

Date and time of the event : Thursday, May 21,2026 14:00~15:01

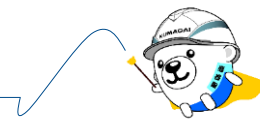
Attendees : President Shin Ueda, Vice President Koji Okaichi, General Manager of the Administration Division Hiroyasu Yaguchi, General Manager of the Civil Engineering Management Division Tetsuo Ono, General Manager of the Architectural Management Division Taiji Ito, General Manager of the Management Strategy Division Hideyuki Sakai, General Manager of the New Business Development Division Naohiro Shimizu, Group Manager of Management Strategy Division Department IR Group Chihiro Nosaka

**Q1:It seems that the order-time profitability for domestic Building Construction is steadily improving, but do you see room for further improvement?**

A1:Regarding the profitability at the time of order receipt, levels have been rising recently. Although an increase in costs related to the improvement of employee treatment is anticipated, we plan to carefully explain this to clients and strive for further improvements.

**Q2:I would like to inquire about the potential upside in margins for Civil Engineering and Building Construction compared to the plan.**

A2:Regarding Civil Engineering, if we can successfully secure design changes, we believe it is possible to achieve an improvement of about 1 percentage point from the figures announced at the beginning of the term. However, while we consider the system for securing design changes to be established, design changes tend to concentrate around March, towards the end of the construction work, making it difficult to predict at the beginning of the term. Therefore, we are viewing the plan somewhat conservatively. Additionally, for the next term, there are slightly fewer completed projects compared to the current term, so we are aiming for an improvement of about 1 percentage point. Regarding Building Construction, using projections based on settlements as the initial disclosed value, there was an improvement of over 1.5% in the gross profit on completed construction from the profit at the time of order for the current term. Despite risk factors such as the Middle East situation for the next term, we believe a similar level of improvement is possible by carefully explaining to clients that these are instances of force majeure.

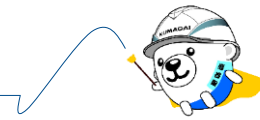


**Q3: It seems that non-operating income was expected from gains on the sale of overseas investment projects in the final year of the Mid-Term Management Plan, but has the timing of the sale been postponed?**

A3: Regarding the gain on sales of overseas real estate projects, it was included in the final year during the formulation of the Mid-Term Management Plan. However, since the timing of some exits has been slightly delayed, the amount planned for the next fiscal year is slightly smaller. Nevertheless, since it is expected that the decrease will be covered by the profits from Civil Engineering, Building Construction, and group companies, the full-year plan is set to exceed the KPI for ordinary income of 30 billion yen, reaching 31 billion yen.

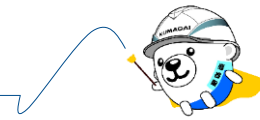
**Q4: The improvement in the equity ratio has become noticeable, but I would like to ask again about the concept of share buyback.**

A4: For shareholder returns, the basic policy is stable dividends, with a commitment to a dividend payout ratio of 40%. In the current term, based on profit accumulation, the year-end dividends were increased from 25 yen to 27 yen to achieve a dividend payout ratio of 40%. Next term, the focus will be on further profit accumulation, with an initial policy of increasing dividends. When profit accumulation is temporary, we plan to maintain an equity ratio of 42-3% and consider acquiring treasury stock, assuming that we can secure over 40% for additional returns. We will consider the methods of additional returns while taking into account the opinions and requests of investors.



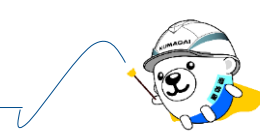
**Q5: Despite originally being strong in Civil Engineering, I would like to ask why the profit margin has remained so low compared to other general contractors whose Civil Engineering gross profit margin has exceeded 20%. Even considering differences in accounting treatment, it could be improved by 4-5%.**

A5: Our company recognizes that the major general contractors are achieving very high profit margins. However, one of the main reasons our overall profit margin has not significantly increased is that our backlog includes a certain number of large projects with very long construction periods and slightly lower profit margins. On the other hand, we are planning to increase new graduate hires by 1.5 times for the period after next and are significantly strengthening our construction system, including mid-career hires. As a result, we anticipate an increase in sales revenue of approximately 10 billion yen compared to the current term next fiscal year, and we intend to steadily increase profits firstly through the expansion of sales revenue. Although we do not expect a significant improvement in profit margins over the next 2 to 3 years due to the existing large projects, the profitability of projects currently ordered is stable. Therefore, through improving production efficiency with the expansion of sales revenue and the contribution of high-profit projects, we aim to increase profit margins in the medium to long term.



**Q6: Regarding the status of major subsidiaries, while K&E and TaiwanKumagai are experiencing slight stagnation, there is a question of how their medium-term outlook is. Although Gaeart is performing very well, there is uncertainty about maintaining this profit level.**

**A6:** K&E experienced a strong previous term, but in the current term, sales and profits struggled due in part to the loss of a major construction project planned at the beginning of the term. However, as a result of focusing on operating activities, the company secured a contract for a major hotel renovation project in Kansai at the end of the term, achieving a record-high order volume. This large project is expected to contribute to sales and profits from the next term onwards, providing a favorable outlook for performance recovery. Additionally, amid difficulties in advancing new construction projects due to soaring construction material costs, the demand for renovations is expected to continue growing. Taiwan Kumagai saw stagnated sales as the large twin tower project in Taipei progressed slightly slower than initially expected. However, the 70-story building has reached the 35th floor, and with finishing work to follow, stable sales and profits can be expected moving forward. Gaeart experienced a very strong current term. Factors include maintaining a high level of orders primarily from high-margin government projects and successful price pass-through in the product business, which led to an increase in shipment volume. Although there are concerns like rising crude oil prices, it is believed that this favorable condition can continue for some time.



**Q7: The development projects in partnership with Sumitomo Forestry and the investment amounts are mentioned, but I'd like to know what kind of revenue is expected from them, and for the projects already in operation where revenue contribution is not visible against the investment amount, I'd like to understand how they will contribute to revenue.**

A7: Regarding overseas real estate projects in collaboration with Sumitomo Forestry, there are currently six projects in North America. The investment amounts are at the level stated in the documents, and concerning revenue, considering the housing situation in the United States, although the timing is slightly shifted, as reported earlier by President Ueda, one sale profit is scheduled to be recorded in the coming fiscal year, and another in the following fiscal year. Until the current term, investment has been prioritized, but moving forward, we plan to establish a cycle to generate revenue from these investments.

**Q8: Regarding M&A, I would like to ask about the strategy concerning acquisition and alliance partnerships. In addition to the relationship with Sumitomo Forestry, as other companies in the same industry make various comments like wishing to enhance facilities amidst the increase of data centers, how does your company view its position as a buyer?**

A8: As a general approach to M&A, our company promotes group management, and as part of expanding our value chain, we consider enhancing areas that are lacking and expanding our peripheral businesses, thus considering M&A as one of the methods. We are actively gathering information to see if there are any partners with whom we can form a supply chain in strengthening our core business and expanding peripheral businesses. Regarding our relationship with Sumitomo Forestry, we have recently changed the equity stake ratio from a capital efficiency perspective, but the partnership policy remains unchanged. Joint projects in focus areas such as medium- to large-scale wooden structures and overseas real estate are yielding solid results, and we will continue to strengthen cooperation to maximize synergy.

**(Precautions)**

The content of this document is a summary of the main questions and answers to the financial results briefing, and is based on information currently available to us and certain assumptions that we judge to be reasonable. However, please be aware that the content may fluctuate due to changes in the business environment or other factors.

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