

**2Q of FY ending March 31, 2025**  
**Q&A Summary on disclosure of settlement of accounts**

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**About orders received**

**Q1. Please tell us about current trends in orders received and outlook for achieving the full-year plan of 620 billion yen. (Presentation slide P19)**

A1. In the first half, although it was affected by price revisions in July and review of supply areas, it is currently on a recovery track.

**Q2. While sales prices will be revised from January 2025, it will be difficult to pass on the price increase to rents in some areas. Please tell us how the decline in customer's yields affect orders.**

A2. We operate mainly in areas where we can pass on increases in prices to rent, so we do not believe there will be a significant impact.

**Q3. Are there any concerns about declining profit margins due to the increasing proportion of mid-rise housings, or an increase in cancellation rates due to the increasing proportion of reconstructions? (Presentation slide P21)**

A3. The increase in the mid-rise ratio is due to increased sales of three-story wooden buildings, so there are no concerns about a decline in profit margins. When proposing reconstruction, we take into consideration factors such as rental income from the existing building and the period during which tenants will be away, reducing the risk of increased costs or cancellation.

**Q4. Please tell us about the background that the proportion of the Japan Housing Finance Agency in terms of customers' procurement of construction funds is increasing. (Presentation slide P62)**

A4. It is thought to be the application of preferential interest rates to our ZEH housings, and the increasing number of customers choosing long-term fixed interest rates due to the expectation of higher interest rates in the future.

**About net sales and gross profit on completed construction work**

**Q5. Please tell us about the forecast of the gross profit margin on completed construction work for the next fiscal year.**

A5. The impact of the logistics "2024 problem" or inflation on the rise of labor and material costs is expected to be even greater next fiscal year. We would like to secure a gross profit margin of 26% for completed construction next fiscal year.

**Q6. Please tell us about the impact of the logistics “2024 problem.” (Presentation slide P29)**

A6. The impact in the first half was less than expected, but in the second half, the increase in logistics costs will be passed on to labor and material costs, and costs will increase by approximately 1 billion yen more than expected.

**About real estate leasing business**

**Q7. Please tell us about the reason for leaving the full-year plan unchanged while gross profit for the first half was 1.8 billion yen higher than plan. (Presentation slide P6)**

A7. We expect that the costs of free rent and rent discount will increase to promote tenant recruitment for the increasing number of vacant newly built properties.

**About real estate development business**

**Q8. While gross profit for the first half was 2.2 billion yen higher than the plan, the upward revision is 2 billion yen, which only accounts for the increase in the first half. Please tell us about possibility that operating income will increase further. (Presentation slide P36)**

A8. We have revised the full-year plan taking into account current inventory and profit margins, and will continue to strive to achieve even higher profits.

**Q9. There is approximately 66 billion yen of inventory in the first half. Please tell us how it will progress going forward. (Presentation slide P36)**

A9. We have set an investment upper limit of 100 billion yen as an appropriate inventory level. We will continue to invest while maintaining an appropriate balance between inventory and sales.

**About SG&A expenses**

**Q10. Please tell us about the specific items regarding the 5.5 billion yen decrease in the full-year plan. (Presentation slide P28)**

A10. It is due to a decrease in personnel expenses resulting from personnel plan not being met and a decrease in sales campaign expenses.

**Others**

**Q11. Please tell us about your thoughts on shareholder returns.**

A11. We will consider shareholder returns, taking into account investment for real estate development business and overseas business which we focus on.

**Q12. Please tell us about the progress towards achieving an ROE of 20%.**

A12. In order to achieve an ROE of 20%, we are considering share buybacks, sales of securities, and sales of assets including overseas hotels.

**Q13. In order to increase profit, which are the numerator in ROE, do you have any plans to expand investments that will lead to future growth?**

A13. We would like to actively invest in new fields with a view to securing profit five years after and beyond.

End