

FY ending March 31, 2025
Q&A Summary on disclosure of settlement of accounts

About orders received

Q1. Please tell us about the impact on orders received of price revision and rising interest rates.

A1. We are ensuring business returns for our customers by setting fair rents that reflect price revision and by increasing long-term apartment loans in anticipation of future interest rate increases.

About net sales and gross profit on completed construction work

Q2. Please tell us about the forecast of the gross profit margin on completed construction work, which was 25.4% in the 1Q and exceeded the full-year plan of 25.0%. (Presentation slide P8)

A2. In the 1Q, the profit margin exceeded the plan due to the large number of completions of wooden structures with high profit margin. For the full FY, the number of completions of reinforced concrete structures is expected to increase, and labor and material costs are also expected to rise, so profit margin on completed construction work is expected to be in line with the plan.

Q3. Please tell us about the possibility of further price revision.

A3. Taking into account the situation in labor and material costs, we are considering further price revision around October.

Q4. Please tell us about the initiatives for leveling out of construction volumes.

A4. We set monthly construction volumes for each area to reduce the difference between busy and slow seasons.

Q5. Please tell us the purpose of selling the electronic construction management system to external parties.

A5. By using this system, our partner companies can reduce the workload on construction management. This system will also help us strengthen cooperation with our partner companies and improve our construction system.

Q6. Please tell us the status of forward exchange contracts for the next fiscal year.

A6. About 40% of the amount scheduled to be settled in the next FY is booked at approximately 145 yen to the dollar. We plan to continue to carefully monitor market trends and make contracts.

About real estate leasing business

Q7. Please tell us about the trends in rents following price revision to construction costs, and the current situation regarding tenant recruitments.

A7. The rent has risen by about 400 yen per month per unit YoY. It takes time to find tenants for new properties in some areas, but this will be resolved by investing in sales promotion expenses.

Q8. Please tell us about the outlook for the operating income margin in real estate leasing business. (Presentation slide P10)

A8. Although our operating income margin has declined since last year, it remains at a level higher than before the COVID-19 pandemic. We would like to keep the current levels of both occupancy rates and operating income margin.

Q9. Are you planning to expand this new style store nationwide? (Presentation slide P29)

A9. Currently, we have no plans to open this new style store nationwide. We will continue to consider opening stores that can flexibly accommodate the diversification of work styles.

About real estate development business

Q10. Please tell us about the forecast of the operating income in real estate development business, which was 1.4 billion yen in the 1Q, and the progress rate is high compared to the full-year plan (2 billion yen). (Presentation slide P31)

A10. In the 1Q, the operating income expanded due to increased sales of investment condominiums and renovation-resale properties. We believe that the full-year forecast will continue to outperform.

About SG&A expenses

Q11. Please tell us about the forecast of the SG&A expenses, which was 42.7 billion yen in the 1Q, and the progress rate is 22% for the full-year plan of 193.0 billion yen.

A11. There are many expenses that will arise in the future, such as raise of the basic wage, stock grants, and sales promotion expenses, so they are expected to proceed as planned at this time.

Others

Q12. Please tell us about the efforts to achieve ROE of 20%.

A12. We will continue to consider selling our assets, including overseas hotels, and shares. We will also consider buying back our own shares, taking into account the status of our investments, etc.

End