business Plan 2022 Business Strategy

Implement Measures Prioritizing Safety and Quality

Health and Safety | Quality

Business Strategy

- Adopted Total Recordable Incident Rate (TRIR*) as a quantitative KPI and strengthened commitment to safety goals
- Appointed Safety Inspectors (external personnel) to the Safety Division to provide guidance to the heads of main offices and branches regarding safety management
- Supervisors from the Building Construction and Civil Engineering Construction divisions provide advice to construction offices on quality, process, budget and cost management, as well as safety (passing on technical expertise)
- Established organization guidelines for large-scale projects to further facilitate the provision of instructions, processing of orders, reporting, and consultation within the organization
- Clarify the roles and responsibilities of the Company as well as suppliers and subcontractors, and maximize the capabilities of each with regard to safety and quality management, and strengthen the supply chain by fundamentally reviewing construction plans and the construction process

*A measure of safety related to workplace accidents established by the U.S. Occupational Safety and Health Administration, showing the frequency of workplace accidents per 200,000 hours

Progress on Initiatives to Ensure Safety as a Top Priority in FY2024

1. Established 9/19 Safety Day

September 19 has been designated as "9/19 Safety Day" to deeply reflect on the serious accident that occurred on the construction site of the urban redevelopment project in front of Tokyo Station and to ensure that the lessons learned are never forgotten. The day will serve as an opportunity to reaffirm our "safety above all else" philosophy.

9/19 Safety Day Activities in 2024

- The president issued a message to all Group officers and employees, as well as suppliers and subcontractors, stating that Obayashi will strive to ensure the safety of all people working at its business sites, in keeping with the Obayashi Philosophy of valuing each person with a stake in its business.
- Special safety events were held at Obayashi main offices and branches in Japan. At each construction site office, project directors gave lectures to Obayashi officers and employees, as well as workers from suppliers and subcontractors. In addition, safety inspections were conducted.

2. Assigning Safety Inspectors to Main Offices and Branches

External safety inspectors with high-level expertise in health and safety-related matters have been assigned to each main office and branch to conduct on-site patrols and provide safety guidance. The main aim is to improve the Group's health and safety management activities and foster heightened safety awareness through strict guidance and advice based on external and objective perspectives regarding health and safety as well as on legal and regulatory knowledge.

Safety Inspectors Assigned (As of March 31, 2025)
Sapporo Branch: 1, Tokyo Main Office: 1, Nagoya Branch: 1, Osaka Main Office: 2 (Assignment to Hiroshima, Shikoku and Kyushu branches scheduled for FY2025)

On-site Safety Inspector Patrols at Sites in Japan
140 patrols conducted at main and branch offices in Japan

3. Strengthening Our Commitment to Safety

Obayashi Corporation has adopted TRIR as a common safety indicator to which all main offices and branches in Japan must adhere in an attempt to eliminate all accidents that occur on construction sites. A PDCA cycle is also implemented to manage the progress of construction work. The heads of all main offices and branches set targets at the beginning of the fiscal year based on the status of construction projects in hand, and the management team checks actual progress against those targets at various management meetings. Then, any improvement measures deemed necessary are formulated and implemented.

4. Reviewing Safety Education and Training

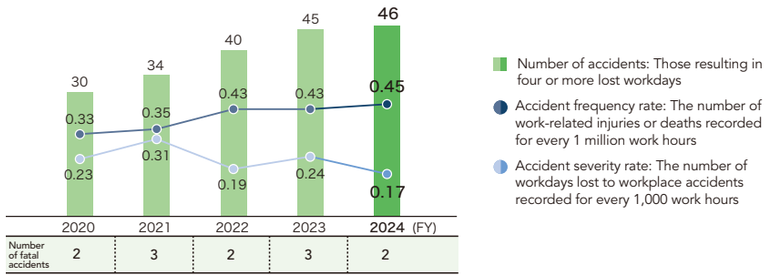
- Obayashi conducted training using case studies of our most serious accidents to improve hazard awareness among construction managers and assistant managers, who play a central role in on-site construction management.

  Number of training sessions held in FY2024: 38, participants: 789
- Obayashi reorganized a database of fatal and serious accidents for internal disclosure to heighten safety awareness.

5. Implementing Measures to Avoid Heat Stroke

- Portable wet-bulb globe temperature (WBGT) measuring equipment was installed at construction sites in Japan.
- Heat stroke prevention wristbands were used to manage the physical condition of subcontractor workers.

Occupational Accidents on Construction Sites (Including skilled workers)



KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Number of fatal accidents	2	3	0	2	0		

A special safety event for 9/19 Safety Day

Training to improve hazard awareness

Initiatives for Ensuring Quality and Raising Awareness

The Obayashi Quality Policy centers on providing buildings that customers can feel safe, satisfied, and proud to use. Based on our commitment to continuously improve business practices and consequently customer satisfaction, we consistently engage in technology development that helps ensure rational quality control and enhance quality.

KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Number of serious quality defects	2	1	0	0	0		

Quality Week

The Group designates once a year as "Quality Week" to raise awareness of quality and encourage quality control activities. We conduct activities suited to the tasks of each workplace. For construction sites, we comprise quality patrols, study sessions, and follow-up of quality planning documentation, while activities targeting office staff include quality control training and instructive talks by department heads.

Training Employees to Ensure High Quality

We conduct training designed to improve our engineers' construction management skills with the aim of maintaining and improving quality. We provide training at the interactive facilities of our Robotics Centers using mock-ups of rebars, steel frames, exterior and interior finishes, and mechanical and electrical facilities not just for employees for Obayashi, but also for employees from Group companies as well as suppliers and subcontractors.
This training helps them acquire the specialized knowledge they need for their particular jobs and learn techniques in construction management. We also provide various high-level training programs at our construction sites and the Technology Research Institute. These programs include, for example, hands-on technical training and training to acquire the latest techniques.

Hands-on training using mock-ups at the Robotics Center

Manufacturing Training Held in FY2024

Building Engineer: 23 times
M&E Engineer: 4 times

Maximize Value to Be Delivered, Collaborating with Supply Chains

Suppliers

Business Strategy

- Increase the construction capacity through next-generation production technologies, the use of production processes and digital technologies, and the transformation of business operations including through BPR
- Strategize work portfolio by focusing on securing stable earnings and passing on technology, in line with construction capacity
- Secure and develop the human resources needed to strengthen the foundation of the construction business in response to the decline in the number of engineers and workers
- Develop a procurement platform for maintaining, strengthening and expanding supply chains
- Work with suppliers and subcontractors to develop successors and secure skilled workers, strengthening and revitalizing Obayashi Rin-yu-kai

ROBOTICS CONSTRUCTION

Transforming Construction Processes with Robotics Construction™ P. 37

DX to Accelerate Company-Wide Transformation P. 53

Supply Chain Management P. 56

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Domestic Construction Business

Building Construction

Message

Yasuo Morita

Executive Vice President
Head of Building Construction Division, Head of Safety Division, and responsible for Environmental Management Division

Net sales and gross profit on completed construction contracts both increased significantly in FY2024 thanks to steady progress on large-scale construction projects in hand, the receipt of additional claim approvals to offset the increase in prices and start and progress in more profitable projects. With regards to the order environment, we continue to witness strong capital investment in a range of fields, including semiconductor factories, data centers, and pharmaceutical factories. This has been triggered in part by a return of production bases to Japan, the Japanese government's designation of specified critical products, and accelerated digitalization.

On the other hand, the shortage of workers in the construction industry as a whole has not eased, so improving productivity; securing, maintaining, strengthening, and expanding supply chains; and enhancing the procurement platform all remain pressing issues.

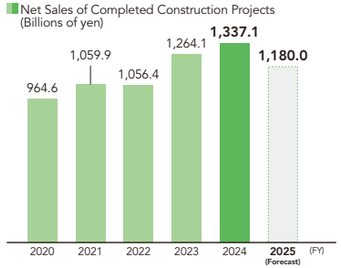
Meanwhile, it goes without saying that we give top priority to safety and quality in all construction processes and will continue to employ a work system in which the Safety, Building Construction, and Civil Engineering Construction Divisions collaborate in projects. In addition, our marketing, design, procurement divisions, and construction sites are all pursuing universal risk management so that we can achieve cost competitiveness and secure revenues.

We also intend to strengthen investment in growth fields such as wooden structures and interiors, ZEB, and other environmentally responsible buildings and to provide high added value to our customers by promoting initiatives designed to help achieve carbon neutrality and resolve other social issues.

Consolidated Financial Highlights

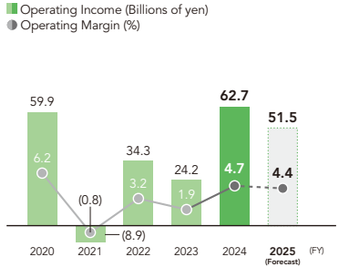
Net Sales of Completed Construction Projects

(FY2024) ¥1,337.1 billion



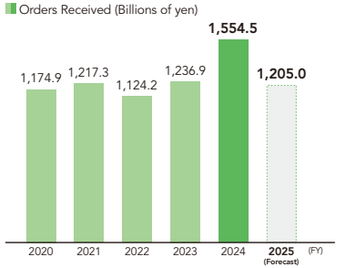
Operating Income/Operating Margin

(FY2024) ¥62.7 billion 4.7%



Orders Received

(FY2024) ¥1,554.5 billion



Opportunities	• Solid demand in areas such as factories, data centers, redevelopment, renewal and renovation, and smart cities • Increase in private-sector construction demand boosted by factors including policies to strengthen supply chains of specified critical products • Rapidly increasing and diversifying customer needs relating to social issues, such as carbon neutrality and well-being
Risks	• Price rises on a wide range of construction materials, as well as increased labor costs • Tight supply chain conditions due to increased demand • Shortage of engineers and workers in the construction industry resulting from a declining birthrate and aging population • Intensifying competition due to lack of expected significant expansion of the domestic construction market
Strengths	• Ability to make high-value-added proposals that demonstrate comprehensive prowess through cooperation among marketing, design, procurement divisions and construction sites, and Group companies • Ability to handle various types of construction, together with our supply chains, backed by our experience in numerous building projects for a wide variety of purposes nationwide • Construction management capabilities that fuel the provision of high-quality buildings supported by optimal construction plans and sound process management • Technical capabilities that enable the development of innovative production systems, such as the development and application of next-generation technologies and systems and the utilization of DX
Addendum to Medium-Term Business Plan 2022	• Secure stable earnings by solidifying risk management and by improving cost competitiveness, gathering the efforts of all construction business processes including marketing, design, procurement, and construction • Further promote initiatives in growing sectors including data centers, semiconductor factories, pharmaceutical factories, and environmentally responsible building construction such as wooden structure buildings and ZEB

KPI

	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Results	Results	Targets	Results	Targets		
Ratio of ZEB proposals in design and build projects	—	—	—	55%	50%	60%	100%
Number of ZEB certified design and build projects	8	12	5	9	7		—

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Domestic Construction Business Civil Engineering

Message

Yoshihito Sasaki
Representative Director
Executive Vice President
Responsible for overall civil engineering construction, and Head of Civil Engineering Construction Division

In FY2024, both net sales of completed construction contracts and gross profit on completed construction contracts far exceeded our target figures. Going forward, we will continue to pursue business activities that emphasize capital efficiency, bearing ROIC in mind.

Turning to our business environment, in addition to railway construction —a particular strength of ours —markets are expected to remain favorable in various other fields including disaster prevention and mitigation, national resilience measures, and renewable energy. However, in view of the tight supply of construction personnel, we need to build a strategic marketing system that matches available capacity by, for instance, focusing on profitability when selecting and bidding on projects. At the same time, we will strive to build solid foundations for the future and strengthen our market presence so that we can mold our desired business portfolio.

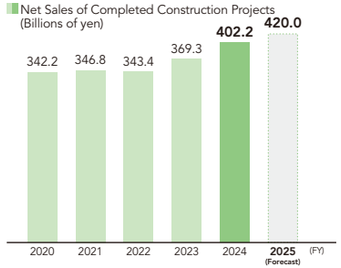
We intend to promote DX and implement other production process reforms to ready ourselves for future construction volume increases. To help solve any problems that we might face, we believe it is important for each and every person, including workers at our partner suppliers and subcontractors, to have a sense of ownership and treat issues as their own. Based on a mutual understanding and conviction achieved through engagement, we will work to improve productivity while prioritizing safety and quality.

We are determined to lead the industry together with members of our supply chain, based on the spirit of the three pledges to quality, value, and efficiency that underpins the Obayashi Basic Principles, and with a constant focus on customer-oriented business operations and speed.

Consolidated Financial Highlights

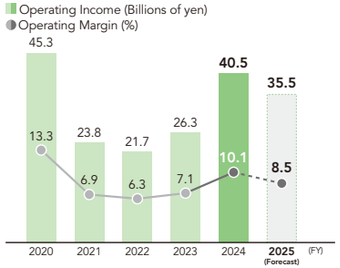
Net Sales of Completed Construction Projects

(FY2024) ¥402.2 billion



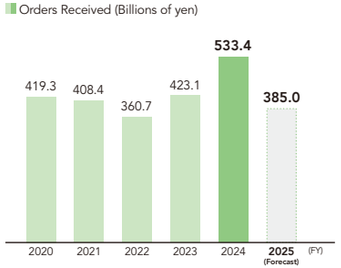
Operating Income/Operating Margin

(FY2024) ¥40.5 billion 10.1%



Orders Received

(FY2024) ¥533.4 billion



Opportunities	• Growing demand for infrastructure development, including the Japanese government's policy to build national resilience • Improvement of profitability in future growth areas, such as renewable energy
Risks	• Increased costs due to changes in ordering methods and acceleration of decarbonization efforts • Shortage of skilled workers in the construction industry due to the declining birthrate and aging population • Intensifying competition for renewal projects
Strengths	• Strong technical capabilities and wealth of expertise that can be used in growth fields • Thorough safety management awareness and environment-conscious business promotion • Promotion of construction DX through automation and autonomization technologies • Comprehensive Group strength, with strong internal cooperation on solving social issues, such as environmental restoration and carbon neutrality • Organization structure that integrates technological development, marketing, and production support and construction capability based on close cooperation with suppliers and subcontractors
Addendum to Medium-Term Business Plan 2022	• Secure steady orders received and profits by flexibly responding to changes in customer needs, such as Early Contractor Involvement[1] and Design Build[2], as well as social and environmental changes • Capitalize on our know-how as a pioneer in infrastructure renewals such as major expressway upgrades, and maintain/strengthen competitive advantage

1. A method of concluding a construction contract. It involves engaging in technological cooperation with a holder of priority negotiation rights selected based on its technological proposal, and negotiating price and other factors while reflecting details of the proposal for technological cooperation work into the design.
2. A method in which a client orders both the design and construction work at the same time from a single contractor.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Feature

Transforming Construction Processes with Robotics Construction™

The domestic construction business is seeing strong demand buoyed by the return of manufacturing bases to Japan, urban redevelopment, national resilience measures, infrastructure renewal, and other factors. However, the number of workers in the construction industry in Japan, currently sitting at roughly 4.77 million, has decreased by roughly 30% from the FY1997 peak, resulting in a problematic shortage of workers. Add to that the fact that the construction worker population is also aging, with 36% of workers aged 55 or older and only 11% aged 29 or younger, passing on technical expertise to future generations presents a major challenge.

It is against such a backdrop that Obayashi is promoting robotics construction™. With cyberspace as our new work arena, we will mechanize tasks, automate machine operation (remotely operated, automatic, and autonomous) and digitalize construction processes. At the same time, we will integrate these three elements with the aim of further improving productivity and safety levels, reducing labor required, and supplementing skills, while also reducing costs.

Social Issues

- Increase productivity
- Pass on technical expertise
- Improve working environments

- Effective utilization of skilled workers
- Passing on technical expertise for craftmanship
- Dramatic improvement in productivity
- Rewarding work environment

Three Elements of Robotics Construction™

1. Task mechanization

Construction site environments conducive to efficiency and safety

It is possible to improve safety and productivity at construction sites by mechanizing hazardous tasks, straightforward tasks, and work that is physically demanding due to summer heat or other harsh conditions. This enables workers to focus on tasks requiring advanced skills, construction management or on more creative work.

2. Automated machine operation (remotely operated, automatic, and autonomous)

Reduction of worker load and passing on of expert skills

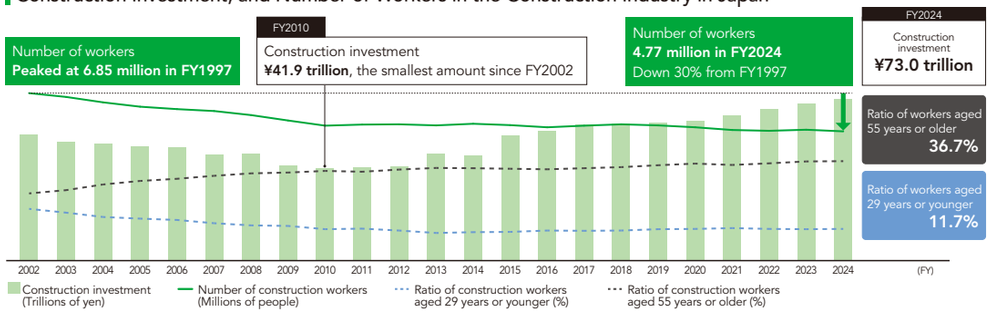
A single highly skilled operator can use remote control technology to operate multiple construction machines without setting foot on the construction site, reducing labor required for machine operation. The accumulated data on machine operations by skilled operators can be used to provide operational support for supplementing skills and to promote automated and autonomous operations that reduce labor required.

3. Construction process digitalization

Efficient and high-quality construction

We are building digital twins that convert the information from various machines into data, and that synchronize real-space and cyberspace conditions. This enables workers to not only gain a real-time grasp of the situation on site but also predict hazards and problems through data accumulation and analysis. This knowledge can then be applied to all processes from planning through construction and quality control.

Construction Investment, and Number of Workers in the Construction Industry in Japan



Note: Figures for FY2022 and FY2023 are estimates, and figures for FY2024 are forecasts.
Source: Japan Federation of Construction Contractors

Obayashi Robotics Crane Integrated System (ORCISM™) for Preventing Dangerous Work

The ORCISM™ system uses digital twins created in cyberspace to facilitate a wide range of remote control activities. This includes issuing warnings when construction workers approach a no-entry zone or when two cranes get close to each other and reducing their speed or bringing the machines to a safe stop. The system can also direct autonomous driving toward a set destination and assist input during remote-control or on-board operations.

The system's automated inspection technology transforms conventional inspection processes that rely on an operator's visual observations into quantitative, data-based judgements, and uses the accumulated data to predict possible faults. These digital twin-based technologies reduce the on-site operators' workloads by providing access to real-time information from remote locations.

Furthermore, digitalizing the skills of experienced operators enables the operational support, task automation, and autonomous operation needed to supplement the skills of more inexperienced operators. This will promote the passing on of technical expertise and the development of human resources.

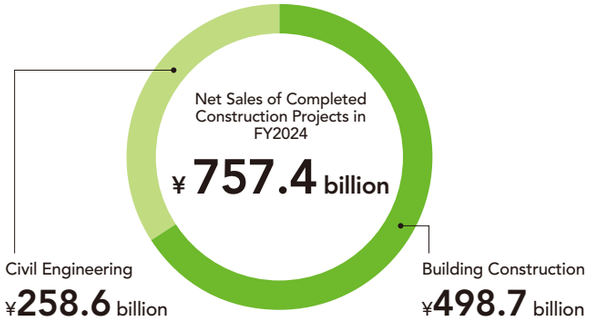
ORCISM™ will be gradually introduced at construction sites across Japan to help support the transition to more efficient and safer construction processes while maintaining quality.

A digital twin: (above) Real construction site, (below) digital twin cyberspace

Obayashi Builds ORCISM™ Integrated Management and Control System to Support Crane Operation Safety and Productivity

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Overseas Construction Business



Civil Engineering

Major Subsidiaries

- North America: KRAEMER NORTH AMERICA, LLC; MWH MANAGEMENT, INC.; KENAIDAN GROUP LTD.

Building Construction

Major Subsidiaries

- North America: WEBCOR, L.P.; JAMES E. ROBERTS -OBAYASHI CORPORATION; E.W. HOWELL CO., LLC
- ASIA: THAI OBAYASHI CORPORATION LIMITED; OBAYASHI SINGAPORE PRIVATE LIMITED; TAIWAN OBAYASHI CORPORATION; OBAYASHI VIETNAM CORPORATION; PT. JAYA OBAYASHI

In North America, Asia, and Oceania, we will capitalize on our solid business platform and aim to capture further opportunities for growth in the global market.

In North America, we are targeting continuous growth by stabilizing the performance of our North American Regional Headquarters and other subsidiaries and strategically expanding the business territories and domains of our existing businesses. In FY2024, both net sales of completed construction contracts and orders received increased significantly as MWH, a company whose business includes the construction of water treatment facilities, was made a specified subsidiary through M&A in the previous fiscal year.

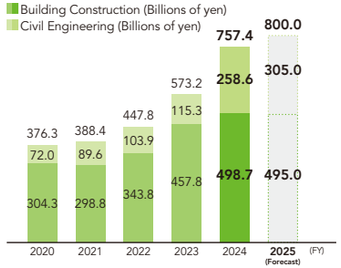
In Asia, the Group seeks to strengthen local business foundations and differentiate its subsidiaries by building collaborative cross-border mechanisms centered on the Asia-Pacific Regional Headquarters to secure stable earnings.

We are also concentrating efforts in specific target markets and pursuing different entry strategies for each area, including M&A opportunities in non-construction businesses.

Consolidated Financial Highlights

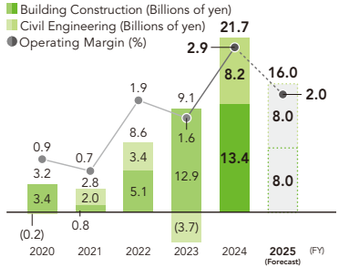
Net Sales of Completed Construction Projects

(FY2024) ¥757.4 billion



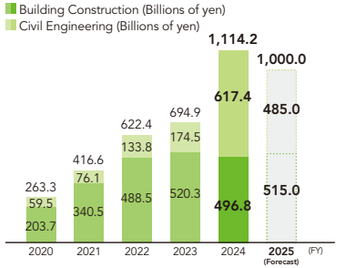
Operating Income/Operating Margin

(FY2024) ¥21.7 billion 2.9%



Orders Received

(FY2024) ¥1,114.2 billion



■ Building Construction ■ Civil Engineering ◎ Building/Civil Common

Opportunities	◎ Accelerating global efforts toward carbon neutrality and decarbonization ◎ Changing markets in the wake of changing economies and corporate activities (globalization and DX) ◎ Growing demand for the development of social infrastructure with low environmental impact ■ Stable water treatment infrastructure market in the United States, transportation infrastructure project demand in the Asia region
Risks	◎ Increase in materials costs and the rebuilding of the supply chain due to U.S. tariff policy ◎ Soaring fuel, transportation, and materials costs due to the Russia-Ukraine situation and prolonged geopolitical tensions in the Middle East between Israel and Palestine ◎ Concerns about the economic security of Taiwan and other countries where we do business and assuring employee safety in the event of an emergency, as well as business continuity risk in such a situation
Strengths	◎ Diverse global human resources nurtured through our overseas trainee system, our Group training sessions for locally hired staff, and personnel exchange among overseas offices ◎ A business foundation in our existing overseas operations that is expanding and growing stronger through M&A and other measures ■ Strengthened data center project initiatives through cooperation among data center design teams centered on the Asia-Pacific Regional Headquarters ■ Promotion of decarbonization and well-being-oriented architecture utilizing Obayashi's proprietary technologies (LEED and WELL Gold certification for O-NES TOWER (Thai Obayashi) and recognition for the construction of wooden structures and interiors in Australia) ■ A subsidiary that is a leading U.S. water treatment facility construction company ■ Know-how and expertise in development of social infrastructure primarily in Southeast Asia

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Feature: Business in Asia

The Obayashi Group's business in Asia began in earnest in 1954 with postwar reparation projects.
In 1964, the Group became the first Japanese construction company to open a representative office in Bangkok. Aiming for locally rooted business management, it also established subsidiaries in Thailand, Indonesia, Vietnam, Taiwan, and Singapore. Today, the Obayashi Group directs cooperative construction projects with local and global companies in each market and continues to receive more orders. It also operates real estate business in Thailand.

Strengthening Local Business Structures and Promoting Global Operations

As part of its business strategy in the Asian region, the Obayashi Group promotes the localization of its Asian subsidiaries to strengthen its business foundations, differentiate itself, secure stable earnings, and expand business. In April 2025, the Malaysian-born managing director of Obayashi Singapore Private Limited, Mr. Lee Aik Seng, was appointed head of Asia-Pacific Regional Headquarters. At Thai Obayashi Corporation Limited, the last two presidents have also been non-Japanese, illustrating how the Group is steadily training local human resources and appointing them to senior management positions.

In 2025, the management of civil engineering business in Singapore that had previously been conducted by Obayashi Corporation was transferred to Obayashi Singapore. The Group is aiming to capitalize on its technological capabilities, supply chain, and cost competitiveness in both building construction and civil engineering to further enhance its presence in Singapore.

It is also focusing on promoting globalization and has been steadily expanding its business domains in recent years by, for example, getting involved in several data center projects for major global tech companies, including the big five, GAFAM*. The Group is working hard to develop local talent capable of handling global projects in order to further expand its business in Asia.

*The acronym for Google, Amazon, Facebook (currently Meta), Apple, and Microsoft, which are five major technology companies in the United States.

The Use and Further Development of Construction and Digital Technologies

Each subsidiary and overseas office is striving to strengthen its ability to win orders and boost construction productivity using various technologies related to construction and digital transformation (DX). To promote the further introduction and development of construction technologies, Asia-Pacific Regional Headquarters has set up various systems to deepen local roots and encourage stronger inter-base cooperation. This includes the April 2024 opening of a new R&D base, the Obayashi Construction-Tech Lab Singapore, within the Singapore Building and Construction Authority's facility for open innovation. Another ongoing focus for the Group centers on the promotion of DX. With the support of the Asia-Pacific Regional Headquarters and through other means, the Group is encouraging the local introduction and horizontal rollout of BIM software and enterprise resource planning (ERP) construction systems in order to improve productivity.

Changes in the Net Sales in the Asia (Billions of yen)

History of Major Offices in Asia

1964 Opened Bangkok representative office
1965 Opened Singapore branch
1970 Opened Jakarta representative office
1972 Established PT. Jaya Obayashi
1974 Established Thai Obayashi Corporation Limited
1990 Established Taiwan Obayashi Corporation
2006 Established Obayashi Vietnam Corporation
2019 Closed Overseas Business Division at Head Office in Japan and established Asia-Pacific Regional Headquarters in Singapore

Message Nurturing locally hired staff is key to any future growth strategy

Lee Aik Seng
Managing Executive Officer
Head of Asia-Pacific Regional Headquarters, and Managing Director of Obayashi Singapore Private Limited

I started my career at the Obayashi Group in 1987 as a civil engineer in the Singapore office. In 1993, I participated in a training program for local staff from bases outside Japan to work in Japan. Participating in this kind of program and learning the value of working in an international environment was vital and is something that I now view as a fundamental part of the human resource development that I place so much emphasis on today.

Since 2014, my role as managing director of Obayashi Singapore has been to strengthen the company's presence in the local market. In addition to the company's role in building projects that attract international attention, such as the Jewel Changi Airport and Bird Paradise, I myself have served as a Board member of the Building and Construction Authority of Singapore since 2023. This is a reflection of my dedication not only to growing our local subsidiary as the managing director, but also to promoting construction industry development in Singapore.

In my current role as head of the Asia-Pacific Regional Headquarters, I am committed to fostering closer relationships and creating synergies between our teams in different regions in order to strengthen cross-border trust and cooperation among the local subsidiaries under my authority. To help break down any barriers between staff members, I encourage daily communication in English rather than in their native languages. My hope is that this will boost employee confidence and stimulate the cross-border communication of individual opinions.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Real Estate Development Business

Message

Kimihiko Sato
Managing Executive Officer
Head of Real Estate Development Division

We aim to promote further growth of our business by leveraging the customer relationships forged and the know-how amassed through the construction business to enhance the value of real estate through such means as introducing Obayashi's latest technologies, and creating synergies with the construction business.

In the leasing properties business, which generates steady profits, in addition to properties in Japan's urban area, we will continue to develop and operate high-quality rental properties outside Japan and will replace old properties in our portfolio through new investment and property sales. The sales and non-asset businesses sell properties owned and developed by Obayashi Corporation to entities such as the private fund established by Obayashi Realty Asset Management to secure capital gains and shift properties off the balance sheet. The Group is also looking to expand its fee-based non-asset business through real estate operation and management (asset management, property management, and building maintenance).

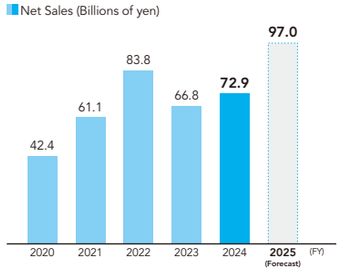
Our target is to generate stable operating income of ¥20.0 billion or more from a medium- to long-term perspective through these initiatives. We will also be using leverage for investment in the real estate development business to further improve capital efficiency.

We are focusing not only on acquiring environmental certification for our buildings but also on developing IoT- and AI-driven smart buildings that provide safe and secure spaces, which, in turn, underpins the business continuity of tenant companies. In these ways, we provide added value to tenant companies and set our lease properties apart from competitors.

Consolidated Financial Highlights

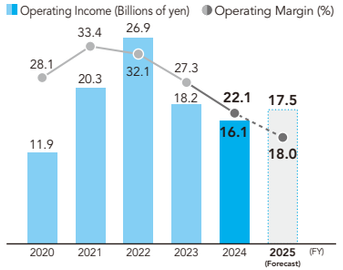
Net Sales

(FY2024) ¥72.9 billion



Operating Income/Operating Margin

(FY2024) ¥16.1 billion 22.1%

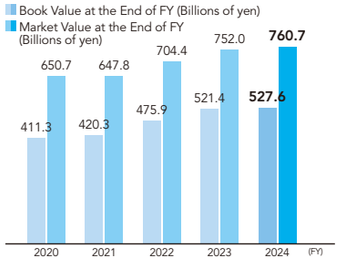


Book Value and Market Value of Real Estate for Lease

(at the end of FY2024)

Book Value ¥527.6 billion

Market Value ¥760.7 billion



Opportunities

- Social demand related to carbon neutrality, well-being, and other sustainability-related issues
- Emergence of new growth areas that meet customer needs, such as wooden structures and interiors
- Growing demand for smart buildings as digitalization progresses

Risks

- Changes in office needs associated with application of overtime caps and changes in work styles
- Rise in vacancy rates and fall in rents due to large supply of office space and distribution warehouses
- Decline in demand and deterioration in profitability of the real estate development business due to rise in interest rates in Japan and overseas, etc.

Strengths

- Ability to secure continuous and stable rental profit by reshuffling our portfolio, with a plan on making new investments in the amount of ¥300.0 billion with net investment of ¥160.0 billion after property sales worth ¥140.0 billion over five years
- Expand fee-based non-asset business through private funds by leveraging the Obayashi Group's real estate management and operational expertise
- Strengthening of our earnings base by expanding building uses from offices to logistics facilities, rental housing, and other purposes, and diversifying and globalizing our portfolio through building development, ownership, and operation not only in Japan, but also in Bangkok and London

ROIC Reverse Tree

	Challenges to Be Addressed	Drivers of Improvement	KPIs		
Leasing properties business	• Improve occupancy rates and increase rentable area • Improve rentable ratio • Increase rental unit prices • Control administrative costs	Net operating income (NOI)	NOI yield, NOI/invested capital	Financial indicator	ROIC
	• Reduce development costs • Maintain proper asset balance	Invested capital			NOPAT/ Invested capital
Development-based sales business	• Expand number of projects and units sold	Net sales	Gross profit		
	• Raise sales prices • Reduce development costs and ensure appropriate specifications	Profit margin			
	• Manage development periods • Shorten sales periods	Inventory turnover ratio			
Support for acquiring construction projects/ construction business	• Develop proposals that accurately capture customer needs	Profitability at the time of receiving orders	Gross profit on completed construction contracts		
	• Determine whether to take action or not for a project on early stages	Tender costs for projects not awarded	Common construction costs		
	• Acquire land for future redevelopment • Acquire land as agent	Land acquisition			
Non-asset business	• Increase number and size of private funds	Asset management fees	Fee business		
	• Expand number of properties under management • Reduce contract costs	Property management fees			
Human resources, DX, and corporate and organizational culture	• Enhance on-the-job training • Encourage employees to obtain qualifications • Utilize employee secondment • Develop global talent	Training	Human resources	Non-financial indicator	
	• Implement digital transformation		DX		
	• Pass on Obayashi DNA • Strengthen and improve teamwork and engagement • Improve the efficiency of organizational operations		Corporate and organizational culture		

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Progress of Investments

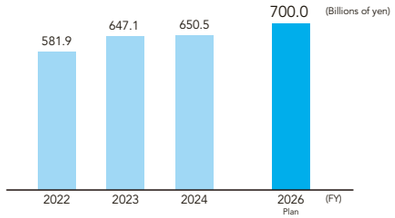
KPIs and Targets

Investment plan during Medium-Term Business Plan 2022 (Growth investment toward expanding business portfolio) **¥300.0 billion**

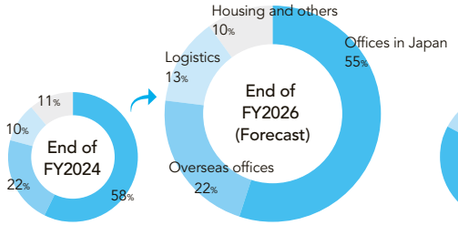
FY2022–FY2024 results **¥201.1 billion**

Prior to Medium-Term Business Plan 2022, Obayashi invested primarily in urban office developments, but it has branched out into investing in logistics facilities and rental apartments to diversify its asset portfolio. We seek to optimize our asset portfolio through an investment and sale cycle, while also utilizing leverage to improve and enhance capital efficiency.

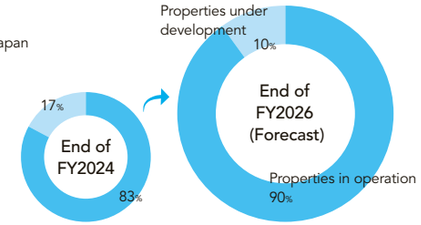
Changes in Real Estate Assets during Medium-Term Business Plan 2022



Breakdown of Assets Held (By Use)



Breakdown of Assets Held (By Operating Ratio)



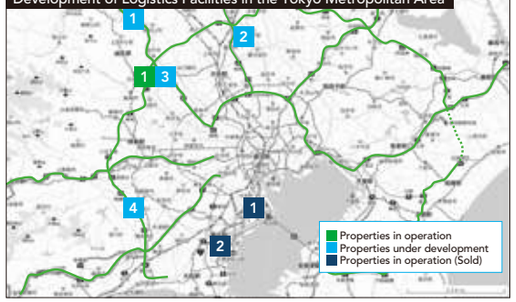
Development of Logistics Facilities to Diversify Business Portfolio

With demand for logistics facilities rising as third-party logistics business* volume increases and the scale of the e-commerce market expands, Obayashi is utilizing the knowledge and networks gained from its construction business as it invests in the development of multiple logistics facilities for lease primarily in the Tokyo metropolitan area with excellent transportation access. In the Kanto region, we are steadily acquiring land, targeting areas within the Ken-O Expressway area.

