INFRONEER Holdings Inc.

Main Contents of Q&A from the FY2026 2nd Quarter Presentation

Date: Nov 11, 2026 (Wednesday) 14:00 - 15:00
Speakers: President and CEO Kazunari Kibe
Executive Officers: Takao Nakanishi, Yuji Hatakama, Masashi Shimojo, Soji Maeda, Yasuhiko Imaizumi, Toshio Shibata

* The outlook and other forward-looking information herein are as of November 11, 2026. References to presentation materials herein refer to the financial presentation materials released on the same date.

Q. Please explain the background to raising the full-year Business profit forecast for FY2026 to JPY 92.7 billion, as shown on Page 4 of the financial presentation materials. Is it correct to understand that the revision reflects the upside achieved in the first half (April to September 2026), and that there is further upside potential from securing design changes and other factors in the building construction and civil engineering businesses in the second half?

A. That understanding is correct. The additional JPY 6.0 billion reflected in the FY2026 second-quarter results represents increases in profit that had been largely secured through the second quarter. If profit increases further in the third and fourth quarters (October 2026 to March 2027), we believe there is potential for futher upside to the full-year forecast.

Q. Please explain your approach to shareholder returns for the next fiscal year (FY2027). If EPS declines due to valuation gains or losses on financial assets associated with the investment in Toshiba (affected by movements in the share price of Kioxia Holdings) or dilution from the public offering, how do you view maintaining the current dividend level? Please also comment on the dividend payout ratio and the potential to raise the minimum dividend.

A. As of the FY2026 second-quarter results, we are maintaining our annual dividend forecast of JPY 132 per share (JPY 65 interim and JPY 67 year-end), and expect a dividend payout ratio of 45.3%. The dividend payout ratio for FY2024 was 48.3%. Basically, we intend to manage the Company so that we can stably provide shareholder returns based on a dividend payout ratio of 50%. We explained the same approach in connection with the recent public offering.

With a view to maintaining the annual dividend of JPY 132 per share, we intend to provide shareholder returns up to a dividend payout ratio of 50%. We also believe that the significance of the current minimum annual dividend of JPY 90 has diminished in light of the current dividend level, and we will consider reviewing it at an appropriate time.

Q. Please provide an update on the profit outlook for the Battery storage business. Previous IR materials also presented a medium-term outlook. Based on the construction status and other circumstances of current projects, what level of earnings contribution do you expect in the current fiscal year (FY2026), the next fiscal year (FY2027), and over the medium term?

A. Electricity selling prices for the Battery storage business have recently declined. We are proceeding with development while closely monitoring these trends and assessing the IRR (internal rate of return) of projects currently under development. Even with electricity selling prices at their current lower levels, we believe the business remains viable.

While also taking into account the possibility of a future recovery in electricity selling prices, we intend to steadily advance the approximately 50 projects currently in our pipeline. Construction has already begun on some projects,

and including projects to be developed going forward, we expect the business to begin contributing to profit around FY2030.

Q. Regarding the Battery storage business, I understand that gains on project sales and operating profits from procuring electricity during low-price periods and selling it during high-price periods had also been expected in the next fiscal year (FY2027) and the following fiscal year (FY2028). You explained that profit contribution is expected from around FY2030. Is it correct to take a conservative view of contributions in FY2027 and FY2028?

A. We had initially expected profit contributions in FY2027 and FY2028. However, given the current electricity selling price environment and other factors, we believe achieving such contributions would be difficult at this point. We also recognize the need to take a relatively conservative view regarding project sales.

Q. Please explain the thinking behind the size of the public offering conducted in October 2026. I understand that the proceeds will be used to repay bridge loans associated with the acquisitions of ARSOCIA CONSTRUCTION and Swing. Taking into account the impact on existing shareholders and interest-rate trends, how did you determine the amount to be raised?

A. We made the decision after comprehensively considering our credit rating, the interest burden when refinancing, and our capacity to raise funds needed for future M&A. Before the public offering, our D/E ratio was 0.91x, and rating agencies had indicated that it should be kept at around 1.0x. We aim not only to maintain our credit rating but also to improve it in the future.

We also took into account that, in a rising interest-rate environment, the refinancing burden on bridge loans that had been procured at low interest rates would increase. We chose to raise funds through the issuance of new shares because we also need to retain capacity to use debt for future M&A.

With regard to the amount raised, we aimed for a level close to the maximum while keeping the dilution ratio below 20%. Under the recent public offering, if all 7.17 million over-allotment shares are issued in addition to the 55 million shares offered, the total amount raised is expected to be JPY 114.9 billion and the dilution ratio 17.9%.

