



Financial Results Briefing for the fiscal year ended March 31, 2026

President's Message and Q&A Summary

Date and Time: Wednesday, May 20, 2026, 10:00 - 11:00

1. Opening remarks from President, Mr. Kumano

The first year of our medium-term business plan, "HASEKO Evolution Plan," progressed generally as planned. In this medium-term business plan, we have organized our businesses into four categories: three core businesses— Construction-related business, Real estate-related business, Property management and operation business —and an additional Overseas business, which we will actively expand going forward. As each of the three core businesses steadily addressed its own challenges and made progress, consolidated ordinary profit reached JPY 94.1 billion, exceeding our initial forecast.

In Construction-related business, we made solid progress in expanding into the non-residential field. In Real estate-related business, we promoted operations with a focus on capital efficiency and asset turnover. Property management and operation business is labor-intensive, so we are working to improve productivity by leveraging DX and AI. In Overseas business, we made a capital investment in a North American company engaged in operations similar to our own. We believe this has prepared us to actively expand our rental housing development business in North America.

For the fiscal year ending March 2027, we expect continued growth in both revenue and profit, supported by an increase in completed construction volume and an improvement in gross profit margins. We forecast consolidated ordinary profit of JPY 105.0 billion, exceeding JPY 100.0 billion for the first time since 2019. This means we expect to achieve our third-year target in the medium-term business plan one year ahead of schedule.

Regarding the current business environment, although there are concerns about the impact of the situation in the Middle East, we expect the impact on our performance for the fiscal year ending March 2027 to be limited, and it is not currently reflected in our earnings forecast. On the other hand, we will continue to closely monitor future situations, including the impact of situation in the Middle East on the economy, rising condominium prices, sales conditions, and developers' business strategies.

For shareholder returns, the annual dividend for FY2025 was increased by JPY 5 from the initial forecast to JPY 95. For FY2026, we plan an annual dividend of JPY 100 and will continue to enhance shareholder returns. In terms of capital efficiency, ROE for FY2025 reached 10%. In our medium-term business plan, we target approximately 13% by FY2030 and will continue to improve it step by step.

Finally, regarding our share price, our market capitalization temporarily reached JPY 1 trillion in mid-February. Going forward, we aim to achieve a stable market capitalization above JPY 1 trillion.

We will continue our management efforts to remain a strong and resilient company that generates stable profits and delivers solid returns to shareholders. We sincerely appreciate your continued support.

Disclaimer: This is an English translation of the original announcement made by the Company in Japanese on May 29, 2026. The translation is for reference purposes only. If and when there are any discrepancies between the original announcement and the English translation, the original announcement shall prevail.

2. Q&A

Q. What specific risks do you see from rising interest rates?

A. First, for housing loans, past trends show that when interest rates are rising, people tend to rush to buy homes before rates go higher, which boosts sales. While the Group has some concerns about the future, housing investment in Japan often leads the economy. The Group believes a sharp rise in interest rates is unlikely, as many factors are involved. Currently, many customers prefer variable-rate loans, but there is a possibility that more customers may shift to fixed-rate loans in the future. However, the Group does not expect rising interest rates to immediately have a major impact on sales. Regarding developers' appetite for investment, rising interest rates are a factor that affects land acquisition costs. However, developers in recent years generally have strong financial positions, and the Group does not expect their business appetite to decline significantly unless there is a substantial increase in interest rates.

Q. How do you see the current order environment for condominiums?

A. The Group believes the current order environment remains favorable. As other general contractors already have substantial backlogs, the Group believes that their moves to actively enter the condominium construction market remain limited. The Company has long focused on condominium construction and has established an efficient construction framework, including strong collaboration with subcontractors. As a result, the Group believes the Group can continue to maintain the competitive advantage.

Q. Orders of JPY 700 billion seem high compared to the past. Considering your current construction capacity, can you maintain this level going forward?

A. For construction capacity, the Group aims to build a system that can stably handle more than 47,000 units under construction by the fiscal year ending March 2028. The JPY 700 billion in orders is mainly due to higher construction unit prices and does not reflect a significant rise in the number of projects and overall volume. Under this situation, the Group has been actively increasing the number of construction managers and mid-career hires over the past two years. The Group is also strengthening internal support teams for construction sites. In addition, the Group has been promoting digital transformation (DX) since 2020 to improve productivity. As part of the industrialization efforts, the Group started operating a precast concrete factory in the Tokyo Metropolitan area last year, which also helps improve productivity. When the Group receives orders by bringing in land, the Group can take the lead and better control construction timing, helping to balance workloads. In addition, coordination between sales and construction teams is very smooth. Based on these efforts, the Group believes the Group currently has the capacity to handle orders exceeding JPY 700 billion.

Q. The forecast construction profit margin for FY ending March 2027 is 15.9%, exceeding the 15% target at the time of order. Is there still room for improvement?

A. Construction profit margins have been improving recently. This is due not only to a decline in the proportion of low-margin projects, but also to an improvement in profitability at the time of order. These two factors together have led to the improvement in construction profit margins. On the other hand, profitability at the time of order is related to condominium sales prices. If sales prices stop rising, further improvement in profitability may become difficult. While the Group cannot say for certain about the future, the Group expects the improvement in construction profit margins to continue at least into next fiscal year. The Group's target is a 15% margin at the time of order and an additional 2% recovery during construction. The Group will continue to work on further improving profitability at the time of order and securing recovery profits going forward.

Q. Is profitability for non-residential construction at the same level as condominiums? Do you have confidence in continuing to win projects such as data centers and logistics facilities?

A. Data centers secure profit margins at the time of order comparable to condominiums. The Group has several potential projects going forward, and the Group plans to expand in the Tokyo, Osaka, and Nagoya areas. Demand for data centers remains strong, and the Group believes competition for orders will be the key factor going forward. In light of the expected decline in Japan's population over the medium to long term, the Group aims to secure a certain level of non-residential orders for the future.

Q. Please explain the breakdown of the JPY 11 billion inventory valuation loss recorded in FY ended March 2026.

A. About JPY 4 billion was for a hotel site in Hawaii, and about JPY 6 billion was for domestic real estate. The domestic real estate mainly consists of two projects. The first is a regional project that was acquired as investment land for a hotel or condominium, not for construction use. The second is land for orders located slightly outside central Kansai. In both cases, rising construction costs caused the projects to no longer meet the originally expected profitability, so valuation losses were recorded.

Q. Will the hotel site in Hawaii with the valuation loss be sold within this fiscal year?

A. There are potential buyers, but the timing of the sale has not yet been decided.

Q. For FY ending March 2027, real estate profit is expected to remain almost flat. Given that the impact of the valuation loss in the previous fiscal year will disappear, why is a rebound increase not expected?

A. For sales of real estate, including land for orders, the timing of revenue recognition is uncertain. In addition, given uncertainties in the external environment, such as the situation in the Middle East, the Group has set the earnings forecast at a somewhat conservative level.

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