Key Q&A from the Results Briefing for the Six Months Ended September 30, 2026

Date & Time: Wednesday, November 18, 2026, 9:00am – 9:45am

Speakers: Seisuke Otani, President and Representative Director
Kaname Miwa, Executive Officer

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1. Architectural Construction Orders

Q: Could you explain the reason for the downward revision of domestic architectural construction orders from the initial forecast announced at the beginning of the fiscal year?

A: Domestic architectural construction orders are currently expected to total ¥498.0 billion, an increase from the previous fiscal year. However, this is below the initial forecast of ¥518.0 billion. The primary reason for the reduction is the postponement of certain target projects into future periods. As always, we will continue to pursue orders while carefully monitoring resource availability, project progress, and personnel allocation.

2. Current Construction Demand and Order Environment

Q: On page 27 of the presentation materials, under “Current Assessment (Challenges)” in the section titled “Current Construction Demand and Order Environment,” the Company identifies the following challenge: “Greater selectivity in accepting orders, alongside intensifying competition on price and for contracts, particularly for large projects.” Could you elaborate on this statement and explain how it relates to the revised order forecast?

A: The revision to our order forecast is primarily attributable to the postponement of certain target projects. At the same time, while contractors are increasingly pursuing selective order-taking strategies, the projects we seek to secure are also attracting greater interest from competitors. We would not characterize the situation as a significant intensification of competitive bidding; however, we do have the impression that the number of projects on which we compete with peers has increased. This is the context in which the statement should be understood.

Q: It appears that a broader range of companies is increasingly winning contracts for projects that major general contractors have chosen not to pursue due to constraints on their construction capacity. The implications differ depending on whether competition is arising as your company pursues new projects more actively than before, or because other companies are entering areas where your company has traditionally been strong. Which of these situations applies?

A: Both situations apply. The projects we would like to pursue are also a focus for Japan’s five major general contractors. Even these five companies cannot secure every project without competition, and we also compete with them on some projects. We have the impression that such competition has increased slightly in certain regions or for certain projects.

As you pointed out, there are also many cases where quasi-major and other general contractors win contracts for projects that the five major general contractors have chosen not to pursue, as well as cases where we are the first company to be approached. While these trends exist, competition does

arise for high-profile projects. This is particularly the case for public-sector projects in regional areas.

3. Gross Profit Margin on Completed Construction Contracts in Architectural Construction

Q: The gross profit margin on completed construction contracts for architectural construction is projected to decline somewhat this fiscal year from a profitability perspective. Could you comment, to the extent possible, on the outlook for future fiscal years?

A: We have revised our forecast for the gross profit margin on completed construction contracts in the architectural construction business upward from 11.3% at the beginning of the fiscal year to 13.1%, representing an improvement of nearly two percentage points. This reflects expected profit margin recovery in projects other than certain large-scale projects with relatively low margins that are currently progressing. When forecasting gross profit margin on completed construction contracts, we assess the extent to which margins can improve relative to those assumed at the commencement of construction. Since margins at project commencement remain at a solid level, we believe that margins in the next fiscal year and the year thereafter can be maintained at or above the previous fiscal year's result of 13.7%.

4. Overseas Group Companies Business

Q: Overseas operations are now expected to fall short of the initial plan following the latest earnings revision. While the presentation materials outline a growth strategy for overseas operations, the current situation appears more challenging than originally envisioned in the Medium-Term Management Plan. What factors have contributed to this gap, and what is your outlook for future earnings growth and recovery?

A: Currently, overseas, we undertake architectural construction and other projects in Southeast Asia, Oceania, the United States, Nepal, and other regions. Business conditions vary from country to country, including within Southeast Asia.

In Thailand and Vietnam, we mainly undertake projects for Japanese companies, but some planned projects have been delayed. In Indonesia, the number of Chinese construction companies entering the market has increased, leading to greater competition.

In Southeast Asia, factors such as delays in Japanese companies' expansion into the region and intensifying domestic competition have contributed to performance falling below plan.

Regarding future profit recovery, Japanese companies have announced major investment plans in some countries, with investments scheduled to begin in the next fiscal year or the year after. We expect sales and profit to grow by meeting the demand arising from these investments. In Indonesia, project restructuring and other measures are progressing, and the order environment is improving.

Page 43 of the presentation materials also shows our growth vision for the overseas business. In preparation for a future in which construction investment in Japan declines as the domestic population decreases, we have indicated our intention to expand and develop our overseas business, including through inorganic growth. With respect to inorganic growth, we are also considering new M&A opportunities. Our overseas business strategy looks ahead to growth through 2040.

5. Long-Term Growth Outlook for Offshore Wind Power

Q: Page 41 of the presentation materials provides long-term projections for operating margins and other metrics in the offshore wind power business. At the same time, media reports have highlighted withdrawals by certain market participants. Could you provide more detail on the basis for your growth assumptions and your confidence in profitability?

A: As you noted, some companies have withdrawn from offshore wind projects. However, shifts in the global energy landscape, including issues surrounding fossil fuels in the Middle East, have

prompted a reassessment of renewable energy demand and supply. While the market outlook will depend significantly on future government policy, we believe renewable energy will remain indispensable. We expect demand for bottom-fixed offshore wind projects through approximately 2035-2040, followed by growing demand for floating offshore wind projects. Accordingly, page 41 of the presentation materials presents our long-term revenue and profit growth expectations for the offshore wind power business.

For both floating and bottom-fixed offshore wind projects, ownership of an SEP (Self-Elevating Platform) vessel provides a significant competitive advantage in securing construction contracts and supports attractive profit margins.

In addition, our experience with the commercial operation of Japan's first floating offshore wind farm gives us a technological lead. We therefore expect to maintain high profitability in EPCI-related businesses and power generation-related operations. We also anticipate leveraging our expertise in the CM business. Although offshore wind currently accounts for a relatively small portion of total revenue, we believe it is an area where we can achieve high profitability while addressing important societal needs.

6. Cross-Shareholdings

Q: Regarding the sale of cross-shareholdings, the ratio of cross-shareholdings to net assets has risen, and the target of reducing the ratio to below 20% of consolidated net assets by March 31, 2031 may require a faster pace of divestment than currently being achieved. Could you share your thinking on this matter for the fiscal year ending March 31, 2029 and beyond?

A: With respect to our long-term policy on cross-shareholdings, the ratio stood at 54.4% of net assets at the end of the second quarter, exceeding 50%. Therefore, as you correctly point out, reducing the ratio to below 20% of consolidated net assets by March 31, 2031 will require divestment of a substantial amount of holdings. Our policy of continuing to reduce cross-shareholdings toward that target remains unchanged. At the same time, we place great importance on proceeds from share sales as a source of funding for growth investments. Accordingly, decisions regarding the timing of disposals will be made in light of the demand for, and necessity of, such growth investments, and we intend to proceed with sales in a disciplined and strategic manner.