

FY ending March 31, 2026
Q&A Summary on disclosure of settlement of accounts

About full-year forecast

Q1. Operating income through the 1Q has progressed to 59% of the first half-year plan. Please tell us about the full-year profit forecast.

A1. The 1Q has progressed largely according to plan, and we expect the full-year to proceed as planned.

About orders received

Q2. Please tell us about current trends in orders received.

A2. Our sales team is gradually adapting to the new areas, and we expect to secure orders at the same level as last year for the entire first half-year. The increase in cancellation rates is due to a decline in owner sentiment in some areas where vacancies have increased. We expect this to improve going forward as we shift to central areas.

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

A3. Considering the situation with labor and material costs, we are considering a price revision in the second half-year.

About net sales and gross profit on completed construction work

Q4. The gross profit margin of the construction business was 24.4%. Please tell us about the progress relative to the plan and the future forecasts. (Presentation slide P7)

A4. The gross profit margin in the construction business in 1Q was in line with plans. Although it will depend on future cost trends, at this point we expect the gross profit margin for the full-year to be in line with our plan.

Q5. Please tell us about the outlook for imported material prices and the proportion of domestically produced materials.

A5. Until now, we have mainly imported lumber from Canada, but considering the risk of rising prices due to tariffs, we have also started importing from Northern Europe. The ratio is roughly 60% Canadian, 30% Northern European, and 10% domestic. To ensure a stable supply of domestic lumber, we are working to increase the proportion of domestic lumber through our business partnership with Sumitomo Forestry.

About real estate leasing business

Q6. Please tell us about the current rent trends.

A6. Rents are rising by approximately 500 yen per year on average. As the area shifts to the center, it becomes possible to set higher rents, so we expect this upward trend to continue.

Q7. The gross profit margin for the real estate leasing business was 12.0%. Please tell us the reason why it is higher than the full-year target of 10.8%.

A7. We were able to maintain a higher-than-expected occupancy rate. If we can maintain this level going forward, we can expect the gross profit margin to remain higher than planned.

About real estate development business

Q8. Please tell us about the progress against the full-year plan and any quarterly fluctuations.

A8. Currently, progress is exceeding the plan. Sales and profits tend to fluctuate from quarter to quarter due to the buyers' requests and construction schedules.

**Q9. Please tell us about the outlook for the real estate investment balance.
(Presentation slide P25)**

A9. We plan to invest a total of 280 billion yen by the end of March 2026, with 260 billion yen in Japan and 20 billion yen overseas. We will make decisions regarding future investments while assessing market conditions.

Others

Q10. Please tell us about the status of your M&A considerations and future plans.

A10. We are currently considering acquisitions in the construction sector to secure skilled construction engineers as well as overseas management companies and are continuing negotiations with potential partners.

Q11. Please tell us when you will announce measures to achieve an ROE of 20%.

A11. To achieve an ROE of 20%, we are continuing to consider selling assets, including overseas hotels, and we will consider implementing a share buyback depending on the gain from such sales.

Q12. Please tell us about the reasons for the decline in occupancy rates at Malaysian hotels and what impact this has on sales.

A12. The impact of US tariffs on the Malaysian economy has led to a decline in operating rates. However, we do not believe there will be a significant impact, as the buyer is considering the matter from a long-term perspective.

End