

**Q&A from the Online Earnings Release Conference (held on November 11, 2025)
On Second Quarter Financial Results for FY2025 Ending March 31, 2026**

This content is based on information available on the date of the online earnings release conference (November 11, 2025).

1. Revisions of Earnings Forecast of FY2025

Question	Answer
In the second quarter financial results, please explain the respective factors driving the upward revision of the full-year forecast for FY2025: the net sales to 770 billion yen (initial forecast: 690 billion yen) and the gross profit margin to 7.7% (initial forecast: 7.5%).	The upward revision of the net sales forecast is primarily due to the following three factors. Firstly, the assumed exchange rate used for the initial forecast was revised from USDJPY140 to USDJPY145, reflecting recent currency trends. This adjustment alone contributed approximately 20 billion yen to the increase in projected net sales. Secondly, several additional contracts related to ongoing EPC projects, such as change orders, that were not anticipated at the beginning of the fiscal year have been successfully awarded. These contracts are expected to be recorded as order intake and sales mainly in the second half of the year, although a portion has already been recorded in the first half. Thirdly, the progress of multiple ongoing projects has exceeded initial expectations. This smoother-than-anticipated execution is projected to result

	in an additional sales upside of approximately 10 to 20 billion yen. Regarding the gross profit margin, the improvement is attributable to several factors similar to those driving the upward revision of net sales. In addition to the revision of the assumed exchange rate, profitability has improved in several ongoing projects. Furthermore, in the final stages of multiple EPC projects, a reassessment of risk factors has led to an enhancement in the gross profit margin.
What are the primary factors contributing to the improved profitability in several ongoing projects?	While we refrain from disclosing the profitability trends of individual projects, profitability has improved, supported by smooth progress on ongoing projects both in domestic and overseas, as well as risk reassessment for several projects approaching completion.
Could expedited progress on ongoing projects result in lower net sales for FY2026 compared to FY2025?	Regarding the net sales forecast for FY2026, there are still uncertain factors, and we are not yet at a stage to provide specific figures. The upward revision of the net sales for FY2025 does not necessarily indicate that we have already factored in net sales for FY2026. We will continue to carefully assess the situation, considering the timing of expected order intake in the second half of FY2025.

2. Situation of ongoing projects

Question	Answer
I would like to know the situation of ongoing projects which provision for loss on construction contracts were recorded in	- Indonesia Gas Processing Plant and Gas Pipeline Construction Project: The construction work has been completed, and the remaining tasks are

FY2023 and FY2024.

currently being carried out for final acceptance. The project is expected to be completed in near future.

- Indonesia LNG Receiving Terminal Construction Project:

Work is currently focused on the repair of the tank. Most of the other construction work has been substantially completed, and we consider that the risk of cost increase is limited.

- Saudi Arabia NGL Plant Enhancement Project:

Work is currently focused on piping and electrical instrumentation. However, construction progress has been slower than expected, and we are facing some challenges. To address this, we have revised the execution structure by changing the management and deploying additional staff from the Yokohama head office to facilitate the progress of the construction.

- Saudi Arabia Crude Oil and Gas Separation Facility Construction Project:

Construction work is at its peak and is progressing in line with the revised budget and schedule from the third quarter of FY2024.

- Taiwan LNG Terminal Construction Project

The handover of construction sites from the client, which had been delayed, is now progressing sequentially. Alongside the progress of above-ground piping work and equipment installation, change order negotiations with the

	client are also underway. - Thailand Chemical Plant Construction Project: All equipment has been successfully completed, and the client has commenced operations.
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3. Others

As FY2025 marks the final year of the current mid-term business plan BSP2025, how are you considering the formulation of the new plan, considering changes in the business environment and challenges faced under the current plan, such as unmet financial targets, PBR improvement, and ROE enhancement?	Regarding the next mid-term business plan, we are currently in the stage of internal discussions and have not yet reached a formal resolution by the Board of Directors, so it is difficult to share any details at this point. However, within the company, we are discussing the strategic direction of the plan, taking into account changes in the business environment—including energy trends explained today—and growth opportunities. We are also considering measures to enhance corporate value, including shareholder return strategies.
Given the current performance trends, is the company considering share buybacks?	We are continuing to consider share buybacks, factoring in second-half performance trends and the cash flow situation.
We understand that clients are making cautious decisions regarding capital investment, resulting in a tendency for the timing of expected order decisions to be delayed. In this context, there have been concerns about a potential decline in the operating rate of engineers. Depending on the timing	In the overseas sector, the operating rate in the second half of FY2025 is expected to rise, partly due to securing orders such as the preliminary contract for the Coral North FLNG project in Mozambique during the first half. Furthermore, if the large-scale EPC project expected to be awarded in the second half is confirmed, the operating rate is also projected to

of incoming orders expected in the second half of FY2025, is there a possibility that the operating rate may decrease?	increase from FY2026 onward. On the other hand, in the domestic sector, progress toward the order target has been slow, and if order intake continues to show little progress in the second half, the recovery in the operating rate may be delayed until FY2026 or later.
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