

Q&A at Earnings Conference for Analysts/Institutional Investors (Summary)
at Announcement of Financial Results for FY2025 2Q
(For the fiscal year from April 1, 2025 to September 30, 2025)

Date & time: From 4:00 p.m. to 5:00 p.m., Thursday, November 13, 2025

Presenters: Takeshi Kosokabe, Executive Vice President, CFO

**Eiichi Shibata, Director and Managing Executive Officer, Head of Management Strategy
Planning Headquarters**

Yuji Yamada, Managing Executive Officer, in charge of Finance and IR

Saori Seki, General Manager, IR Department

【Q1】

You conducted an upward revision for the full-year plan for FY2025. What is your forecast for ROE? Also, please indicate the possibility of future share buybacks.

(Reference) Financial Highlights P.21 “Business Performance Forecasts for FY2025 (1)”

【A】

-Our ROE projection for the current fiscal year is roughly 11%.

-With an M&A deal worth roughly 300.0 billion yen, we are not considering conducting share buybacks in the immediate future.

-In the upcoming 8th Medium-Term Management Plan, which is scheduled to begin from the next fiscal year, we intend to present our policies regarding the balance between procurement and shareholder returns—including growth investments—as well as the balance between ROE and financial soundness.

【Q2】

Looking at your full-year plans for the Logistics, Business & Corporate Facilities Business, you conducted a downward revision (-2.0pt) to the gross profit margin for construction. Please discuss the most recent status of profitability at the time of order received and your forecast for next fiscal year.

(Reference) Financial Highlights P.36 “Logistics, Business & Corporate Facilities Business (2) Forecasts”

【A】

-First, we conducted the upward revision to full-year plans to reflect a large-scale land sale in the US by the Single-Family Houses Business. This land was originally acquired by Stanley Martin Holdings,

LLC. for housing development use but we received a purchase offer for use as a data center. We projected that the sale of the land would occur next fiscal year as payment would be finalized after completion of the land use conversion. However, the land transfer was completed this fiscal year so we conducted the upward revision to plans.

-In light of this, we carefully evaluated the status of progression for each business. Based on that evaluation, in the Logistics, Business & Corporate Facilities Business we decided to postpone the sale of development real estate held by our subsidiary Fujita until next fiscal year or later. Accordingly, as Fujita is included under construction, we conducted a downward revision to gross profit margin.

-Gross profit margin for construction improved by 1.8pt YoY in the second quarter. The gross profit margin, including profitability at the time of order received, is trending towards improvement.

【Q3】

Looking at the number of orders received for US single-family houses, the cumulative total for July through September increased significantly, up by 37% YoY. Please discuss the background of this increase and if these orders received will contribute to this fiscal year's earnings.

(Reference) Financial Highlights P.27 "Single-Family Houses Business (2) Overseas Business"

【A】

-We have been able to increase orders received by expanding communities for sale.

-These orders received are projected to contribute to this fiscal year's sales.

-As for the current status of sales, results vary between areas. As for the market overall, some customers are taking a wait-and-see approach to home purchases amid expectations of a future drop in interest rates and economic uncertainty. Despite this environment, sales are progressing smoothly and in line with plans on the East Coast. On the other hand, progress in Texas, which is located in the southern US, has been stagnant relative to initial plans but progress for the US Single-Family Houses Business overall is on par with plans.

【Q4】

Concerning your revised plan for FY2025, please indicate the factors behind the 72.0 billion yen in non-operating expenses (up by 9.0 billion compared to plans) and extraordinary losses of 23.0 billion yen (up by 21.0 billion yen compared to plans).

(Reference) Financial Highlights P.21 "Business Performance Forecasts for FY2025 (1)"

【A】

-As for non-operating expenses, we incorporated the possibility of paying damages for delay

associated with a project delay in Europe.

-The extraordinary losses include 12.0 billion yen for which we anticipate the lump-sum recording of goodwill impairment related to Daiwa House Modular Europe. Please note that we are currently assessing whether or not this lump-sum recording is possible. As a total, we are forecasting an increase of a total of 21.0 billion yen when including provisions for impairment losses on fixed assets.

【Q5】

Please discuss the background to forgoing on the multi-family sale in the US.

(Reference) Financial Highlights P.29 “Rental Housing Business (2) Forecasts”

【A】

-We were engaged in negotiations with the aim of completing the sale this fiscal year but did not receive an offer amount that was aligned with our expectations. As such, we decided to wait for opportunities to arise next fiscal year and beyond.

-We have nine US multi-family properties for which construction has been completed and are currently in operation. We will carefully evaluate the status of market recovery and will consider selling multiple properties next fiscal year.

【Q6】

Please discuss the factors behind the operating income downward revision of 7.0 billion yen to the full-year plan for the Rental Housing Business.

(Reference) Financial Highlights P.20 “Sale of Development Properties : Results and Forecasts”

(Reference) Financial Highlights P.25 “Business Segment Forecasts for FY2025 (2) Operating Income”

(Reference) Financial Highlights P.29 “Rental Housing Business (2) Forecasts”

【A】

-Of that 7.0 billion yen, 3.3 billion yen is due to the decision to forgo the sale of US rental housing and the remaining 3.7 billion yen is associated with refreshing our development properties for sale in Japan.

