INFRONEER Holdings Inc.

Main Contents of Q&A from the FY2026 1st Quarter Presentation

Date: Aug 7, 2026 (Friday) 13:00 - 14:00
Speakers: President and CEO Kazunari Kibe
Executive Officers: Takao Nakanishi, Yuji Hatakama, Masashi Shimojo,

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Q. Could you provide a breakdown of the additional JPY 1.5 billion FY26 business growth contribution shown on Page 5?

A. Of the JPY 1.5 billion, JPY 1.2 billion is expected to come from improvements in construction progress and profitability in the building construction segment. The remaining JPY 0.3 billion is attributable to gains on real estate sales at an affiliate of MAEDA CORP.

Q. Both the building construction and civil engineering segments appear to be progressing very well. Are there any areas of concern? Please also comment on the overseas business.

A. First, regarding the building construction segment, both MAEDA CORP. and Sumitomo Mitsui Construction are performing well in orders received. At Sumitomo Mitsui Construction, Net sales have declined slightly due in part to its focus on profitability-oriented order selection.

As of the first quarter, there were 13 joint venture (JV) projects between MAEDA CORP. and Sumitomo Mitsui Construction, contributing approximately JPY 70 billion in terms of orders received, including projects under construction.

For MAEDA CORP., backlogs exceeded JPY 600 billion for the first time at the end of a first quarter, while profit margins of orders received have also been secured steadily. Accordingly, we have no particular concerns regarding the building construction segment.

Regarding overseas operations, in the civil engineering business, Sumitomo Mitsui Construction is expected to continue achieving steady orders received in the Philippines. In the building construction business as well, Sumitomo Mitsui Construction plans to increase orders received by approximately JPY 20 billion YoY. Overall, we do not see any particular concerns in our overseas business.

Turning to the civil engineering segment, construction projects are progressing steadily, and neither MAEDA CORP. nor Sumitomo Mitsui Construction has any material concerns.

Some investors may be concerned about the impact of suspension of nomination eligibility for public works projects. However, through timely and appropriate information sharing between the two companies, we have been able to avoid such impacts, and there has been no effect on earnings to date.

With respect to orders received, both companies continue to coordinate and share information, and orders received remain strong at both MAEDA CORP. and Sumitomo Mitsui Construction. We will continue to share information between the two companies, closely monitor market trends, and steadily execute our initiatives.

The increase in the civil engineering segment's gross profit margin from 14.4% in FY25 1Q to 16.2% in FY26 1Q reflects Sumitomo Mitsui Construction's adoption of MAEDA CORP.'s initiatives related to cost management and profitability improvement. We intend to continue these efforts and believe there is potential for further improvement in profitability by the fiscal year-end.

Q. Please explain the order environment in the building construction segment. Given that the profit margin of orders received increased YoY, is it correct to understand that the favorable order environment continues despite rising interest rates and increasing construction costs?

A. At MAEDA CORP., large-scale redevelopment projects that have been cultivated from the upstream stage are contributing to orders received. Until recently, our pipeline of sales opportunities was approximately JPY 1 trillion, but it has already exceeded JPY 2 trillion.

The order environment is even stronger than before, and through integration with Sumitomo Mitsui Construction, we have been able to secure large-scale projects that we previously had to decline.

Although Sumitomo Mitsui Construction had previously exercised restraint in accepting orders, it revised this policy last year. We also expect expanded business opportunities with companies within the Sumitomo Mitsui Group and with developers.

We expect the favorable order environment to continue for approximately the next three to five years.

Q. I understand that the increase in the dividend level is related to higher financial income. Is it correct to assume that dividends may fluctuate in line with changes in financial income? Also, is it correct to understand that the initial plan of a JPY 100 dividend is based on earnings generated from the core business?

A. That understanding is correct. Our dividend level consists of two components: one based on earnings generated from our core business and another related to the valuation of Toshiba shares.

The core business component is unlikely to fluctuate significantly going forward and, in our view, still has considerable upside potential. On the other hand, the portion related to Toshiba shares is not something we can control, and therefore the year-end dividend may fluctuate.

In addition, to provide investors with a clearer understanding of the current dividend level and the calculation method for the Toshiba-related portion, we adopted a methodology based on the closing share price of Kioxia Holdings on the previous day (August 6). Accordingly, the dividend amount may increase or decrease depending on share price movements.

Q. Some companies exclude unrealized gains on Toshiba shares when determining dividends. What discussions took place regarding INFRONEER's decision to include valuation gains on Toshiba shares as part of the dividend source?

A. There were no particular discussions on this point. Our basic approach is to return to shareholders the results generated as profit.

Q. In the road civil engineering business, some competitors are experiencing margin deterioration, while INFRONEER's profitability is largely unchanged YoY. Is it appropriate to expect improvement from 13.2% in the first quarter toward the full-year forecast of 15.2%? Should we also assume there is no significant risk of deterioration along the way?

A. As we explained during our FY2026 fourth-quarter earnings briefing and other occasions, we thoroughly and promptly pass through fluctuations in material prices and foreign exchange rates into asphalt mixture selling prices.

