

**2Q of FY ending March 31, 2022**  
**Q&A Summary on disclosure of settlement of accounts**

---

**About orders received**

**Q1. Please tell us the prospect of orders in 2nd half.**

A1. In view of the cancellation of the emergency declaration in September and the decrease in the number of new infections with COVID-19, the upper limit of the branch office attendance rate has been raised to 70% from November, and restrictions on sales activities have been relaxed. We believe that these will lead to the activation of direct sales. We will strive to get ¥480 billion orders.

**Q2. The number of sales representatives has decreased compared to the same period of the previous year. Please tell us about the hiring situation. (Presentation slide P16)**

A2. In the current fiscal year, we have been able to secure a certain number of hires by changing hiring standards and investing recruitment costs. We will continue to focus on recruiting activities.

**Q3. Please tell us about the financing environment. (Presentation slide P52)**

A3. We recognize that the lending environment is improving compared to the one-time period, as the number of financial institutions that are willing to consider apartment loans is increasing.

**Q4. Please tell us the reason why the Mid-rise ratio is increasing in the breakdown of orders. (Presentation slide P17)**

A4. We have released new products with three or more floors and sales are proceeding smoothly.

**Q5. Please tell us the background behind the increase in the ratio of orders received from new customers compared to the previous fiscal year. (Presentation slide P19)**

A5. We recognize that those who refrained from investing due to the effects of COVID-19 infection disease in the previous fiscal year have made a positive decision on the rental building business this fiscal year.

**Q6. Please tell us about your efforts for urban productive lands and the outlook for orders.**

A6. We have not implemented any sales measures targeting production green areas. We hold individual consultations as needed. We do not anticipate a significant positive effect on orders for this term.

### About the gross profit margin on completed construction work

**Q7. Gross profit on completed works in the first half has improved by 1.5p compared to the plan due to the impact of deferred profit. What is your outlook for the full year?**

A7. In the first half, the gross profit on completed works increased more than expected due to the decrease in secondary loan projects by Daito Finance and refinancing to financial institutions. In the second half, the decrease in Daito Finance projects has already been factored into the plan, and we believe that the profit improvement effect will not be as great as in the first half.

**Q8. Please tell me about the impact of the wood shock.**

A8. Due to the impact of the wood shock, the cost increase in the first half is ¥2 billion and the outlook for the second half is ¥8 billion.

**Q9. The price of timber futures is declining, but please tell us about the impact on the gross profit of completed works from the next fiscal year onward.**

A9. Although futures prices are declining, the local price, which is the basis of our purchase price, remains high. The gross profit margin on completed construction work for the next fiscal year will fluctuate depending on the future timber price. We will continue to pay close attention.

### About forecasts

**Q10. Although the first half results have been revised upward, please tell us the reason and outlook for leaving the full-year plan unchanged.**

A10. While the real estate business performed well in the second half, the full-year plan was left unchanged due to the impact of rising costs due to the wood shock in the construction business. If it becomes necessary to revise the earnings forecast, we will promptly disclose it.

### Others

**Q11. Please tell us if the rise in crude oil and natural gas prices will have an impact on the gas supply business.**

A11. Gas purchase prices are rising, and we expect the Gaspal profit plan for the current fiscal year to fall below the initial plan. We recognize that the impact on the entire group is not significant and can be fully covered.

**Q12. Please tell us about your efforts toward decarbonization.**

A12. We have developed LCCM rental apartment house. Currently, we are studying for demonstration experiments and commercialization of the assumed CO2 reduction effect.

**Q13. Please tell us about the progress of new businesses and new investment projects. Also, if there is no good investment project, is there a possibility of returning it again?**

A13. We are promoting new businesses that can be expected to synergize with core businesses through collaboration with start-up companies and in-house venture contests. Regarding new investment, we are considering capital investment and M & A in businesses and companies that can complement the Group in the construction business and real estate business.

End