

FY ended March 31, 2022
Q&A Summary on disclosure of settlement of accounts

About orders received

Q1. Costs are rising, is there a possibility of price increases? Also, please tell us about the impact of the price increase implemented in January 2022 on orders?

A1. We are currently considering raising the price to absorb the cost increase. There was some reaction to orders received before and after the price increase in January, but we recognize that there was no significant impact.

Q2. Please tell us about the outlook for the sales staff plan of 3,000 people. (Presentation slide P27)

A2. The number of sales staff has been on the rise in recent months, and we are focusing on recruiting activities with the aim of reaching 3,000. Also, if it is possible to secure orders of 520 billion yen without securing 3,000 people, we would like to change the personnel plan while watching the situation.

Q3. Please tell us when the order volume is expected to return to the pre-fashion level of the COVID-19.

A3. The lending environment and customer sentiment are returning. We believe that we will be able to recover if we secure sales personnel and the infection status of the COVID-19 subsides.

About the gross profit margin on completed construction work

Q4. Please tell us about the impact of exchange rates.

A4. Currently, the annual exchange rate is calculated at a rate of 125 yen. Imported materials and LP gas will be affected by the exchange rate, and a fluctuation of 1 yen in the exchange rate will cause the cost to fluctuate by about 300 million yen.

Q5. Is there any impact from the ban on timber imports from Russia? Also, please tell us about the impact of rising prices other than imported timber.

A5. We have no imports from Russia and are unaffected. In addition, although the price of non-imported timber is rising, 6 billion yen is included in the plan as the price increase.

Q6. Please tell us the reason for the decline in gross profit margin for the fiscal year ending March 2023, divided into the first half and the second half. (Presentation slide P26)

A6. Compared to the previous fiscal year, material costs are expected to increase by approximately 3 billion yen in both the first half and the second half, and foreign exchange and imported materials are expected to increase by approximately 7 billion yen in the first half and 2 billion yen in the second half.

Q7. What is the target level of gross profit margin for completed works in the future?

A7. The standard is about 28%, which was the same as in the fiscal year ended March 2020, when there was no effect of materials and exchange rates, but we would like to recover to about 26% as soon as possible.

Others

Q8. Please tell us about the assumptions for the sales and profit plan for the fiscal year ending March 2023.

A8. Gross profit on completed construction is calculated based on the timber price as of March and the current exchange rate, and the occupancy rate is planned to be the same as the previous year.

Q9. What is your policy regarding the resumption of treasury stock acquisition?

A9. We will not resume the conventional continuous acquisition of treasury stock and will use it for growth investment under the current medium-term management plan.
Regarding the temporary acquisition of treasury stock, we would like to make a flexible decision based on the achievement status of management indicators and the financial status.

Q10. You plan to increase operating income in 2023 by more than 30 billion yen compared to this term's plan. What are your assumptions? (Presentation slide P38)

A10. We believe that operating income of 130 billion yen can be achieved if we can achieve the order target of 520 billion yen for the current fiscal year and secure a stable occupancy rate.

End