*Services where logistics operations are entrusted to a third party other than the shipper or transportation company

1 Kawagoe Logistics Center
1 OAK LOGISTICS CENTER Higashimatsuyama (Tentative name)
2 OAK LOGISTICS CENTER Iwatsuki (Tentative name)
3 OAK LOGISTICS CENTER Kawagoe (Tentative name)
4 OAK LOGISTICS CENTER Atsugi (Tentative name)
1 Kawasaki Mizue Logistics Center
2 Yokohama Isogo Logistics Center (NLL Yokohama Isogo)

Development of Logistics Facilities in the Tokyo Metropolitan Area



KPI

		FY2022	FY2023	FY2024		FY2025	FY2026
		Results	Results	Targets	Results	Targets	
Ratio of renewable energy usage in domestic for-lease properties owned by the Obayashi Group	For-lease office buildings	86%	92%	100% by FY2026	90%	100% by FY2026	
	For-lease properties	85%	91%	100% by FY2030	90%	100% by FY2030	

As part of our effort to carbon neutrality and well-being, we are proactively introducing energy-saving technologies into newly developed properties, promoting the acquisition of LEED, ZEB Ready, CASBEE, and other environmental certifications, and switching to electric power generated from renewable sources at all the rental properties we own in Japan by 2030.

We will also focus on developing IoT- and AI-driven smart buildings, providing safe and secure spaces that underpin the business continuity of tenant companies, and helping develop environmentally responsible, high value-added sustainable towns and communities.

CLOSE-UP

Approval Obtained for the Redevelopment of 60 Gracechurch Street in the City of London, U.K.

In December 2024, Obayashi Properties UK Limited was granted planning approval by the City of London for 60 Gracechurch Street, an office building in the City of London, U.K. Located in the historic financial district of London, home to major U.K. financial institutions such as the London Stock Exchange and the Bank of England, this property offers strong redevelopment potential with excellent transportation access. It is a rare site where high-rise building is permitted despite strict height regulations related to its location in a designated conservation area.

Redevelopment from a 9-story building to a 37-story skyscraper with balconies on each floor, extensive public spaces, and optimum environmental performance to cater to the needs of tenants and the City of London.

Image of the exterior after redevelopment

Location	60 Gracechurch Street, London
Site area	Approx. 1,860 m² (20,021 sq ft)
Leasable floor area	Approx. 39,900 m² (429,480 sq ft)
Floors	BF, LGF, GF, 1-36F
Facility type	Office, retail, rooftop garden
Start of construction	2026 (scheduled)
Completion	2029 (scheduled)

Obayashi Group's Investment Track Record in the U.K.

Property Name	Year of Acquisition
Bracken House	1987
20 Gracechurch Street	2020*
60 Gracechurch Street	2023

*Additional stake acquired in 2022 (75% stake)

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Green Energy Business

Message

Kenichi Ando
Senior Managing Executive Officer
Head of Green Energy Division
and Senior General Manager of
Marketing Division

To help create a sustainable society, we are focusing on initiatives that generate synergies with the construction, real estate development, and new businesses while also accumulating knowledge and experience to better address the decarbonization needs of a diversifying society.

In Medium-Term Business Plan 2022, we are aiming to achieve our goals of increasing earnings in the renewable energy sector and monetizing our hydrogen business. In Japan, in addition to solar power, onshore wind power, and woody biomass power generation, we are pursuing the geothermal power generation projects in which we are participating as joint venture partners. Our portfolio also boasts offshore wind farms at the ports of Akita and Noshiro in Akita Prefecture and on-site power purchase agreement (PPA*) projects for our Group factories and logistics facility. In addition, we are expanding our business by developing consulting and other services to help our customers advance their own decarbonization efforts. Meanwhile, outside Japan, we are steadily building a supply chain in the Oceania region to support our renewable energy business and the supply of green hydrogen, including our investment in Eastland Generation Limited.

To bring these initiatives to fruition, we intend to make investment decisions based on ROIC targets and aim to enhance our business portfolio for sustainable growth.

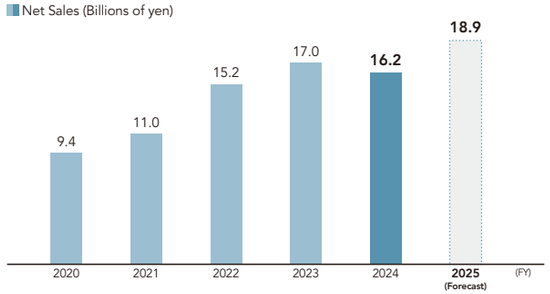
*A type of electric power sales contract formed between an electricity consumer and a PPA operator (power generation company).

Business Highlights (Obayashi Clean Energy) *

*Includes its own subsidiary in the renewable energy business

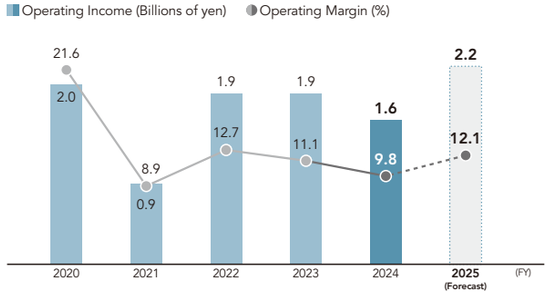
Net Sales

(FY2024) ¥16.2 billion



Operating Income/Operating Margin

(FY2024) ¥1.6 billion 9.8%



Opportunities

- Stronger initiatives by national and local governments to turn renewable energy into a major power source and promote the society-wide adoption of hydrogen
- The forecast expansion of electricity demand due in part to widespread use of generative AI
- The advance and diversification of customers' decarbonization needs

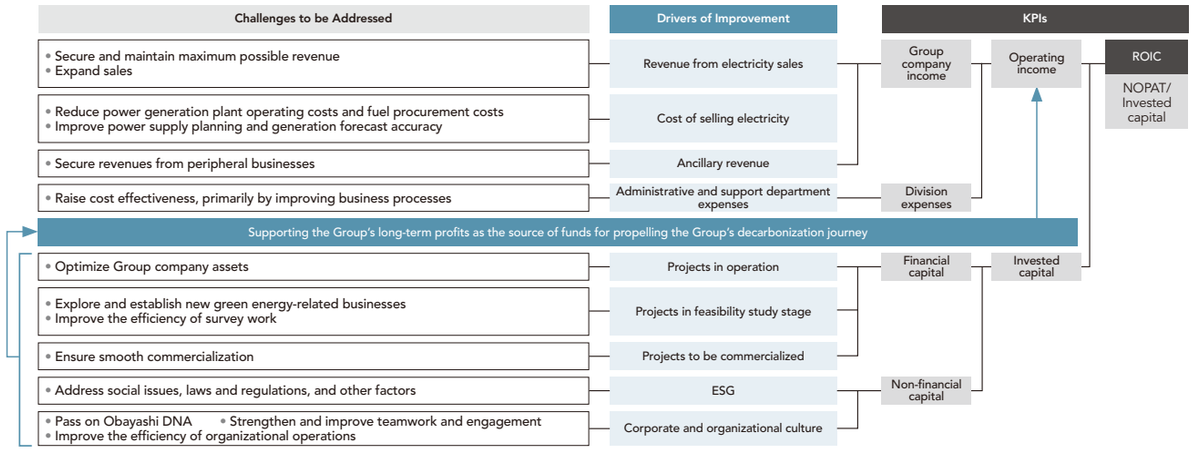
Risks

- Increased development and operating costs due to rising prices and other factors
- Power generation failures and equipment problems caused by abnormal weather events such as typhoons, heavy rains, thunderstorms, and other natural disasters
- Changing renewable energy-related policies, laws, and regulations

Strengths

- Track record in the development and operation of solar power, onshore and offshore wind power, woody biomass, and the field survey of geothermal power generation facilities, and the production, transportation, and sale of green hydrogen
- Ability to respond to various customer needs through synergies among the construction, real estate development, and new businesses
- Technological and management capabilities cultivated through the construction business

ROIC Reverse Tree



01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation

Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives

Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

Progress of Investments

KPIs and Targets

Investment plan during Medium-Term Business Plan 2022 (Growth investment toward expanding business portfolio)

¥60.0 billion

FY2022–FY2024 results

¥27.1 billion

Green Energy Division Medium- to Long-Term Vision

Target

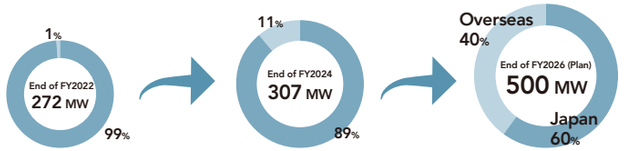
Turn green energy into a pillar business by sustainably expanding revenues
Contribute to Obayashi's business carbon neutral

Strategy	To around 2030	2030 through around 2035	From around 2035
Domestic Renewable Energy	• Stable operation of power plants • New power plant development	• Storage battery utilization anticipating feed-in tariffs (FIT) transitioning to feed-in premium (FIP) system • Securitization of assets • Promotion of the Obayashi Group's carbon neutrality	
	Secure revenue from electricity sales		
Overseas Renewable Energy	• Commercialization of projects invested • New investment	• Expansion of business scale of projects invested	• Green hydrogen production using renewable energy assets outside Japan and green hydrogen export centered on New Zealand
Hydrogen	• Hydrogen production and sales in New Zealand • Marine transport demonstrations		
	Demonstrations, small-scale business	Growing probability of a hydrogen-based society	Large-scale business

Expansion of Renewable Energy Generation Capacity

In addition to steadily advancing the commercialization of different projects under development, we aim to further expand our power generation capacity in Oceania and other regions to ensure greater profitability.

Note: Includes amounts equivalent to Obayashi Corporation's equity interest in equity-method affiliates



We allocate 30% of our total renewable energy investment in Japan and 70% outside Japan. Our target is to generate consolidated operating income of ¥10.0 billion over the medium to long term. We intend to focus on investment in geothermal energy and other fields that we have not yet commercialized in order to expand our power generation portfolio and generate greater revenues.

In the hydrogen business, we plan to utilize the knowledge gained during the demonstration phase and make strategic investments to promote commercialization.

Geothermal Power Generation Business Initiatives

Geothermal power is a stable renewable energy source that is not impacted by climate conditions. The Seventh Strategic Energy Plan issued by the Japanese government outlined a policy to accelerate the development of geothermal power generation owing to its inherent potential.

Obayashi has been focusing on geothermal power generation as a baseload power source with the potential to become a pillar of its renewable energy business and has been developing power plants in Kyogoku Town and other locations in Hokkaido, Japan. In New Zealand, the Eastland Generation geothermal power plant development is progressing smoothly and is set to commence operation in early 2026.

Geothermal potential survey in Kyogoku Town, Hokkaido
(Joint venture operation)

Geothermal power plant under development by Eastland Generation
Plant name: TOPP2
Generating capacity: 49MW

Hydrogen Business Initiatives

Hydrogen is attracting attention as a next-generation energy source that produces no greenhouse gas emissions when used.

In addition to our hydrogen production demonstration in Oita Prefecture, Japan, we opened New Zealand's first megawatt-class hydrogen manufacturing plant in FY2021 and have been working on creating and testing supply chains in that country.

The project is accumulating a steady track record, with the opening of a fast refueling station in South Auckland in FY2024 and the completion of marine transport demonstration tests to Fiji.

Hydrogen production

Green hydrogen (geothermal derived) manufacturing plant

Hydrogen filling

Fast refueling station in Wiri, Auckland

Marine transportation

Hydrogen transport demonstration between New Zealand and Fiji as part of Japan's Ministry of the Environment project

KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Stable annual electricity generation from renewable energy business*	540,279 MWh	698,373 MWh	781,400 MWh	663,759 MWh	1,053,000 MWh	1,250,000 MWh	1,300,000 MWh

*Amount of electricity generated from the Obayashi Group's renewable energy power generation business overall (for Eastland Generation, acquired in FY2024, the portion of its expected generation corresponding to Obayashi's equity holdings is reflected in the targets for FY2025 and beyond).

CLOSE-UP

Supply of Renewable Energy to Large-Scale Lumbermill through On-Site PPA

On-site PPA, which is a type of renewable energy business, involves PPA operators installing renewable energy power generation equipment, such as solar panels, on sites and facilities owned by the electricity consumer in order to supply electricity. The equipment is owned by a third party such as a business operator or other investor, so the consumer enjoys the benefits of using renewable energy with none of the initial outlays.

Obayashi Clean Energy Corporation installed solar power-generating equipment with a capacity of about 2 MW on the roof of the Cypress Sunadaya factory, and started operating the equipment on January 1, 2025 as an on-site self-consumption PPA project. The direct supply of renewable energy power to the factory is expected to cover approximately 15% of its electricity needs and reduce greenhouse gas emissions by around 970 tons per year. Going forward, we will consider selling any surplus energy generated by the project outside factory operating hours on the broader market.

Cypress Sunadaya Toyo Industrial Park factory. Red marks show the solar power-generating equipment

Roof-Mounted Solar Power On-Site PPA Record

March 2023:	Naigai Technos Corporation's Fujimino Main Factory in Fujimino City, Saitama Prefecture
January 2025:	Cypress Sunadaya Toyo Industrial Park factory in Saijo City, Ehime Prefecture
July 2025:	OAK LOGISTICS CENTER Nagoya, in Nagoya City, Aichi Prefecture

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4
Toward Accelerating Company-Wide Transformation
26 Medium-Term Business Plan
28 Finance and Capital Strategy
31 Business Strategy
32 Domestic Construction Business
38 Overseas Construction Business
40 Real Estate Development Business
42 Green Energy Business
44 New Business Initiatives
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7 Data Section

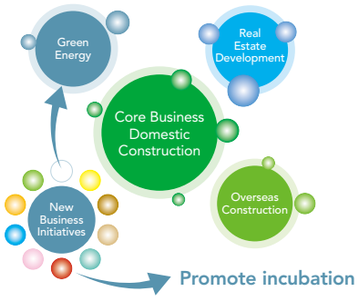
Pursue Breakthroughs for Exponential Growth through Exploration and Launch of New Businesses

The Obayashi Group seeks to build a business portfolio with solid foundations and create an organization that enjoys consistent growth by boldly exploring new business initiatives beyond its core domestic construction business and its overseas construction, real estate development, and green energy businesses.

When embarking on new business initiatives, the Group considers its most important missions in developing new businesses to be addressing social challenges such as carbon neutrality and well-being, as well as contributing to a sustainable society. This new business development is concentrated in five focus areas: construction DX, city platforms, decarbonization, agriculture and biotechnology, and space. Businesses are selected based on two criteria: whether the business enables the Group to demonstrate the power of its vision, creation, and people, and whether the market offers sufficient scale, business opportunities, and future growth potential. Related initiatives also include making strategic investments in open innovation.

Results include the carving out of three companies (PLiBOT, Oprizon and MiTASUN) as subsidiaries.

Diversified Global Business Portfolio Centered on Domestic Construction



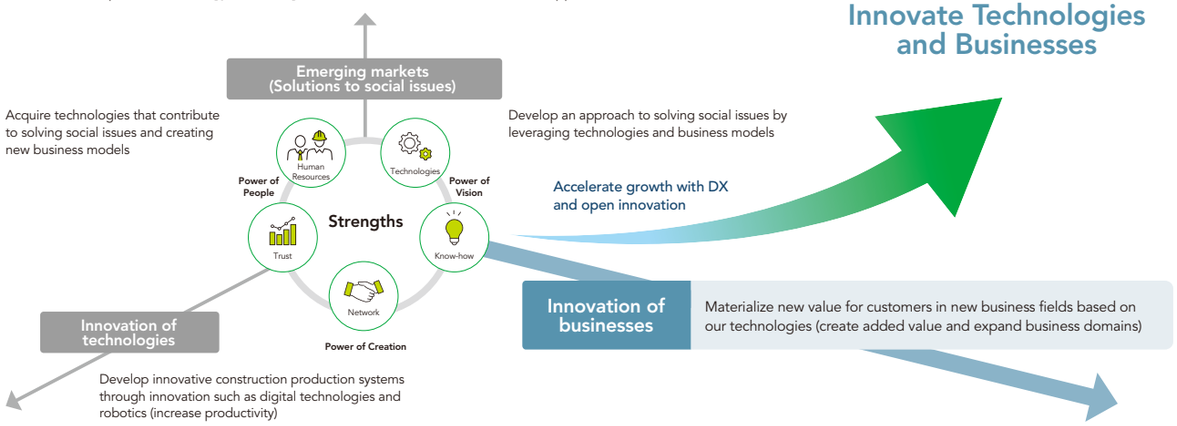
Subsidiary establishment record

PLiBOT A platform to successfully link people and robotics PLiBOT

Oprizon A smart building services provider that creates new experiences Oprizon

Medium-Term Business Plan 2022 Fundamental Strategy: Innovate Technologies and Businesses

- Strengthen the foundation of the construction business through technological innovation
- Materialize new value for customers and expand business domains through business innovation
- Formulate and implement a strategy for turning solutions to social issues into business opportunities



CLOSE-UP

New Company to Develop and Operate Urban Data Centers

Obayashi established MiTASUN Inc. in November 2024 to develop and operate urban data centers. The company is currently developing small-scale HUBWAY™ data centers.

Demand for data centers is expected to remain buoyant, with sales anticipated to expand from ¥2 trillion in 2022 to ¥4 trillion in 2027 as artificial intelligence and other technologies advance. Going forward, demand for urban data centers located near the areas requiring data is expected to increase, given future edge computing* needs.

Data center-related technology is advancing rapidly, and the company's business model facilitates the swift development of small-scale data centers compatible with the latest cutting-edge technologies, with the aim of establishing local market dominance. Moreover, it is possible to build a large-scale virtual urban data center in a city center by using dedicated lines to connect individual data centers. MiTASUN is also able to help reduce construction-related CO_2 emissions by creating data centers in refurbished buildings.

The company will not only provide services to enable safe, high-speed, and large-volume data processing, but will also offer environment-conscious solutions.

Akinori Tsunawaki
President
Chief Executive Officer
MiTASUN Inc.

Urban data center scheduled to open in Minato Ward, Tokyo in FY2028 (Image of completed building)

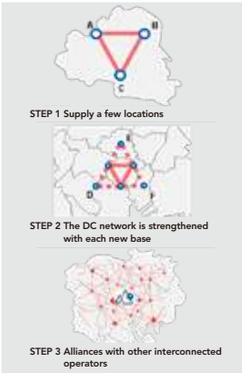


Image of urban data center cluster

*The processing of data on a user's terminal, nearby server, or other device. It offers real-time, low-impact data processing. Its expected applications include telemedicine and autonomous driving.

MiTASUN

Section 5

Foundation Supporting Value Creation

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

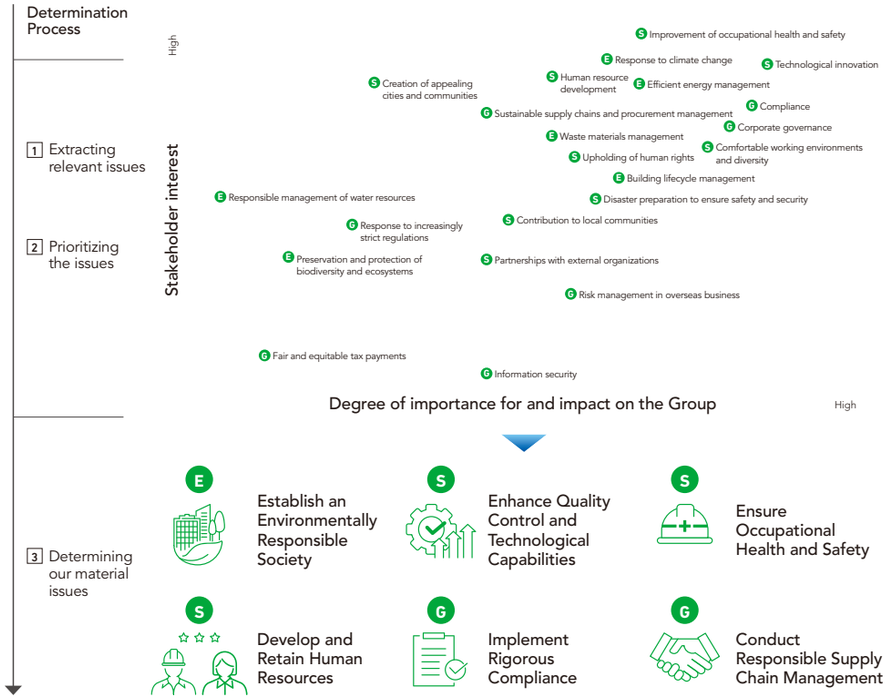
Sustainability Management

Sustainability

The Obayashi Group has formulated Obayashi Sustainability Vision 2050 to pursue sustainability of the planet, society, and people, and of the Obayashi Group. We identified ESG-related material issues and created foundation to solve these social challenges. We promote sustainable growth and our corporate value enhancement over the medium- to long-term by conducting initiatives to achieve our goals.

The Obayashi Group's ESG-Related Material Issues

The Obayashi Group identified six ESG-related material issues inspired by the Obayashi Basic Principles. To identify the material issues, social challenges related to the Group's business were scored in order of priority according to the level of stakeholder interest and the degree of significance and impact on the Obayashi Group.



Action Plans and KPIs

Impact on the Obayashi Group's Business, Action Plans and KPIs

Action plans are formulated and KPIs are set for each material issue based on the evaluation of the impact on the Obayashi Group. These plans are regularly checked and reviewed through a plan-do-check-act (PDCA) cycle to achieve KPIs. The degree of achievement is reviewed twice a year and action plans and KPIs are revised as needed. For a summary of results, see the ESG DATA BOOK.

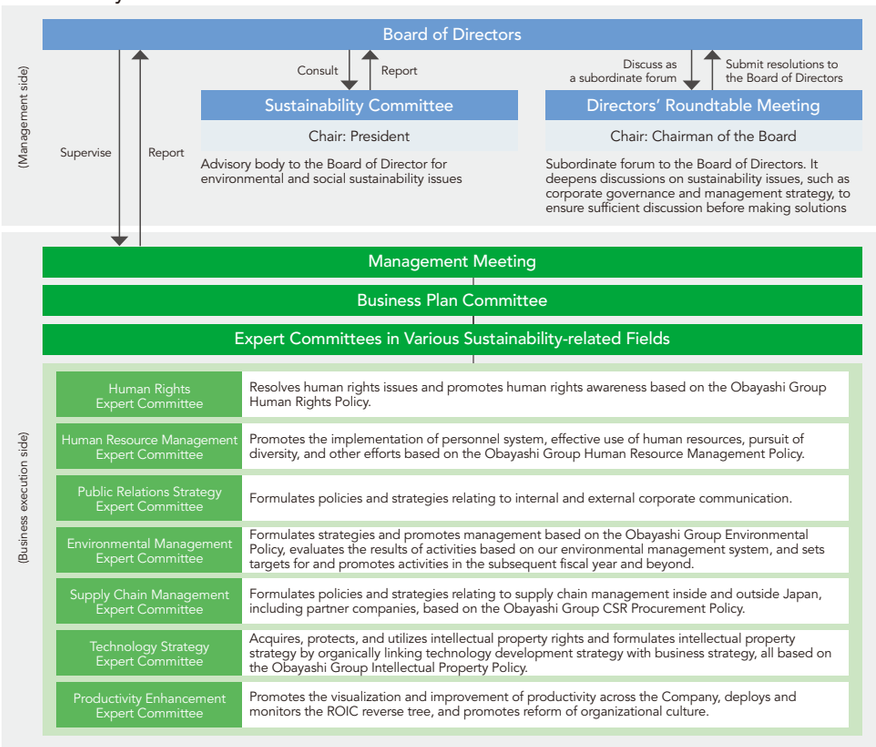
Sustainability Promotion

We implement corporate activities based on the Obayashi Basic Principles and pursue initiatives designed to help achieve corporate and social sustainability. To enable us to examine and discuss both these challenges, we established the Sustainability Committee (for issues related to environmental and social sustainability) as an advisory body to the Board of Directors and the Directors' Roundtable Meeting (for discussing sustainability-related issues, such as corporate governance and management strategy) as a subordinate forum to the Board of Directors. We determine our management policy for promoting sustainability based on discussions conducted in both forums.

On the business execution side, we have a system in place that consists of the Business Plan Committee commissioned by the president and under the jurisdiction of the Management Meeting, and expert committees in various sustainability-related fields that sit under the Business Plan Committee. These committees formulate and promote specific measures based on the management policies determined by the Board of Directors, including those related to the approach to the business portfolio, human resources and organizational strategy, and intellectual property strategy, among others. They also keep up-to-date with progress on the implementation of those measures and consult with the Board of Directors.

Audit & Supervisory Board and Committees P. 79

Sustainability Promotion Framework



01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Human Resource Management

Human Resources

Message

Koji Furuse

Managing Executive Officer
Responsible for Harassment Prevention Department, Legal Department, Human Resources Department, Finance Department, and Accounting Department, and Senior General Manager at Tokyo Main Office (responsible for project administration)
Chair of Human Rights Expert Committee
Chair of Human Resource Management Expert Committee

Implement Reforms to Our Personnel System to Enhance Corporate Value

The Obayashi Group has defined the direction of its sustainable growth strategy as "establishing a Group-wide business structure centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business," and is working to accelerate Company-wide transformation in line with Medium-Term Business Plan 2022.

To strengthen and expand the foundation of the construction business, we need to clarify the responsibilities of employees and flexibly form open and communicative organizations. We have a workforce with a large upper management layer, and we therefore need to actively nurture leaders from the younger generation and accelerate the transfer of skills and generational change. We also need to present role models and career paths to which they can aspire and take into account changes in workforce composition, workstyles, and the way work is viewed in the context of family life. The challenge is to improve employee engagement across the board while addressing all these factors.

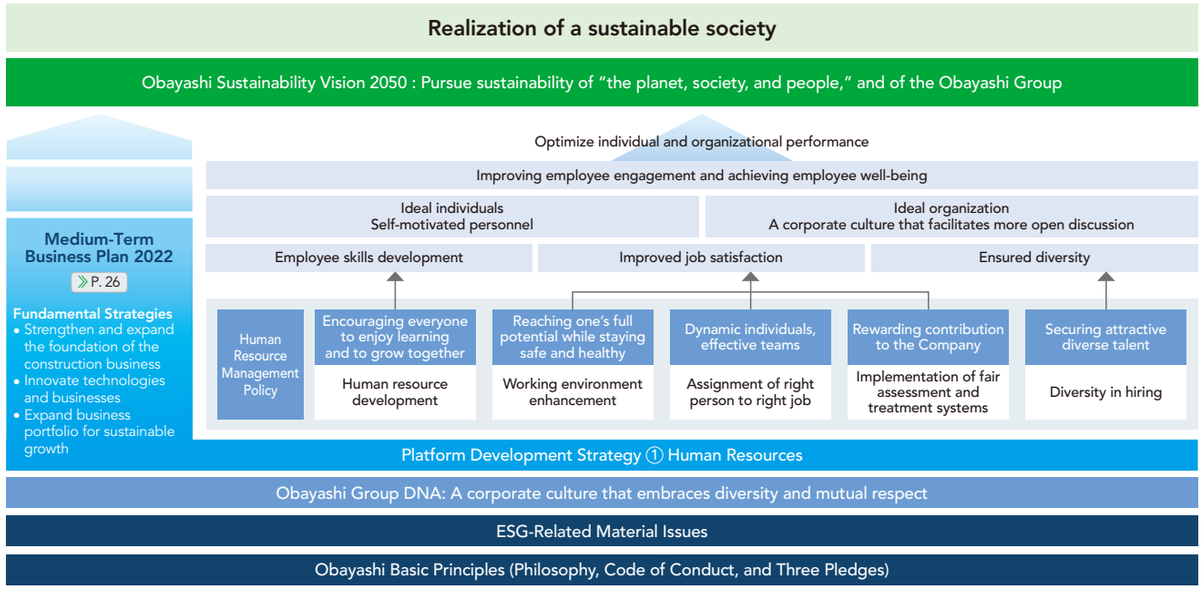
In terms of expanding our business portfolio for sustainable growth, the shortage of talent capable of shouldering the responsibility of innovation and global management is an issue. So, we need to develop various systems for attracting external talent with the knowledge and skills that the Obayashi Group currently does not possess, and to nurture and over the long term retain young global talent who can generate further growth for our business outside Japan.

We are currently conducting a sweeping review of our personnel system to help address these issues.

- Shift the current grade-based job position and remuneration system to a work duty-based system for managers
- Configure our organization appropriately and appoint executives who can lead the next generation as well as focusing on experience when assigning personnel
- Strengthen our pool of managers by reviewing job promotion requirements so that younger staff see managers serving as active professionals and gain the sense that working for the Group into the future is worthwhile
- Revise remuneration system to reflect job duties and allow for flexible work styles to ensure that the rising number of senior employees can play an active future role
- Introduce incentives for employees to accept on-site work, overseas assignments, and transfers, and implement other measures to increase the attractiveness of the construction industry

To ensure that strong individuals and strong organizations can resonate with each other, mutually optimize performance, and increase corporate value, we will develop new personnel system that suits the current era and enables all employees to feel job satisfaction and to work with enthusiasm.

Medium-Term Business Plan and Human Resource Strategy



Indicators and Targets

Investment plan during Medium-Term Business Plan 2022 (human resource-related)

¥30.0 billion

FY2022–FY2024 results

¥17.8 billion

Major Investments

- Investment in expanding training systems, developing personnel system that facilitate diverse work styles, and securing and developing talent
- Investment in improving employee engagement

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Pursuing a Human Resource Strategy Aligned with Management Strategy

As part of our human resource strategy, we are focusing on securing and developing talent for the core construction business based on our management strategy and building personnel system to create a talent portfolio that will enable us to fulfill our growth strategy.

Human Resource Strategy Issues Identified

Human resource strategy aligned with Medium-Term Business Plan 2022

① Strengthen and Expand the Foundation of the Construction Business
- Change position-based hierarchy and review organizational structure
- Respond flexibly to diverse talent and work styles

② Talent acquisition to expand our business portfolio
- Train and acquire innovation talent, global management talent, etc.
- Review personnel system

Personnel- and organization-related issues and main initiatives
- Securing and developing talent for the core construction business
- Well-being
- Building personnel system to secure the talent needed to fulfill our growth strategies

Vision (Management Strategy)
- Strengthen and Expand the Foundation of the Construction Business
- Innovate Technologies and Businesses (Carbon neutrality and well-being)
- Expand Business Portfolio for Sustainable Growth

Issues identified in the engagement survey

Addendum to Medium-Term Business Plan 2022: Measures for accelerating transformation for platform development

Item	Measure	To 2024	2025	2026
Investment in business platform	Establish personnel system to secure and develop talent for the core construction business and acquire talent to realize our growth strategy		Start operation in phases	

The Obayashi Group believes that fostering a corporate culture that encourages free and open discussion is one of the most important factors in determining the success or failure of its human resource strategy. Every year, we strive to gain a clear grasp of the actual state of our corporate culture by conducting employee engagement surveys and make improvements accordingly.

More specifically, the engagement survey indicator for corporate culture is "identification with the Obayashi Group vision." The Company's president and senior managers issue regular messages, and the "MAKE BEYOND: Transcending the art and science of making of things" brand vision, formulated in 2021, has been successfully promoted both externally and among employees through various means to encourage greater affinity.

Identification with the Group's vision: up 2.5% (vs FY2023)

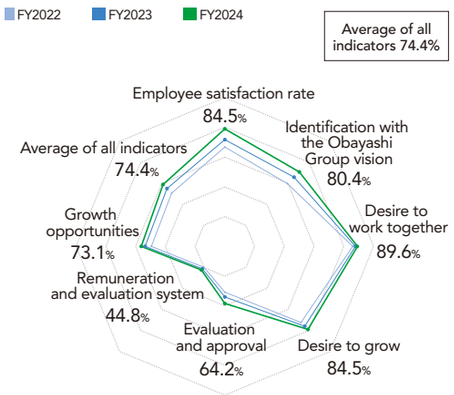
Evaluation:
- Proactive messaging by the president and top management
- Measures for deepening affinity toward the brand vision

Indicators for Engagement

The Obayashi Group believes that it is essential to maximize the performance of individuals and organizations for sustainable growth. We also believe that strong engagement fosters positive organizational activity, and as such the Obayashi Group Human Resource Management Policy seeks to promote the development of personnel who identify with the Company's vision and are driven to seize opportunities and collaborate with others to achieve their full potential as highly engaged, ideal human resources. We conduct engagement surveys of all employees, identify issues, and work to resolve them.

KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Average of engagement indicators	70.3%	72.5%	—	74.4%	75% or more		80% or more

Three-Year Trend in Engagement Survey Results



Note: The chart is enlarged to show the 60% to 90% percentage range.

Survey Overview for FY2024

Target: All employees (excluding executive officers and external staff)
10,333 people in total
Number of respondents: 9,555 (response rate: 92.5%)

Indicators	Questions
Employee satisfaction rate	You are comprehensively satisfied with your current job, company, and workplace.
Identification with the Obayashi Group vision	You identify with the direction and vision of your workplace.
Desire to work together	You strive to work collaboratively with others in the workplace.
Desire to grow	You actively seek to learn through your work.
Evaluation and approval	You feel your efforts and contributions in the workplace are recognized.
Remuneration and evaluation system	You feel that your organization's remuneration policy and evaluation system is fair and appropriate for the work performed.
Growth opportunities	You are given opportunities to grow in the workplace.

Calculation Method

The percentage of positive responses on the above seven indicators is calculated and the average of those percentages is used as the overall engagement indicator. Combining the items "evaluation and approval," "remuneration and evaluation system," and "growth opportunities" enables us to measure the degree of employee approval of each workplace and the growth opportunities provided by the Company, and to comprehensively measure engagement.

Specifically, regarding employee satisfaction, we calculated the percentage of respondents who selected the top three answers from among the six choices of "very satisfied," "satisfied," "somewhat satisfied," "somewhat dissatisfied," "dissatisfied," and "very dissatisfied." In the same way, on the survey items from the others above, we calculated the percentage of respondents who selected one of the top two answers from among the five possible choices of "very much," "to some extent," "no opinion," "not very much," and "not at all."

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

Analysis of Engagement Survey Results and Measures for Improvement

The FY2024 engagement survey results produced an average score across all seven indicators of 74.4%, which represented an improvement of 4.1% compared to FY2022. Indicators relating to organizational direction, such as employee satisfaction and identification with the Group's vision improved considerably, which suggests widespread awareness of management policies and some success on system reforms.

On the other hand, the scores for remuneration and evaluation system, and evaluation and approval remained relatively low, pinpointing some room for improvement in the personnel system and management areas. The management team takes the survey results extremely seriously, clearly recognizes any organizational issues, and steadily incorporates the results into improvement measures.

