DAITO TRUST
CONSTRUCTION CO., LTD.

May 12, 2025

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

<u>About orders received</u>

Q1. Please tell us about the outlook for achieving the order target of 620 billion yen for the fiscal year ending March 2026. (Presentation slide P31)

A1. We aim to achieve the plan by strengthening sales in central areas, taking into account the revised sales prices and the status of tenant recruitment.

Q2. Please tell us about the possibility of future sales price revisions.

A2. As construction costs continue to rise, we recognize that ongoing price revisions are necessary. We will make decisions while monitoring the balance between sales prices and rent.

Q3. In April 2025, sales began for the four-story RC (reinforced concrete) ZEH product. Please tell us about the impact of this will have on the ZEH ratio and mid-rise housing ratio.

A3. Currently, the mainstream ZEH products are two or three-story wooden structures. However, with the expansion of RC-structured ZEH products, we recognize the potential for both the ZEH ratio and the mid-rise housing ratio to increase going forward.

<u>About net sales and gross profit on completed construction work</u>

Q4. The plan for the fiscal year ending March 2026 shows a +1.7% year-on-year increase in completed construction amount and a gross profit margin of 25%, which seems conservative. Could you explain the reasons. (Presentation slide P30)

A4. The plan for the fiscal year ending March 2026 is based on a work schedule assuming a 'four-week, eight-day-off' system at construction sites. As a result, the growth in completed construction amount is expected to be more modest than the increase in the order backlog. Regarding the gross profit margin, we have factored in about 10 billion yen of overall cost increases, though this may fluctuate depending on future contract pricing trends.

Q5. Please tell us about your outlook for achieving the gross profit margin target of 28% in the fiscal year ending March 2027.

A5. Given the current inflationary environment, achieving a 28% gross profit margin is not easy. However, we aim to meet the profit targets of our medium-term business plan by maintaining a gross margin of 26–27% and increasing construction volume.

<u>About real estate leasing business</u>

Q6. Please tell us about the reasons for the decline in profit for the fiscal year ended March 2025 and the planned decline for the fiscal year ending March 2026, as well as your outlook.

A6. The main factors for the decline in profit are a drop in occupancy rates and increased personnel expenses due to base salary increases, along with higher promotional costs for leasing newly built vacant units. As the supply of rental housing shifts more toward central areas, we expect leasing promotion expenses to gradually decrease.

<u>About real estate development business</u>

Q7. Please tell us about the forecasts for the balance and profit of the real estate development business for the fiscal year ending March 2027.

A7. As of the end of March 2027, we expect the balance of real estate for sale to be 200 billion yen, and operating profit for the fiscal year to be 19 billion yen.

Q8. Please tell us about sales and profit plans for Ascot for the fiscal year ending March 2026.

A8. We plan for sales of 50 billion yen and operating profit of 7 billion yen.

<u>About Selling, general and administrative expenses</u>

Q9. Please tell us about the outlook for SG&A expenses going forward.

A9. We plan to continue implementing base salary increases and improvements in employee benefits to enhance motivation and engagement, and therefore expect SG&A expenses to increase.

Others

Q10. Please tell us about the status of asset sales.

A10. We are continuing to consider the sale of owned assets, including overseas hotels, and aim to close some transactions within the current fiscal year.

Q11. Please tell us about ROE target of 20% be maintained.

A11. There is no change to the 20% ROE target during the period of the medium-term management plan through March 2027.

Q12. Please tell us about a foreign exchange gain of 4.7 billion yen was recorded as non-operating income. (Financial Results P12)

A12. This gain was recognized when funds held in U.S. dollars by our Singapore subsidiary were transferred for use in our real estate development business in the United States.

Q13. Please tell us about although profit before income taxes increased by 17% compared to the previous fiscal year, total income taxes only increased by 2%. (Financial Results P13)

A13. This is due to decreased taxation from tax incentives to raise mages and an increase in deferred tax assets resulting and the new defense tax measures.

Q14. Please tell us about the impact of U.S. tariff measures and the current status of your foreign exchange hedging.

A14. There is no direct impact from U.S. tariff measures. As for foreign exchange, approximately 60% of our planned payments for this fiscal year are hedged at a rate of 145 yen to the dollar. We therefore believe the impact of future exchange rate fluctuations on costs will be minimal.

Q15. Please tell us about the basic strategy for M&A.

A15. We intend to pursue M&A to accelerate business expansion. Domestically, we are considering general construction companies to secure technical personnel, while overseas, we are exploring M&A of property management companies as a foundation for expanding into the real estate development business.

End