HASEKO

Financial Results Online Conference for Analysts and Institutional Investors Third Quarter Ended March 31, 2026 Main Q&A (Summary)

Date: February 12, 2026 (Thu) 17:00-18:00

Q: The profit ratio of construction contracts began improving this fiscal year, but in the third quarter its improvement has paused temporarily. Is this in line with your full-year forecast?
A: On non-consolidated basis, several low-profit construction projects were completed in December, which caused the margin improvement to pause temporarily. However, overall improvement of the profit of construction contracts continues, and we view progress in line with our full-year forecast.

Q: How do you expect the construction margin to improve next fiscal year?
A: This fiscal year, we have been able to start projects with an initial margin of around 15%. We expect margins to recover from the first quarter of next fiscal year, with a steady improvement of a few points rather than a rapid jump.

Q: Condominium prices in the Tokyo area continue to rise, and in some areas buyers' purchasing power is no longer keeping up. Is this affecting orders for suburban condominiums, where Haseko has a strong presence?
A: In some suburban and regional areas, demand is becoming weaker. As condo prices have risen, developers are taking more time to sell units. However, even properties that have remained unsold for about a year after completion are now seeing progress in sales, partly because they appear more affordable compared to newly launched projects. At this point, we have been able to secure orders without making significant changes to project schedules.

Q: What is your outlook for orders next fiscal year?
A: We have already accumulated order prospects that exceed this year's full-year target of ¥700 billion.

Q: Are you securing the targeted initial margin of 15% at the time of order?
A: We are receiving orders at roughly this level. We aim to recover an additional two percentage points during construction through productivity improvement and cost control.

Q: While other general contractors have significantly improved their margins, Haseko's margin—which had been relatively high— no longer appears as attractive as it used to be. Some developers reported margins exceeding 30%. Given this environment, I believe it is important to demonstrate to investors a stronger stance toward raising the initial margin target above the current 15%. How do you view this point?
A: As land and construction costs continue to rise, and sales prices cannot be easily raised, negotiations with developers are still challenging. However, even under these conditions, developers generally understand our margin requirements at the time of order. We will continue to propose higher-quality projects and strive to start construction with strong gross margins.

Q: Are "Consignment Sales", "Real Estate Brokerage", and "Resale of Refurbished Condominium" shown on page 9 of "Summary of Financial Statements" on track to meet the full-year forecast?

A: These businesses are typically weighted toward the fourth quarter, and progress is currently in line with the full-year plan.

Q: Do you expect gross profit of "Real estate sales" to increase next fiscal year?

A: In the for-sale condominium business, the number of condominium units to be delivered next fiscal year will decline, but high-priced units in central Tokyo are scheduled for delivery, so profits are expected to exceed this year's level. Development of income properties is also increasing. Overall, we expect profit to surpass this year's results.

Q: What are the reasons for the decrease in the balance of land for orders shown in the "Breakdown by Purpose of Real Estate and Overseas Investments by Use" on page 13 of Summary of Financial Statements?

A: The main reasons for the decline in land for orders are the transfer of land acquired in prior fiscal years to developers and continued difficulty in acquiring new land. However, because we engage with developers from the land-acquisition stage, we can still secure order prospects even if we do not acquire the land ourselves.

Q: What is the status and outlook for Haseko Reform, which is under investigation by the Japan Fair Trade Commission?

A: After the investigation began around last March, Haseko Reform temporarily halted new order activity in the first half. As a result, full-year orders will be about ¥10 billion lower than last fiscal year. We are now strengthening sales not only for large-scale condo repairs but also for rental properties and office buildings. However, due to this fiscal year's order decline, Haseko Reform's revenue is expected to struggle somewhat next fiscal year.

Q: The overseas business is still in the red. Is it improving?

A: One factor in this fiscal year's loss is an inventory valuation loss of about ¥4 billion on hotel land in Hawaii. Last fiscal year's impairment of Hawaiian fixed assets reduced depreciation this fiscal year, and occupancy at Hawaiian retail properties is rising. In addition, sales of U.S. mainland investment properties have begun, narrowing losses of the overseas business. Further sales are expected next fiscal year, and the business is gradually improving.

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