Improvement Measures

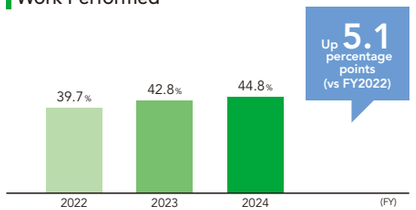
Indicators	Direction of measures
Remuneration and evaluation system	Introduce new incentives for on-site work, review and spread awareness of new personnel system and others.
Evaluation and approval	Review evaluation system and consider enhancing training of the supervisors who conduct evaluation

Aiming to Foster an Organizational Culture That Recognizes Valuable Contributions and Establish a Reasonable Remuneration System

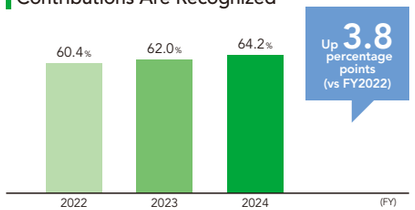
The score for the indicator under remuneration and evaluation system, "You feel that your organization's remuneration policy and evaluation system is fair and appropriate for the work performed" improved by 5.1 percentage points from 39.7% in FY2022 to 44.8% in FY2024. This is the largest margin of improvement among all the indicators.

The score for the indicator under evaluation and approval, "You feel your efforts and contributions in the workplace are valued" improved by 3.8 percentage points from 60.4% in FY2022 to 64.2% in FY2024.

Remuneration and Evaluation: Changes in Rate of Employees Who Answered that the System is Fair for the Work Performed



Evaluation and Approval: Changes in Rate of Employees who Answered that their Efforts and Contributions Are Recognized



While both indicators have improved, they remain at a stubbornly low level compared to other indicators. We are either implementing or considering the following measures.

- Continuously review personnel evaluation system
- Strengthen and enhance trainings for supervisors who conduct evaluation
- Introduce on-site work incentives of ¥50,000 per month
- Revise remuneration system for senior talent and establish flexible working conditions
- Revise salaries for overseas assignment and introduce incentives for transfers
- Increase base salaries and starting salaries for new graduates

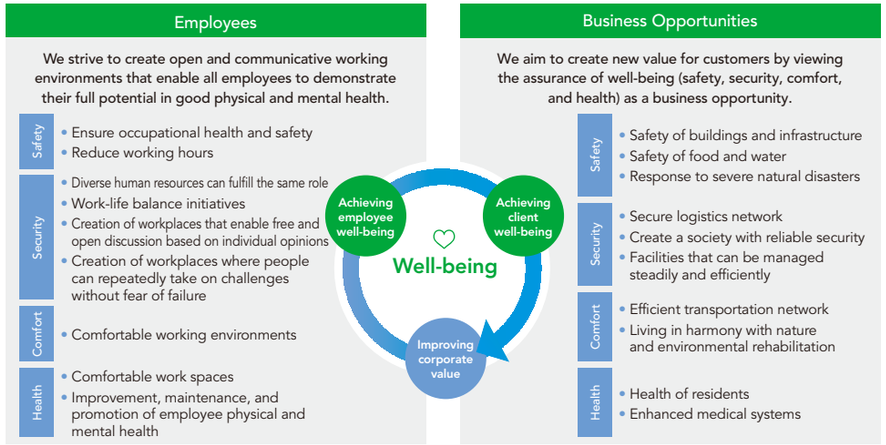
Creating environments that fairly recognize the efforts and achievements of individual employees and encourage a keen sense of growth through the provision of useful feedback is essential for motivating autonomous employee action. Going forward, we will continue to review our measures promote trust-based human resource management.

Achieving Well-Being

The Obayashi Group believes that it is important to achieve well-being as well as to enhance employee engagement to maximize the performance of individuals and organizations. We also believe that providing growth opportunities and encouraging job satisfaction among employees will ultimately generate greater well-being for customers, so it is committed to the tandem pursuit of employee well-being and broader well-being as it pertains to potential business opportunities.

Regarding employee well-being, it is also important to create open and communicative workplace environments that promote good physical and mental health. We aim to create new value for customers by viewing well-being considerations that ensure customer safety, security, comfort, and health as a business opportunity.

Achieving Well-Being



Promoting Health Management

As part of the Obayashi Group Human Resource Management Policy, the Group prioritizes "Reaching one's full potential while staying safe and healthy," and positions health management as an important part of its human resource management strategy. For the Group to continue to grow, we believe that ensuring individual employees and their families are able to maintain strong physical and mental health and lead fulfilling lives is of the utmost importance.

Renovated cafeteria at the Head Office

In July 2024, a new Work Engagement Improvement Promotion Section was established within the Human Resources Department. We designated January as Health Month, to nurture greater health awareness and improve health literacy. We provided e-learning opportunities for those wanting to learn about maintaining good physical and mental health while working, distributed a health-related newsletter by email, and provided cafeteria menus related to health events. The Head Office employee cafeteria was renovated, and health measurement sessions were held during Health Month.

KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Ratio of employees requiring follow-up health checkups	38.6%	35.0%	Less than 35%	35.6%	Less than 35%		Less than 30%

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

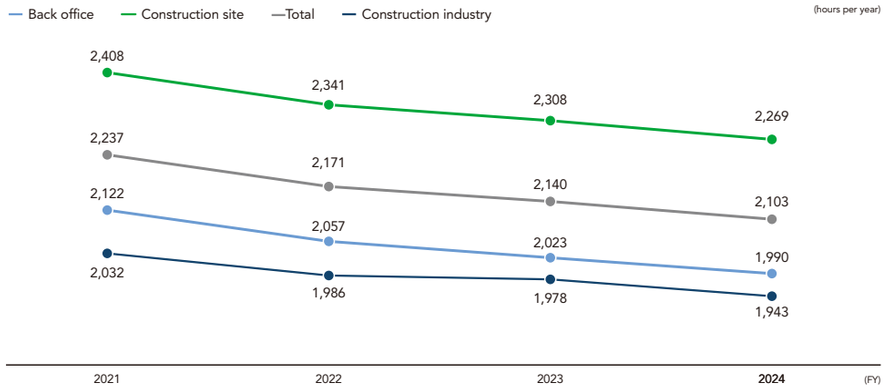
Reducing Working Hours

From FY2021 through FY2023, Obayashi set 100% achievement of the revised Labor Standards Act's limit on overtime work as a KPI and established an inter-departmental organization called the Work Style Reform Project Team to lead Company-wide efforts to reduce total working hours. Thanks to these measures, we were able to steadily make a notable reduction in total working hours.

We will continue to focus on priority measures such as reviewing conventional operational practices, actively utilizing ICT tools, and accepting orders based on construction periods that allow for eight site closure days out of every four-week period. We will also work to promote remote working, staggered working hours, and other flexible work styles, as well as the effective utilization of senior talent.

Obayashi may still be lagging behind the industry average, but it is determined to achieve that average by encouraging the creation of open and communicative workplaces where employees can reduce working hours and boost their sense of satisfaction while complying with laws and regulations and showing compassion for one another.

Annual Average Total Working Hours



Closed Eight Days Out of Every Four-Week Period

We have set a KPI of closing construction sites eight days out of every four-week period (104 days or more a year) at 100% of its construction sites by FY2024 in line with the basic policy advocated by Japan Federation of Construction Contractors (JFCC). In FY2024, the achievement rate was 67.6% for our building construction and civil engineering sites in Japan, which is short of the KPI target, however the achievement rate is steadily rising. We are continuously seeking the cooperation of clients and other stakeholders, and promoting various initiatives to help achieve this ambitious goal at as many construction sites as possible.

A poster promoting closing construction sites on weekends

KPI	FY2022	FY2023	FY2024		FY2025	FY2026
	Results	Results	Targets	Results	Targets	
Ratio of construction sites that adhere to the practice of closing eight days out of every four-week period	46.6%	55.2%	100%	67.6%	100%	
Productivity of a construction site worker or employee per day	¥105,000	¥103,000	Equal to or more than the previous fiscal year (¥103,000 or more)	¥104,000	Equal to or more than the previous fiscal year	

Securing and Developing Human Resources

Securing human resources and encouraging their development is a key measure in achieving the medium-term business plan. With the labor shortage turning into a long-term trend, the following changes are expected in the domestic construction business's operating environment, and securing and training talent is therefore an urgent issue.

- **Roughly 25% of skilled workers are aged 60 or above, and a large portion of them are expected to retire within the next decade.**
- **Workers aged up to 28, who will drive the construction industry's future, account for only 11.7% of the industry's workforce.**

Source: "Current Status and Issues in the Construction Industry", Ministry of Land, Infrastructure, Transport and Tourism, Japan

Based on the Obayashi Group Human Resource Management Policy formulated in December 2022, we are focusing on investment in securing and developing talents that fulfill our requirements for personnel to drive our core domestic construction business and personnel required to achieve our growth strategies.

Securing Human Resources

To help address the shortage of employees due to continued high construction demand and the skewed personnel balance, a referral recruitment system (the introduction of employees' friends and acquaintances) and an alumni recruitment system (the rehiring of retired employees) were introduced in FY2024. As part of the April 2025 salary revisions, wages for general employees (those who may be transferred to any business locations) were increased by approximately 5.5% on average and the starting salary for new graduates was raised for the fourth consecutive year. We believe that by increasing wages more than the rate of inflation, we can reward employee efforts, which is our top priority. We will fulfill our social responsibility of creating a growth-oriented economy driven by higher wages and investment, as targeted by the Japanese government, and of enhancing the appeal of the construction industry.

Revising Training Systems as Part of Personnel System Reforms

We plan to expand new training programs including those for managers and to revise overall training framework as part of personnel system reform. Our expectations of employees in managerial positions go beyond business execution skills alone. We require that they take the Obayashi Philosophy to heart and that they vigorously pursue our management strategy as professionals to be role models for junior colleagues. To those ends, we are considering providing more demanding programs to ensure their understanding of the Company's vision, improve their leadership and management skills, develop their strength of character and nurture their mindset for cooperating with others and supporting the growth of subordinate employees.

Supporting Employees Seeking New Qualifications

We extend proactive support to employees seeking to gain new qualifications so they can acquire further expertise, independently progress their careers, and be motivated to improve themselves. We have set incentives for each business segment, area of responsibility, and type of job, and cover a portion of the cost of learning materials and examinations. We are also working to improve the number of employees seeking to acquire priority qualifications that are particularly important for our management and business operations. In addition to financial rewards for passing exams, allowances for priority qualifications are also provided.

Furthermore, to develop the necessary human resources to support the Company's digital transformation, we encourage employees to acquire DX qualifications by inviting external lecturers to conduct online courses and providing other support.

Number of Employees with Key Qualifications (As of March 31, 2025, non-consolidated)	
Registered first-class architect	2,169
Registered first-class construction management engineer (building construction)	2,988
Professional engineer	1,111
Registered first-class construction management engineer (civil engineering)	1,831
Real Estate Notary	1,176
Registered first-class construction accountant	280
IT Passport	529
Data Scientist Certification Literacy level	34

KPI	FY2022	FY2023	FY2024		FY2025	FY2026
	Result	Result	Target	Result	Targets	
Ratio of employees with important construction management credentials	82.7%	81.3%	Maintain 80% or more	82.1%	Maintain 80% or more	

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Diversity and Inclusion

Driven by our mission to help create an ever-evolving organization that enables diverse human resources to play an active role and that embraces change with a positive attitude, the Diversity & Inclusion Promotion Department works with the Human Resources Department and labor unions to promote D&I. This is done in a way that balances efforts to shift employees' mindsets, to implement measures such as reforming personnel system, and to establish mechanisms for encouraging employees to change their own approach and behavior.

Since FY2024, we have been seeking to maximize our human resource capabilities through a dual-engine approach based on the recognition that individual diversity facilitates organizational growth. One engine involves providing support for balancing work and life underpinned by the principle of equity whereby no individual is deprived of the opportunity to shine. The other involves creating a system of inclusion that embraces diversity and change to improve organizational capabilities.

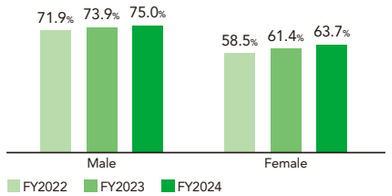
Promoting Opportunities for Female Employees

In April 2025, Obayashi formulated its third action plan based on Japan's Act on the Promotion of Women's Participation and Advancement in the Workplace and is aiming to increase the proportion of female employees in managerial positions to 9% and the proportion of female engineers to 14% by FY2028. Some female engineers already serve in senior positions, including general managers and project directors, and Obayashi boasts one of the highest proportions of female managers in the industry.

In the latest engagement survey, female employees indicated that they felt they enjoyed fewer growth opportunities than men. We therefore held self-leadership training sessions for female employees working in project administration as one of our measures. Female students interested in science and engineering can also take part in on-site tours, including at the Technology Research Institute, conducted as part of the next-generation training program.

Self-leadership training session for female employees

Percentage of Respondents by Gender Who Answered That They Are Given Growth Opportunities



Encouraging Male Employees to Take Childcare Leave

We have been encouraging male employees to take childcare leave or other leave for childcare purposes. We believe that it is not the taking of childcare leave in itself that is important, but rather the opportunity to make the long child-rearing period fulfilling together with a partner. Company-run parenting classes led by specialist instructors are held twice a year to give male employees eligible for childcare leave the opportunity to learn about the role of fathers, and building a dual-income parenting team. The aim of covering the topic of childcare leave in training sessions attended by all employees regardless of age or gender, rather than in sessions for employees who are eligible for childcare leave, is to promote understanding of childcare leave in all workplaces, and to foster an atmosphere that makes it easier for men to take childcare leave.

KPI

	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Results	Results	Targets	Results	Targets		
Ratio of women in managerial positions (section manager level or above)	5.3%	5.7%	6.4%	6.0%	7.0%	7.5%	10.0%
Ratio of female engineers	10.4%	11.1%	12.0%	11.4%	12.5%	13.0%	15.0%
Ratio of eligible male employees taking childcare leave or other leave for childcare	81.3%	94.8%	100%	102.1%	100%		
Ratio of employment of people with disabilities	2.35%	2.62%	2.5% or more	2.62%	2.5% or more	2.7% or more	

Improving Organizational Capabilities

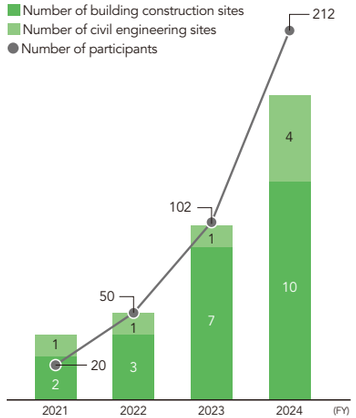
Obayashi is focusing on promoting the Pit-in (Pit Stop) Program as part of its drive to build ever-evolving organizations. The purpose of this program, which got its name from pit stops in auto racing, is to review organizational communication, change behavior for the better from the bottom up, and to achieve individual growth and increased organizational strength. The program is designed to improve work productivity and build organizations that offer job satisfaction. This will be achieved by encouraging employees to take a moment as a team to review individual and organizational tasks and make organizational improvements while accumulating small successes.

Pit-in (Pit Stop) Program

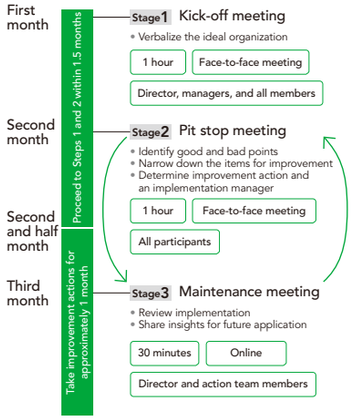
The Pit-in (Pit Stop) Program, launched in FY2021, was implemented at 22 building construction sites and 7 civil engineering sites through FY2024. The program gathers between 5 and 20 employees working at a construction site to pursue a PDCA cycle for improving organizational structures and achieving a particular team vision. The three program stages are: (1) a kick-off meeting to verbalize ideal organizational goals, (2) a pit stop meeting to identify good and bad points, narrow down the items for improvement, and determine improvement action and an implementation manager, and (3) a maintenance meeting to review implementation and share insights for future application. The Diversity & Inclusion Promotion Department supports all three stages. Getting all participants to write down the organization's good points and issues on at least one sticky note and put it on a whiteboard is a great way to discover new insights and areas for improvement in just 2.5 hours over a three-month period. The program has also developed into a particularly good opportunity for nurturing independence, motivation, and problem-solving skills among young employees.

In the program's effectiveness survey, 86% of employee participants responded that they felt the program helped improve organizational conditions, working atmospheres, and productivity at construction site offices. More construction offices will be encouraged to participate in the program each year to help expand the sphere of improvement.

Number of Construction Sites Implementing Pit-in (Pit Stop) Program and Participants



Pit-in (Pit Stop) Program Flow



01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

Digital Transformation (DX)

Message

Tetsuya Kurebayashi
Managing Executive Officer
Head of Digital Transformation Division

Pursuing DX to Accelerate Company-wide Transformation

By using the basic policy of Medium-Term Business Plan as a guide and referring to prevailing trends in society and the construction industry, Digital Transformation Division lays out DX strategic logic as part of the Group's DX initiatives. We have created an ideal future vision to which we should aspire and are promoting digital measures backcast from that future vision. As a cross-sectional organization that operates Company-wide under the direct control of the president, we aim to help optimize the Obayashi Group and increase its profits through cooperation and dialogue with management and business divisions.

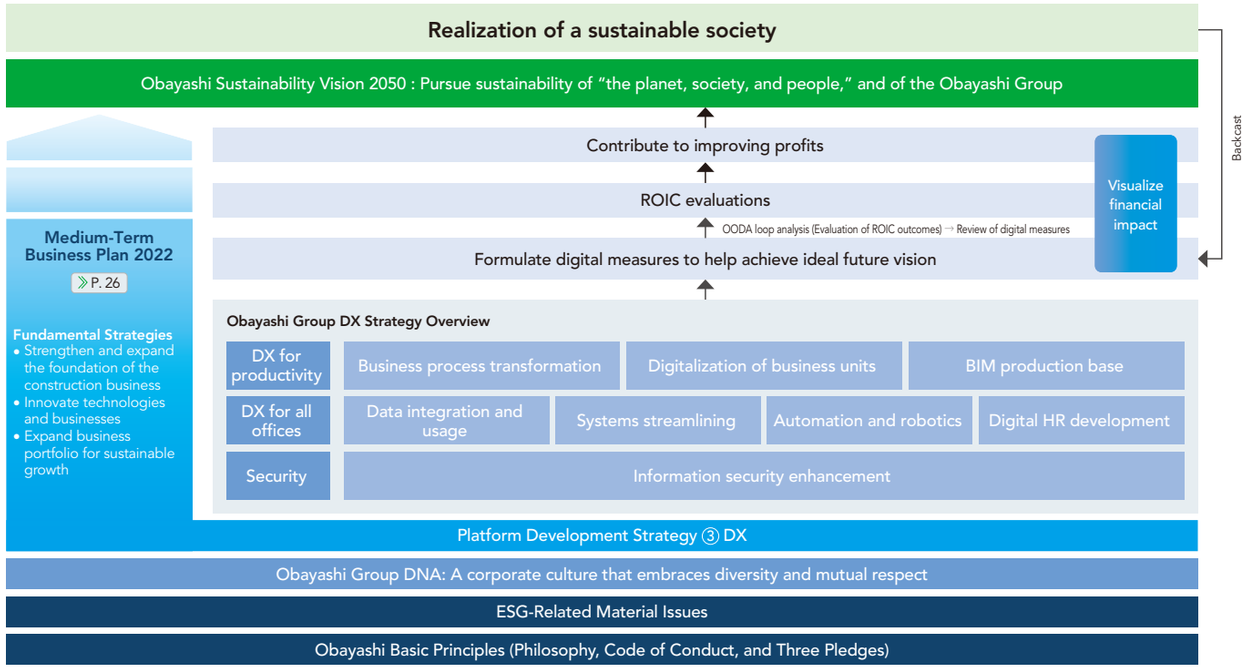
Our DX strategy focuses on improving our dynamic capability to address change, which is the essence of DX, and accelerating the sharing and reuse of information across the Group. We will continue to strengthen cybersecurity measures, and the systems introduced during the foundation-strengthening phase through FY2024 will be further utilized in FY2025, taking into account changes in the business environment and the status of systems use.

To this end, based on the understanding that internal data is an important management asset, we will build a data preparation and quality maintenance system to store and manage data in the data utilization platforms (data lakes and data warehouses) that we are currently operating. This will help avoid the data complexity and black boxing that tend to accompany individual system optimization efforts and facilitate strategic data utilization. At the same time, we are preparing for the actual operation of a data-linking platform to ensure smooth and rapid linking with cutting-edge digital technology to be adopted hereafter.

In addition to these measures, it is essential to train not only personnel who can create digital technologies, but also people who can use those technologies. That is why we are striving to cultivate the right mindsets, knowledge, and skills across the whole Obayashi Group. We intend to maximize the impact of DX-related investments and improve ROIC by working with Oak Information System Corporation, which specializes in information systems, and appropriately utilizing external resources.

Furthermore, we need to expand DX-related initiatives across our entire supply chain if we are to adequately address the challenges facing the construction industry, starting with the shortage of workers. The Digital Transformation Division will promote activities designed to solve issues with the power of digital technology by engaging in dialogue with our supply chain partners.

Medium-Term Business Plan and DX Strategy



Indicators and Targets

Investment plan during Medium-Term Business Plan 2022 (DX-related)

¥90.0 billion

FY2022–FY2024 results

¥51.2 billion

Major Investments

- System development and software purchases related costs
- ICT equipment purchases related costs
- BPR related costs
- Internal data integration and utilization related costs
- Expenses related to strengthening information security

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

DX to Accelerate Company-Wide Transformation

Comfortable spaces created through the fusion of buildings with digital technology

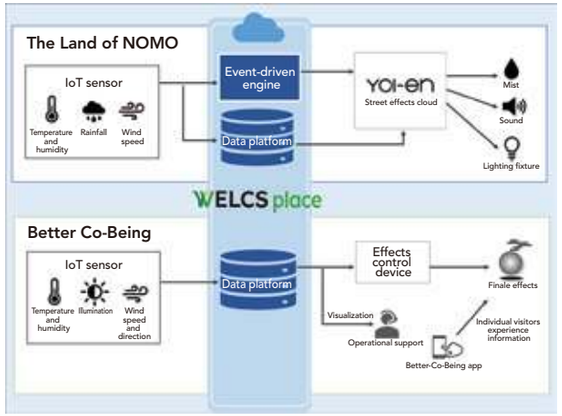
WELCS place™ Smart Building Platform

WELCS place™ Smart Building Platform

In recent years, we have seen a growing need for smart buildings to improve the value of real estate. However, current systems are still some way off for the centralized management for entire buildings. In most cases, individual applications are used to provide the various services required.

In October 2022, Obayashi developed WELCS place™.* This platform collects data from lighting fixtures, cameras, and other IoT devices that can then be used in multiple services. It can be offered as an option or installed in various types of buildings, such as office buildings and commercial facilities, factories, hospitals, and hotels, to create comfortable places. At Expo 2025 Osaka, Kansai, Japan, the Panasonic Group Pavilion, The Land of NOMO, and the Signature Pavilion, Better Co-Being, implemented WELCS place™ for spatial effects linked to climate data. Obayashi helped produce optimal effects and create comfortable environments in each of these pavilions by utilizing IoT to automatically control the stunning spatial effects.

WELCS place Linkages



Companies participating in WELCS place™ open innovation: Oprizon, Ltd., MODE, Inc., Vantiq, Inc.

*Smart building platform developed through open innovation with several companies both inside and outside Japan. It can run multiple data-linked applications on the same user interface.

Improving skilled worker well-being and productivity

Streamlining Construction with 3DCG-Based Task Simulation Technology

The GEN-VIR™ construction simulator

Tasks conducted by skilled workers on construction sites are viewed as hard to itemize and standardize in terms of knowledge, technique, and workflows, so they often rely on experience or intuition.

The GEN-VIR™ construction simulator* system uses 3D computer graphics to create virtual construction sites that help visualize construction tasks ahead of actual on-site application to optimize processes and worker actions.

The simulator enables users to consider various factors such as work order, number of workers, the position of heavy machinery and materials, and the balance with other tasks. It also has a function for calculating muscle fatigue models using individual workers' posture logs. In addition, a risk analysis function is provided for predicting potential accidents and the level of the risk, to ensure safety in advance. Quantitative visualization of the overburden, waste, and inconsistency of work tasks enables examination of the specific order and allocation of tasks and the number of personnel to assign.

At sites where the system has actually been used, the simulation helped develop a common understanding among workers in advance, even for tasks in which they had no experience, thus improving process efficiency and reducing the burden on workers.

*Jointly developed with Toyota Motor Corporation's Frontier Research Center. GEN-VIR™ is a registered trademark of Toyota Motor Corporation

The simulation helped develop a common understanding among workers in advance and reduce the burden on workers.

Aiming for cross-industry utilization of BIM

Obayashi Publicly Releases Building Facility Content as Part of Its Smart BIM Standard™ BIM Modeling Rules

Smart BIM Standard™ BIM Modeling Rules

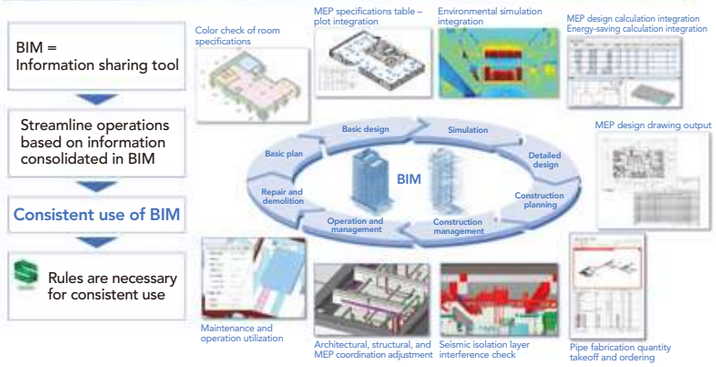
In January 2023, Obayashi launched the Smart BIM Standard™ (SBS)* website designed to help promote the use of BIM in the construction industry and related businesses. Since that time, we have disclosed modeling rules for architecture (Architectural SBS) and component data (families) externally. As of January 2025, the total number of downloads for the various types of content since the site was launched had exceeded 30,000.

In January 2025, we newly released modeling rules for the design of building facilities (mechanical, electrical, and plumbing SBS or MEP SBS) that impact the functioning of a building. We will contribute to more active use of BIM model information across different industries, including those involved in facility design and construction.

Obayashi will continue to actively pursue BIM model standardization by keeping SBS publicly available. We will help improve construction process productivity by promoting the integrated use of BIM across different industries for processes ranging from planning to design, construction, construction management, and post-completion maintenance.

*Internal rules formulated by Obayashi Corporation as data creation standards designed to promote universal understanding among all related parties and facilitate consistent information usage.

Smart BIM Standard™ Rules for Consistent Use of Information



The Benefits of Consistent BIM Usage

The consistent use of BIM should help improve overall productivity by streamlining communication among parties involved in the construction process, thereby facilitating faster decision-making and shortening negotiation periods. Furthermore, promoting BIM usage in MEP design should help achieve carbon neutrality by optimizing energy efficiency during new constructions and renovations. It should also be easier for construction managers to obtain MEP-related information, leading to improved productivity and customer satisfaction.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Technologies

Technologies

Message

Naoki Kajita
Senior Managing Executive Officer
Head of Technology Division

Developing a Technology Portfolio and Ecosystems to Secure a Greater Competitive Advantage

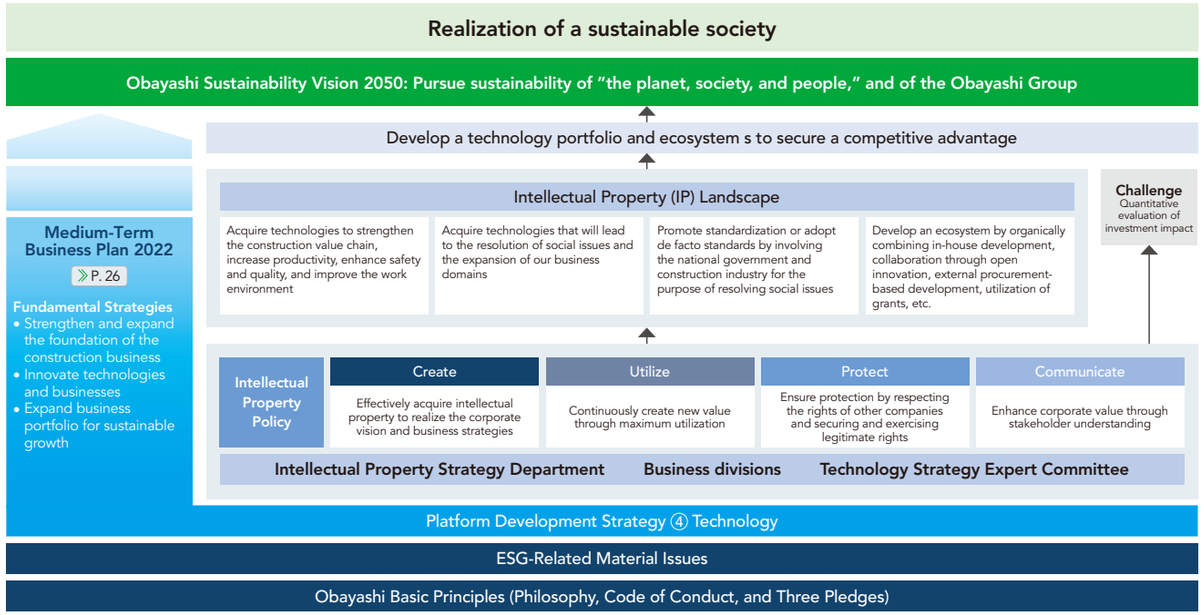
To promote one of the basic strategies in Obayashi Group Medium-Term Business Plan 2022, namely innovating technologies and businesses, we have been implementing an intellectual property strategy that organically links our technology development strategies and our business strategies under the Obayashi Group Intellectual Property Policy. In particular, to ensure a competitive advantage, we believe that it is important to build a technology portfolio that considers the IP landscape* perspective. We are working to acquire technologies that enhance the construction value chain, boost productivity, raise safety and quality levels, and improve working environments. Furthermore, enhancing communication based on the IP landscape will enable us to share technology development strategies among the technology development division, business divisions, management, and other groups, and ultimately to promote more effective technology development.

The specific areas that we want to focus on include BIM/CIM, the mechanization of work processes and the reduction of labor in machine operations, infrastructure renewal, and the construction of wooden structures and interiors. We work with the Technology Division's Intellectual Property Strategy Department and with all other divisions to ensure that each technology that emerges from the Technology Research Institute is used on actual construction sites and is put to practical use while undergoing repeated demonstration experiments.

However, R&D facilities are not the only indispensable forms of capital when it comes to developing these technologies. Talented personnel and other resources are also essential. Naturally, we actively utilize our own resources according to the objectives, targets, progress, and development phase of each individual technology development project. When required, we go beyond in-house expertise to utilize external knowledge acquired through open innovation and other ecosystems.

I believe that technological development requires constant effort over the long term, right from sowing the seeds of new ideas up until they eventually grow into a forest. Medium-Term Business Plan 2022 earmarked ¥100.0 billion for technology-related investment over the five years from FY2022, ¥50.5 billion of which has already been invested. Our ultimate aim is to use this technology-related investment to help promote carbon neutrality and well-being, as well as to help solve social issues so that we can provide greater value to customers and expand our business sphere. In these ways we hope to develop technology that extends right into outer space.

Medium-Term Business Plan and Technology Strategy



Indicators and Targets

Investment plan during Medium-Term Business Plan 2022 (technology-related)

¥100.0 billion

FY2022–FY2024 results

¥50.5 billion

Major Investments

- Technological development and management costs for CO_2 emissions reduction initiatives for carbon neutrality, automated construction, large-scale infrastructure renewal, and other areas
- Administrative expenses for engineering, nuclear power, building information modeling (BIM)-related departments and other organizations, facilities and research equipment costs at the Obayashi Technology Research Institute, and other costs

*The method of 1) conducting analysis that incorporates intellectual property information into management and business information, and 2) "sharing" the analysis results (overview of current situation, future prospects, and other aspects) with managers and business executives when formulating management or business strategies. "Sharing" is defined as interactive exchanges in the form of debates and discussions on the formulation and consideration of management or business strategies and receiving feedback on the analysis results. (Source: Overview of research on intellectual property information analysis and utilization that contribute to management strategies [Japanese only], Japan Patent Office, April 2021)

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Feature: R&D Stories

These are stories about technological development to achieve carbon neutrality and well-being, which have been recognized as business opportunities in Medium-Term Business Plan 2022.

Story 1

Pursuing Carbon Neutrality in the Construction Industry

Clean-Crete™ Concrete Helps Reduce CO_2 Emissions

Yasumichi Koshiro

Project Leader
Senior Engineer of Construction System & Materials Department

The need to reduce CO_2 emissions is as urgent issue in the construction industry, as it is elsewhere. Clean-Crete™, which Obayashi is promoting, is a low-carbon concrete that can reduce CO_2 emissions from production processes by as much as 80%. As a result of its use since 2010, 440,000 m^3 of Clean-Crete™ had been cast by the end of FY2024, which can be considered industry-leading in terms of scale of use.

Clean-Crete™ was mainly used in underground structures, as its poor workability and tendency to carbonate made it difficult to use in above-ground structures. To solve these issues, we worked with in-house technological departments and external manufacturers to optimize Clean-Crete™ mix ratio and component materials. Today, Clean-Crete™ can be used in above-ground structures and is steadily amassing a strong track record. For example, approximately 15,500 m^3 of Clean-Crete™, the largest amount in a civil engineering project in Japan, is currently being cast at the Shin-Maruyama Dam. In the Es Con Field Hokkaido baseball stadium, roughly 90,000 m^3 of Clean-Crete™ was cast. This was the largest amount used in any project in Japan. CO_2 emissions from these two projects were reduced by 2,800 t and 19,000 t, respectively, and Clean-Crete™ has been able to gradually prove its potential through actual projects.

The development of Clean-Crete™ technology was triggered by our decision to participate in an international competition to create environmental friendly concrete and provided us new perspectives. We faced many issues in using Clean-Crete™, including the setting up of a manufacturing system and the acquisition of performance evaluations, but we overcame those hurdles through the borderless teamwork for which Obayashi is so well known. Currently, we are receiving more inquiries from customers and the indications are good.

Going forward, we will continue to help bring about a carbon-neutral society through the development of technologies such as Clean-Crete N™, which reduces CO_2 emissions from concrete production to less than zero, and the use of recycled aggregates.

Actual Clean-Crete™ Application P. 24

Story 2

The First Japanese Company to Obtain Global Standard WELL Certification

Wellness Architecture: A New Standard for Worker Health

Setsuko Yoshino

Project Leader
Deputy General Manager of Urban Environmental Engineering Department

My journey on wellness architecture in 2014. At the time, "wellness" had been chosen as the topic in a Company-wide working group, and I was the appointed leader, but I faced strong criticism that wellness was not what a construction company should promote, so my group first start by defining the concept. We were convinced that buildings contribute to human health and mental well-being, so we decided to take on the challenge of applying for WELL certification, which originated in the United States.

To obtain WELL certification, we had to satisfy a wide range of extremely rigorous evaluation criteria such as air, water, nourishment, light, fitness, comfort, and mind. Fortunately, the first building that we registered for WELL certification, the main building of the Technology Research Institute, boasted high-grade wellness performance that satisfied many of the evaluation criteria. However, we made some more adjustments to fulfill each of the remaining requirements by, such as introducing alternative standing desks and acquiring various evidence. In 2017, the building was awarded WELL certification, the first project in Japan to receive the certification and the first in the world to receive it for an entire building.