Following the capital increase, the D/E ratio is expected to be 0.69x. We believe this will provide additional borrowing capacity of more than JPY 300 billion up to a D/E ratio of around 1.0x. As a result, we believe our capacity to execute M&A has expanded.

Q. The D/E ratio is expected to be approximately 0.7x after the public offering. Is it correct to understand that, for future borrowings associated with M&A and other activities, a D/E ratio of around 1.0x should be viewed as a benchmark?

A. That understanding is correct. We do not intend to use all of our borrowing capacity for a single M&A transaction, but even if there are multiple transactions, we believe we can accommodate them up to a D/E ratio of around 1.0x.

Q. The gross profit margin in the civil engineering business improved from 16.2% in the first quarter (April to June 2026) to 20.5% in the second quarter alone (July to September 2026). Please explain the background to the significant improvement in the second quarter and whether it was driven by temporary factors. Also, could the high profit margin continue from the third quarter onward?

A. The improvement in the second-quarter gross profit margin was driven by the finalization of design changes on large-scale projects, as well as the resolution and settlement of disputes related to past overseas projects, which resulted in reversals of related provisions.

Because these factors made a significant contribution in the second quarter, the full-year gross profit margin forecast appears lower than the second-quarter result. On the other hand, we are making steady progress in securing design changes overall. In the second half, we will continue to secure design changes and improve profitability on individual projects with the aim of generating further upside in profit.

Q. Please explain the background to the downward revision of the FY2026 Net sales forecast for MAEDA CORP.'s building construction business.

A. We recognize that this may be due to the increasing number of projects being undertaken as JVs between MAEDA CORP. and ARSOCIA CONSTRUCTION.

Q. The gross profit margin on completed construction contracts in the building construction business improved from FY2025 and rose further from the first to the second quarter of FY2026. Please explain the factors behind this improvement, including design changes. In addition, the profit margin of orders received has improved by approximately 1.2 percentage points YoY. Please also explain which areas are seeing strong inquiries and how many more years you expect the favorable order environment to continue.

A. At MAEDA CORP., the completion of highly profitable large-scale projects in the first half of FY2026 (April to September 2026), together with larger-than-expected increases in contract prices in response to inflation, contributed to the improvement. As a result, the gross profit margin in MAEDA CORP.'s building construction business was 15.2% for the first half.

For the full year, we expect a gross profit margin in the 13% range. In the second half, large data centers and redevelopment projects that have been underway for many years will also have an impact. Accordingly, depending on the impact of MEP work and profitability at the time orders were received, we do not expect the first-half margin to continue unchanged. We will continue working to improve profitability.

Regarding the order environment going forward, large-scale residential redevelopment projects, an area in which both MAEDA CORP. and ARSOCIA CONSTRUCTION have strengths, remain robust. For high-rise condominiums, our general policy is for the two companies to work together through JVs on all projects, including the use of precast concrete. Because ARSOCIA CONSTRUCTION had previously limited the orders it accepted, we believe there is room to expand orders going forward.

Specifically, we are focusing on high-rise condominiums in the Tokyo metropolitan area, data centers, large frozen and refrigerated warehouses, and arenas. We expect the favorable order environment to continue through around 2030, centered on these areas.

Q. As you expand investment in renewable energy and the infrastructure management business, how do you manage ROIC and WACC for each business? In particular, with respect to onshore wind power, please explain your approach to ensuring that investment returns remain sufficiently above the cost of capital even in a rising interest-rate environment.

A. For infrastructure businesses that include operations over long periods such as 30 or 50 years, we do not believe it is necessarily appropriate to evaluate investments based solely on ROIC. We have reached a similar understanding through discussions with European infrastructure operators and construction companies.

On the premise of securing returns above the cost of capital, we place emphasis on management using IRR based on future cash flows and EBITDA. We also have a policy of not making investments in the onshore wind power business that would generate returns below the cost of capital.

Q. For renewable energy projects currently under construction or to be developed in the future, please consider disclosing sensitivity to rising interest rates, such as how much IRR would change if interest rates rose by 1%.

A. We will gradually enhance disclosure so that investors can appropriately assess the value of our infrastructure management business. In doing so, how we view profits from EPC will be important in demonstrating the difference between our business model and those of trading companies and renewable energy investors.

The IRR figures for the infrastructure management business that we have explained to date have not included EPC profits. We intentionally excluded EPC profits in order to strictly reflect rising interest rates and changes in the market environment and to manage project profitability using a common yardstick with other investors.

