July 6, 2026

FOR IMMEDIATE RELEASE

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Frequently Asked Questions Regarding Third-Quarter Financial Results

We have received inquiries from investors regarding the financial results announced in the "Consolidated Financial Results for the Nine Months Ended May 31, 2026" dated July 3, 2026 . In response, and in the spirit of fair disclosure, we are providing the following answers based on the information available at this time.

*Consolidated Financial Results for the Nine Months Ended May 31, 2026

Questions and Answers

Q. Profit declined on a standalone basis in the third quarter. Is it correct to understand that this is due to seasonal factors and the nature of the Company's business, specifically the concentration of revenue recognition from property sales and other sources in the fourth quarter?

A. That is correct. Our business is characterized by quarterly performance fluctuations depending on the timing of property sales, and in previous fiscal years as well, there has been a tendency for revenue recognition to be concentrated from the third to the fourth quarter. For the fiscal year ending August 2026, this trend is even stronger than before, and since there are many projects scheduled for sale and handover in the fourth quarter, revenue recognition is expected to be more concentrated in the fourth quarter.

Q. Regarding the projects scheduled for sale and revenue recognition in the fourth quarter, is it correct to understand that, as of now, there are no particular risks of delay compared to the assumptions made at the beginning of the fiscal year or at the time of the second-quarter earnings announcement?

A. That is correct. Projects scheduled for sale and revenue recognition in the fourth quarter are generally progressing as planned at this time, and there have been no significant changes in progress or the likelihood of revenue recognition compared to our assumptions at the beginning of the fiscal year or at the time of the second-quarter earnings announcement. We will continue to take steady steps toward completing sales and deliveries as planned.

Q. The inventory of real estate for sale has increased significantly in the third quarter. Is it correct to assume that this reflects a steady build-up of properties scheduled for sale in the fourth

quarter and beyond?

A. That is correct. The increase in inventory of real estate for sale reflects the steady accumulation of development sites that we plan to sell in the future. We will continue to steadily proceed with the sale of each project and work to expand our pipeline to support medium-term growth.

Q. The gross profit margin has declined compared to the first and second quarters. What are the reasons for this?

A. The gross profit margin fluctuates depending on the mix of projects contributing to revenue, such as the asset types and locations of the projects that have generated revenue. The decline in the gross profit margin in the third quarter was primarily due to the composition of the projects that generated revenue and was not mainly attributable to rising construction costs or interest rates.

Q. Is the increase in interest expense primarily due to the recent rise in interest rates?

A. The increase in interest expense is not primarily due to the recent rise in interest rates. Borrowing rates for domestic projects have not fluctuated significantly compared to previous periods, and the increase in interest expense in the third quarter is mainly attributable to an increase in outstanding borrowings related to overseas projects.

Q. During the recent period of rising interest rates, have you observed any changes in the yield expectations of buyers (investors and funds)?

A. At this point, we do not perceive any significant changes in the yield levels sought by buyers (investors and funds). Although interest rates are rising, cap rates in the domestic real estate market remain at low levels, and investor’s sentiment remains strong.

Furthermore, in the fiscal year ending August 2025, we established REIT or long-term investment funds for all domestic asset types (hotels, logistics facilities, and healthcare facilities), thereby completing our business model that integrates all processes from development to operations. As a result, investors in our development funds have a higher regard for our reliability and operational capabilities, and demand for investment in these funds remains strong. Consequently, there has been no significant change at this time in the yield levels expected by investors in our development funds.

Q. Please tell us if there are any current plans to review or revise the target figures for the Second Mid-Term Management Plan.

A. At this time, we have no plans to revise the target figures for the Second Mid-Term Management Plan. We will continue to steadily implement various measures aimed at achieving the goals set forth in the Mid-Term Management Plan.

Q. To what extent have the effects of the situation in the Middle East been factored into the rise in development costs due to the Dubai business and soaring material prices?

A. Due to the impact of the situation in the Middle East, the timing of revenue recognition for some projects in our Dubai operations—which were originally scheduled for the fiscal year ending August 2026—is expected to be postponed to the fiscal year ending August 2027 or later. However, we expect to offset this impact through the sale of assets in our domestic hotel and logistics businesses.

Furthermore, regarding development costs, the impact on projects currently under development is limited. For projects set to begin construction in the future, we anticipate some impact on certain material prices due to rising naphtha prices and other factors. However, since we formulate our project financial plans based on conservative estimates of construction costs, and since materials experiencing significant price increases—including naphtha—account for only a limited portion of total construction costs, we do not currently expect this to have a major impact on business profitability.

End

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