Based on this experience, we now provide consulting services for the acquisition of WELL certification and offer related proposals as part of our standard services. I am convinced that wellness architecture will play an increasingly important role in the future in terms of enhancing worker health and boosting corporate value.

We are also promoting WELL certification initiatives for the properties we develop ourselves, with our own Port Plus® training facility acquiring Platinum certification, the highest level. O-NES TOWER, our large-scale rental office building in Bangkok, Thailand, received Gold level certification for WELL Core (v1), which targets common areas. Finally, the GOOD NATURE HOTEL KYOTO became the first hotel in the world to receive WELL Gold certification, and the Akasaka Green Cross building received the WELL Health-Safety Rating. All these achievements illustrate our determined efforts to sustainably improve the value of our customers' spaces and buildings.

Technology Development Facilities

Inside and outside Japan, the Obayashi Group has technology development facilities whose purpose is to accurately understand social and customer needs, as well as research and development facilities for collaborating on construction-related technologies with start-ups and research institutes.

JAPAN Technology Research Institute

Since its opening in 1965, the institute has remained the key facility for the Obayashi Group's technology development. Serving as the place where technological innovation for the future society is pursued, verified, and presented, it fulfils its mission of going beyond the making of things by taking up various research topics.

U.S.A. Obayashi Silicon Valley Ventures & Laboratory

Established in 2017 as an open innovation hub in Silicon Valley in the United States. Since its opening, this organization has promoted the application of innovative digital technologies owned by start-ups and research institutions to the construction industry and has engaged in the joint development of products and services that help improve construction process productivity and quality.

ASIA Obayashi Construction-Tech Lab Singapore

Opened in Singapore in 2024 as the R&D base for the Asian region. Positioned as a hub for fostering and deploying next-generation construction productivity technologies in Asia, the lab proactively collaborates with internal and external stakeholders.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

Supply Chain Management

Suppliers

Message

Shigeru Edatsune

Senior Managing Executive Officer
Head of Procurement Division, Senior General Manager of Civil Engineering Construction Division, Senior General Manager of Building Construction Division, and Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for procurement)
Chair of Supply Chain Management Expert Committee

Enhancing and Expanding Our Entire Supply Chain

Today's construction industry is suffering from labor shortages caused by the aging of skilled workers and a decline in the number of new workers, as well as rising equipment, materials, and labor costs. In this kind of environment, we believe that it is important to enhance and expand our entire supply chain in order to ensure safety and quality, which are top management priorities, and achieve sustainable growth.

To that end, we announced our declaration on partnership building as part of our supply chain strategy and are working to proactively correct any issues relating to our trade or business practices. At the same time, we are making ongoing efforts to improve safety and quality control levels and raise productivity by encouraging our suppliers and subcontractors to invigorate their organizations and by defining the responsibilities of a main contractor and those of subcontractors.

The Supply Chain Management Expert Committee has determined a basic policy to recognize and value every person involved in the Group's business and to mutually increase added value by inspiring prosperous business for all and exploring fresh collaborations across the supply chain. We have defined five key objectives under this policy—strengthening and expanding technological capabilities, invigorating self-management skills, mutual inspiration and development, securing talented workers, and fulfillment of social responsibility—and set the achievement of these objectives as our ultimate goal in supply chain management. Now, we are promoting initiatives to help solve issues in the construction business.

To reach our goal, it is essential to build fair and equal relationships with our suppliers. We will therefore work together across our supply chain to help solve issues and build sustainable and mutually beneficial relationships with suppliers, while also responding to any fluctuations in the market. Moreover, we will strive to build on these fair and equitable relationships to ensure the Obayashi Group is attractive to suppliers and remains their group of choice.

The Obayashi Group will enhance and expand its entire supply chain based on these beliefs in order to secure Group growth, achieve the goal of co-creating a sustainable supply chain that is stipulated in the Obayashi Sustainability Vision 2050, and help make the construction industry more appealing.

Medium-Term Business Plan and Supply Chain Management

Realization of a sustainable society

Obayashi Sustainability Vision 2050 : Pursue sustainability of "the planet, society, and people," and of the Obayashi Group

Medium-Term Business Plan 2022 P. 26

Strengthen and expand the foundation of the construction business	Innovate technologies and businesses	Expand business portfolio for sustainable growth	
Improve the work environment for on-site construction workers and create comfortable and inclusive workplace for diverse personnel	Build co-creative relationships to promote ESG and the SDGs, including environmentally responsible design and construction	Support suppliers/subcontractors to improve productivity and digitalize; enhance technological capabilities and pass on expert skills utilizing vocational training schools and training facilities	Work with suppliers/subcontractors on training successors and securing skilled workers; strengthen and revitalize Obayashi Rin-yu-kai

Supply Chain Management Goals

① Strengthening and expanding technological capabilities	② Invigorating self-management skills	③ Mutual inspiration and development	④ Securing talented workers	⑤ Fulfillment of social responsibility
Strengthen and expand the technological capabilities of the whole supply chain to improve production capacity and cost competitiveness	Clarify the division of roles among players throughout the entire supply chain and mutually increase productivity to improve the level of safety and quality control across the entire construction process	Transform business processes and improve productivity through mutual inspiration and development between the Obayashi Group and its suppliers and subcontractors and among suppliers and subcontractors	Improve working environments and skilled worker treatment to help boost new employee numbers and reduce turnover, and ultimately secure the workforce we need and expand our production capacity base	Fulfill Obayashi's corporate social responsibilities and help create a prosperous society by working to solve social challenges and by thoroughly complying with laws and regulations

ESG-Related Material Issues

Obayashi Basic Principles (Philosophy, Code of Conduct, and Three Pledges)

KPIs

KPI	FY2022 Results	FY2023 Results	FY2024 Targets	FY2024 Results	FY2025 Targets	FY2026 Targets
Number of persons completing training at the Obayashi Rin-yu-kai Vocational Training School	60	66	50 or more	67	50 or more	
Number of Certified Excellent Site Supervisors and Excellent Operators	505	531	570	566	620	640
Ratio of procurement from companies that responded to the CSR procurement questionnaire survey	79%	78%	70% or more	79%	70% or more	
Number of suppliers and subcontractors attending engagement events	-	201	Equal to or more than the previous fiscal year (201 or more)	190	Equal to or more than the previous fiscal year	

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

The Obayashi Group CSR Procurement Policy

Results of questionnaire survey regarding Obayashi Group CSR Procurement Guidelines

The Obayashi Group formulated the Obayashi Group CSR Procurement Policy to help create a sustainable society as called for in the Obayashi Basic Principles. The Basic Policy on CSR Procurement Initiatives covers items that Group employees need to comply with when pursuing CSR procurement. Meanwhile, the CSR Procurement Guidelines stipulate practices that the Group requires suppliers based on the overall policy. We strive to ensure that the guidelines are understood and take root across our suppliers' supply chains as well, as part of the broader effort to promote CSR initiatives in all related supply chains.

Annual surveys of Obayashi Rin-yu-kai member companies and other companies with which the Obayashi Group conducts regular business are carried out to monitor the degree of compliance with the CSR Procurement Guidelines. All initiatives are scored and analyzed, and the analysis results shared with individual companies to improve their efficacy.

Main Analysis Results in FY2024

Items	Analysis Results
Safety and health Quality Information security	• Scores tended to be high overall, irrespective of company size. • Many companies prioritized addressing these areas because materialization of related risks would have a large impact.
Corporate ethics Compliance with laws and regulations Human rights	• Scores were on average overall. • The difference in scores by company size was small and the overall level needs to be raised.
Environment Disaster risk management systems Social contribution	• Scores differed considerably by size of company. • Companies are required to develop initiatives from a medium- to long-term perspective, which tends to result in differing perceptions of the need for action among companies.

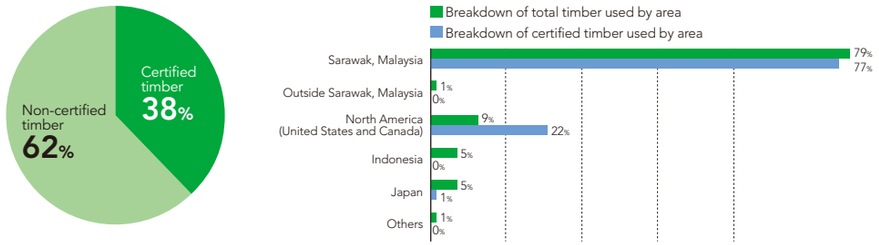
Traceability Survey on Procured Construction Materials

Results of traceability survey of materials procured overseas

Among the materials procured as part of the Group's business activities, we have identified timber and solar panel materials as relatively high-risk materials. We did so after some non-governmental organizations and other groups pointed out environmental damage caused during raw material extraction, production, and manufacturing processes, as well as human rights violations. We started conducting traceability surveys for these materials in FY2021, and now conduct annual surveys, always reviewing the survey content and expanding survey targets. The FY2024 survey confirmed the traceability of most of these materials, and that roughly 40% of timber used in formwork was certified timber.

Going forward, the Obayashi Group will continue to conduct surveys and consider its policies and any consequent initiatives with regard to medium-to long-term sustainable procurement.

Use of Certified Timber[1] in Formwork[2]



1. Timber certified by the FSC, PEFC, SGEC, or other bodies
2. Based on survey responses from 61 formwork companies

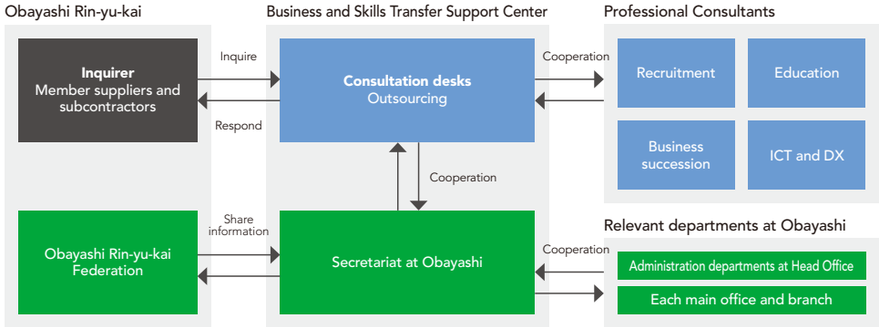
Addressing Labor Shortages

Japan is experiencing a sharp decline in its birthrate and an aging of its population. In the construction industry in particular, the aging of skilled workers, the high turnover of young skilled workers, and the shrinking numbers of new workers have become urgent issues. Improving productivity and working harder to secure workers are both essential for ensuring that the domestic construction business remains at the core of Obayashi Group's business.

The Business and Skills Transfer Support Center (set up by Obayashi Corporation and Obayashi Rin-yu-kai Federation in FY2023) seeks to help suppliers and subcontractors solve management issues by offering consultation on various issues from talent recruitment to human resource development, business succession, the use of IT, and digital transformation (DX). It also conducts development training for management successors and distributes educational content to help secure and develop future leaders. The number of companies using the center is increasing steadily. In FY2024, the center fielded inquiries about talent recruitment, and professional consultants provided ongoing support.

Going forward, Obayashi Corporation will strive to further advertise the center's services, expand its use, enhance its structure, and expand training opportunities and educational content to help suppliers and subcontractors solve pressing issues.

The Business and Skills Transfer Support Center Consultation Desks



Other Initiatives for Securing Talented Workers

Initiatives	Outline and Purpose
Training at the Obayashi Rin-yu-kai Vocational Training School	A vocational school designed to train skilled workers and pass on technical skills to future generations. Also offers training using virtual reality technology
Certified system for Excellent Site Supervisors and Excellent Operators	A system for recognizing particularly talented site supervisors and operators. Will be expanded from FY2025 not only to skilled workers that are members of the Obayashi Rin-yu-kai, but also to the members of the Obayashi Corporation Suppliers and Subcontractors Accident Prevention Association*
Self-management skills award for suppliers and subcontractors	An award recognizing suppliers and subcontractors that serve as potential role models by exhibiting high self-management skills. Initiated to improve production capabilities across the entire supply chain by expanding the range of self-management by suppliers and subcontractors
Improving skills through task-specific training sessions	Task-specific training designed to improve technical capabilities, and safety and quality control capabilities, for specialized construction processes
Support for ICT education	Support for the introduction and utilization of helpful systems and apps for on-site construction management. Health and safety training videos that utilize the CLEVAS Cloud learning video sharing platform and other media are also distributed
Work experience festival	An event that enables high school students and retired Self Defence Force officers to experience various kinds of construction work. Designed to inform them of the rewarding and interesting aspects of the construction industry as a means of securing valuable future workers

*Approximately 8,000 companies engaged in Obayashi Corporation's construction projects are members. It works together with Obayashi Corporation to prevent occupational accidents, and it also offers mutual aid services for work-related accidents, provides training, and shares information with members.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Human Rights

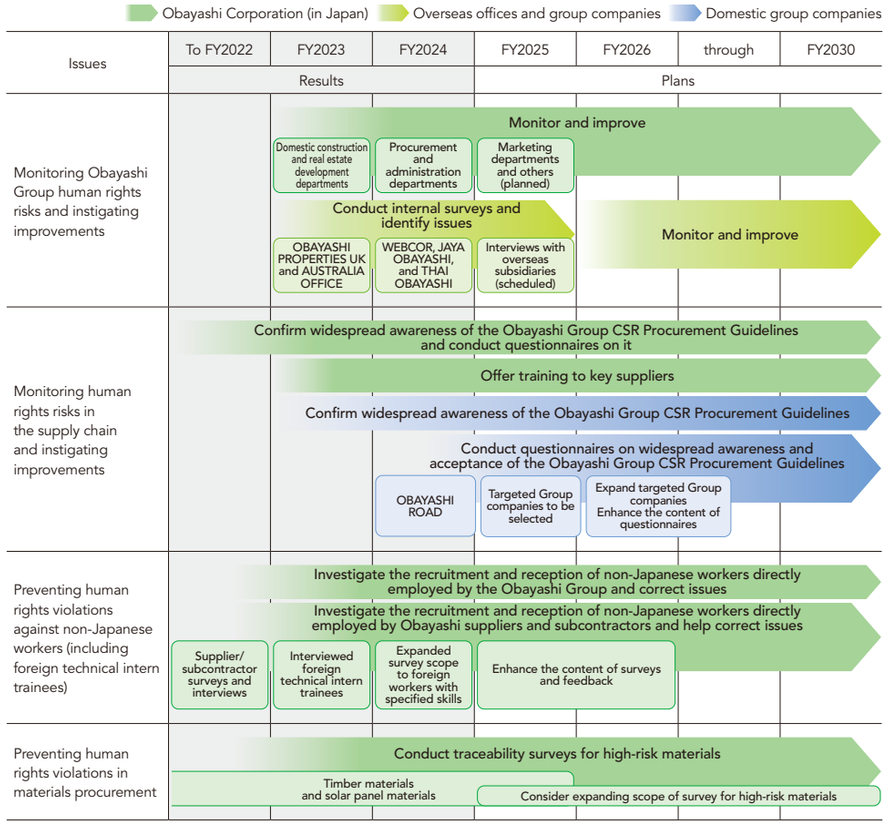
Initiatives to Respect Human Rights

The Obayashi Philosophy is founded upon a commitment to value each person with a stake in our business. Striving to be a company that values every one of its associates, we are promoting initiatives to uphold human rights in accordance with international standards such as the United Nations Guiding Principles on Business and Human Rights.

Progress of Human Rights Due Diligence

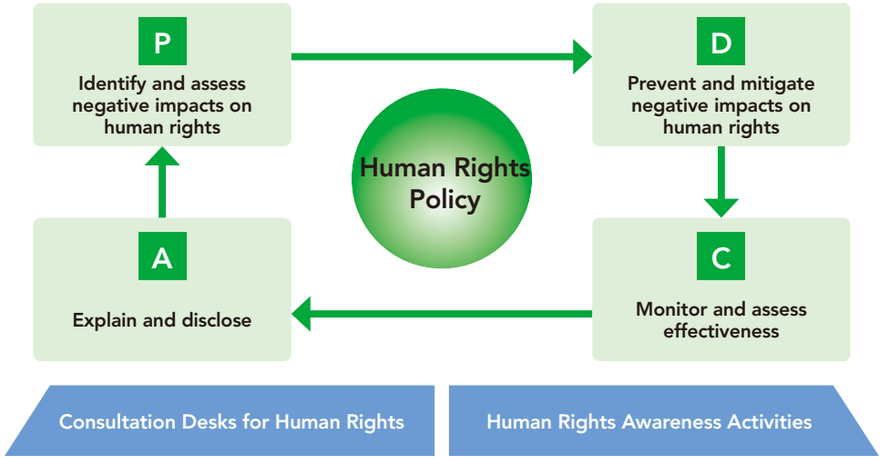
The Obayashi Group has been implementing initiatives to fully uphold human rights based on the roadmap formulated in FY2022 and is gradually expanding initiatives to all Group companies. In FY2024, we monitored the Procurement Division and administration departments in Japan and conducted interviews with Group companies outside Japan. This enabled us to confirm that human rights risks were being recognized as important and that ongoing initiatives were being implemented in each department, but it also uncovered issues including the need to better promote the existence and role of our help desks. One of our Group companies, Obayashi Road Corporation, has started conducting surveys on the CSR Procurement Guidelines. In FY2025, we plan to monitor our marketing departments and other organizations and expand our initiatives to more Group companies.

Roadmap for Human Rights Due Diligence



PDCA Cycle on Human Rights Due Diligence

We conduct human rights due diligence through our Human Rights Expert Committee (chaired by the officer in charge of human resources) and the Supply Chain Management Expert Committee (chaired by the head of the Procurement Division) on the executive side. These committees also strive to resolve human rights issues across our supply chains, and to promote human rights awareness, which enhances its effectiveness. Based on the guiding principles, we operate a PDCA cycle on human rights: identifying and assessing negative impact, preventing and mitigating negative impact, monitoring, evaluating effectiveness, and disclosing information and providing explanations.



We identified priority human rights issues in FY2019 and broadened the coverage of the Human Rights Policy from Obayashi Corporation to the Obayashi Group in FY2021.

Human Rights Issues Prioritized by the Obayashi Group

- Child labor
- Poor work and living environments
- Forced labor and human trafficking
- Establishment of appropriate labor conditions
- Reasonable consideration of people who are subject to discrimination or are in a vulnerable position
- Ensuring building and structure safety
- Infringement of the lives and health of local residents
- Harassment
- Infringement of privacy rights

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

P Assessment

In FY2024, Obayashi conducted an assessment of Group employees in Japan to determine which of the nine priority human rights issues they considered the most relevant to their work. The assessment revealed that the following three priority issues were recognized as the most intricately linked with their work.

1. Harassment
2. Establishment of appropriate labor conditions
3. Reasonable consideration of people who are subject to discrimination or are in a vulnerable position

The Group considers these human rights risks to be a top priority and is implementing various initiatives accordingly.

D C Various Initiatives

Obayashi Corporation

Supply Chain Management P. 56

- Confirmed widespread awareness of the Obayashi Group CSR Procurement Guidelines
- Conducted a survey on the employment status of foreign technical intern trainees and foreign workers with specified skills and conducted interviews
- Conducted traceability surveys on timber materials and solar panel materials
- Offered education for key suppliers

Group Companies

- Confirmed widespread awareness among Group suppliers of the Obayashi Group CSR Procurement Policy
- Conducted a survey on the employment status of foreign technical intern trainees and foreign workers with specified skills and conducted interviews
- Conducted questionnaires on Obayashi Road's awareness and acceptance of the CSR Procurement Guidelines

D C Consultation Desks for Human Rights

Obayashi has set up help desks for consultation and whistleblowing both inside and outside the Company based on our Corporate Ethics Consultation and Reporting System to serve as contact points for people seeking assistance on human rights-related issues. We have also set up a contact point dedicated to harassment-related matters.

We also adopted JP-MIRAI Assist, a multi-language consultation and remedy service for non-Japanese workers operated by General Incorporated Association JP-MIRAI, to improve the working and living environments of such workers including foreign technical intern trainees engaged in the Obayashi Group's operations in Japan, and are monitoring usage status.

Number of Consultations and Reports in FY2024

- Contact points based on Corporate Ethics Consultation and Reporting System: 63 cases*
- Contact point dedicated to harassment-related matters: 140 cases

*Including inquiry or whistleblowing on such issues as legal violations not related to human rights

D C Human Rights Awareness Activities

Obayashi conducts regular human rights awareness-building training for all employees. Topics for job-level-based training include harassment, sexual orientation and gender identity (SOGI), disability, and discrimination against people from certain residential areas, as well as global trends pertaining to business and human rights.

Meanwhile, the Harassment Prevention Department conducts annual e-learning for all Company employees on harassment and implements awareness-raising activities (99.1% participation rate in FY2024). We conduct an annual harassment survey for Obayashi Corporation and Group companies, and take any necessary steps based on survey responses.

D C Survey on the Employment Status of Foreign Workers and Interviews

Since FY2022, Obayashi has conducted questionnaire surveys on how foreign technical intern trainees are being accepted at relevant suppliers and subcontractors. In FY2024, we expanded the scope of the survey to include foreign workers with specified skills. Interviews were also conducted directly with foreign workers in addition to suppliers and subcontractors. We will continue to conduct surveys and consult on potential improvements.

D The Employment Status of Foreign Technical Intern Trainees by Obayashi Facilities

Obayashi Group company Obayashi Facilities Corporation started employing foreign technical intern trainees in FY2025. Before welcoming the interns into the program, the company conducted training sessions for each host department regarding Obayashi Group initiatives on sustainability and accepting foreign workers, easy-to-understand Japanese, and cross-cultural exchange. We will strive to enhance the support offered to each foreign technical intern to help create even better working environments.

A Disclosure

The latest initiatives and metrics are published on the Obayashi Corporation website and in corporate reports each fiscal year. We have also issued statements to address laws on modern slavery in the United Kingdom, Australia, and Canada,* where the Group conducts business.

*A statement responding to Canada's new Fighting Against Forced Labour and Child Labour in Supply Chains Act was issued by local subsidiary, Kenaidan Group.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

Environment

Establish an Environmentally Responsible Society

As a sustainability-driven, good corporate citizen, the Obayashi Group considers the commitment to voluntarily engage in, and consistently improve, environmental initiatives to be one of the priority issues in its business management. To help achieve the sustainability of the planet, society, and people, as described in Obayashi Sustainability Vision 2050, the Obayashi Group strives to foster a society that ensures people's well-being through various business initiatives relating to decarbonization, recycling, and respect for the natural world.

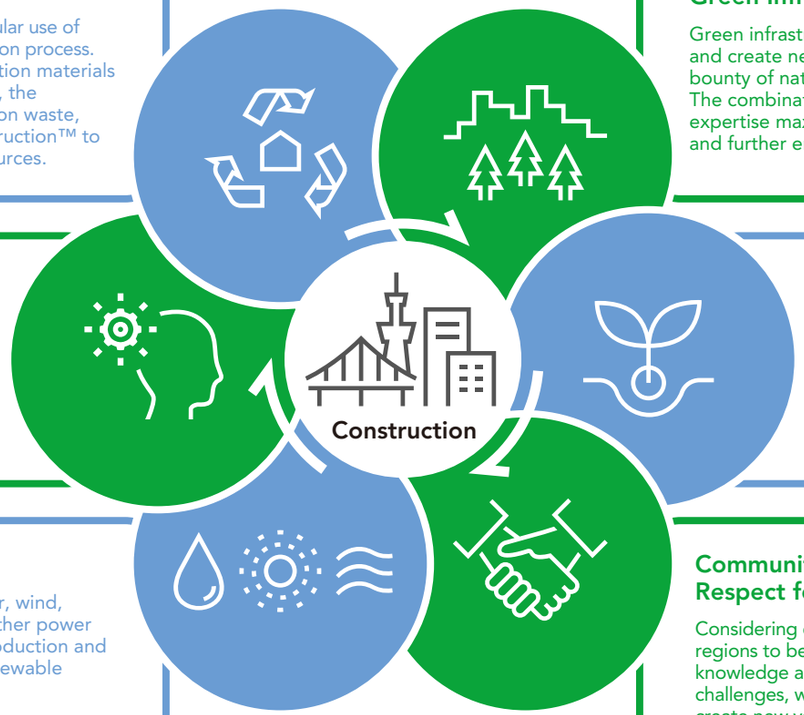
Toward a Future of Sustainable Cycles

Circular Construction™

We are making various efforts to ensure circular use of materials at different stages of the construction process. These efforts include the reuse of construction materials and equipment from demolished buildings, the recycling of resources to reduce construction waste, and the adoption of Circular Timber Construction™ to promote the sustainable use of forest resources.

Green Infrastructure

Green infrastructure aims to resolve various challenges and create new value by actively incorporating the bounty of nature into daily living and society at large. The combination of natural sciences with construction expertise maximizes the impact of green infrastructure and further enriches our lives.



Solutions and Innovations

We are channeling the technologies and expertise gained through construction activities into our urban data center business, smart building service, and the provision of integrated control platforms for equipment and robots to resolve various challenges and create new value in areas outside the construction arena.

Utilization of Agriculture, Forestry, and Fisheries

By combining our respect for the natural world with our technological prowess, we are working to conserve and responsibly utilize abundant agricultural, forest, and fishery resources. Our initiatives include agribusiness in advanced plant factories, efficient sapling production systems, and seafood cultivation techniques.

Renewable Energy

In addition to generating energy from solar, wind, geothermal, hydroelectric, biomass, and other power sources, we also create systems for the production and delivery of green hydrogen made from renewable energy sources.

Community Co-Creation and Respect for the Natural World

Considering environmental and social issues in various regions to be our own problems, we capitalize on our knowledge and adopt wide-ranging approaches to tackle challenges, working together with local communities to create new value.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

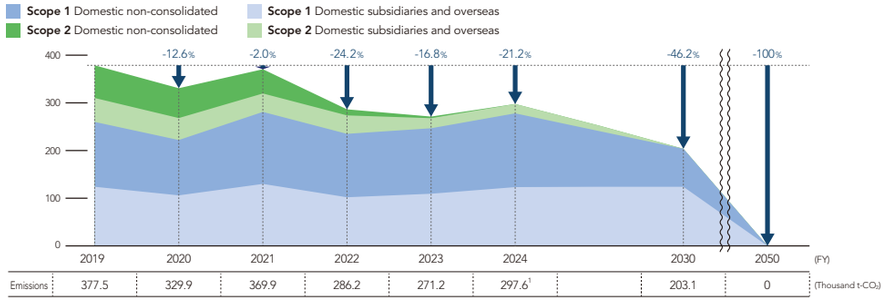
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Decarbonization

To achieve the decarbonization goal stipulated in Obayashi Sustainability Vision 2050, the Obayashi Group is working to reduce supply chain-related greenhouse gas emissions generated across all processes from raw material procurement through construction and demolition.

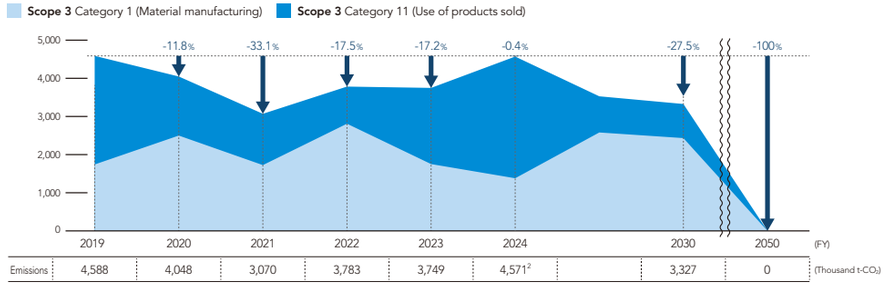
KPI	FY2023	FY2024		FY2025	FY2026	FY2030
	Results	Targets	Results	Targets		
CO_2 emissions reduction rate (vs FY2019) (Scope 1 + Scope 2)	Reduced 16.8%	46.2% reduction by FY2030	Reduced 21.2%	46.2% reduction by FY2030		
CO_2 emissions reduction rate (vs FY2019) (Scope 3)	Reduced 17.2%	27.5% reduction by FY2030	Reduced 0.4%	27.5% reduction by FY2030		

Reductions in Scope 1 and Scope 2 Emissions



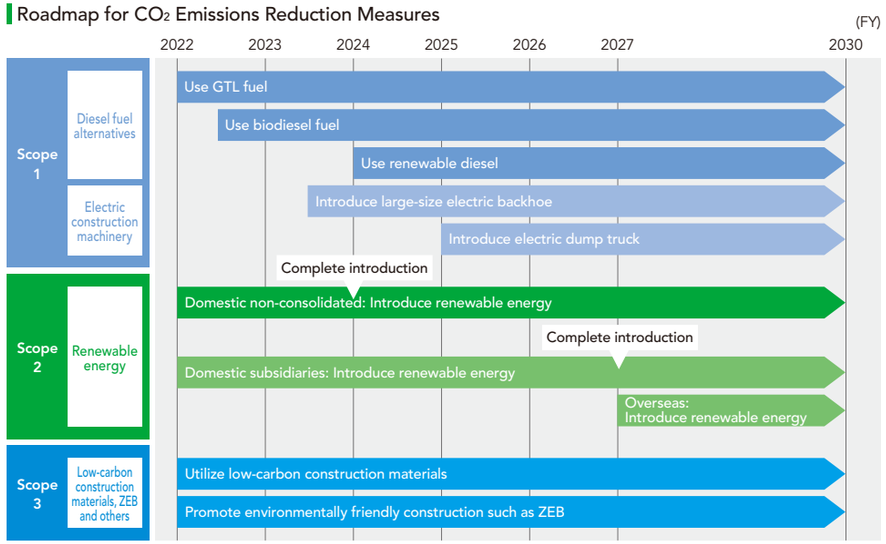
1. Preliminary result before third-party verification

Reductions in Scope 3 (Category 1 and Category 11) Emissions



2. Preliminary result before third-party verification

Roadmap for CO_2 Emissions Reduction Measures



The Decarbonization Journey: Results, Challenges, and Strategies

	Results	Challenges	Strategies
Scope 1	• Introduced an electric backhoe and a mobile crane • Conducted verification tests aiming for the development of construction site power supply systems utilizing B100-powered generators and portable batteries	• Full-scale adoption of diesel fuel alternatives and electric construction machinery has not progressed due to issues including the limited supply area and costs	• Maximize the use of GTL[3] and renewable diesel[4] at construction sites in shared supply areas • Continue with initiatives aimed at the adoption of electric construction machinery and the development of construction site power supply systems, and provide an on-site operational manual
Scope 2	• For operations in Japan, including those of Group companies, zero emission is expected to be achieved through the utilization of renewable energy and non-fossil certificates	• Reduce CO_2 emissions outside Japan	• Continue with initiatives in Japan and promote the utilization of renewable energy and non-fossil certificates outside Japan
Scope 3	• At least 50% of design and build projects were ZEB • Promoted the use of low-carbon materials in design and build projects primarily in cities	• The volume of orders received for design and build projects and the environmental performance of buildings cannot be fully controlled by the Group, hence emissions may increase in fiscal years with many project completions • Minimal use of low-carbon materials due in part to the limited supply area	• Continue to promote environmentally friendly construction such as ZEB • Promote the use of low-carbon materials in projects including those designed by other companies

3. Gas to liquid fuels are diesel fuel alternatives produced from natural gas that are cleaner and cause less environmental impact. An 8.5% reduction in CO_2 emissions can be achieved by replacing diesel fuel with GTL, while maintaining properties equivalent to those of petroleum-derived products.
4. Next-generation biofuels that are produced using a hydro-refining process from raw materials such as waste cooking oil and waste animal and vegetable oils that do not compete with food supply. Renewable diesel can reduce greenhouse gas emissions by 90% compared to petroleum-derived diesel on a lifecycle assessment basis and can be used as is in vehicles and heavy machinery that run on diesel.

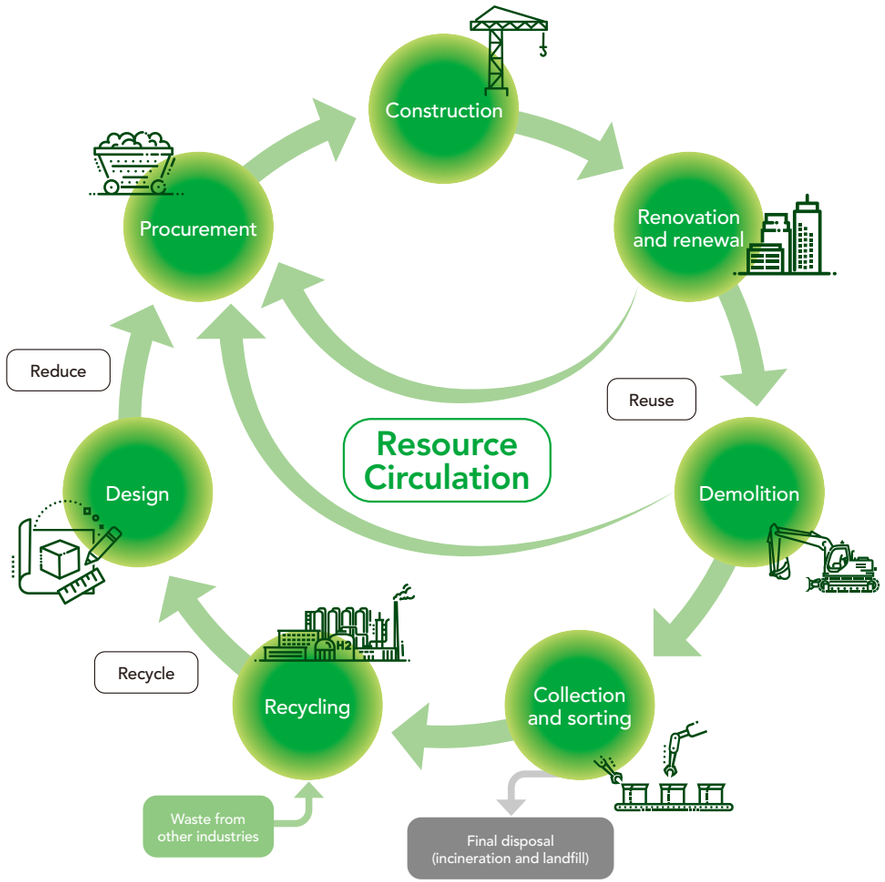
01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment
Section 6 Governance
Section 7 Data Section

Resource Circulation

The Obayashi Group has worked hard to help build a circular society by pioneering and driving zero-emission activities based on a reduce, reuse, and recycle (3Rs) approach. In addition, we intend to promote efficient circular resource use and help establish a circular economy that facilitates social sustainability and economic growth.

Establishing a Circular Economy

To help establish a circular economy, the Obayashi Group is pursuing ongoing zero-emission activities while also promoting initiatives for the circular use of resources that become construction materials, including the adoption of its new recycling-oriented Circular Timber Construction™ model for Japanese timber.



KPI	FY2022	FY2023	FY2024		FY2025	FY2026
	Result	Result	Target	Result	Targets	
Ratio of mixed waste in construction waste	4.3%	3.1%	3.0% or less	3.2%	3.0% or less	

Reusing Building Structures

Japan's first reuse of structural components from a demolished building in new construction

Obayashi has begun efforts to reuse steel and concrete structural components from demolished buildings in the construction of new buildings. This is the first such initiative in Japan, and these components are being incorporated into the construction of the new Open Lab 3 (multipurpose laboratory) building at the Obayashi Technology Research Institute.