【Q7】

The second quarter operating margin for the US Single-Family Houses Business was 7.5% while initial full-year plan was around 9%. Do you project this to improve to a level on par with plans as you head into the second half? Also, please indicate your forecast for next fiscal year.

(Reference) Financial Highlights P.27 “Single-Family Houses Business (2) Overseas Business”

【A】

-With the US Single-Family Houses Business, many deliveries occur during the second half so we forecast that the operating margin will improve. However, we recognize there is a possibility that, when excluding the recent large-scale land sale, the margin may fall below the initial plan of 9% as we are offering incentives to promote sales in the southern US and certain other areas.

-As for our forecast for next fiscal year, although we expect to be impacted by interest rate fluctuations, we anticipate being able to continue increasing the number of units sold.

【Q8】

Please indicate your projections for gross profit margin in the second half for construction in the Rental Housing Business and the Commercial Facilities Business.

(Reference) Financial Highlights P.29 “Rental Housing Business (2) Forecasts”

(Reference) Financial Highlights P.34 “Commercial Facilities Business (2) Forecasts”

【A】

-We took a conservative approach and maintained initial plans for the Rental Housing Business but expect to see improvement in the second half. Our rental housing products are pre-fabricated in factories, which makes them resilient to cost increases compared to conventional structures. At the same time, we have been able to adjust prices appropriately to reflect cost increases and have been successful at revising tenant rent. As such, we do not view the current environment as particularly unfavorable.

-With the Commercial Facilities Business, we have been engaged in negotiations to adjust prices and revise tenant rents but progress differs with each case so we decided to take a conservative approach and maintain initial plans. Currently, we are seeing a particular increase in apartment hotel projects and profitability has been favorable so our expectation is that the margin will improve moving forward.

【Q9】

Do you forecast being able to achieve operating income of 500.0 billion yen and an ROE of 13% or higher in FY2026, the targets outlined in the 7th Medium-Term Management Plan?

【A】

-We think achieving an ROE of 13% or higher as a significant challenge but we do view our target of 500.0 billion yen in operating income as achievable.

【Q10】

Please indicate the reasons you conducted a downward revision to operating income plans for this fiscal year from the Single-Family Houses Business in Japan by roughly 10.0 billion yen.

(Reference) Financial Highlights P.6 “Topics (2)”

(Reference) Financial Highlights P.25 “Business Segment Forecasts for FY2025 (2) Operating Income”

【A】

-We conducted a downward revision to full-year plans to reflect first half results. However, we have increased the number of units sold by expanding sales of standard houses and semi-custom houses.

【Q11】

When was the decision made regarding the large-scale land sale in the US? Also, as an impact from that decision, were any sales postponed until next fiscal year?

(Reference) Financial Highlights P.6 “Topics (2)”

【A】

-The closing of this land sale transaction was finalized at the end of October. The sale of development properties through the first half is progressing according to plans. On the other hand, among the properties for sale planned for the second half, we shifted plans to next fiscal year for properties where negotiations had not yet been finalized and certain built-for-sale properties currently up for sale.

【Q12】

Moving forward, will there be other cases of land-use conversions from housing to large-scale data centers like we saw in the US?

【A】

-At present we have no such talks underway.

【Q13】

Concerning the status of contracts through in the month of October, looking at the Commercial Facilities Business, the cumulative contracts when excluding the impact of the sale of development properties increased by 17% YoY. Please indicate if there are any strong asset types. Also, the Rental Housing Business increased by 53% YoY but what percentage of that is represented by built-for-sale? On a separate note, would it be possible to postpone sales of built-for-sale properties until next fiscal

year or beyond?

(Reference) Monthly Contracts for October 2025 (Non-consolidated)

【A】

-Hotels are trending firmly. With apartment hotels in particular, we have received requests from numerous operators seeking to open businesses in Tokyo. This is an asset type that is garnering attention among investors for its growth potential. Amid such an environment, we are advancing numerous plans by identifying ideal locations to match the store opening needs of operators.

-While the ratio of other categories besides retail stores, such as hotels and industrial offices, is increasing, store opening needs, including multifunction commercial facilities, food supermarkets, and car dealers, remain robust.

-Roughly half of Rental Housing Business contracts are built-for-sale. We will prioritize customer wishes for contracts that have already been executed but, in certain situations, we do think it will be possible to postpone sales until next fiscal year.

【Q14】

Regarding the urban hotel management business within the Commercial Facilities Business, please indicate why you are planning on lower net sales and income for the full-year FY2025.

(Reference) Financial Highlights P.34 “Commercial Facilities Business (2) Forecasts”

【A】

-Net sales and operating income from the previous fiscal year include the sale of one urban hotel. Excluding that impact, plans call for increased net sales and income. Further, Daiwa Roynet Hotels occupancy rates for September 2025 reached 90%. Both occupancy rate and ADR significantly outperformed results from the same period of the previous fiscal year.

End

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