We were among the first in the industry to implement these measures and have continued to do so consistently.

Changes in exchange rates and raw material prices were reflected in asphalt mixture selling prices from April 2 onward, limiting the impact on earnings.

While raw material prices may decline in the future, we intend to revise selling prices appropriately when that occurs. At the same time, we aim to maintain a certain level of margin, and therefore believe that fluctuations in raw material prices and foreign exchange rates will have only a limited impact on our performance.

Q. During the fiscal year ended March 31, 2026, the Company increased dividends during the year and also raised the minimum dividend from JPY 60 to JPY 90. Given the very strong business performance, is it reasonable to assume that the minimum dividend could again be increased depending on year-end conditions?

In addition, could you please explain once more the rationale for raising the minimum dividend from JPY 60 to JPY 90? Will Watering's earnings contribution also be reflected in the core business portion of dividends?

A. First, the minimum dividend represents our shareholder return policy and our commitment to maintain a dividend of at least JPY 90 even if Net income declines due to temporary factors.

The rationale for raising the minimum dividend to JPY 90 was our judgment that it could be maintained on a stable basis even assuming a dividend payout ratio of 40%.

Looking ahead, if we gain confidence that a level above JPY 90 can be maintained sustainably based on future business conditions and earnings prospects, raising the minimum dividend will certainly be considered.

This reflects our commitment to enhancing shareholder returns, and we intend to continue examining this possibility.

In addition, as you noted, Watering's earnings contribution is regarded as part of earnings generated by our core business.

Q. In July 2026, the Company established a bond issuance registration limit of JPY 130 billion. Could you provide an update on the refinancing status of bridge loans in light of this? I also understand that the JPY 130 billion registration limit is close to the scale of bridge loans incurred in connection with the acquisitions of Sumitomo Mitsui Construction and Watering. Does the Company intend to refinance into long-term funding through bond issuance going forward? Please explain the thinking behind the bond issuance registration framework and the policy regarding bridge loan refinancing to the extent possible.

A. The bond issuance registration was renewed because the existing registration was due to expire in August 2026.

The purpose of the registration is to maintain the capability to issue bonds flexibly when necessary in response to normal funding requirements and treasury management needs while taking market conditions into account. Therefore, this bond issuance registration was not intended specifically to achieve permanent financing of bridge loans.

As we have explained previously, we continue to consider various options for the permanent financing of bridge loans. Once a specific policy is determined, we will disclose it promptly.

Q. Is it correct to understand that both the building construction and civil engineering segments progressed ahead of plan in the first quarter? Also, could you provide more details by segment regarding the factors behind the improvement in profitability during the first quarter?

A. In the building construction segment, the completion of two large-scale construction projects was the primary factor behind the improvement in profitability during the first quarter. Based on these first-quarter results, we revised our full-year forecast upward. As a general policy, we review our full-year outlook to appropriately reflect actual performance in each reporting period.

In the civil engineering segment, the main factor behind the improvement in profitability was Sumitomo Mitsui Construction's acquisition of design changes on large-scale projects. Meanwhile, we recognize that MAEDA CORP. must continue efforts to achieve further profitability improvements.

With respect to the year-end outlook, targets have been established based on first-quarter progress, as was the case for the building construction segment. Going forward, we will continue to secure design changes and steadily advance initiatives to improve profitability, with the aim of reflecting these results in earnings.

Q. Does the Company intend to continue holding Toshiba shares until a future listing, or could selling them beforehand also be an option?

A. No decision has been made at this time. When Toshiba is relisted, we will comprehensively evaluate options such as selling all shares, continuing to hold them, or selling a portion, and then make a decision.

In addition to Toshiba's future growth potential, we will need to consider multiple factors, including our funding requirements and growth investment plans. Taking into account our business development over the next one to two years, we will examine the most appropriate course of action.

Q. Please comment on the impact of developments in the Middle East and the outlook for future earnings.

A. Although there have been various reports concerning developments in the Middle East, the impact on our business performance is currently limited. We do not foresee circumstances that would materially affect our operations at this time.

While prices of certain items have increased significantly, the degree of impact varies by category. In addition, given the limited effect of Middle East developments on the Construction business, we believe the overall impact on earnings will also be minor.

Q. Amid continued strong construction demand, how is the shortage of mechanical, electrical, and plumbing subcontractors affecting your business? If there is an impact, please explain the measures being taken.

A. The shortage of MEP subcontractors is having some impact. Accordingly, with the cooperation of major developers, we are working to secure the necessary MEP subcontractors.

Although the supply environment for MEP subcontractors remains tight, we have been able to secure the required Construction.

Q. Please share your outlook regarding the shortage of MEP subcontractors to the extent possible.

A. As projects continue to become larger in scale, we believe the shortage of MEP subcontractors is likely to persist over the long term.

On the other hand, the number of small- and medium-sized projects is expected to decline, and therefore we recognize the need to continue closely monitoring future demand trends.