Previously, building structures were used for conversions, renovations, and seismic retrofitting. Those projects, however, were designed on the premise that no major changes would be made to the position and shape of pillars and beams, and this resulted in design constraints. In this latest project, all the components of the steel will be removed and separated into columns, beams, braces, and other items, and then cut and processed by a steel fabrication company to suit the new building. Meanwhile, different types of reinforced concrete parts, such as the foundation, foundation girders, beams, and slabs will be cut to suit the planar shape of the new building. After processing the edges to be joined at the new building's on-site processing yard, the parts will be reused as foundation parts by joining them with new materials or in other ways. The experience gained through this construction project will be used to further develop reuse techniques and contribute to the development of a circular economy.

Inside of the Open Lab 3 (red steel frames are used materials and black steel frames are new)

Leveraging the Upcyclea Data Platform for Managing Resource Circulation

Utilization of Upcyclea

Obayashi has launched an initiative to help facilitate the circular use of construction materials utilizing Upcyclea, a data platform for circular resource management developed by French company Upcyclea. Used by over 300 companies around the world, Upcyclea visualizes the environmental performance and the reuse potential[1] of materials from demolition sites. The platform uses the environmental performance information of construction materials to visualize the impact of material reuse on reducing environmental load. It does this by comparing factors such as CO_2 emissions and water consumption, as well as materials' potential for circular use and their material health[2]. It then generates, visually presents, and records as numerical data the status of ongoing lifecycle management[3] of buildings at every stage, including information on the traceability and quality of construction materials. Upcyclea also features an AI function that matches supply information on reusable construction materials from demolition sites with demand information at new construction sites. The number of sites using Upcyclea will be increased to promote the circular use of construction materials based on its ability to concentrate information relating to material supply and demand and the effects of reusing materials.

1. The likelihood that construction materials can be reused in other buildings given their quality and functionality, and the benefits of their reuse in reducing environmental and other impacts
2. A measure of whether the raw materials used in construction materials contain substances that are harmful to human health
3. The assessment of primarily environmental aspects of buildings, such as CO_2 emissions across the material manufacturing, construction, building usage, and demolition stages

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

TNFD Disclosure

Respect for the Natural World

The Obayashi Group seeks to help create a society that respects and protects the natural world. Based on the Obayashi Group Environmental Policy and Biodiversity Policy and mindful of the impact of its business activities on natural capital, it strives to use those business activities to protect and restore natural environments and conserve and create biodiversity.

Strategy

Obayashi Corporation endorses the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) and discloses the results of its analysis of nature-related dependencies, impacts, risks, and opportunities. In relation to nature-related risks and opportunities, we analyzed dependencies and impacts on nature in our value chain according to the LEAP approach[1] recommended by the TNFD. This section summarizes the analysis process along with the identified nature-related risks and opportunities and subsequent countermeasures.

Locate

- Established targets for analysis to suit the scale of business and relationship with nature

Targets for analysis		
Business	Domestic construction business (building construction and civil engineering)	
Value chain	Design and build	Building construction: Five types of building uses including office and government buildings
		Civil engineering: Three types of construction work including roads
	Procurement (extracted materials)	Iron ore, coal, sand, limestone, and timber

Evaluate

- Analyzed each target using the ENCORE[2] tool to assess the level of dependency and impact on the natural environment, and created a heatmap

Assess

- Defined approximately 80 nature-related risks and opportunities based on ENCORE-identified dependencies and impacts
- Identified the items with the highest impact and organized them in the table below
- Employed IBAT[3] to analyze the impact on nature using indicators such as threatened species and protected areas for each location

Prepare

- Disclosed information on our website
- Steadily implementing countermeasures

1. LEAP (locate, evaluate, assess, prepare) approach: An integrated approach to assessing nature-related issues that includes an organization's interface with nature, dependencies, impacts, risks, and opportunities.
2. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A tool for assessing nature-related dependencies and impacts. The tool allows you to select the sectors, sub-industries, production processes, and other factors that apply to your business, and generates lists and diagrams of potential dependencies and impacts on nature.
3. IBAT (Integrated Biodiversity Assessment Tool): A biodiversity assessment tool that compiles and displays various factors on a map, including protected areas around target sites, key biodiversity areas (KBA) and other designated conservation areas, and the distribution of threatened species.

Nature-related Risks and Opportunities

	Dependencies /impacts	Categories in scope		Risks and opportunities	Probability	Timeframe	Countermeasures
Transition risks	**Policy** Use of ecosystems, Disturbance	Procured materials	Iron ore, coal, limestone	Increase in procurement cost due to growing needs for after-the-extraction care in extraction sites of raw materials, such as backfilling and reforestation	Medium to high	Medium- to long-term	• Establish a sustainable procurement system by enhancing supply chain engagement • Facilitate the use of materials ensuring traceability and certified materials satisfying the requirements for resource preservation and respect for human rights • Develop technologies for recycled materials and alternative materials contributing to resource recycling and facilitate their use • Promote circular economy in the construction business by improving the recycling rate of construction waste and other measures • Establish design and construction techniques contributing to nature positivity, such as wooden structures and interiors, and develop a supply chain • Protect forest resources in Japan and abroad by facilitating sustainable use in the entire supply chain and appropriate forest stewardship for domestic timber ready for logging • Develop technologies for nature positivity and green infrastructure and facilitate their use
			Sand	Increase in procurement cost due to the need for replacement of suppliers and the search for alternative resources caused by nature conservation and tighter regulations in extraction sites of raw materials	High	Short-term	
			Timber	Replacement of suppliers and increase in procurement cost due to nature conservation and tighter regulations	Medium	Medium- to long-term	
	Policy GHG emissions		Iron ore, coal, sand, limestone	Increase in procurement cost due to higher procurement prices of raw materials resulting from the introduction of a carbon tax	Medium to high	Medium- to long-term	
			Timber	Increase in procurement cost due to reduction in volume of timber distributed in the market caused by tightened preservation policy of forests as GHG sink	Medium	Short-term	
	Reputation Use of ecosystems, Disturbance		Sand, timber	Lower reputation in case of significant impact on ecosystems in extraction sites of raw materials or procurement without confirmation of legality	Medium	Short- to long-term	
Physical risks	**Chronic** Provisioning services/ Use of ecosystems		Iron ore, sand	Increase in procurement cost or downscaling of business operations due to the need to search for alternative resources or develop new construction methods / technologies as a result of resource depletion	High	Short- to long-term	• Develop technologies for recycled materials and alternative materials contributing to resource recycling and facilitate their use • Promote the development of construction methods / technologies contributing to utilization of sustainable alternative resources or nature positive resources
	Chronic Water use	Design and build		Difficulties or cost increase in the construction business arising from restricted water use caused by depletion of water resources	Medium	Medium- to long-term	• Establish construction methods and construction techniques consuming less water, such as water recycling • Manage water risks in construction by receiving a heads-up about restrictions on use of water resources and depleted areas
	Accute Use of ecosystems			Increased nature-related damage in construction sites due to increased frequency and severity of natural disasters	High	Short-term	• Develop technologies for disaster preparedness and recovery such as remotely operable construction machines • Strengthen our business continuity capabilities in case of a disaster by building a strong network, working together with the supply chain
Opportunities	Market			Expanded business opportunities due to growing needs for nature positivity and green infrastructure	Medium	Medium- to long-term	• Implement design and construction considering living in harmony with nature and resource recycling • Promote circular economy in the construction business by improving the recycling rate of construction waste • Promote the development of technologies contributing to nature positivity and green infrastructure, and proactively distribute information to stakeholders and make technical proposals to customers
	Reputation			Enhanced reputation due to growing awareness of construction methods and management techniques contributing to mitigation and elimination of the impact on the environment as well as technologies for green infrastructure	Medium	Medium- to long-term	
	Resource efficiency/ Sustainable use of natural resources			Expanded business opportunities due to growing needs for technologies to use sustainable timber	Medium	Medium- to long-term	• Promote the development of technologies and their commercialization in the three phases of upstream (tree planting, cultivation), midstream (processing, procurement), and downstream (construction, power generation, reuse, and recycling) aiming to build Circular Timber Construction™

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation

Section 5
Foundation Supporting Value Creation
46 Sustainability Management
47 Human Resource Management
52 Digital Transformation (DX)
54 Technologies
56 Supply Chain Management
58 Human Rights
60 Environment

Section 6 Governance
Section 7 Data Section

Section 6

Governance

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Independent Directors' Dialogue

Now we are halfway through the five-year Obayashi Group Medium-Term Business Plan 2022. Our independent directors share perspectives on progress and issues on strengthening the Group's business foundation and accelerating Company-wide transformation.

Hiroyuki Shime
Independent Director*

Former representative director chairman of UNITIKA LTD. Became independent director of Obayashi Corporation in 2024.

Hiroyuki Kato
Independent Director*

Former representative director, executive vice president and current advisor to MITSUI & CO., LTD. Became independent director of Obayashi Corporation in 2021.

Masako Orii
Independent Director*

Served as senior managing director, member of the board of Suntory Wellness Limited, executive director of Suntory Foundation for the Arts. Became independent director of Obayashi Corporation in 2020.

Yukiko Kuroda
Independent Director*

Worked previously for Sony Corporation. Founder and current advisor of People Focus Consulting Co., Ltd. Became independent director of Obayashi Corporation in 2022.

Yoshihiro Ikegawa
Independent Director*

Served as representative corporate executive officer at Mitsubishi Chemical Holdings Corporation. Became independent director of Obayashi Corporation in 2024.

*An outside director as per Article 2, Section 15 of the Companies Act

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

What are the strengths and challenges with respect to the structure and operation of the Obayashi Group's Board of Directors, and what unique topics were discussed in FY2024?

Kato: The Obayashi Group Board of Directors features a majority of independent directors, with advisory bodies such as the Recommendation Committee and Remuneration Committee mirroring that balance. The Group's system is relatively advanced among Japanese companies, and I feel a high level of transparency is ensured.

Orii: I feel that the operation of a multi-layered governance structure, centered around the Board of Directors and supported by the Directors' Roundtable Meeting and various committees, has helped to steadily advance governance for the Company as a whole. I sense that repeated discussion has helped establish the specific roles and positions of each body, which, in turn has encouraged effective discussion.

Kuroda: Obayashi reached a key juncture with the appointment of the new president and CEO in April 2025. I think the frank exchange of views throughout the selection process during FY2024 in the Recommendation Committee and Remuneration Committee warrants special mention.

Shime: During the time leading up to the change of president and CEO, the Recommendation Committee monitored the training of successor candidates and selected a successor through transparent processes. Obayashi needs to focus even more on developing next-generation talent responsible for the Group's future management.

Ikegawa: Under the new management team, Obayashi needs to have deeper discussions on various managerial measures. These include the introduction of a chief officer (CxO) system to help accelerate business execution and clarify responsibilities, the establishment of personnel evaluation frameworks that boost motivation among executive officers, and the setting of key performance indicators (KPIs) that facilitate the pursuit of both sustainability objectives and improved business profitability.

How do you view the Directors' Roundtable Meeting, a unique Obayashi governance feature that complements the Board of Directors?

Kuroda: The Board of Directors was found to be functioning better in the FY2024 effectiveness evaluation, and one of the contributing factors was the Directors' Roundtable Meeting. The Directors' Roundtable Meeting was established in 2022, the same year I was appointed as an Obayashi Corporation director. It is a good venue for discussing ideas before they are fully formulated on the executive side, and reconciling the ideas of the business execution and management sides from a medium- to long-term perspective through frank discussion.

Orii: In addition to the implementation of a new capital policy announced in March 2024, human and intellectual capital were discussed at Directors' Roundtable Meeting in FY2024. These factors are intricately related to medium- to long-term enhancement of corporate value, and I would like to see more such discussions going forward.

Kato: The Directors' Roundtable Meeting complements the Board of Directors by deepening the discussion. But it comes with its own set of challenges. Right now, various topics are being discussed in the Directors' Roundtable Meeting, but I believe it would be good to handle more agenda items in the Board of Directors. It can be difficult to declare which topics should be dealt with by the Board of Directors and which by the Directors' Roundtable Meeting. I believe it would be preferable for the Directors' Roundtable Meeting to focus, for example, on broader themes that require a medium- to long-term approach

and more in-depth discussion, such as the formulation of the next medium-term business plan and the shaping of ideal business portfolios, rather than specific individual matters.

Could you share your thoughts on the Obayashi Group's portfolio strategy and management challenges?

Orii: As stated anew at the top of the fundamental strategy of the addendum to Medium-Term Business Plan 2022, which was announced in May 2024, ensuring safety and quality continues to be a top management priority for the Obayashi Group. While various frontline measures have already been taken, I would like to see more substantial discussions on issues such as linking safety and quality to organizational culture, human resources, technology, supply chains, and other Company-wide issues. The addendum clearly states the Obayashi Group's intention to achieve sustainable growth by "establishing a Group-wide business structure centered on the domestic construction business and in which other businesses generate performance equal to or greater than that of the domestic construction business." This is extremely significant. Based on the ideal business portfolio, the immediate challenge is to evaluate business strategies in domains including M&A, the real estate development business, the green energy business, and new business initiatives collectively rather than individually. I think carbon neutrality and well-being should be declared as keys to value creation for Group-wide business development that

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement
Section 7 Data Section

incorporates the core domestic construction business. Deeper discussion on future growth strategies is also required.

Shime: Obayashi can expect stable orders for the core domestic construction business fueled by predicted demand for reconstruction and infrastructure renewal over the medium to long term. The overseas construction business is also generating steady results, and a stable earnings base can be nurtured by focusing on human resource development and structural enhancement going forward. I also believe that by accelerating investment in green energy, which is attracting global attention, and in growth areas such as data centers, Obayashi can develop those businesses into future earnings pillars. This will help achieve sustainable growth.

Kuroda: The Board of Directors spends a considerable amount of time discussing how to best expand areas outside the domestic construction business. Evaluation of such new areas should, of course, be based on return on invested capital (ROIC) and other profitability indicators. But focus should also be placed on non-financial factors such as possible synergies with core businesses, whether Obayashi's strengths can be leveraged, and whether talent capable of advancing business in these new areas can be secured. It is essential to constantly question whether Obayashi can be a "best owner" in a particular business.

Ikegawa: When discussing portfolio strategy, Obayashi needs to comprehensively discuss the selection of priority investment domains and the formulation of regional strategies based on market growth potential. In doing so, Obayashi must take various aspects into account, including financial resources, business promotion and technical capabilities, and time horizons. In addition to selecting new business opportunities based on the policies set out in Obayashi Sustainability Vision 2050, it is also essential to address the need for qualitative change in existing construction businesses. With regard to its regional strategies, Obayashi should consider more deeply how to expand business in regions such as North America, Thailand, and Singapore where it already has a presence, and how to develop business in new markets. M&A targets should also be selected under this comprehensive strategy. Regarding investment criteria, Obayashi needs to adhere to a disciplined policy that demands sale or withdrawal for businesses that are not expected to generate profits exceeding the cost of capital.

Kuroda: Strengthening governance frameworks on the global level and across Group companies is becoming an increasingly urgent issue as the Group expands its business reach.

Kato: I agree. Determining how to increase overall Group profitability on a global scale will be a central issue in any future growth strategy. Moreover, establishing appropriate governance structures at consolidated subsidiaries, and subsidiaries outside Japan in particular, is a major current management issue. For those structures to function properly, Obayashi needs to secure leaders of the future who can immerse themselves in the management of local subsidiaries as board members and maintain a grip on the business. This will undoubtedly influence future growth. In fact, I believe that training management talent to steer future strategy is the key to ensuring further Group growth.

What role do you think independent directors should play in helping to further enhance corporate value?

Kato: It goes without saying, but Obayashi's construction business sits at the heart of the Group and has accumulated a steady track record. Orders in the Japanese market are currently fairly buoyant. However, Obayashi must not become complacent and should focus on strengthening global profitability for the entire Group. Are the current overseas construction business, real estate development business, and green energy business domains the best for Obayashi? What portfolio would be the most appropriate? How should global governance be strengthened across the Group? These issues need to be discussed in the run-up to the formulation of the next medium-term plan.

Shime: I agree with Mr. Kato. I also believe that strengthening governance is a key role that board members should be involved in. At board meetings and other gatherings, independent directors must offer varied advice and proposals from an independent standpoint that help improve corporate value. We have a bird's eye view of the management team's decision-making process, and we should constantly question our own stance to ensure that we are fulfilling our supervisory and control functions in an appropriate manner.

Orii: We are exposed to the sheer scale, speed, and complexity of changes in the business environment and are expected to accurately grasp the significance of those changes both in terms

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

of potential risks and opportunities, and to respond accordingly. In such an environment, it is important to reaffirm the Group's basic principles and vision, and to unwaveringly pursue the path toward sustainable growth. Personally, I have gained a real sense of the high-level technical capabilities and the strength and richness of the Group's human resources through on-site inspections and exchanges with employees. I want to help the Group create value by further leveraging the great strengths that it has cultivated, and to help accurately communicate those strengths and their value to society at large.

Ikegawa: The sustainable growth of financial value is essential for enhancing corporate value. As independent directors, our role is to objectively examine the business strategies devised and implemented by the executive team to ascertain whether they dovetail with Obayashi's vision and values, meet the expectations and demands of society, or harbor any potential risks. In addition to financial value, we should also look at non-financial value including human capital and technical capabilities. Another important role is to discuss with the executive team how to most effectively communicate this value to investors and all other stakeholders.

Kuroda: As Mr. Ikegawa said, I want to voice more opinions on non-financial value, which is an important issue for improving corporate value over the medium to long term. In addition to issues such as improving productivity to counter labor shortages, reskilling employees, and promoting diversity, the key question is how to successfully translate social demands on issues such as decarbonization and circular economies into business opportunities. I want to link such initiatives more organically and provide support from an independent perspective on how to communicate these ideas externally.

What are your thoughts on the Company's engagement with shareholders, investors, and other stakeholders?

Orii: I have always been conscious of my role as an independent director in curbing any insular tendencies and instead encouraging company to be more open. Today, various changes continue to come thick and fast. In such an era, I want to increase Obayashi's attentiveness to shareholder, investor and other stakeholder expectations and to accurately grasp those expectations as Obayashi steadily implements the growth strategies set out in the addendum to medium-term plan. In discussions on the new capital policy announced in May 2024, I stated that balancing shareholder returns and growth investments was a key issue. I will continue to help Obayashi pursue a balanced capital policy that considers both short-term developments and medium- to long-term prospects.

Ikegawa: The Group has contributed significantly to society over many years through its building construction and infrastructure development projects both inside and outside Japan. The Group has strengthened shareholder returns and its capital policy as it implements the addendum to medium-term plan, and it is already seeing an improvement in return on equity (ROE) and price-to-book ratio (PBR). As independent directors, we will continue to focus on the balance between shareholder returns and sustainable growth strategies while also encouraging the Group to improve the profitability and expand the market presence of businesses that tackle social issues. In addition to discussing business portfolio strategies, we will also discuss with the executive team measures to improve non-financial value, such as enhancing governance, strengthening human capital, and promoting diversity from multiple perspectives, and ensure those discussions are reflected in relevant measures. Part of that process involves engaging in dialogue with shareholders and investors; we will take their opinions seriously as we help to increase corporate value.

Kuroda: The role of an independent director is to objectively supervise management so that Obayashi can improve its corporate value. To that end, we strive to supervise activities with a focus on ensuring that capital efficiency is optimized, a growth story for the future is clearly defined, and appropriate investment decisions are made.

Shime: It is my duty to appropriately discharge my management supervisory and advisory functions as an independent director with the aim of helping achieve sustainable growth and increased corporate value over the medium to long term. In particular, I monitor the progress of measures indicated in the addendum to medium-term plan, closely following the feasibility of M&A and strategic investment projects and confirming how relevant risks are being addressed. Finally, I believe another important role for independent directors is to serve as a bridge between Obayashi's

management and the broader market by encouraging engagement, and to help build relationships of trust with shareholders and investors.

Kato: FY2024 proved to be a strong year, with revenue outstripping expectations. This was thanks to the efforts of the executive side, but there is room for further improvement. As independent directors, we are tasked with appropriately monitoring executive efforts and pushing for improvements through Board meetings and other gatherings as representatives of shareholders, employees, and other stakeholders. In that respect, it is a good idea to constantly create opportunities to attentively heed stakeholder opinion in a variety of settings, not just the Ordinary General Meeting of Shareholders. We should always strive to develop ever closer relationships with stakeholders, and we must also carefully consider how to convey the concerns and expectations of independent directors more actively.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Directors, Members of the Audit & Supervisory Board, and Executive Officers

Directors

(As of July 1, 2025)

Takeo Obayashi
Chairman of the Board

Number of shares held: 16,944,095
Tenure: 42 years

Apr. 1977 Joined the Company
Jun. 1983 Director
Jun. 1985 Managing Director
Jun. 1987 Senior Managing Director
Jun. 1989 Executive Vice President
Jun. 1997 Vice Chairman
Jun. 2003 Chairman
Jun. 2007 Director
Jun. 2009 Chairman
Representative Director
Apr. 2023 Chairman of the Board (incumbent)

Toshimi Sato
Representative Director
President and CEO

Number of shares held: 13,600
Tenure: 7 years

Apr. 1985 Joined the Company
Jan. 2011 Senior General Manager of North American Regional Headquarters at Overseas Business Division
Apr. 2013 General Manager of Finance Department at Head Office
May 2015 General Manager of Corporate Management Planning Department at Head Office
Apr. 2017 Executive Officer
Jun. 2018 Director
Apr. 2019 Managing Executive Officer
Apr. 2022 Senior Managing Executive Officer
Apr. 2023 Executive Vice President
Apr. 2024 Representative Director (incumbent)
Apr. 2025 President and CEO (incumbent)

Atsushi Sasagawa
Representative Director
Executive Vice President

Number of shares held: 6,737
Tenure: 4 years

Apr. 1980 Joined the Company
Apr. 2015 Executive Officer
Head of Yokohama Branch Office
Mar. 2018 Managing Executive Officer
Head of Building Construction Division at Osaka Main Office
Apr. 2019 Senior Managing Executive Officer
Jan. 2021 Head of Marketing Division (incumbent)
Apr. 2021 Executive Vice President (incumbent)
Head of Tokyo Main Office
Jun. 2021 Director
Apr. 2023 Representative Director (incumbent)

New appointment

Yoshihito Sasaki
Representative Director
Executive Vice President

Number of shares held: 10,400

Apr. 1984 Joined the Company
Apr. 2017 Executive Officer
General Manager of Division Head Office at Civil Engineering Construction Division
Mar. 2018 Head of Civil Engineering Construction Division at Osaka Main Office
Apr. 2021 Head of Shikoku Branch Office
Apr. 2022 Managing Executive Officer
Apr. 2023 Head of Civil Engineering Construction Division (incumbent)
Apr. 2024 Senior Managing Executive Officer
Senior General Manager of Safety Division
Apr. 2025 Executive Vice President (incumbent)
Jun. 2025 Representative Director (incumbent)

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Directors

(As of July 1, 2025)

Masako Orii
Independent Director*

Number of shares held: 0
Tenure: 5 years

Apr. 1983	Joined Suntory Limited
Apr. 2012	Executive Officer of Suntory Holdings Limited
Apr. 2016	Senior Managing Director, Member of the Board of Suntory Wellness Limited
Apr. 2019	Advisor of Suntory Holdings Limited Executive Director of Suntory Hall, Suntory Foundation for the Arts
Jun. 2020	Independent Director of the Company (incumbent)
May 2021	Outside Director, Audit and Supervisory Committee Member of TOHO CO., LTD. (incumbent)
Apr. 2025	Senior Advisor of Suntory Foundation for the Arts (incumbent)

Significant concurrent position:

Outside Director, Audit and Supervisory Committee Member of TOHO CO., LTD.

Hiroyuki Kato
Independent Director*

Number of shares held: 0
Tenure: 4 years

Apr. 1979	Joined MITSUI & CO., LTD.
Apr. 2010	Managing Officer of MITSUI & CO., LTD.
Apr. 2012	Executive Managing Officer of MITSUI & CO., LTD.
Jun. 2014	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2016	Representative Director, Executive Vice President of MITSUI & CO., LTD.
Apr. 2018	Director of MITSUI & CO., LTD.
Jun. 2018	Counselor of MITSUI & CO., LTD.
Jul. 2020	Advisor of MITSUI & CO., LTD.
Jun. 2021	Independent Director of the Company (incumbent)

Yukiko Kuroda
Independent Director*

Number of shares held: 0
Tenure: 3 years

Apr. 1986	Joined Sony Corporation
Jan. 1991	Representative Director of People Focus Consulting Co., Ltd.
Jun. 2010	Outside Audit & Supervisory Board Member of Astellas Pharma Inc.
Mar. 2011	Outside Director of CAC Co., Ltd. (current CAC Holdings Corporation)
Apr. 2012	Managing Director/Founder of People Focus Consulting Co., Ltd.
Jun. 2013	Outside Director of Marubeni Corporation
Jun. 2015	Outside Member of the Board of Mitsui Chemicals, Inc.
Jun. 2018	Outside Director of Seven Bank, Ltd. Independent Director of Terumo Corporation
Jun. 2022	Independent Director of the Company (incumbent)
Aug.2022	Outside Director of ORACLE CORPORATION JAPAN (incumbent)
Mar. 2024	Advisor/Founder of People Focus Consulting Co., Ltd. (incumbent)
Apr. 2025	Outside Director of the Board of Sekisui House, Ltd. (incumbent)
Jun. 2025	Outside Director of Santen Pharmaceutical Co., Ltd. (incumbent)

Significant concurrent positions:

Outside Director of ORACLE CORPORATION JAPAN
Outside Director of the Board of Sekisui House, Ltd.
Outside Director of Santen Pharmaceutical Co., Ltd.

Hiroyuki Shime
Independent Director*

Number of shares held: 0
Tenure: 1 year

Apr. 1975	Joined UNITIKA LTD.
Apr. 2003	Executive Officer of UNITIKA LTD.
Apr. 2005	Managing Executive Officer of UNITIKA LTD.
Jun. 2008	Director, Senior Executive Officer of UNITIKA LTD.
Jul. 2012	Director, Managing Executive Officer of UNITIKA LTD.
Jun. 2014	Representative Director and President, Chief Executive Officer of UNITIKA LTD.
Jun. 2019	Representative Director Chairman of UNITIKA LTD.
Jun. 2022	Outside Auditor of DAIHEN Corporation (incumbent)
Jun. 2023	Advisor of UNITIKA LTD.
Jun. 2024	Independent Director of the Company (incumbent)

Significant concurrent position:

Outside Auditor of DAIHEN Corporation

Yoshihiro Ikegawa
Independent Director*

Number of shares held: 0
Tenure: 1 year

Apr. 1983	Joined Mitsubishi Chemical Industries Limited (current Mitsubishi Chemical Corporation)
Apr. 2005	Managing Director of MCC PTA India Corp. Private Limited
Apr. 2014	Executive Officer of Mitsubishi Chemical Corporation
Dec. 2015	Executive Officer of Mitsubishi Chemical Holdings Corporation (current Mitsubishi Chemical Group Corporation)
Apr. 2018	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation
Apr. 2019	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation and Director of the Board of Mitsubishi Chemical Corporation
Apr. 2021	Representative Corporate Executive Officer and Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation
Apr. 2022	Executive Vice President of Mitsubishi Chemical Holdings Corporation and Representative Director, Director of the Board of Mitsubishi Chemical Corporation
Jun. 2023	Executive Consultant of Mitsubishi Chemical Corporation
Jun. 2024	Outside Director of Toyo Seikan Group Holdings, Ltd. (incumbent) Independent Director of the Company (incumbent)

Significant concurrent position:

Outside Director of Toyo Seikan Group Holdings, Ltd.

*An Outside Director as per Article 2, Section 15 of Japanese Companies Act

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Members of the Audit & Supervisory Board

(As of July 1, 2025)

Eiichiro Okano
Standing Audit & Supervisory Board Member

Number of shares held: 8,800
Tenure: 1 year

Apr. 1982 Joined the Company
Apr. 2019 General Manager of iPD Center at Building Construction Division
Apr. 2020 Executive Officer
General Manager of Digital Integration Division
Feb. 2022 Head of Digital Transformation Division
Apr. 2022 Managing Executive Officer
Apr. 2024 Advisor
Jun. 2024 Standing Audit & Supervisory Board Member (incumbent)

Isao Watanabe
Standing Audit & Supervisory Board Member

Number of shares held: 3,000
Tenure: 3 years

Apr. 1982 Joined the Company
Dec. 2008 General Manager of General Administration Department at Tohoku Branch Office
Jan. 2011 General Manager of Public Relations Department at CSR Division
Apr. 2013 General Manager of CSR Division
May 2015 General Manager of Secretarial Department
Apr. 2020 Senior General Manager of Kanto Branch Office
Apr. 2022 Advisor
Jun. 2022 Standing Audit & Supervisory Board Member (incumbent)

Yoshihiro Yamaguchi
Outside Audit & Supervisory Board Member*

Number of shares held: 0
Tenure: 3 years

Apr. 1980 Joined the Ministry of Construction
Apr. 1991 First Secretary of the Mission of Japan to the European Community at the Ministry of Foreign Affairs of Japan
Jul. 2002 Director of Regional Development Division, City and Regional Development Bureau at the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
Apr. 2004 Director of First Development and Promotion Division, Okinawa Development and Promotion Bureau at Cabinet Office
Apr. 2005 Counselor for First Development and Promotion at Cabinet Office
Jul. 2006 Director General of Business Development Department at Metropolitan Expressway Co., Ltd.
Jul. 2009 Executive Director of Research Institute of Construction and Economy (RICE)
Aug. 2012 President of Policy Research Institute for Land, Infrastructure, Transport and Tourism at the Ministry of Land, Infrastructure, Transport and Tourism (PRI)
May 2013 Chief Executive Director of the Overseas Construction Association of Japan, Inc. (OCAJI)
Nov. 2019 Vice-president and Chief Executive Director of the Overseas Construction Association of Japan, Inc. (OCAJI)
Jun. 2022 Advisor of the Overseas Construction Association of Japan, Inc. (OCAJI)
Outside Audit & Supervisory Board Member of the Company (incumbent)

Eiji Mizutani
Outside Audit & Supervisory Board Member*

Number of shares held: 0
Tenure: 3 years

Oct. 1981 Joined Shinwa Audit Corporation (currently KPMG AZSA LLC)
Mar. 1985 Registered as Certified Public Accountant
May 2003 Partner at Asahi & Co. (currently KPMG AZSA LLC)
Sep. 2010 Board Member of KPMG AZSA LLC
Apr. 2011 Chairperson of Senior Review Board of KPMG AZSA LLC
Apr. 2014 General Manager of Quality Control Division of KPMG AZSA LLC
Jun. 2021 Retired from KPMG AZSA LLC
Audit & Supervisory Board Member of J-OIL MILLS, INC.
Jul. 2021 Representative of Eiji Mizutani CPA Firm (incumbent)
Jun. 2022 Outside Audit & Supervisory Board Member of the Company (incumbent)

Significant concurrent position:
Representative of Eiji Mizutani CPA Firm

Shinya Kuwayama
Outside Audit & Supervisory Board Member*

Number of shares held: 1,900
Tenure: 2 years

Apr. 1977 Joined the Ministry of International Trade and Industry
Jan. 2000 Director of Economic Cooperation Division, Economic Cooperation Department, Trade Policy Bureau at the Ministry of International Trade and Industry
Jan. 2001 Director of Trade Finance and Economic Cooperation Division, Trade and Economic Cooperation Bureau at the Ministry of Economy, Trade and Industry
Jul. 2002 Director of Personnel Division, Minister's Secretariat at the Ministry of Economy, Trade and Industry
Aug. 2004 Deputy Director-General for Trade and Economic Cooperation Bureau at the Ministry of Economy, Trade and Industry
Sep. 2005 Counselor at the Cabinet Secretariat (assistant to Assistant Chief Cabinet Secretary)
Jul. 2008 Director-General for Regional Economic and Industrial Policy at the Ministry of Economy, Trade and Industry
Jul. 2009 Retired from the Ministry of Economy, Trade and Industry
Aug. 2009 Executive Officer of Sohgo Security Services Co., Ltd. (ALSOK)
Apr. 2010 Managing Executive Officer of ALSOK
Jun. 2011 Director and Managing Executive Officer of ALSOK
Apr. 2014 Representative Director and President of ALSOK Stationed Security Co., Ltd.
Apr. 2016 Advisor of ALSOK
Jun. 2016 President of the Association for Overseas Technical Cooperation and Sustainable Partnerships
Jun. 2023 Outside Audit & Supervisory Board Member of the Company (incumbent)

*An Outside Company Auditor as per Article 2, Section 16 of Japanese Companies Act

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Executive Officers

(As of July 1, 2025)

President and CEO

Toshimi Sato

Executive Vice Presidents

Atsushi Sasagawa	Responsible for overall building construction, and Head of Marketing Division
Seiji Nagai	(Co-Chairperson (Representative Director) of Kansai Keizai Doyukai (Kansai Association of Corporate Executives))
Hironobu Kawakami	Head of Osaka Main Office, and Senior General Manager of Marketing Division
Yoshihito Sasaki	Responsible for overall civil engineering construction, and Head of Civil Engineering Construction Division
Yasuo Morita	Head of Building Construction Division, Head of Safety Division, and responsible for Environmental Management Division
Motoi Yano	Head of Tokyo Main Office, Head of Building Construction Division at Tokyo Main Office, and Senior General Manager of Marketing Division

Senior Managing Executive Officers

Naoki Kajita	Head of Technology Division
Akihiro Higashide	Head of Civil Engineering Construction Division at Tokyo Main Office
Kazuyuki Goto	Senior General Manager of Building Construction Division (responsible for mechanical & electrical, and renovation), and Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for mechanical & electrical, and renovation)
Kenichi Ando	Head of Green Energy Division, and Senior General Manager of Marketing Division
Shigeru Edatsune	Head of Procurement Division, Senior General Manager of Civil Engineering Construction Division, Senior General Manager of Building Construction Division, and Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for procurement)

Managing Executive Officers

Goichi Kamochi	Head of Architectural Design & Engineering Division
Hiromitsu Kato	Head of North American Regional Headquarters
Futoshi Takahashi	Senior General Manager of Marketing Division
Toshiro Kito	Head of Hiroshima Branch Office
Mitsuaki Sadatoshi	Senior General Manager of Marketing Division
Tetsuya Kurebayashi	Head of Digital Transformation Division
Kyoji Ikeda	Head of Hokuriku Branch Office
Kimihiko Sato	Head of Real Estate Development Division
Kojiro Nitta	Head of Yumeshima Development Division at Osaka Main Office

Managing Executive Officers

Osamu Yoshizaki	Senior General Manager of Civil Engineering Construction Division
Ryuji Kitaoka	Senior General Manager of Safety Division
Kazutoshi Mitsui	Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for business development)
Tetsuo Ueda	Head of Kyushu Branch Office
Kazuhisa Sugiyama	Senior General Manager of Civil Engineering Construction Division, and Senior General Manager of Marketing Division
Toshio Suzuki	Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for construction projects)
Takayuki Tomioka	Responsible for Corporate Strategy Division, and Corporate Communications Department, and Secretarial Department, and General Administration Department, and Business Innovation Division, and General Manager of Corporate Strategy Division
Koji Furuse	Responsible for Harassment Prevention Department, and Legal Department, and Human Resources Department, and Finance Department, and Accounting Department, and Senior General Manager at Tokyo Main Office (responsible for project administration)
Takayuki Akiyama	Head of Nagoya Branch Office
Yasuyuki Onishi	Head of Civil Engineering Construction Division at Osaka Main Office, and Senior General Manager of Yumeshima Development Division at Osaka Main Office
Naoyuki Suzuki	Head of Tohoku Branch Office
Hidefumi Takenaka	Head of Building Construction Division at Osaka Main Office
Jun Nakamura	Senior General Manager of Architectural Design & Engineering Division
Katsunori Hanato	Senior General Manager of Building Construction Division at Tokyo Main Office (responsible for business development)
Lee Aik Seng	Head of Asia-Pacific Regional Headquarters, and Managing Director of Obayashi Singapore Private Limited

Executive Officers

Yoshikatsu Imazuka	Akio Inoue	Tsutomu Arai
Hitoshi Shibuya	Takuji Imagawa	Go Ando
Atsushi Takeuchi	Kenji Okamura	Mitsuhiro Urata
Shinobu Yamanaka	Shinji Nishikawa	Takayuki Kimura
Koji Kohirata	Masato Yanou	Yuichiro Sakai
Hajime Onojima	Hiroshi Abe	Takeshi Sano
Hiroshi Kondo	Shinya Urakawa	Masaki Takagi
Ryuichi Yanagawa	Ikuo Takeuchi	Hiroyuki Nishigami
Ikuo Okuwaki	Katsuhito Yamaura	Pornchai Sittiyakorn
Tsuyoshi Ito	Ayako Kameda	

Fellow

Shigeru Kojima

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Outside Audit & Supervisory Board Members' Dialogue

In May 2024, the Obayashi Group announced an addendum to the Medium-Term Business Plan 2022. Here, outside Audit & Supervisory Board members share their frank opinions and evaluations about the Company's organizational structure and governance initiatives and voice their future expectations of the Obayashi Group.

