

FY ended March 31, 2021
Q&A Summary on disclosure of settlement of accounts

About orders received

Q1. Please tell us why the number of sales representatives has decreased.
(Presentation slide p17)

Q1. The number of sales staff has decreased due to stricter hiring standards and a decrease in the number of employees due to the impact of the COVID-19 crisis. We will continue to focus on strengthening recruitment activities and training without changing recruitment standards.

Q2. Please tell us the basis for setting the order plan of 520 billion yen for the fiscal year ending March 2022. (Presentation slide p27)

A2. There are three grounds for the order plan.

- (1) It is assumed that the impact of the COVID-19 crisis will not be as great as in the previous fiscal year. (ended March 2021)
- (2) Growth potential in non-residential fields such as commercial facilities.
- (3) Sufficiency of sales personnel

About the gross profit margin on completed construction work

Q3. Please tell us about the prospect of achieving the completion construction plan of 430 billion yen for the fiscal year ending March 2022. (Presentation slide p26)

A3. Based on the progress of the construction work balance of 756.8 billion yen at the end of the fiscal year ending March 2021 and the start of construction of the ordered projects in the first Quarter of the fiscal year ending March 2022, we plan to complete the construction work of 430 billion yen.

Q4. Please tell us specifically about the impact of "foreign exchange / imported materials" and "deferred income" in the gross profit plan for completed works for the fiscal year ending March 2022. (Presentation slide p26)

A4. "Foreign exchange / imported materials" is expected to decrease by 1.5 points from the previous fiscal year due to the rise in timber prices in North America. On the other hand, "deferred income" is expected to increase by 1.1 points, assuming a decrease in secondary loans from Daito Finance due to a decrease in the loan ratio of the Japan Housing Finance Agency.

About real estate business

Q5. Please tell us about the room for improving the profit margin of the real estate business. (Presentation slide p9)

A5. One of the major factors behind the rise in profits in recent years is the increase in income of House Leave Co., Ltd., which provides institutional guarantee services. We will continue to aim to maintain and improve profit margins by building businesses that utilize stock and volume.

Others

Q6. Please tell us about the outlook for the market share of rental housing starts.

A6. In the fiscal year ended March 2021, orders decreased due to the impact of the COVID-19 crisis in the first Quarter, and the number of housing starts also decreased. We believe that the number of housing starts will increase in the fiscal year ending March 2022 because such effects will be reduced.

Q7. Please tell us about your future thinking about the construction business and the real estate business. (Presentation slide p29)

A7. With the growth of the construction business, we believe that we have reached the stage where we can build a growth model for the real estate business alone, such as the stock business that makes use of the number of managed units, from the business model of growing the real estate business such as brokerage and building management. In the future, we believe that providing higher Quality buildings and implementing long-term marketing strategies in the construction business will lead to more solid growth in the real estate business.

Q8. Will rising prices for imported timber in North America affect other timber costs? Also, please tell us when the price increase of imported timber will be reflected.

A8. Other timber is procured domestically and we do not believe that it will have a significant impact. It will be about half a year later that the rise in the price of imported timber will be reflected.

Q9. Please tell us about the exchange rate of imported timber for the fiscal year ended March 2021 and the plan for the fiscal year ending March 2022.

A9. The average price for the fiscal year ended March 2021 is 105 yen, and the average price for the fiscal year ending March 2022 is about 108 yen.

Q10. Please tell us about your efforts to reduce greenhouse gas emissions. (Presentation slide p37)

A10. We have set goals for SBT, EP100, RE100, etc., and are promoting efforts to achieve them on a daily basis. In 2020, we were also certified as an eco-first company. We will continue to work to achieve our goals with the cooperation of owners and residents.

Q11. There is a report that inheritance registration is mandatory, please tell me if there is any impact.

A11. If the utilization of land and buildings is promoted, I think it will be a business opportunity. We will continue to pay close attention to the specific content.

End