



Key Q&A from the Results Briefing for the Year Ended March 31, 2026

Date & Time: Wednesday, May 20, 2026, 9:00am – 10:00am

Speakers: Seisuke Otani, President and Representative Director
Toshihiro Yamazaki, Group General Manager of Corporate Administration Group
Kaname Miwa, Executive Officer

1. Net Sales and Profit Margins in the Architectural Construction Business

Q: What is behind the sharp swing in architectural construction orders for the fiscal year ending March 31, 2027, from the decline in the fiscal year ended March 31, 2026 to a significant increase? Also, how do you view the outlook in which net sales increase while profit margins decline?

A: Fluctuations in architectural construction orders are influenced in part by the timing of large-scale projects. Order intake decisions are made strategically based not only on profitability, but also on factors such as brand value and future continuity of business. In addition, earnings from newly awarded projects typically begin to be reflected in results after one to two years.

Q: Do you expect the profit margin in the architectural construction business to return to an upward trend from the fiscal year ending March 31, 2028 onward, in line with the Medium-Term Management Plan?

A: Although the profit margin in the architectural construction business is expected to decline temporarily in the fiscal year ending March 31, 2027 due to progress on large projects currently on hand, we expect it to return to an upward trend from the fiscal year ending March 31, 2028 onward, in line with the Medium-Term Management Plan.

Q: Given the favorable order environment, is there room to further improve both order intake and profitability in the architectural construction business?

A: The decline in the profit margin of the architectural construction business in the fiscal year ending March 31, 2027 is mainly attributable to the progress of large projects currently on hand with relatively low margins. At the same time, net sales from completed construction projects are expected to increase significantly.

2. Cross-shareholdings

Q: Could you comment on the progress of negotiations toward achieving the target for the sale of cross-shareholdings, as well as your thinking on the pace going forward?

A: The policy of reducing cross-shareholdings remains unchanged, and negotiations are continuing toward the target of bringing the ratio down to 20% of net assets. Decisions on the sale of cross-shareholdings are made flexibly within the overall cash allocation framework, taking into account factors such as dividend yield as well as agile financing options, including the use of interest-bearing debt.

3. Progress of the Medium-Term Management Plan

Q: What is the current progress toward achieving the targets of the Medium-Term Management Plan, and is there any potential upside?

A: Progress toward the targets of the Medium-Term Management Plan has been generally steady. While performance varies by segment, the overall plan remains on track, supported in particular by the architectural construction business. Although the overseas business involves some uncertainties, these are expected to be offset to some extent by the domestic architectural construction and civil engineering businesses.

Q: What is the earnings outlook for the overseas business from next fiscal year onward, and how has the business environment changed since the Medium-Term Management Plan was formulated?

A: In the overseas business, achieving the targets of the Medium-Term Management Plan has become somewhat more challenging due to the slowdown in private-sector construction investment in Indonesia. However, efforts are being made to recover through the expansion of projects for Japanese companies and civil engineering infrastructure projects, and the possibility of achieving the targets remains.