Yamaguchi: I believe the essence of corporate governance lies in encouraging flexible action and maintaining a strong management grip at the same time. In other words, it is all about dynamic organizational management. To enable the Group to fully demonstrate its powerful capabilities, it is vital to strike the right balance between encouraging flexible action with respect for individual freedom and ensuring that administrative departments play a central role in consolidating such action to maintain a strong grip.

Furthermore, compliance, which is the bedrock of corporate governance, should not simply be about following laws and regulations. Instead, companies must respond attentively to changing social norms and accepted beliefs. This is particularly true when doing business outside Japan, where attention must be paid to the different local economic and social circumstances. For this reason, I want the Obayashi Group as a whole to continue to respond sensitively to changing social norms and accepted beliefs through both rational decision-making and a universal ethical approach based on the full understanding of all stakeholders.

Kuwayama: I feel the Obayashi Group has a solid basic corporate governance structure and internal regulations, and the composition and operation of the Board of Directors is appropriate. However, the number of executive officers is large, which is true across the Japanese construction industry. Moreover, many Obayashi executives hold multiple concurrent positions. This could lead to a multi-layered chain of command and relationship of responsibility and result in ambiguous scopes of responsibility in the event of an accident, misconduct, or significant management issue. I think Obayashi organization needs to be run with these risks in mind going forward.

Mizutani: A new president was appointed in April 2025. The tone at the top has a significant impact on corporate culture and effective governance. I expect the Group to also focus on governance as it pursues its aim of expanding business beyond the construction domain under the guidance of the new president. I will work to ensure that the Group advances its corporate governance frameworks for transparent, fair, prompt, and resolute decision-making based on the perspectives of various stakeholders, including shareholders, customers, employees, and local communities.

As global operations continue to expand, it is very important for the Group to develop and implement governance structures that consider the business environments of operating companies outside Japan as well as individual country risks. There is a particular risk of insufficient governance at independently managed Group companies outside Japan if Japanese expatriate staff, who rotate every few years, find it hard to insist local managers who give priority to sales and profits rather than governance. Addressing these structural issues requires not only firm organizational control, but also a heightened sensitivity to risk among all employees. For the smooth functioning of governance, it is vital to develop human resources who can take on these roles. To achieve sustainable growth, Obayashi must systematically develop talented individuals who can operate on the global stage.

Kuwayama: I also think that recent governance issues often relate to the management system of subsidiaries and affiliated companies acquired through international M&A. Of course, it is important to develop corporate regulations on governance and internal organizational structures, but the key from a long-term perspective is to train human resources who can steer the governance of businesses outside Japan. It is not simply a matter of nurturing specialists with extensive international business experience. Obayashi needs to secure a rich pool of talent so that it can appropriately assign specialists to core management positions. Indeed, a global company can only achieve true governance once it has secured a rich pool of talent that can lead to appropriate personnel placement.

Yamaguchi: My focus is on strengthening self-governance capabilities. Governance involves not only the control of an organization but also the self-discipline of every individual within an organization. In order to maintain and ensure corporate governance, every employee must take responsibility for their own actions and pursue proactive self-governance to preempt various risks. I hope the Obayashi Group will demonstrate this kind of "autonomous" self-governance in all situations in which it is involved.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

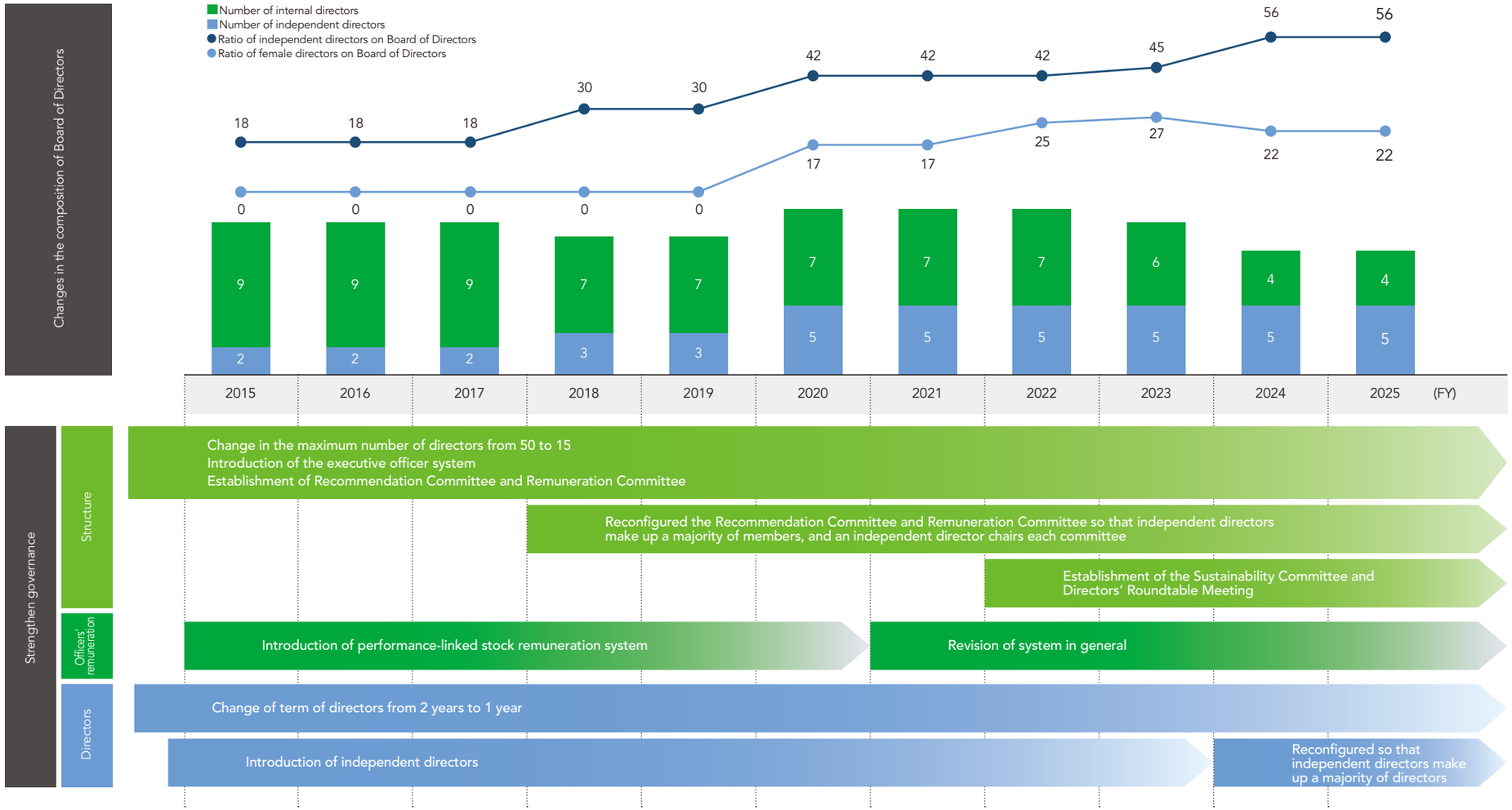
Section 7 Data Section

Management Structure

Corporate Governance

Obayashi believes that transparency and sound management, along with a strong corporate governance framework, are critical to maintaining society's trust. By enhancing corporate governance, we are also able to achieve sustainable growth and greater corporate value over the medium- to long-term. One specific measure is to engage in transparent, fair, rapid, and resolute decision-making. Such decision-making is always based on the principles of Japan's Corporate Governance Code as set out by the Tokyo Stock Exchange, laws and regulations, and society's expectations.

Main Initiatives to Enhance Corporate Governance



01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

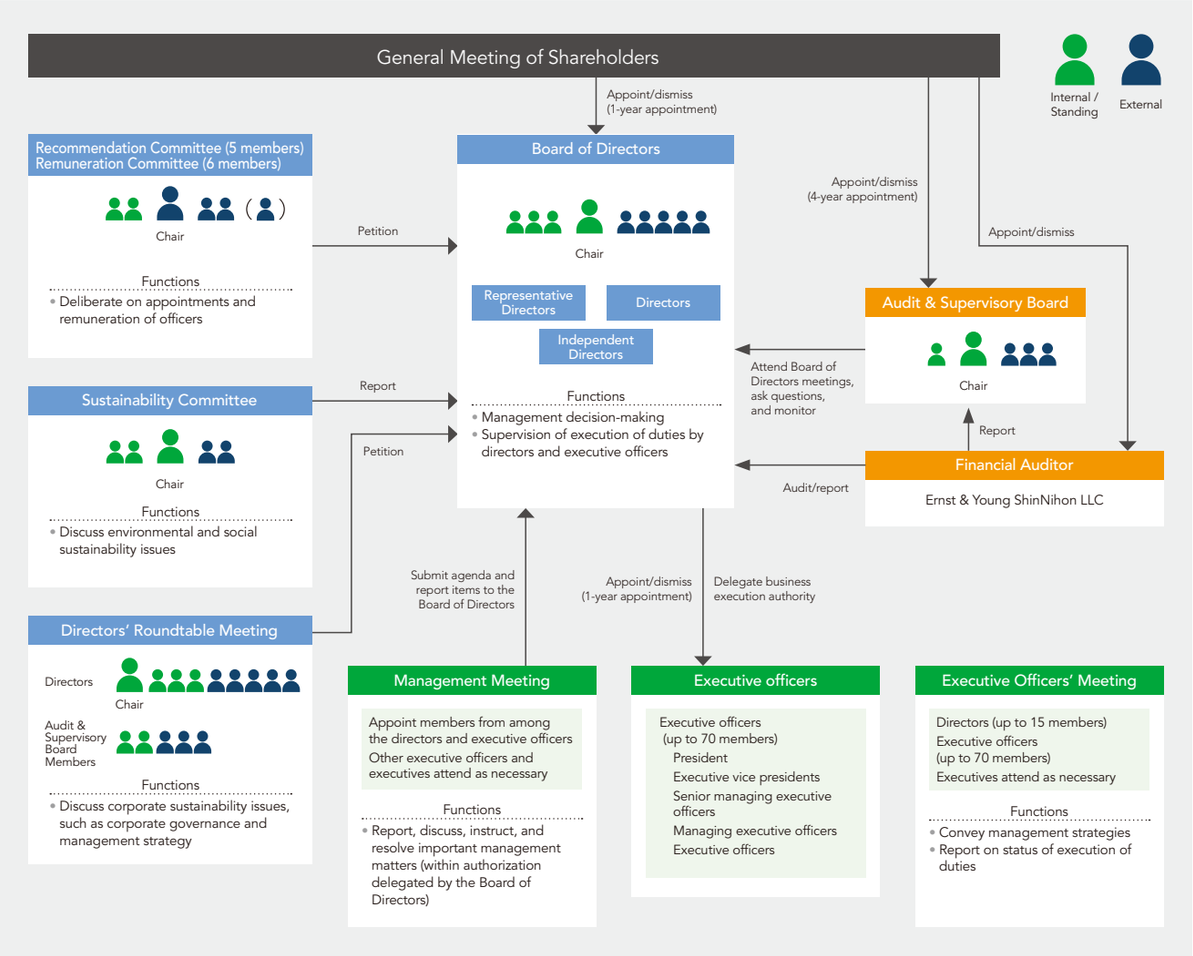
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Corporate Governance Framework

Obayashi has established legally required institutions, such as the General Meeting of Shareholders, a Board of Directors, an Audit & Supervisory Board, a financial auditor, and other statutory bodies. In addition, we have established systems, such as the Management Meeting composed of selected directors and executive officers and an executive officer system, to facilitate management decisions and appropriate audits, enabling us to make detailed and rapid decision-making.

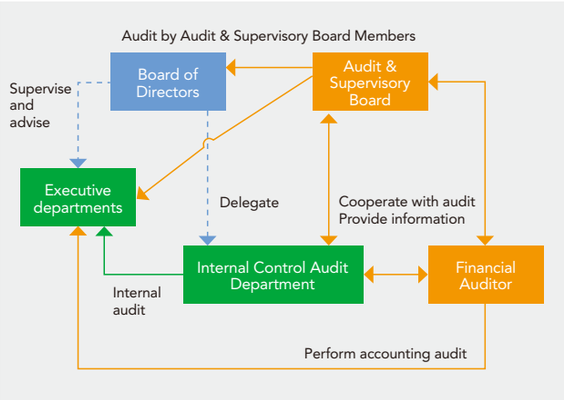
Management Structure (As of July 1, 2025)



Audits by Audit & Supervisory Board Members, Financial Auditor, and Internal Audit Arm (Three-Way Auditing)

The Audit & Supervisory Board members and financial auditor each conduct audits from their independent standpoints. Audit & Supervisory Board members receive reports and briefings as required from the financial auditor. The two parties also share information and opinions as appropriate to help increase the effectiveness of audits. Meanwhile, the Internal Control Audit Department, Obayashi's internal audit arm, is responsible for audits to monitor the effectiveness of internal control and the execution of duties by each department. Such audits are performed according to Obayashi's Internal Audit Regulations and are separate from audits by the Audit & Supervisory Board members and financial auditor. The Audit & Supervisory Board members and the Internal Control Audit Department also share information and opinions as appropriate to improve the effectiveness of audits.

Three-Way Auditing



Establishment and Operation of an Internal Control System

Obayashi has established and operates an internal control system based on Japan's Companies Act and the Ordinance for Enforcement of the Companies Act. The purpose of the system is to ensure appropriate business operations throughout the Group. The relevant departments conduct an annual self-inspection of the operational status of this system. The Board of Directors discusses the results of these inspections and monitors the system to ascertain its appropriate operation.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Board of Directors

The Board of Directors consists of nine members, including five independent directors. Each director participates in business decision-making and execution, and also supervises the execution of duties by other directors, executive officers, and employees. The term of each directorship is set at one year, enabling Obayashi to flexibly establish management systems in response to changes in the business environment and clarify management accountability for each business period.

To ensure the clear separation of business management and execution, the chairman serves as the chairman of the board, instead of the president who is responsible for steering the business execution function. The chairman of the board plays an important role in Obayashi's corporate governance. The chairman manages proceedings in the Board of Directors meetings to stimulate constructive discussion and encourage independent directors and all other attendees to freely communicate their views. The chairman also actively communicates with independent directors outside of board meetings and provides opportunities for them to deepen their understanding of Obayashi's business and corporate culture.

Key Agenda and Items Reported in FY2024

- Revision of capital policy and medium-term business plan
- Reduction of cross-shareholdings
- Appointment and dismissal of directors, Audit & Supervisory Board members, executive officers, and others (including discussion on the change of president in April 2025)
- Discussion of significant investments
- Report on business risks
- Matters concerning the Board of Directors effectiveness evaluation
- Report on status of the execution of duties by the representative directors

Director Skill Matrix

In order to achieve sustainable growth and enhance the corporate value of the Group, the following skills (expertise and experience) necessary to carry out the decision-making and supervisory functions of the Board of Directors, the executive functions of directors, and other functions have been selected as categories for the skill matrix. For independent directors, particular emphasis is placed on skills relating to medium- to long-term corporate strategy and business portfolio strategy because these skills are vital for decision-making and supervision relating to any business entry or withdrawal.

- Skills required for decision-making, supervision, and execution of core businesses

Construction business | Global business | Marketing

- Skills required for decision-making and supervision of business designed to help bring about a sustainable society and company

Medium- to long-term corporate strategy | ESG/ Sustainability | Human resource management | Corporate philosophy/ Corporate culture

- Skills required for decision-making and supervision of businesses other than construction

Business portfolio strategy | Global business | Marketing

- Other skills required to perform business management functions deemed particularly important for Obayashi's Board of Directors

Corporate finance | Compliance/Risk management

	Name	Tenure	Construction business	Medium-to long-term corporate strategy/ Business portfolio strategy	ESG/Sustainability	Human resource management	Global business	Marketing	Corporate finance	Compliance/ Risk management	Corporate philosophy/ Corporate culture
Internal directors	Takeo Obayashi	42 years		●			●				●
	Toshimi Sato	7 years		●		●	●	●	●	●	●
	Atsushi Sasagawa	4 years	●	●	●	●	●	●			
	Yoshihito Sasaki	—	●	●		●	●	●			
Independent directors	Masako Orii	5 years		●	●			●		●	●
	Hiroyuki Kato	4 years		●			●	●		●	●
	Yukiko Kuroda	3 years		●	●	●	●				●
	Hiroyuki Shime	1 year		●		●	●	●			●
	Yoshihiro Ikegawa	1 year		●	●		●	●			●

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Reasons for Appointment

	Name	Tenure	Reasons for appointment and expected role	Committee participation in FY2025[1] and attendance in FY2024[2]				
				Board of Directors meetings	Sustainability Committee	Directors' Roundtable Meeting	Recommendation Committee	Remuneration Committee
Internal directors	Takeo Obayashi	42 years	Since assuming the director position in June 1983, Mr. Obayashi has been involved in the management of the Company as a member of the Board of Directors. He plays an important role in corporate governance, promoting members of the Board of Directors including independent directors to discuss matters freely and striving to manage meeting agendas to have constructive discussions, and other matters as chairman of the board.	◎ 15/15 (100%)	○ 2/2 (100%)	◎ 11/11 (100%)	○ 8/8 (100%)	○ 3/3 (100%)
Internal directors	Toshimi Sato	7 years	Since joining the Company, Mr. Sato has engaged in overseas administrative work. Since assuming the executive officer position in 2017, he has been responsible for administrative departments, in charge of corporate management planning, human resources, finance and accounting, compliance, and others. Since 2018, he has participated in the Company's management as a director, and in April 2025, he assumed the position of President and CEO.	○ 15/15 (100%)	◎ 2/2 (100%)	○ 11/11 (100%)	○ —	○ 3/3 (100%)
Internal directors	Atsushi Sasagawa	4 years	Since joining the Company, Mr. Sasagawa has engaged in the building construction business. Since assuming the executive officer position in 2015, he has held the positions of head of Yokohama Branch Office, head of the Building Construction Division at Osaka Main Office, and head of Tokyo Main Office. He is currently responsible for overall building construction as executive vice president, and is supervising the Company's marketing strategy as head of the Marketing Division. He also assumed the director position in 2021 and has participated in the Company's management as representative director since April 2023.	○ 15/15 (100%)	○ —	○ 11/11 (100%)	—	—
Internal directors	Yoshihito Sasaki	—	Since joining the Company, Mr. Sasaki has engaged in the civil engineering construction business. He assumed the executive officer position in 2017 and held the positions of head of the Civil Engineering Construction Division at Osaka Main Office and head of Shikoku Branch Office. He is currently serving as executive vice president and head of the Civil Engineering Construction Division, supervising the civil engineering construction business. He assumed the director position in June 2025 and has participated in the Company's management as representative director.	○ —	—	○ —	—	—
Independent directors	Masako Orii	5 years	Ms. Orii has considerable experience, excellent capabilities, knowledge, and character gained through involvement in the management of the Suntory Group. Obayashi has appointed her in the expectation that she can provide advice and suggestions important for decision-making regarding the Company's management policy and business strategy, from the viewpoint of a person with corporate management experience in a business area different from the Company, and based on her abundant knowledge about ESG management, compliance, and other matters. She is also expected to contribute to the operation and supervision of the Company's corporate governance from a third-party standpoint as a member of the Board of Directors, chair of the Recommendation Committee, and a member of the Remuneration Committee.	○ 15/15 (100%)	—	○ 11/11 (100%)	◎ 8/8 (100%)	○ 2/2 (100%)
Independent directors	Hiroyuki Kato	4 years	Mr. Kato has considerable experience, excellent capabilities, knowledge, and character gained through involvement in the management of MITSUI & CO., LTD. Obayashi has appointed him in the expectation that he can provide advice and suggestions important for decision-making regarding the Company's management policy and business strategy, from the viewpoint of a person with corporate management experience in a business area different from the Company, and based on his abundant knowledge from his experience in establishing global business strategies, and other matters. He is also expected to contribute to the operation and supervision of the Company's corporate governance from a third-party standpoint as a member of the Board of Directors, chair of the Remuneration Committee, and a member of the Recommendation Committee.	○ 15/15 (100%)	—	○ 11/11 (100%)	○ 8/8 (100%)	◎ 3/3 (100%)
Independent directors	Yukiko Kuroda	3 years	Ms. Kuroda has considerable experience, excellent capabilities, knowledge, and character gained through involvement in the management of People Focus Consulting Co., Ltd., which she founded. Obayashi has appointed her in the expectation that she can provide advice and suggestions important for decision-making regarding the Company's management policy and business strategy, from the viewpoint of a person with corporate management experience in a business area different from the Company, and based on her abundant knowledge in sustainability and organizational development, and other matters. She is also expected to contribute to the operation and supervision of the Company's corporate governance from a third-party standpoint as a member of the Board of Directors, the Remuneration Committee, and the Sustainability Committee.	○ 15/15 (100%)	○ 2/2 (100%)	○ 11/11 (100%)	—	○ 3/3 (100%)
Independent directors	Hiroyuki Shime	1 year	Mr. Shime has considerable experience, excellent capabilities, knowledge, and character gained through involvement in the management of UNITIKA LTD. Obayashi has appointed him in the expectation that he can provide advice and suggestions important for decision-making regarding the Company's management policy and business strategy, from the viewpoint of a person with corporate management experience, such as serving in top management as president, and based on his abundant knowledge of business strategy formulation, and other matters. He is also expected to contribute to the operation and supervision of the Company's corporate governance from a third-party standpoint as a member of the Board of Directors and the Recommendation Committee.	○ 13/13 (100%)	—	○ 9/9 (100%)	○ 8/8 (100%)	—
Independent directors	Yoshihiro Ikegawa	1 year	Mr. Ikegawa has considerable experience, excellent capabilities, knowledge, and character gained through involvement in the management of Mitsubishi Chemical Group. Obayashi has appointed him in the expectation that he can provide advice and suggestions important for decision-making regarding the Company's management policy and business strategy, from the viewpoint of a person with corporate management experience in a business area different from the Company, and based on his abundant knowledge in long-term management planning and sustainability, and other matters. He is also expected to contribute to the operation and supervision of the Company's corporate governance from a third-party standpoint as a member of the Board of Directors, the Remuneration Committee, and the Sustainability Committee.	○ 13/13 (100%)	○ 2/2 (100%)	○ 9/9 (100%)	—	○ 2/2 (100%)

1. For each committee, ◎ indicates the chair and ○ indicates members
2. For Hiroyuki Shime and Yoshihiro Ikegawa, the number stated is the number of meetings attended after their appointment at the 120th Ordinary General Meeting of Shareholders held on June 27, 2024.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement
Section 7 Data Section

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Evaluating the Effectiveness of the Board of Directors

Method

Once a year, Obayashi conducts an evaluation and analysis of the effectiveness of the Board of Directors as a whole. The results are reported to the Board of Directors and reflected in subsequent operations. Specifically, each director and Audit & Supervisory Board member fills out a self-assessment questionnaire. We take the results of the questionnaires into account when conducting analysis and evaluation of the effectiveness of the Board of Directors as a whole with the advice of an external legal office.

The self-assessment questionnaire comprises items for evaluating the Board of Directors' size, composition, method of operation, status of deliberations, support systems for effectiveness evaluations, and more. The questionnaire is reviewed every year based on the opinions of an external legal office as well as changes in the role that the Board of Directors is expected to play and other factors.

FY2024 Results

In FY2024, we confirmed that the Board of Directors continued to function effectively as a whole. Based on the results of the evaluation and analysis, we have made improvements, such as further enhancing opportunities for deliberation and discussion pertaining to the management strategies and management policies that should be focused on in board meetings.

With regard to the role of the Board of Directors and the method of its operation, in addition to making improvements based on the results of the effectiveness evaluation, we will continue to improve the effectiveness of the Board of Directors by considering and implementing necessary measures as appropriate based on the opinions of individual directors and Audit & Supervisory Board members.

Effectiveness Evaluation Cycle

FY2024 Results

According to an evaluation by a third-party organization (an external legal office), the effectiveness of the Board of Directors in FY2024 was generally good overall.

February to early March
- Prepare a self-assessment questionnaire based on the opinions of a third-party organization (an external legal office)
- Get each director and Audit & Supervisory Board member to conduct a self-assessment

Late March
- Summarize the results of the self-assessment questionnaires
- Evaluate and analyze the results based on the opinion of a third-party organization (an external legal office) and organize the issues

Mid-April
- Report to the Board of Directors (identify issues relating to board's effectiveness; consider and determine improvement policies)

- Operate the Board of Directors in accordance with the improvement policies
- Implement necessary measures when appropriate based on opinions expressed at Board meetings and other venues

Issues Identified in FY2023

Enhancing discussion on management strategies

Need to strengthen board supervision of human capital and intangible assets including intellectual property, and business portfolio

Actions Taken in FY2024

At meetings of Board of Directors and Directors' Roundtable Meetings, discussions were held on specific measures relating to addendum to Medium-Term Business Plan 2022 and capital policy.

At Directors' Roundtable Meetings, discussions were held following reports from the executive side on the business portfolio and strategies for individual businesses, considerations on human capital management, and initiatives for technology and intellectual property strategies.

Issues Identified in FY2024

The ideal organizational structure for the Obayashi Group and the building of internal control and risk management systems to suit that structure

Effective oversight by the Board of Directors of both investment in human capital and intangible assets including intellectual property and associated utilization strategies

Expansion of opportunities for providing information on business activities and performance to independent directors

Action Plan in FY2025

Toward the formulation of the next medium-term business plan, have executives give presentations and encourage debate on the ideal organizational structure for the Obayashi Group and appropriate internal control and risk management systems, as well as on the systematic analysis and strategies for investing in and utilizing human capital and intellectual property.

Hold meetings to exchange views with each division and conduct site visits in Japan, expand opportunities for independent directors to receive information and to communicate with senior management.

Training of Directors and Audit & Supervisory Board Members

The Company's directors make important management decisions and supervise the management of business. Audit & Supervisory Board members audit the execution of duties by directors, executive officers, and employees. Members of both bodies continually update their relevant knowledge and skills.

All directors, Audit & Supervisory Board members, and executive officers take a training course each year led by external instructors. The course covers corporate governance, business risk management, sustainability, and other topics. We provide other training opportunities for directors and Audit & Supervisory Board members as necessary. Such training may include participation in external seminars. Audit & Supervisory Board members regularly participate in external workshops to increase their understanding of their role and duties and to acquire the knowledge they need to perform those functions.

Audit & Supervisory Board and Other Committees

Audit & Supervisory Board (met 17 times in FY2024)

Members	Key Audit Items in FY2024
Standing Audit & Supervisory Board members (Chair)	• Appropriate establishment of the internal control system and the status of its operation • Fostering awareness of measures to prevent recurrence of Antimonopoly Act violation, legal and regulatory compliance, and corporate ethics • Establishment of the internal control system and the status of its operation at overseas subsidiaries • Systems to prevent occupational accidents and quality defects • Measures to improve employees' job satisfaction, and initiatives to prevent harassment • Compliance with limits on overtime work • Measures to prevent accounting fraud
Outside Audit & Supervisory Board members	

Each Audit & Supervisory Board member audits the execution of duties by directors in accordance with the Obayashi Audit Guidelines for Audit & Supervisory Board Members. The process includes adopting a standpoint that is independent of the Company's directors and verifying whether the execution of duties by directors, executive officers, and employees complies with laws, regulations, the Articles of Incorporation, and other rules. (Attendance at Board of Directors, Management Meetings and others: total of 75 times; business audits of offices and site inspections: total of 71; interviews with directors and Audit & Supervisory Board members of subsidiaries in and outside Japan: 17). The Audit & Supervisory Board also conducts accounting audits to ensure the Company's financial statements are appropriate. When appointing a financial auditor, the Audit & Supervisory Board is tasked with confirming the appropriateness of the financial auditor's performance of duties, auditing system, independence, and expertise, among other aspects.

Sustainability Committee (met 2 times in FY2024)

Members	Key Agenda Items in FY2024
Internal Directors (Chair)	• Review of achievement of KPIs for each material issue in FY2023 and in the first half of FY2024 • Monitoring of efforts to reduce greenhouse gas emissions • Monitoring of human rights due diligence and CSR procurement initiatives • Studies of a roadmap for CO_2 emissions reduction toward carbon neutrality • Studies of TNFD-aligned disclosure content
Independent Directors	

The Sustainability Committee examines and discusses environmental and social sustainability issues as an advisory body to the Board of Directors. Discussing these issues at board meetings based on the deliberations conducted in the committee helps ensure the effective and efficient monitoring, supervision, and involvement of the board in environmental and social sustainability issues, and assists management policies that accurately capture the business environment.

Directors' Roundtable Meeting (met 11 times in FY2024)

Members	Key Agenda Items in FY2024
Internal Directors and Standing Audit & Supervisory Board members (Chair)	• Specific measures for addendum to Medium-Term Business Plan and capital policy • Business portfolio and strategies for individual businesses • Initiatives related to investment and utilization strategies for human capital management and intellectual property • Trends among institutional investors, their evaluation of the Company, and other information gained through means including IR meetings
Independent Directors and Outside Audit & Supervisory Board members	

The Directors' Roundtable Meeting is a subordinate body of the Board of Directors and examines and discusses corporate sustainability issues, such as corporate governance and management strategy. Discussing these issues at board meetings based on the deliberations conducted in the roundtable helps ensure the effective and efficient monitoring, supervision, and involvement of the board in corporate sustainability issues, and assists with the formation of management policies that accurately capture the business environment.

Recommendation Committee (met 8 times in FY2024)

Members	Key Agenda Items in FY2024
Internal Directors	• The reappointment or non-reappointment of the Company chairman or president (including the appointment of a new president; conducted without the attendance of the individuals concerned) • Recommendation of FY2025 candidates for directors and Audit & Supervisory Board members Note: Deliberations held based on evaluation sheets for each candidate on appointment criteria for president: 1. knowledge, experience, and track record (management experience as an organizational leader, track record in issue resolution), 2. professional qualities and capabilities (business foresight, vision, and leadership), and 3. character and personality
Independent Directors (Chair)	

The Recommendation Committee deliberates on the appointment of corporate officers and submits the results to the Board of Directors. This structure is intended to clarify the officer selection process, while ensuring transparency and objectivity.

With particular regard to the appointment or dismissal of the president, the Recommendation Committee regularly evaluates the succession plan (appointment and dismissal criteria, selection criteria and training policy for successor candidates, and other elements) and whether that plan is being properly implemented, and submits the results of its deliberations to the Board of Directors. The Recommendation Committee suggests people with a thorough knowledge of the business fields in which the Group is involved as candidates for executive director. It also recommends people with insight and considerable experience in corporate management as candidates for independent director, and people with diverse expertise as candidates for outside Audit & Supervisory Board member. The selection of directors is based on an individual's attributes in terms of their character, insight, and talent, and whether they are capable of significantly contributing to the Company's business development. Diversity-related factors, such as gender and internationality, are also taken into consideration.

Operating guidelines for the Recommendation Committee stipulate the criteria and procedure for appointing and dismissing Company directors other than the president. If an officer is considered to be potentially unfit for the job, the committee will discuss whether that officer should be dismissed in accordance with stipulated guidelines.

Remuneration Committee (met 3 times in FY2024)

Members	Key Agenda Items in FY2024
Internal Directors	• Performance-linked remuneration based on FY2023 corporate results and individual performance • FY2024 performance indicators for individual officers • FY2025 basic remuneration for officers • FY2025 performance-linked remuneration system for officers
Independent Directors (Chair)	

The Remuneration Committee deliberates on issues relating to officer remuneration and submits the results to the Board of Directors. This structure is intended to clarify the process for determining the amount of officer remuneration, while ensuring transparency and objectivity.

The Remuneration Committee considers the need to continuously review the remuneration system, discusses potential revision proposals, and determines remuneration amounts for the upcoming fiscal year after evaluating such factors as the level of achievement of performance indicator targets by individual directors and executive officers.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement
Section 7 Data Section

Officer Remuneration

Our basic policy on remuneration for each director and executive officer is to provide basic remuneration, a fixed amount that is determined in advance commensurate to the responsibilities of each position, and in addition determine the amount and other aspects of performance-linked cash remuneration (bonus) and performance-linked stock remuneration for each fiscal year in accordance with each individual's contribution to business performance. The purpose of this basic policy is to secure outstanding human resources and provide an incentive to each director and executive officer to improve earnings and enhance corporate value.

Specifically, for basic remuneration (fixed cash remuneration), the Board of Directors sets forth a table of remuneration for each position following deliberation by the Remuneration Committee (chaired by an independent director, and of which independent directors make up a majority of the membership). At the end of each fiscal year, the Remuneration Committee uses that table to determine the remuneration of each director and executive officer for the next fiscal year. The goal of performance-linked cash remuneration (bonus) is to incentivize contributions to improving business performance for each fiscal year and enhancing corporate value. Individuals are evaluated based on predetermined Group-wide and individual performance indicator targets. Cash bonuses are paid once a year to directors and executive officers (excluding independent directors) based on the degree of achievement of the performance indicator targets. The cash remuneration given to directors (the combined amount of basic remuneration and bonuses) is capped at ¥720 million per year in accordance with a resolution of the 117th Ordinary General Meeting of Shareholders held on June 24, 2021.