On the other hand, our Group has the distinctive ability to generate EPC profits in addition to investing in and operating infrastructure. To appropriately reflect this strength in the assessment of business value, we believe it is necessary to capture cash flows including EPC profits and evaluate them based on IRR and DCF methodologies. Accordingly, beginning with the FY2026 second-quarter results, we changed the attribution of EPC profits related to the infrastructure management business from the building construction and civil engineering segments to the infrastructure management segment. Going forward, we intend to manage the business using IRR that includes EPC profits and will also consider disclosing related information.

Q. ARSOCIA CONSTRUCTION has been included in consolidation from the beginning of FY2026. Please provide your assessment of its performance through the second quarter and your expectations going forward.

A. ARSOCIA CONSTRUCTION's FY2025 results slightly exceeded the assumptions in the original INFRONEER Medium-term Vision, and FY2026 is also progressing steadily. We are advancing PMI following the integration and expanding the business by incorporating initiatives that have delivered results at MAEDA CORP., while discussing them with the Executive Officers responsible for the building construction and civil engineering segments.

In building construction in particular, participation in MAEDA CORP.'s large-scale projects through JVs is contributing to growth in Net sales and profit. Orders from ARSOCIA CONSTRUCTION's existing customers are also increasing, and we expect its business to recover and expand further.

The overseas business is also performing steadily, centered on civil infrastructure projects and building construction projects for Japanese companies. In addition to expanding the EPC business, we intend to leverage the concession and PPP expertise that MAEDA CORP. has cultivated in Japan to jointly expand business opportunities overseas.

Across the Group, PMI following the integration is progressing smoothly. We aim to create results that can serve as a model for Japan's construction industry by developing a new business model in which MAEDA CORP. and ARSOCIA CONSTRUCTION work together as if they were one company. Synergies are emerging in both building construction and civil engineering. In particular, we view overseas operations as an area with strong future growth potential and will actively pursue EPC and concession opportunities as a Group.

Q. Regarding the wind power business of Japan Wind Development shown on Page 46 of the financial presentation materials, with projects under construction and others scheduled to begin construction, what measures are you taking in response to rising material prices and interest rates?

A. We are managing project costs and operations with even greater rigor. At present, electricity selling prices for renewable energy are also showing an upward trend, so we are proceeding with development while carefully examining the balance between electricity sales revenue and construction and development costs.

We believe there are only a limited number of operators in Japan that can provide an integrated service from development through EPC, operations, and electricity sales. By leveraging this strength of our Group, we will pursue appropriate business management with the aim of becoming a model for Japan's energy industry.

Q. In private-sector building construction, successful price pass-through has been one factor supporting strong performance. At the same time, some clients, including developers, have begun to say that it is becoming difficult to accept further increases in construction costs. With labor and material costs continuing to rise, do you believe you can maintain both price pass-through and strong performance?

A. We believe it is important to work together with clients to reduce costs through close communication. For example, in high-rise condominiums, we are promoting industrialization and labor saving through the use of precast concrete plants operated by MAEDA CORP. and ARSOCIA CONSTRUCTION. We also work jointly with developers, rather than having the general contractor act alone, when placing orders with and determining prices for mechanical and electrical subcontractors.

Both MAEDA CORP. and ARSOCIA CONSTRUCTION have built relationships of trust with clients through these initiatives. Although there are price negotiations, we ultimately reach agreement, and at present there are no projects stalled because price negotiations could not be concluded.

To add some context on the Group's strategy, during inflationary periods contractors seek to take orders at the highest possible prices, while clients, including developers, seek to place orders at the lowest possible prices. This creates an adversarial structure. If this conflict of interests is not resolved, it can lead to delays in large-scale projects. We view the resulting situation, in which price adjustments depend on negotiations and the relative bargaining power of the parties while contractors also face constraints on construction capacity, as one of the structural challenges facing construction contracts in Japan.

To address these challenges, since around 2006 MAEDA CORP. has proposed a cost-plus-fee method under which costs are disclosed and an agreed fee is added to the actual costs. The essence of this approach is for clients and contractors to work as partners and to reduce costs together.

Specifically, we believe it is important to clearly establish through contracts a relationship in which the risk of cost increases is not excessively concentrated on the contractor, while appropriately passing the benefits back to the client if costs decline due to lower prices or other factors. On that basis, our aim is for clients and contractors to share common objectives and work together from further upstream in the business.

The prerequisite for this is disclosure of costs and price transparency. Our Group's disclosure of the profit margin of orders received is also one of our initiatives to openly show our profit levels to clients and other stakeholders and deepen mutual understanding. Through this transparency, we aim to build relationships of trust from the stage before contracts are signed and establish relationships in which clients and contractors can work together to reduce costs.