The performance-linked stock remuneration system is intended to incentivize contributions to improving business performance mainly over the medium to long term, as well as corporate and shareholder value. The system distributes Obayashi shares to directors and executive officers (excluding independent directors and individuals residing overseas) based on the duties associated with each position and the degree of achievement of predetermined performance indicator targets. The system covers both fixed provision stock remuneration, in which the individual receives a predetermined number of shares commensurate to the duties associated with their position, and variable stock remuneration, in which the number of shares received depends on the degree of achievement of performance indicator targets. Variable stock remuneration is itself divided into two parts: short-term performance-linked stock remuneration (number of shares based on the degree of achievement of short-term performance indicator targets) and medium- to long-term performance-linked stock remuneration (number of shares based on the degree of achievement of medium- to long-term performance indicator targets).

Obayashi has stipulated in its internal rules that, if a director or executive officer with the right to receive the stock remuneration vested upon retirement is found to have committed an act of material violation, including a material breach of the duties of their position or the Company's internal rules, that person may be required to return the said remuneration.

The basic policy on Audit & Supervisory Board member remuneration is to set an amount required to secure outstanding talent. The ultimate aim of this policy is to ensure the effective functioning of corporate governance. Remuneration standards are established in advance through discussions by Audit & Supervisory Board members.

They are set separately for standing (full-time) members and outside (part-time) members. Remuneration is determined in line with those standards, capped at ¥10 million per month in accordance with a resolution of the 101st Ordinary General Meeting of Shareholders held on June 29, 2005.

Example Breakdown of Officer Remuneration

Category of remuneration	Fixed remuneration	Short-term performance-linked remuneration		Medium- to long-term performance-linked remuneration	
	Monthly cash remuneration (Independent directors: fixed remuneration only)	Short-term performance-linked cash remuneration (Bonus)	Short-term performance-linked stock remuneration	Medium- to long-term performance-linked stock remuneration	Fixed provision stock remuneration[2]
Proportion of remuneration[1] (Example: President)	Approx. 60%	Approx. 15%	Approx. 10%	Approx. 15%	0%

1. Assuming 100% achievement of each KPI
2. Stock-based remuneration is paid at the time of retirement. Fixed-provision stock remuneration is positioned as performance-linked remuneration because the share price fluctuates in accordance with medium- to long-term performance and, as such, the value received at the time of retirement will increase or decrease. This remuneration is reserved for executive officers who do not also serve as directors.

Total Remuneration for Directors and Audit & Supervisory Board Members (FY2024)

Position	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)			Number of eligible officers
		Basic remuneration (Cash remuneration)	Performance-linked cash remuneration (Cash remuneration)	Performance-linked stock remuneration (Non-cash remuneration)	
Directors (Independent directors)	548 (70)	376 (70)	80 (—)	91 (—)	13 (7)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	104 (39)	104 (39)	— (—)	— (—)	6 (3)

Note: The above includes four directors (including two independent directors) and one Audit & Supervisory Board member who stepped down at the conclusion of the 120th Ordinary General Meeting of Shareholders held on June 27, 2024.

Performance Indicators for Performance-Linked Remuneration (Example: President)

Category of remuneration	Key performance indicators (KPI)
Short-term performance-linked cash remuneration (Bonus)	Consolidated operating income, profit attributable to owners of parent per share (EPS)
Short-term performance-linked stock remuneration	Consolidated operating income, profit attributable to owners of parent per share (EPS)
Medium- to long-term performance-linked stock remuneration	Return on equity (ROE), total shareholder return (TSR), ESG indicators (reduction in CO_2 emissions, number of fatal accidents and serious injuries, employee satisfaction)

Remuneration for Financial Auditor (FY2024)

Category	Remuneration for audit certification services (Millions of yen)	Remuneration for non-audit services (Millions of yen)
Obayashi Corporation	116	2
Consolidated subsidiaries	89	—
Total	205	2

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees

The Obayashi Group appointed a new president in April 2025 and launched its new management team.
The Chairman of the Board discusses the selection process for the new president and the status of Recommendation Committee and Remuneration Committee operations with the chairs of those committees.

Masako Orii
Independent Director
Chair of the Recommendation Committee

Takeo Obayashi
Chairman of the Board

Hiroyuki Kato
Independent Director
Chair of the Remuneration Committee

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

What are you focusing on right now in operating the Board of Directors?

Obayashi First, I would like to express my gratitude to our independent directors for their meticulous advance preparation and their thorough understanding of the highly specialized topics related to each individual business. Meeting materials are distributed to Board members with sufficient time for review and the executive team carefully explains all agenda items in advance. As a director myself, I also try to make an effort to point out any aspects in advance that I think might be difficult to understand. At actual Board meetings, the people in charge of individual agenda items and the secretariat are on hand to provide supplements where necessary, so I think the overall discussion flows well and is easy to understand. Having said that, independent directors often speak out when a particular point is hard to follow, and we provide supplementary explanations on such points. If the person in charge of an agenda item assumes that all board members are already aware of a particular point, they may not provide sufficient explanation, so I make every effort to ensure that does not happen.

Orii As chair, Mr. Obayashi respects each member's remarks and facilitates the proceedings with care, so as an independent director, I feel that an atmosphere has been fostered in which it is easy to express opinions on any agenda items. Generally speaking, unspoken pressure to make a decision by a certain time can hinder thorough discussion, but there is no such sense of pressure in Obayashi Corporation's board meetings. We are given multiple opportunities to speak frankly and even to ask basic questions, and I feel that our opinions are taken seriously.

Obayashi I am very glad to hear you say that. I also learn a great deal from these interactions and pick up on perspectives or areas of concern that we had not necessarily considered. I think this is true not only for me, but also for the executive side. It is a question of daily trial and error, but I am doing my utmost to determine the best way to conduct board meetings in order to further improve the effectiveness of the Board of Directors.

Can you tell us about how the Remuneration Committee is run?

Kato I believe that people are the most important factor in the sustainable enhancement of corporate value. Corporate value is fundamentally created by people, and from this perspective, the remuneration system which serves as a source of incentive and motivation for personnel, is an extremely important element. Based on this approach, the Remuneration Committee works hard to build a remuneration system that helps enhance corporate value. We also focus on ensuring transparency and objectivity in the system design. In recent years, talent mobility has increased, making it essential to have remuneration systems that help secure and retain outstanding individuals. We conducted multifaceted discussions in FY2024 based on this very awareness.

As a company with a public mission, the Obayashi Group is duty-bound to pursue not only economic value, but also social value. For that reason, our current remuneration system incorporates not only KPIs focused on financial value and shareholder value, such as return on equity (ROE), earnings per share (EPS), and total shareholder return (TSR), but also those focused on non-financial, such as the CO_2 emissions reduction rate. Setting ESG-related KPIs enables each employee to gain an understanding of the contribution their daily work is making to society. We believe these mechanisms will ultimately help increase Obayashi Group's overall corporate value.

One other point to add: It is not enough to simply put a system in place; you must also commit yourself to its implementation. For example, in the construction business, where it takes time for any project to yield profits, often the decisions made by predecessors will affect the results of their successors, so we need to carefully evaluate the effort and contributions made each year rather than simply evaluating the achievement of results planned for that one year.

Obayashi In FY2024, the Remuneration Committee discussed the remuneration of Mr. Kenji Hasuwa, the former president, who assumed the role of Vice Chairman following the change in presidency.

Orii In establishing the position of Vice Chairman, we took into account that this matter concerns the role of top executives after they step down. The Nomination Committee thoroughly discussed the position's function within Obayashi,

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement
Section 7 Data Section

its social significance, and the assurance of corporate governance, while the Remuneration Committee fully deliberated on the remuneration structure.

What about the operation of the Recommendation Committee?

Orii The Recommendation Committee has the important function of deliberating on the appointment of corporate officers and submitting the results of those discussions to the Board of Directors. In particular, matters concerning the appointment of the president are directly connected to the Obayashi Group's medium- to long-term growth strategy and are therefore of the utmost importance. We manage the committee with full awareness of their significance. I am extremely confident that the Obayashi Group can provide intrinsic value to society, and I would like to see the Group continue to enhance that value in a sustainable manner. As an independent director, I try to approach all discussions from an objective standpoint, not only to ensure the perspective of shareholders is taken into account, but also to uphold the trust placed in Obayashi by employees and society at large.

With respect to the composition of the committee, the majority of members are independent directors, and the committee is also chaired by an independent director. I believe this composition ensures effective governance, and a high degree of governance has been maintained not only in form, but also in substance. Over the past few years in particular, the Group as a whole has been determined to improve governance. This has raised the committee members' awareness of their duties, and I feel that the quality of discussion in the committee is improving every year.

For me as the chair, I strive to facilitate discussions that enable each member to share frank views. When members shared opinions in last year's discussions, others would freely add supplementary explanations or different perspectives, which helped develop a well-balanced, constructive discussion. It also helped clarify the points of discussion and the central issues for decision-making. This culture of free expression is not exclusive to the Recommendation Committee, but is also a feature of the entire Board of Directors.

Obayashi The committees have started actively discussing succession planning and remuneration system over the past few years, and I feel that a foundation for full-fledged discussions has been developed.

Orii I agree. It was never a case of having a clearly determined vision from the beginning, but rather of encouraging repeated discussion to foster a common understanding of the topics requiring a governance perspective. And the process is still ongoing.

Obayashi We had almost no such systems in place five or six years ago, let alone a decade ago. The progress we have made in recent years has been enormous. In view of the preparations put in place to date, I expect that both of you will continue to demonstrate your valuable skills and promote even better governance.

Do the Recommendation Committee and Remuneration Committee work well together?

Kato The recommendation and remuneration of officers are intricately linked, so you cannot discuss one without the other. We have to first discuss the nature of the positions and the evaluation of officers in the Recommendation Committee and then consider how to design remuneration systems based on those factors. As chairs of the Recommendation Committee and the Remuneration Committee, Ms. Orii and I both serve on each other's committees, which, as a structure, naturally fosters close cooperation between the two.

Orii That is right. However, while we have made great progress on cooperation between the two committees, cooperation with the Board of Directors could be improved and we need to work on how to better share information.

What can you tell us about the selection process for the new president?

Orii On the topic of the change of president, the selection criteria and the rules relating to successor planning were put in place under the previous chair of the

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Recommendation Committee. We were therefore able to proceed transparently and objectively with the process of appointing a president in accordance with those established rules. Specifically, the Recommendation Committee regularly checked and evaluated the process by which the president selects and trains successor candidates. Periodic discussions on, for instance, potential changes in the candidates or the key requirements, resulted in the implementation of a dynamic succession plan.

While the appointment was based on a training plan established as an internal rule, we narrowed down the successor candidates not simply by comparing the individual characteristics of each candidate, but also by working backwards from a consideration of what roles the next president would be expected to play and what qualities they would need to possess. The crux of the discussion focused on group and global needs, capital policy, and sustainability measures given the commitment to promoting the current medium-term business plan and medium- to long-term growth strategy. We concluded that Mr. Toshimi Sato was the best person to lead that drive.

Kato I used the terms "group" and "global" in my previous job* and they are certainly important perspectives for Obayashi Group right now. Naturally, the domestic construction business will continue to be at the core of the Group operations, but, given the future business environment, it is essential to achieve growth in overseas construction, real estate development, and non-construction areas including green energy. Given those circumstances, we all agreed that Mr. Sato was the most suitable candidate for ensuring governance and growing Obayashi.

*MITSUI & CO., LTD.

Obayashi I basically agree with what you are both saying. The individual qualities of the president and other managers are important when selecting corporate leaders, but the demands of the operating environment are also key, such as the type of person required to address the social and corporate conditions of the day. Discussions surrounding the development of the next successor and future management personnel have already started up following Mr. Sato's appointment. At the moment, the biggest challenge facing Obayashi Group is a shortage of talent with global management acumen. One of the major topics will be how to train leaders who possess the global management acumen necessary for discussions at Management Meeting and Board of Directors level. Business outside Japan currently accounts for one third of Obayashi's business and we are currently looking to increase that ratio. As such, management needs to have an intuitive understanding of global business environments. Not everyone necessarily needs to have international work experience, but we definitely need to make a determined effort to develop more talent with such skills.

What is the new president like as a person?

Orii I have had the opportunity to interact with the new president, Mr. Sato, on a daily basis through his remarks and explanations at Board meetings, and I sense he is a truly trustworthy person. I believe that his wealth of knowledge and sincere attitude will garner trust from a wide range of stakeholders. From my perspective as an independent director, I think he is the type of person who can put you at ease during interactions with him.

Kato He is a very equal-minded person without preconceptions. He is the type of leader who listens carefully to other people's opinions, then distills them to create his own ideas. In today's rapidly changing environment, we need flexible leaders with good listening skills, and Mr. Sato perfectly embodies the image of a modern manager. He does not rely on predetermined ideas, so it is easy for those around him to express their opinions. I look forward to seeing him more actively convey his message to others going forward.

Do you have opportunities to communicate with the executive officers who will become future successor candidates?

Orii If the successor candidate has already been appointed as a director and we have the opportunity to interact with them on a daily basis, then, yes, we naturally form an understanding of that person. However, we have access to much less information about other successor candidates with whom we have limited contact. That is why I asked Mr. Obayashi and the former president, Mr. Hasuwa, to create opportunities for independent directors to interact with executive officers who could become successor candidates. We were able to establish settings that naturally encourage dialogue, not only at formal venues such as Board meetings, but also at informal venues such as the social gatherings that take place after the Executive Officers Meeting. Having had the opportunity to directly witness candidates' approaches and personalities at these venues was hugely beneficial when making selection decisions, and I hope this will continue going forward.

Obayashi Given our desire to expand the organization, I decided to have one-on-one meetings with all newly appointed executive officers from this year. These direct exchanges are a great way of getting to know more about an individual's approach and personality. I learned a great deal myself from these interviews, and they also enable me to respond more appropriately to any questions from independent directors. I hear that the newly appointed executive officers also liked these meetings. Many of them looked relaxed as we talked and this serves to create a good atmosphere for the future.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Orii These interviews bring management and executive members closer together and help foster a strong organizational culture. Being able to meet and talk directly to the chairman, who serves to carry on the founding spirit, is an opportunity for younger employees and newly appointed executive officers to more deeply understand the Obayashi Philosophy and corporate culture, and increases individual motivation.

What governance challenges and prospects are likely to emerge as the Obayashi Group seeks further growth?

Orii The Obayashi Group has made steady progress in advancing governance over the past few years, but it is important to keep up the pace and move on to the next phase. In light of recent dramatic changes in social and economic environments and scandals that have swept through the corporate world, human capital and corporate culture are attracting increasing attention as the foundations upon which corporate trust is built. I have been involved in fostering organizational culture and instilling management philosophy, so I understand the vital need to ensure that everyone, from top management to frontline employees, is aware that they must be united in supporting healthy growth. The Group boasts a strong cultural foundation inspired by the Obayashi Three Pledges to quality, value, and efficiency passed down since its establishment. Instilling governance based on this DNA across the Group will be both a challenge and a source of strength for the future. In particular, as Obayashi undertakes more international M&As, another core global governance challenge will center on how best to share its philosophy and culture with newly acquired companies and encourage a sense of unity as a member of the Obayashi Group.

Kato The Group needs to continue maintaining and developing its foundational domestic construction business as its core, balancing business profitability and quality. However, the key to future growth will lie in strengthening governance across all subsidiaries in Japan and overseas, and in securing greater management capabilities for its global business. Developing capable global management talent is vital for maintaining and enhancing Obayashi's strong grip over its business outside Japan. This is partly the job of the executive team, but I take the Obayashi Group's people-oriented approach very seriously. The development and deployment of human resources can be both a constraint and a driver of growth, and I am convinced that investing in human capital will prove the key to Obayashi's future expansion and sustainable competitiveness.

Orii From a diversity perspective, the appointment of Ayako Kameda as Obayashi Corporation's first female executive officer in FY2024 represented significant progress. Ms. Kameda once told me at a social gathering that she had become interested in Obayashi Corporation because there were several women on the Board of Directors, and that left a strong impression on me. I hope we will see a natural progression in women being appointed to executive functions, regardless of whether they joined Obayashi as new graduates or mid-career hires. Obayashi management now has a deeper understanding of the importance of diversity and people will be watching how this is achieved in practice. These days, when we talk of the risks associated with homogeneity, diversity can often be a wellspring of competitiveness. I would like to continue to support and encourage the appointment of women as the first step in promoting greater diversity.

Obayashi Business outside Japan now accounts for approximately one third of Group sales and we are currently evolving into a global company. Companies that joined the Obayashi Group through M&A in particular often have different cultures and historical experiences. How best to share and uphold the innate Obayashi characteristics, basic values, and approach to governance while also respecting the independence of such companies is a major challenge. To ensure that current performance drives us into the future, we need to optimize shareholder returns, human capital investment, growth investment, and other capital allocations. Strategically building governance to support these processes is also necessary. Specifically, structural design issues such as who to appoint as leaders and what the supporting remuneration system should look like are directly linked to growth strategies. It is vital for us to recognize that executive recommendation and remuneration systems, governance, and growth strategies now constitute an intertwined whole. The big topics facing Obayashi going forward, I believe, will be how to build a unified governance system for the whole Group and how to train talented individuals who can comprehend and promote effective global management.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Risk Management

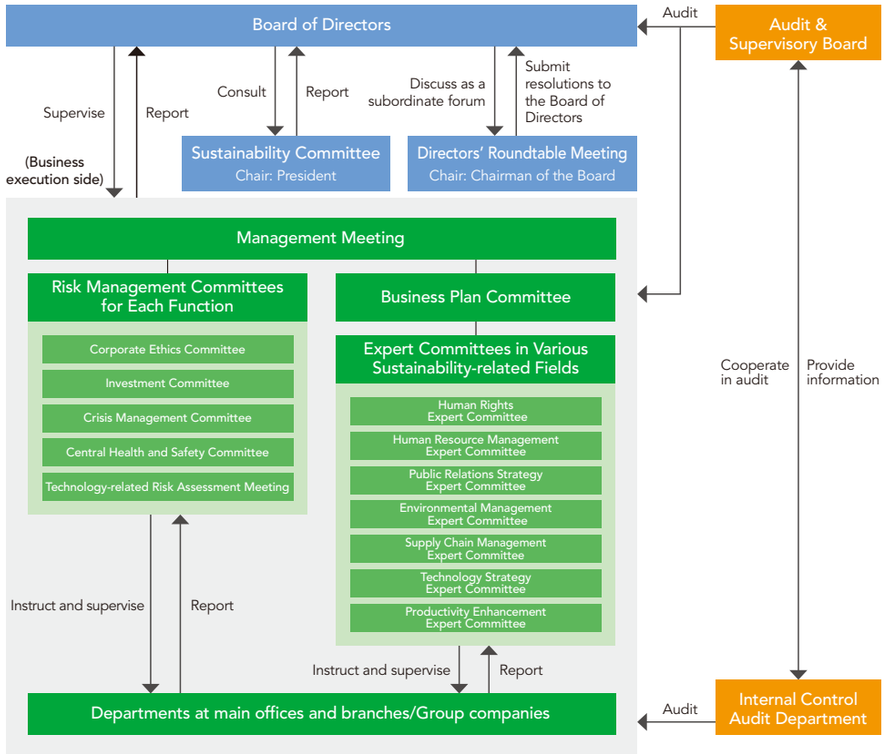
Risk Management

Risk Management System

Obayashi identifies and analyzes any risks that might impact the Group through function-specific risk management committees, such as the Corporate Ethics Committee and the Central Health and Safety Committee, and the Business Plan Committee and its various subordinate committees for each sustainability-related field. Important decisions are referred to the Board of Directors and Management Meeting for discussion. These bodies determine and evaluate
the risks related to each agenda item. They discuss whether the determined response to the potential manifestation of a particular risk is appropriate and make decisions accordingly.

In addition, each department assesses the risks inherent in its business processes and builds any necessary avoidance and mitigation measures into those processes. The Internal Control Audit Department, which is Obayashi's internal audit arm, audits each department's risk management efforts.

Risk Management System



Information Security

Obayashi established an information security policy in FY2001 and started developing more detailed security measures. However, the way in which people use information systems is changing as digital technology advances and work style reforms progress, and external attacks on information systems are becoming increasingly sophisticated. Consequently, the Company's policy was fully revised in March 2021 to better deal with growing information security risk. The revision expands the scope of application to the entire Obayashi Group and ensures that the policy conforms with the unified standards of the National center of Incident readiness and Strategy for Cybersecurity (NISC), and it has been renamed the Obayashi Group Information Security Policy. Since then, the policy has been updated and communicated annually to deal with new information technologies and devices.

This unified framework ensures the Group conforms with Japanese and overseas laws, regulations, standards, and other rules on information security frameworks including Computer Security Incident Response Team (CSIRT), training, auditing, and safety management measures. The new policy sets concrete standard measures with which Obayashi Group companies must comply. We will work to raise the level of information security throughout the Group by implementing these practices.

KPI	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Results	Results	Targets	Results	Targets		
Ratio of employees taking information security training	100%	100%	100%	100%	100%		
Number of serious information security incidents	0	0	0	0	0		

Business Continuity Plan (BCP)

The Obayashi Group has formulated a BCP to anticipate disaster risks, such as large-scale earthquakes, and is drafting and implementing measures to prevent business interruptions and to recover quickly in the event of a disruption.

As part of its BCP, we are pursuing the initiatives below to eliminate various bottlenecks that would prove key obstacles to business execution in the event of a disaster.

1. **Maintaining the supply chain of people and goods**
   Organizational frameworks relating to the personnel and suppliers and subcontractors required to ensure business continuity and restore infrastructure are determined in advance along with measures for securing required materials, equipment, fuel, and other items.
   Examples:
   - Establishing systems to immediately check employee safety and any damage to Company facilities, Group companies, suppliers and subcontractors in the event of an earthquake-related disaster
   - Securing logistics bases and emergency vehicles to facilitate the swift delivery of relief supplies in the event of a disaster
   - Concluding disaster support agreements with fuel suppliers, rental companies with wide networks, and other organizations
2. **Promoting the development of technologies to adequately implement the BCP**
   The Disaster Prevention Information & Analysis Center has been set up within the Technology Research Institute to investigate mechanisms for natural disasters such as earthquakes and torrential rains and to provide information that can be used internally to develop appropriate technologies.
   Example:
   - Conducting field surveys of the sites affected by the 2024 Noto Peninsula earthquake and heavy rains, and investigating the mechanisms of compound disasters
3. **Conducting earthquake disaster drills**
   Earthquake disaster drills with the cooperation of all main and branch offices are conducted every May and independent branch-specific earthquake disaster drills are conducted every November to confirm the initial BCP response and identify any issues. Any issues that emerge during the earthquake drills are addressed through the implementation of appropriate PDCA cycles in an effort to further improve the BCP.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement
Section 7 Data Section

Responding to Business and Other Risks

Risks		The Five Business Domains					Response
		Domestic Construction	Overseas Construction	Real Estate Development	Green Energy	New Business Initiatives	
Impact of legal regulations on business	Impact of potential costs incurred in responding to the amendment, abolition, or establishment of laws and regulations, or changes in applicable standards and other factors, and the restrictions on business activities and loss of credibility resulting from any criminal or administrative penalties in the event of a legal or regulatory violation	○	○	○	○	○	• Encourage each business department, the Legal Department, and other internal organizations to continually monitor trends in the establishment, amendment, and abolition of legal regulations • Appropriately reflect the accompanying costs in estimated costs and revenue and expenditure forecasts
Construction market trends	Decrease in construction orders and other effects when an economic recession or other event causes the construction market to shrink	○	○				• Formulate human resource plans that anticipate market trends • Strengthen marketing and procurement capabilities • Improve productivity and expand construction capabilities through technological development • Diversify revenue sources by expanding business domains • Build a solid financial position
Construction work defects, serious accidents, and others	Deterioration in business performance and corporate reputation caused by serious defects or accidents	○	○				• Establish a strict quality management system • Operate a thorough safety management system through the Safety Division • Use insurance to hedge risk
Client/Supplier credit risk	Difficulty collecting funds or delay in business due to uncertain credit of a client, supplier and subcontractor, or other business partners	○	○	○	○	○	• Conduct thorough credit checks before and during transactions • Receive payment and pay subcontractors for construction work in proportion to the amount of work completed in the construction business
Risks relating to changes in labor unit prices and construction material prices, and difficulties in procurement	A decline in profit margins caused by a sudden rise in material prices or labor costs, or a delay in construction due to difficulties with procuring materials or shortage of skilled workers, and any associated damage compensation	○	○				• Maintain a level of orders that accurately reflect the construction capacity of the Group, including suppliers and subcontractors • Ensure early purchase of materials • Use forward exchange contracts to hedge risk • Calculate estimated costs by determining accurate costs that include future predictions • Build a stable supply chain • Develop labor-saving automation technologies and machinery
Fluctuation of asset prices	The recognition of valuation or impairment losses caused by a significant decline in the market value of real estate, investment securities, and other assets, or a significant decline in the value of goodwill generated as a result of corporate acquisitions			○			• Formulate investment plans considering the balance with the financial base • Conduct stricter advance screening by the Investment Committee and other bodies • Regularly check the operation, business conditions, and market price of any entity after acquisition
Long-term business risks	A deterioration in earnings, increased losses and other issues due to costs incurred, or other issues resulting from a significant change in the business environment or a serious accident at long-term businesses, such as PPP and in the renewable energy field				○	○	• Formulate investment plans considering the balance with the financial base • Conduct stricter advance screening by the Investment Committee and other bodies • Appropriately share risks with business partners and subcontractors • Use insurance to hedge risk • Monitor the operational status of projects

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Responding to Business and Other Risks

Risks		The Five Business Domains					Response
		Domestic Construction	Overseas Construction	Real Estate Development	Green Energy	New Business Initiatives	
Risks in overseas businesses	A significant change in the business environment, such as political instability due to terrorism, conflict and other issues, fluctuation in economic conditions, sudden fluctuations in exchange rates, or changes in legal systems in our operating countries		○	○	○	○	• Operate business in countries and regions with stable political climates • Grasp conditions and respond in a timely manner at the North American and Asia-Pacific Regional Headquarters • Receive payment for contracted work and pay subcontractors in the local currency • Use forward exchange contracts to hedge risk
Leakage of confidential information	Loss of social trust or compensation for damages resulting from the leak of personal information or confidential information due to an external attack, fraud by employees, or other events	○	○	○	○	○	• Establish an information management system based on the Rules on Protection of Personal Information and the Obayashi Group Information Security Policy • Set up a dedicated team to detect security incidents early, respond to them rapidly, and minimize any related damage • Update security infrastructure based on the zero-trust concept • Consistently implement training, awareness-building, and other human resource management measures
Risks relating to large-scale natural disasters and infectious diseases	Damage to ongoing construction projects and functional paralysis at the Head Office and main offices and branches, or other impacts of earthquakes, tsunami, storms, floods, or other large-scale natural disasters, or the spread of a highly infectious disease	○	○	○	○	○	• Formulate a BCP for each type of risk • Offer consistent education and training • Ensure a solid financial base that enables the Group to continue business even when business activities are significantly impacted
Climate change risks	The introduction of a carbon tax, a rise in summer temperatures, intensification of natural disasters, or other such events	○	○	○	○	○	• Promote initiatives designed to reduce environmental impact as the Group strives to achieve the decarbonization target proclaimed in Obayashi Sustainability Vision 2050 • Support the recommendations of the TCFD and implement measures based on scenario analysis
Risks related to human rights issues across the supply chain	Loss of social credibility in the event of a human rights-related problem in the supply chain	○	○	○	○	○	• Implement human rights due diligence under the Obayashi Group Human Rights Policy and based on international human rights standards such as the United Nations Guiding Principles on Business and Human Rights • Implement socially responsible procurement across the supply chain based on the Obayashi Group CSR Procurement Policy and the Obayashi Group CSR Procurement Guidelines

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Compliance

Corporate Ethics

Obayashi constantly strives to ensure thorough awareness of corporate ethics and compliance and has declared its determination to uphold laws and regulations in the Company's Articles of Incorporation, which form the bedrock upon which to build a sound corporate culture.
The Obayashi Basic Principles also stipulate guidelines for ensuring strict adherence to corporate ethics, and the Company's senior management lead by example when promoting those corporate ethics.

KPI

	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Target		
Number of serious violations of laws/ordinances	0	0	0	0	0		

Promoting Our Corporate Ethics Program

Obayashi has established the Corporate Ethics Program to help prevent all forms of corruption. In doing so, the Company first formulated policies and standards, and established an organizational system. With this foundation in place, it introduced specific measures and now constantly verifies and improves the program, mainly by regularly checking the implementation of the policies and standards.

Policies and Standards for the Establishment of Corporate Ethics

Articles of Incorporation

Article 3 (Compliance and Sensible Course of Action)

In the Corporation each employee and board member shall observe laws and regulations, and maintain high ethical standards in their business activity. Particularly in regard to contracts for construction works, they should not take any action that would harm the equity and fairness of the tender, such as actions that violate the Penal Code and the Antimonopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade).

Obayashi Basic Principles

(Ensure Strict Adherence to Corporate Ethics)

1. Comply with laws and regulations and take a sensible course of action
2. Promote fair and free competition
3. Maintain appropriate relationships with stakeholders
4. Avoid all contact with antisocial forces
5. Ensure appropriate information disclosure and transparency of management

Structure to Ensure Strict Adherence to Corporate Ethics

Corporate Ethics Committee

Chair: President
Members: Several directors
Several executive officers
Several external experts
Head of the employees' union
Secretariat: General Administration Department at Head Office

Corporate Ethics Officers
(Executive officers at the Head Office and Heads of main offices and branches)

Corporate Ethics Promoters (affiliated department managers)

The Obayashi Group Corporate Ethics Consultation and Reporting System

Multiple contact points
(internal, external, direct to Audit & Supervisory Board Members)

Introducing, Implementing, Verifying, and Improving Specific Measures to Establish Corporate Ethics

Rules and Manuals for Individual Aspects of Corporate Ethics Practice

- Antimonopoly Act Compliance Program
- Antisocial Forces Exclusion Program
- Obayashi Group Anti-Bribery Program
- Occupational Health and Safety Manual
- Harassment Prevention Guidelines
- Quality Manual etc.

Monitor

Training to Establish Corporate Ethics

- Workplace training on corporate ethics
- External seminars for our executives
- Training and workshops on different countries' laws and regulations and regional characteristics
- At Group companies, training based on the Obayashi Corporation textbook, with the content revised to suit the individual company's business field

Structure to Disseminate Corporate Ethics, Measuring the Extent of Adherence to Them, and Assessing Their Efficacy

- Use of the Audit & Supervisory Board's Bid-Rigging Monitoring Program and the Internal Control Audit Department's internal audits* to monitor Corporate Ethics Program implementation
- Monitoring from multiple aspects by the Corporate Ethics Committee
  1. External experts perform third-party evaluation of Corporate Ethics Program implementation
  2. The head of the employees' union gathers union members' opinions about corporate ethics

*Internal Control Audit Department's internal audits
Organizations covered: All organizations at Obayashi Corporation and all Obayashi Group companies
Frequency of audits: Departments (or companies) to be audited in a particular fiscal year are selected from the above list based on a three-year medium-term audit plan and an annual audit plan
Purpose of audits: To contribute to improvement in business management by providing advice and recommendations as necessary, based on the examinations conducted in terms of the effectiveness and efficiency of business operations, compliance with relevant laws and regulations, etc.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Obayashi Group Anti-Bribery Program

Obayashi set up the Obayashi Group Anti-Bribery Program in April 2013 to prevent the bribery of public officials and other persons, both inside and outside Japan. The program encompasses the education of officers and employees. This includes, for example, conducting e-learning in local languages at bases overseas, conducting appropriate selection procedures at joint venture partners and other companies, and establishing consultation desks to help prevent fraudulent activities.
No incidents of corruption or bribery have been identified since FY2017.

Corporate Ethics Training in the Workplace

Obayashi conducts corporate ethics training in the workplace from April to May each year. The training, which uses textbooks prepared by the Corporate Ethics Committee Secretariat, is provided to all employees, including employees accepted on assignment, seconded employees, and part-time employees. The training is based on the Company's Articles of Incorporation and the Obayashi Code of Conduct for ensuring strict adherence to corporate ethics. The discussion-driven training is conducted by individual departments and uses specific incidents that could occur in an employee's immediate environment relating to thorough compliance with Japan's Antimonopoly Act and other laws and regulations, the elimination of antisocial forces, the eradication of fraudulent accounting, and other issues. Going forward, we will continue to conduct corporate ethics training in the workplace to both ensure legal and regulatory compliance and encourage each and every employee to act sensibly and ethically.

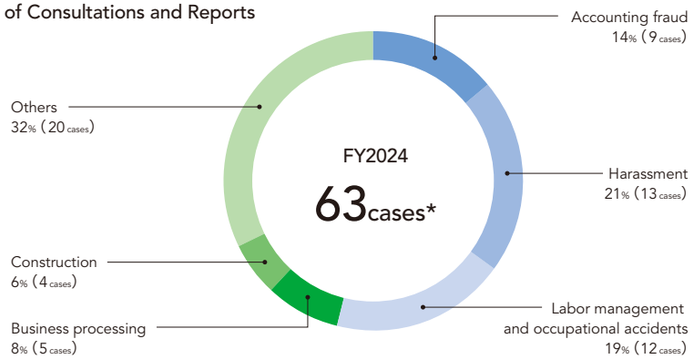
KPI

	FY2022	FY2023	FY2024		FY2025	FY2026	FY2030
	Result	Result	Target	Result	Targets		
Ratio of employees taking corporate ethics training	100%	100%	100%	100%	100%		

Corporate Ethics Consultation and Reporting System

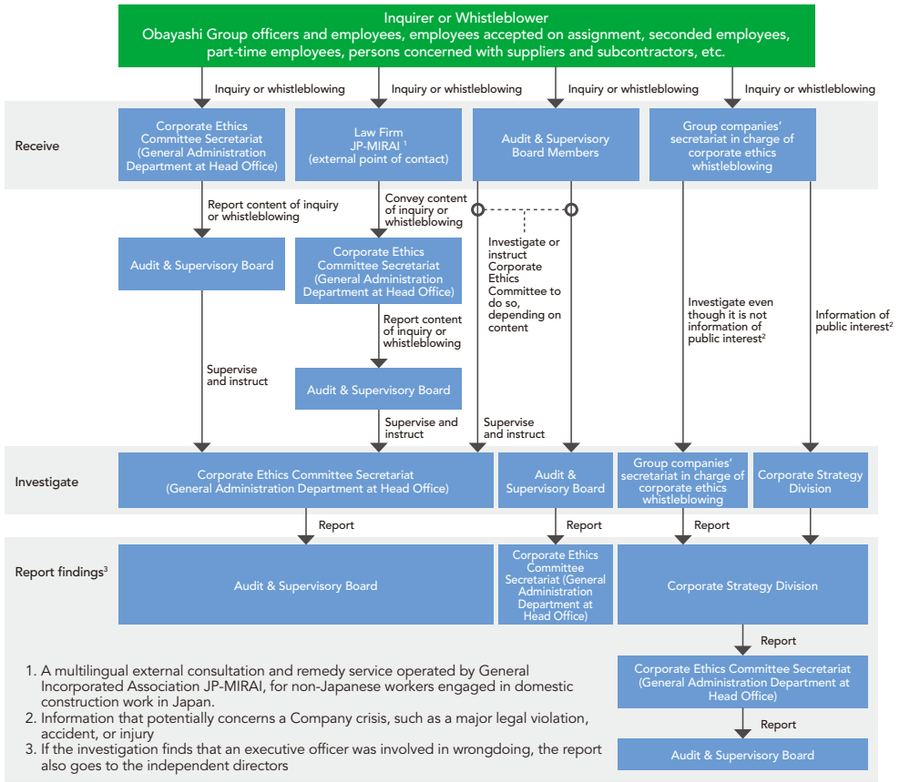
Obayashi has established a Corporate Ethics Consultation and Reporting System for all people involved in Obayashi Group business, including Group employees, employees accepted on assignment, seconded employees, part-time employees, and people linked to suppliers and subcontractors. The system serves as a hotline for seeking advice or for reporting all types of corporate ethics-related issues, such as misconduct or harassment in the workplace, legal and regulatory violations, and corruption and bribery. Every report is swiftly investigated. The findings of those investigations are then reported to the appropriate departments and necessary action is taken.

Number of Consultations and Reports



*We have established a dedicated contact point for consultations regarding harassment. The above consultation and reporting statistics exclude consultations and reports received by this contact point.

Flow of Reporting through Each Contact Point after Inquiry or Whistleblowing



1. A multilingual external consultation and remedy service operated by General Incorporated Association JP-MIRAI, for non-Japanese workers engaged in domestic construction work in Japan.
2. Information that potentially concerns a Company crisis, such as a major legal violation, accident, or injury
3. If the investigation finds that an executive officer was involved in wrongdoing, the report also goes to the independent directors

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Stakeholder Engagement

Obayashi's business activities are conducted with various stakeholders. To continue operating as a company that enjoys the trust of its stakeholders, we seek to incorporate the opinions and requests that we receive from engagement with our stakeholders into our corporate management in order to fulfill the expectations and demands of society at large.

Major Stakeholders	Expectations and Areas of Interest	Main Methods of Engagement	Value Delivered and Outcomes	
Clients	• Provision of quality buildings, infrastructure, and services • Provision of optimal solutions to help meet the various needs of our clients	• Marketing activities • Regular building inspections • Client satisfaction surveys • Website communication	Providing safe, secure, and comfortable buildings and infrastructure	• Provision of high value-added buildings • Improvement of customer satisfaction
Shareholders and investors	• Achievement of returns that exceed cost of shareholders' equity • Disclosure of information in a timely, appropriate, accurate, and fair manner • Assurance of management transparency by continuing constructive engagement with our shareholders, investors, and other stakeholders • Effective feedback within the Company of opinions and comments received from shareholders and investors and reflection of that information in management measures • Maintaining stable dividends over the long term and conducting flexible shareholder returns	• Ordinary General Meeting of Shareholders • Financial results briefings for institutional investors and securities analysts • Individual meetings with institutional investors and securities analysts • Tours of construction sites and facilities, business briefings, and ESG briefings • Website communication • Publication of the Obayashi Corporate Report	• Profit growth • Improving capital efficiency • Stable shareholder returns	• Improvement of operating income • Improvement of ROE and ROIC • Achievement of appropriate stock prices • Stable dividends based on DOE • Implementation of share buybacks
Employees	• Provision of growth opportunities • Safe and comfortable working environments • Open and communicative working environments • Fair employee evaluation and treatment • Facilitation of diverse work styles	• Labor-management consultation • Various training programs • Engagement surveys • Intranet • Corporate Ethics Consultation and Reporting System • Hotlines for employees seeking advice on harassment, health, and other issues	Creating a safe and rewarding work environment	• Reduction of occupational accidents • Increase in employee engagement • Reduction of employee turnover • Base pay increases
Suppliers	• Expansion of business opportunities • Fair and transparent transactions based on equal relationships • Enhancement of relationships of trust • Safe and comfortable working environments	• Procurement activities • Cooperation with Obayashi Rin-yu-kai • Questionnaires on the CSR Procurement Guidelines • Various training programs	Building strong partnerships based on trust	• Increase in the number of members of Obayashi Rin-yu-kai • Skilled worker training • Skill transfer • Securing of next-generation workers
Environment and local communities	• Conservation of local environments • Assurance of safety • Support and cooperation in times of disaster	• Participation in local events • Tours of facilities and construction sites • Obayashi Foundation Scholarship Program • Matching Gift Program • Support for disaster-stricken areas	• Contributing to society as a good corporate citizen • Reducing environmental impact	• Reduction of CO_2 emissions • Local community relationship building • Social contribution

Increased Corporate Value

Obayashi Basic Principles (Philosophy, Code of Conduct, and Three Pledges)

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation

Section 6
Governance
65 Independent Directors' Dialogue
69 Directors, Members of the Audit & Supervisory Board, and Executive Officers
73 Outside Audit & Supervisory Board Members' Dialogue
74 Management Structure
81 Dialogue Among the Chairman of the Board and the Chairs of the Recommendation and Remuneration Committees
86 Risk Management
89 Compliance
91 Stakeholder Engagement

Section 7 Data Section

Section 7

Data Section

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

Financial Summary

Consolidated Financial Summary

Fiscal years ended March 31	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Millions of yen)	FY2024 (Thousands of U.S. dollars[3])
Business Results												
Orders received	1,900,517	1,951,943	2,145,256	1,880,155	1,958,869	2,240,001	1,948,682	2,146,326	2,222,290	2,513,088	3,357,214	22,453,279
Orders received (Construction business)	1,797,441	1,862,140	2,052,504	1,774,745	1,873,739	2,149,788	1,857,688	2,042,487	2,107,374	2,355,067	3,202,228	21,416,721
Net sales	1,773,981	1,777,834	1,872,721	1,900,655	2,039,685	2,073,043	1,766,893	1,922,884	1,983,888	2,325,162	2,620,101	17,523,419
Gross profit	131,707	193,052	224,933	234,303	254,023	255,547	225,784	154,339	216,569	219,602	297,833	1,991,932
Gross profit margin (%)	7.4	10.9	12.0	12.3	12.5	12.3	12.8	8.0	10.9	9.4	11.4	-
Selling, general and administrative expenses	83,318	86,671	91,191	96,502	98,542	102,675	102,622	113,288	122,769	140,220	154,391	1,032,580
Operating income	48,388	106,380	133,742	137,800	155,480	152,871	123,161	41,051	93,800	79,381	143,442	959,351
Operating margin (%)	2.7	6.0	7.1	7.3	7.6	7.4	7.0	2.1	4.7	3.4	5.5	-
Ordinary income	59,913	111,208	140,106	143,951	163,054	159,005	128,784	49,844	100,802	91,515	153,383	1,025,841
Profit attributable to owners of parent[1]	28,695	63,437	94,501	92,662	113,155	113,093	98,780	39,127	77,671	75,059	146,052	976,807
Capital expenditures	42,308	56,231	31,410	76,383	39,586	47,573	52,539	55,415	92,394	78,406	49,647	332,044
Research and development expenses	9,391	10,081	10,553	10,602	12,312	13,734	13,661	15,841	15,330	16,538	16,393	109,642
Depreciation	14,392	14,476	14,981	14,659	17,672	19,880	20,038	20,691	23,941	27,117	32,457	217,078
Financial Position												
Total assets	1,996,193	1,951,907	2,015,996	2,148,861	2,214,512	2,230,297	2,272,628	2,422,085	2,609,929	3,019,118	3,042,778	20,350,312
Property, plant and equipment	408,848	441,604	459,597	526,270	544,558	572,190	609,256	623,306	692,545	735,914	737,577	4,932,971
Investment securities	415,541	342,021	346,245	372,308	360,627	290,719	340,079	337,976	306,570	422,583	311,557	2,083,719
[Sales result of investment securities]	[4,541]	[4,497]	[4,495]	[8,710]	[5,454]	[9,263]	[7,702]	[16,973]	[24,612]	[33,100]	[86,213]	[576,599]
Net assets	549,483	561,658	644,076	711,525	798,149	850,498	961,979	988,913	1,035,881	1,195,244	1,210,201	8,093,911
Equity (net assets less non-controlling interests)	507,670	516,098	594,160	684,836	768,944	817,892	931,008	955,691	997,109	1,151,630	1,158,245	7,746,422
Interest-bearing debt (except nonrecourse loans)	327,802	266,465	200,334	184,724	183,061	172,928	196,357	197,376	261,222	249,756	285,212	1,907,519
Nonrecourse loans	83,017	79,874	73,024	92,004	89,156	75,624	69,596	83,060	76,699	74,128	77,553	518,680
Total amount of interest-bearing debt and nonrecourse loans	410,820	346,339	273,359	276,728	272,218	248,552	265,953	280,436	337,921	323,884	362,765	2,426,200
Cash Flows												
Net cash provided by (used in) operating activities[2]	74,646	124,980	158,892	114,034	44,203	237,628	24,803	69,697	228,456	50,399	85,625	572,666
Net cash provided by (used in) investing activities[2]	(7,442)	(48,029)	(37,884)	(71,289)	(45,302)	(47,318)	(79,075)	(49,833)	(101,610)	(84,471)	9,596	64,178
Net cash provided by (used in) financing activities[2]	(34,523)	(68,967)	(89,165)	(54,548)	(24,823)	(49,397)	(8,483)	(12,457)	22,118	(51,922)	(50,593)	(338,371)
Cash and cash equivalents at end of period	162,607	164,802	194,195	184,783	157,699	298,945	236,474	249,317	405,633	326,688	380,169	2,542,600

1. Since the year ended March 31, 2016, the line item net income has been changed to profit attributable to owners of parent
2. In the consolidated statements of cash flows, figures in parentheses represent a decrease in cash and cash equivalents
3. U.S. dollar amounts are provided solely for the convenience of the reader, translated on the basis of ¥149.52 to US$1, the prevailing exchange rate on March 31, 2025.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

Fiscal years ended March 31	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024
Stock-Related Information												
Profit attributable to owners of parent per share (EPS) (Yen or U.S. dollars)	39.96	88.36	131.66	129.09	157.65	157.59	137.64	54.55	108.34	104.69	203.88	1.36
Net assets per share (BPS) (Yen or U.S. dollars)	706.94	719.01	827.77	954.05	1,071.49	1,139.69	1,297.25	1,333.10	1,390.77	1,606.18	1,628.88	10.89
Price-earnings ratio (PER) (Times)	19.5	12.6	7.9	9.0	7.1	5.9	7.4	16.5	9.4	17.8	9.7	-
Dividends per share (Yen or U.S. dollars)	10	18	28	28	32	32	32	32	42	75	81	0.54
Dividend payout ratio (%)	25.0	20.4	21.3	21.7	20.3	20.3	23.2	58.7	38.8	71.6	39.7	-
Dividend on equity ratio (%)	1.6	2.5	3.6	3.1	3.2	2.9	2.6	2.4	3.1	5.0	5.0	-
Amount of share buybacks (Millions of yen or thousands of U.S. dollars)	-	-	-	-	-	-	-	-	-	-	11,947	79,908
Total payout ratio (%)	-	-	-	-	-	-	-	-	-	-	47.8	-
Performance Indicators												
Equity ratio (%)	25.4	26.4	29.5	32.2	34.7	36.7	41.0	39.5	38.2	38.1	38.1	-
Return on equity (ROE) (%)	6.2	12.4	17.0	14.5	15.6	14.3	11.3	4.1	8.0	7.0	12.6	-
Return on invested capital (ROIC) (%)	3.4	7.6	10.2	10.0	10.5	9.8	7.4	2.3	4.9	3.8	6.4	-
Debt-equity ratio (Times)	0.81	0.67	0.46	0.40	0.35	0.30	0.29	0.29	0.34	0.28	0.31	-

Non-Consolidated Domestic Construction Business Results

Fiscal years ended March 31	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Millions of yen)	FY2024 (Thousands of U.S. dollars*)
Domestic Building Construction												
Orders received	948,858	1,052,559	1,048,108	982,374	1,038,739	1,193,456	1,162,163	1,186,503	1,093,102	1,194,826	1,510,813	10,104,421
Net sales of completed construction contracts	922,872	892,295	977,417	977,666	1,076,398	1,099,515	920,380	1,044,174	1,048,587	1,234,232	1,290,917	8,633,744
Gross profit on completed construction contracts	41,587	85,725	119,665	124,652	132,599	123,254	103,538	37,613	87,235	78,246	117,800	787,857
Gross profit margin on completed construction contracts (%)	4.5	9.6	12.2	12.8	12.3	11.2	11.2	3.6	8.3	6.3	9.1	-
Domestic Civil Engineering												
Orders received	312,191	288,650	275,248	293,966	244,420	247,314	336,934	321,311	280,130	328,078	456,825	3,055,279
Net sales of completed construction contracts	235,866	268,110	259,157	254,891	269,380	262,169	262,685	265,747	266,237	286,591	309,199	2,067,948
Gross profit on completed construction contracts	24,425	39,849	46,579	45,799	48,813	50,050	56,758	39,484	41,794	45,263	58,235	389,480
Gross profit margin on completed construction contracts (%)	10.4	14.9	18.0	18.0	18.1	19.1	21.6	14.9	15.7	15.8	18.8	-

*U.S. dollar amounts are provided solely for the convenience of the reader, translated on the basis of ¥149.52 to US$1, the prevailing exchange rate on March 31, 2025.

Group Network

Major Group Companies in Japan

Name (Major Business)	Group Equity Interest	FY	Financial Data (Millions of yen)			
			Net Sales	Operating Income	Profit Attributable to Owners of Parent	Net Assets
NAIGAI TECHNOS CORPORATION Building construction, construction fitting, interior and exterior, and manufacturing/sales of materials, etc.	100.0%	2023	10,451	487	356	8,370
		2024	10,853	438	182	8,442
OBAYASHI FACILITIES CORPORATION Overall property and facilities management, building construction, and contracted administrative operations	100.0%	2023	33,222	1,048	758	17,208
		2024	36,980	1,760	1,246	18,238
OAK SETSUBI CORPORATION M&E design and construction such as air conditioning/cleanrooms/sanitary fire extinguishers	100.0%	2023	22,827	1,282	887	8,134
		2024	18,631	2,205	1,569	9,441
CYPRESS SUNADAYA CO., LTD. Production and sales of timber and wooden materials	50.8%	2023	11,875	388	112	2,218
		2024	11,704	223	61	3,666
OBAYASHI ROAD CORPORATION Civil engineering construction including road construction, building construction, and manufacturing/sales of materials, etc.	100.0%	2023	102,677	4,364	2,780	62,064
		2024	110,190	7,091	4,751	65,978
OBAYASHI-SHINSEIWA REAL ESTATE CORPORATION Ownership/sale & purchase/lease/management/appraisal/brokering of property, and non-life insurance agency business	100.0%	2023	49,667	10,850	6,152	91,979
		2024	57,413	12,562	8,164	100,061
OBAYASHI CLEAN ENERGY CORPORATION[1] Energy generation, electricity sales, operation, maintenance and management of generation facilities with renewable energy, and investigation and research into such energy	—	2023	17,077	1,904	150	16,447
		2024	16,269	1,601	703	17,581
OAK INFORMATION SYSTEM CORPORATION Development and sales of computer software and sales and lease of electronic equipment	100.0%	2023	10,713	302	231	2,483
		2024	11,391	309	210	2,612
OC FINANCE CORPORATION Monetary lending, debt guarantee, ownership and management of securities, and debt purchasing	100.0%	2023	567	458	317	7,810
		2024	1,247	919	637	8,448
30 PFI subsidiaries PFI-related services	—	2023	25,200	935	509	5,859
		2024	24,520	915	392	5,573

1. Includes its own subsidiary in the renewable energy business

Major Overseas Group Companies

Name (Major Business)	Group Equity Interest	FY	Financial Data (Millions of yen)			
			Net Sales	Operating Income	Profit Attributable to Owners of Parent	Net Assets
E.W. HOWELL CO., LLC[2] Building construction and civil engineering	92.0%	2023	56,200	134	174	3,632
		2024	61,168	(1,070)	(870)	3,099
WEBCOR, L.P.[2] Building construction and civil engineering	100.0%	2023	182,741	2,465	2,340	16,771
		2024	175,176	2,213	2,814	20,015
JAMES E. ROBERTS-OBAYASHI CORPORATION[2] Building construction and civil engineering	51.0%	2023	46,564	2,148	831	5,721
		2024	58,310	4,068	1,594	8,878
KRAEMER NORTH AMERICA, LLC[2] Civil engineering and building construction	70.0%	2023	56,496	2,697	2,014	6,024
		2024	72,086	3,365	2,768	7,226
MWH MANAGEMENT INC. [2,3,4] Civil engineering and building construction	90.4%	2023	—	—	—	24,309
		2024	126,109	5,028	3,342	31,171
KENAIDAN GROUP LTD.[5] Civil engineering and building construction	60.0%	2023	29,845	(6,399)	(3,340)	309
		2024	30,791	1,106	947	1,206
THAI OBAYASHI CORPORATION LIMITED Building construction, civil engineering, sales of materials, etc., and ownership/sale & purchase/lease/management/brokering of property	50.0%	2023	61,886	3,232	1,392	66,012
		2024	71,924	2,720	1,297	76,163
PT. JAYA OBAYASHI Building construction and civil engineering	85.0%	2023	15,448	683	282	2,870
		2024	20,251	1,226	717	3,826
TAIWAN OBAYASHI CORPORATION Building construction, civil engineering construction, and sales of materials, etc.	100.0%	2023	15,784	327	351	3,135
		2024	12,344	205	258	3,536
OBAYASHI SINGAPORE PRIVATE LIMITED Building construction and civil engineering	100.0%	2023	55,662	4,907	4,852	18,858
		2024	78,182	5,177	5,193	25,763
OBAYASHI VIETNAM CORPORATION Building construction and civil engineering	100.0%	2023	18,316	(250)	89	7,570
		2024	15,880	1,047	1,137	9,180
OBAYASHI PROPERTIES UK LIMITED Acquisition/ownership/disposal/lease management of real estate, real estate development business, and acquisition/ownership/disposal of real estate trust beneficial interest	100.0%	2023	4,926	3,947	1,984	62,831
		2024	5,223	4,101	1,888	67,742

2. Consolidated subsidiary of Obayashi USA, LLC
3. Became a consolidated subsidiary of Obayashi in December 2023
4. Changed the company name in July 2024
5. Consolidated subsidiary of Obayashi Canada Holdings Ltd.

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/Editorial Note

Social Contribution

Social Contribution

Obayashi's corporate philosophy embodies its commitment to contributing to the realization of a sustainable society, and we have formulated the Obayashi Social Responsibility Policy as one of the specific measures designed to help achieve that aim. The policy focuses on four identified priority areas that will help bring about a sustainable society and that correlate closely with our business. As a good corporate citizen, we pursue social contribution activities in an effort to help resolve social issues.

Obayashi Social Responsibility Policy: Our Commitments

1. We take a global perspective on everything we do to fulfill our social responsibilities, making the most of all the resources available to us around the world. Our business itself contributes solutions to address global issues, and we also undertake special initiatives that go beyond the reach of our business.
2. We coordinate our work to address social issues with local communities, non-profit organizations, NGOs, governments and other key actors, capitalizing on the unique strengths of every entity and every person involved.
3. We work hard to ensure that our approach to social responsibility is clearly understood and that our efforts to build a better society are widely known.

Construction Site Tours and Outreach Classes

We hold construction site tours and outreach classes throughout Japan for young people who will become the leaders of the next generation.

Main Events in FY2024

- Tour of robotics center and hands-on safety experience (West Japan Robotics Center)
- Tour of research institute and hands-on experience of different experimental equipment (Obayashi Technology Research Institute)
- Presentation of construction technologies focusing on traditional Japanese built structures and practical class on creating bridges using paper (Japanese International Academy of Guam)
- Lesson on the important role of natural and planted forests and the concept of renewable cities made of wood (LOOP50) (Namie Sosei Elementary School)
- Construction site tours (various locations in Japan)

CLOSE-UP

Dialogue With Local Elementary and Junior High School Students: Outreach Lecture on the Coexistence of Solar Panels and Kushiro Marsh

Obayashi Group company Obayashi Clean Energy built a solar power generation plant in Kushiro Shitsugen National Park utilizing land owned by the town of Kushiro, and started operations in 2017. In December 2024, we composed and conducted a lecture for elementary and junior high school students from the local towns of Kushiro and Hamanaka together with Hiroshima University and the Hokkaido University of Education's Kushiro Campus. The lecture addressed the topic of whether solar panels destroyed local areas or saved them. The students explored the potential coexistence of nature and renewable energy and discussed the pros and cons. We explained our environmentally responsible initiatives to help deepen participant understanding.

Obayashi Clean Energy president explains the impact of global warming on people

Four Priority Areas

- Global Environmental Responsibility
- Disaster Readiness and Post-Disaster Reconstruction
- Good Citizenship in Local Communities
- Inspiration for the Next Generation

Matching Gift Program

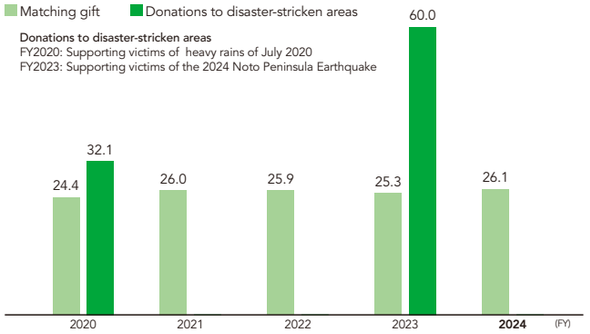
In FY2014, we introduced the Matching Gift Program and made a commitment to match any voluntary donations made by employees.

In accordance with the Obayashi Social Responsibility Policy, donations are made to chosen organizations involved in the fields of support for disaster-stricken areas, the global environment, and social contribution activities. So far, including urgent donations such as donations to disaster-stricken areas, ¥456 million has been donated to a total of 56 organizations.

Main Donation Recipients

- Support for disaster-stricken areas: UNHCR, Central Community Chest of Japan, Peace Winds Japan, etc.
- Global environment: National Land Afforestation Promotion Organization's Green Fund, etc.
- Social contribution activities: Ashinaga, JOICFP, Second Harvest Japan, Plan International Japan, Japan Guide Dog Association, etc.

Amount of Donation (Millions of yen)



01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

Company Overview

Corporate Information

Company Name	OBAYASHI CORPORATION
Founded	January 1892
Established	December 1936
Representative	Toshimi Sato Representative Director President and CEO
Head Office	2-15-2, Konan, Minato-ku, Tokyo, Japan
Capital	¥57,752 million
Employees	9,386 (As of March 31, 2025)
Construction Business Permission	Government Permit (Toku/Han-6) 3000
Real Estate Business License	Government License (15) 791
Business Activities	Construction work in and outside Japan, regional development, urban development, and other construction-related businesses, including contracted engineering, management, consulting services, real estate development, etc.

Business Offices

Major Offices

Head Office: 2-15-2, Konan, Minato-ku, Tokyo, Japan
Sapporo Branch, Tohoku Branch (Sendai), Kanto Branch (Saitama), Tokyo Main Office, Yokohama Branch, Hokuriku Branch (Niigata), Nagoya Branch, Kyoto Branch, Osaka Main Office, Kobe Branch, Hiroshima Branch, Shikoku Branch (Takamatsu), Kyushu Branch (Fukuoka), Asia-Pacific Regional Headquarters (Singapore), North American Regional Headquarters (Foster City)

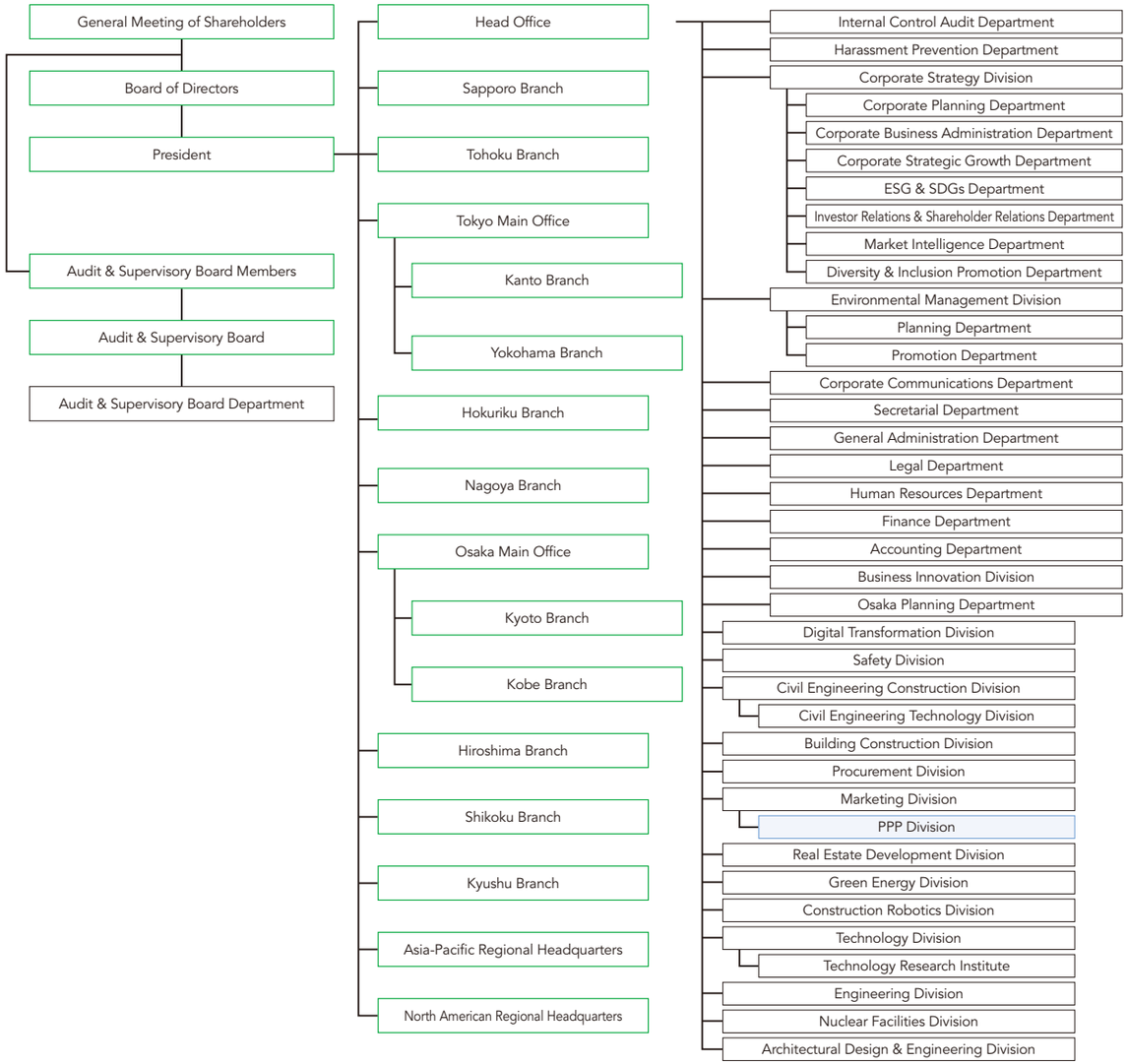
Research Institute

Technology Research Institute (Kiyose, Tokyo)

Overseas Offices

London, Auckland, Sydney, Guam, Taipei, Jakarta, Hanoi, Phnom Penh, Kuala Lumpur, Bangkok, Yangon, Dhaka, Dubai

Organization Chart



Established/reorganized April 1, 2025

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

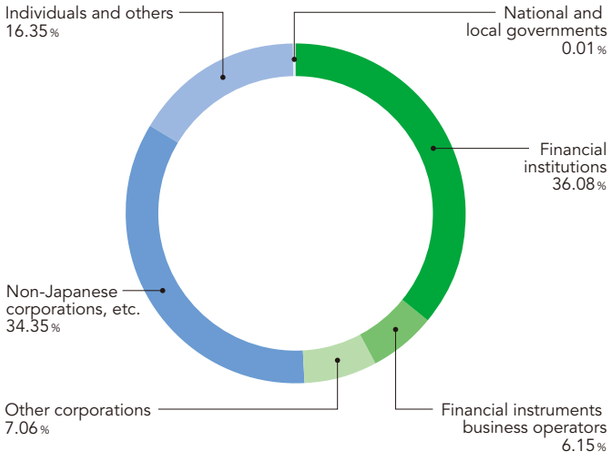
Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

Stock Status

Stock Information (As of March 31, 2025)

Stock Listings	Tokyo (Prime)
Category	Construction
Stock Code	1802
Minimum Number of Stocks Allowed Per Trade	100
Fiscal Year	From April 1 to March 31
Payment of Dividends	March 31 (Year-end), September 30 (Interim)
Total Number of Shares Issued and Outstanding	721,509,646 shares (No change from the end of the previous fiscal year)
Number of Shareholders:	88,207
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan
Ordinary General Meeting of Shareholders:	June

Percentage of Shares Owned by Owner* (As of March 31, 2025)



*Percentage of shares owned by owner is calculated after deducting treasury stock (9,460,616 shares)

Major Shareholders (As of March 31, 2025)

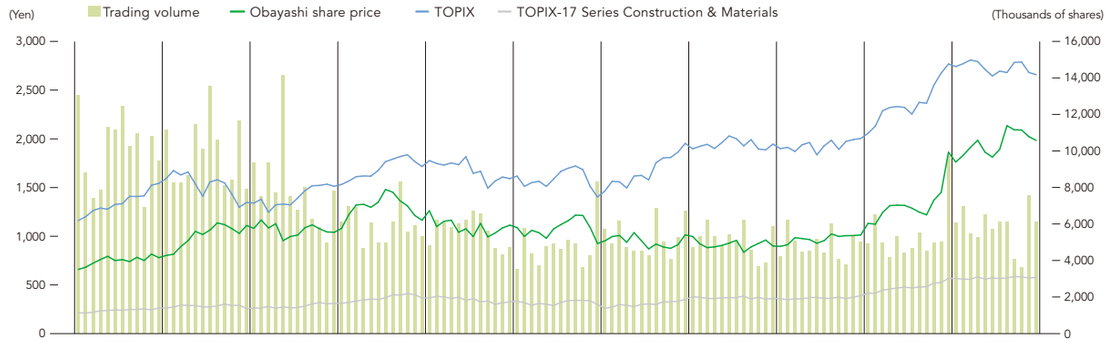
Name	Shareholdings	
	Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	119,567	16.79
Custody Bank of Japan, Ltd. (Trust Account)	74,208	10.42
STATE STREET BANK AND TRUST COMPANY 505001	24,070	3.38
Nippon Life Insurance Company	20,905	2.94
Takeo Obayashi	16,944	2.38
STATE STREET BANK WEST CLIENT - TREATY 505234	14,325	2.01
Obayashi Group Employee Shareholding Association	12,905	1.81
JPMorgan Securities Japan Co., Ltd.	12,165	1.71
JP MORGAN CHASE BANK 385781	9,470	1.33
Sumitomo Realty & Development Co., Ltd.	9,159	1.29

Note: 1. Major shareholders list excludes treasury stock (9,460,616 shares)
2. Shareholding ratios exclude treasury stock

Stock Price and Trading Volume

	FY2020	FY2021	FY2022	FY2023	FY2024
TSR (%)	113.1	104.1	120.8	220.7	242.5
Index: Dividend TOPIX (%)	142.1	145.0	153.4	216.8	213.4

Stock Price and Trading Volume



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
High (yen)	834	1,197	1,178	1,609	1,266	1,283	1,129	1,071	1,067	1,950	2,204
Low (yen)	576	762	911	1,013	929	772	853	834	862	995	1,585.5
Year-end stock price (yen)	780	1,110	1,041	1,164	1,114	926	1,015	900	1,013	1,862.5	1,984
Annual trading volume(shares)	1,203,036,000	1,180,296,300	951,538,500	718,992,800	676,608,000	578,240,900	626,203,000	609,594,400	582,397,800	646,571,900	695,502,800

01 Obayashi Corporate Report 2025 Key Points
02 Contents

Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance

Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

External ESG Evaluations and Others/Editorial Note

External ESG Evaluations

External Evaluation

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

Three-star rating under the "L-boshi" certification system. The Minister of Health, Labour and Welfare in Japan awards the rating to companies that have implemented outstanding initiatives to promote women's participation and advancement in the workplace.

Daiwa Investor Relations CO., Ltd. evaluates and scores the IR websites of listed companies based on its own criteria, and awards commendations to outstanding companies.

2025 KENKO Investment for Health (Large Enterprise Category) Award. Nippon Kenko Kaigi recognizes companies that practice particularly outstanding health and productivity management.

Obayashi Corporation has been selected for the Dow Jones Best-in-Class Asia Pacific Index.

Participation in External Initiatives

- TCFD Consortium
- TNFD Forum
- GX League
- Japan Climate Initiative (JCI)
- Japan Climate Leaders' Partnership (JCLP)
- Science Based Targets Initiative
- 30by30 Alliance for Biodiversity
- Human Capital Management Consortium
- UN Global Compact
- Japan Business Federation
- Japan Federation of Construction Contractors
- Japan Construction Occupational Safety and Health Association

WE SUPPORT

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

The Obayashi Group is a participant in the UN Global Compact, a global framework for realizing a sustainable international community, and is also a signatory to the Women's Empowerment Principles (WEPs).

Front Cover

OWNTOWN: A Conceptual Vision

Obayashi Corporation issues a quarterly PR magazine, *Obayashi Quarterly*, which introduces information related to construction cultures as well as other related cultures. OWNTOWN is a future urban development concept featured in the OBAYASHI IDEA section of *Digital Twins*, issue No. 61 of the *Obayashi Quarterly*. The concept envisions a town where digital twins have evolved to the scale of cities or towns, and where everyone plays a leading role in its development, guided by the individual thoughts and ideas of its residents.

Public relations magazine, *Obayashi Quarterly*

Editorial Note

First, let me thank you for reading *Obayashi Corporate Report 2025*, our integrated report. This integrated report is based on the Obayashi Basic Principles and conveys the policies and strategies designed to pursue sustainability of the planet, society, and people, and of the Obayashi Group as stipulated in Obayashi Sustainability Vision 2050. It also includes information regarding the progress achieved on Obayashi Group Medium-Term Business Plan 2022, as well as details of the addendum.

Takayuki Tomioka, Managing Executive Officer (sixth from the right) and *Corporate Report* team (Investor Relations & Shareholder Relations Department and ESG & SDGs Department of Corporate Strategy Division)

We use the report to promote active dialogue with shareholders and investors and strive, wherever possible, to reflect any opinions or requests communicated through that dialogue in the subsequent year's report.

We are committed to expanding the report's content to help our shareholders, investors, and all other stakeholders deepen their understanding of the Obayashi Group's efforts to create value. We look forward to receiving your frank opinions and requests.

Takayuki Tomioka
Managing Executive Officer
General Manager of Corporate Strategy Division

Process of Making the Corporate Report

Publication
- Japanese: August
- English: October

Evaluation
- Discuss with institutional investors
- Conduct external evaluation
- Deepen employee understanding and implement employee questionnaire

Planning
- Feedback of external evaluation within the Company
- Plan based on external evaluation

Production
- Production is based on interviews with management, relevant departments and subsidiaries by the Investor Relations & Shareholder Relations Department and the ESG & SDGs Department of the Corporate Strategy Division.

01 Obayashi Corporate Report 2025 Key Points
02 Contents
Section 1 Our Future and Origin
Section 2 Overview of the Obayashi Group
Section 3 Social Issues and Value Creation
Section 4 Toward Accelerating Company-Wide Transformation
Section 5 Foundation Supporting Value Creation
Section 6 Governance
Section 7
Data Section
93 Financial Summary
95 Group Network
96 Social Contribution
97 Company Overview
98 Stock Status
99 External ESG Evaluations and Others/ Editorial Note

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