

1Q of FY ending March 31, 2023
Q&A Summary on disclosure of settlement of accounts

About orders received

Q1. The number of people infected with the COVID-19 is increasing nationwide. Is this affecting your sales activities?

A1. Since the end of July, we have been implementing movement restrictions, such as reducing the rate of people coming to work to 50% or less. But we are continuing our sales activities by taking thorough infection control measures and using inside sales, etc., so there is no major impact.

Q2. Have there been any changes in the client's mindset regarding apartment construction?

A2. Regarding the demand for apartment construction, according to the results of our customer survey, 40% of people are building apartments as a countermeasure against inheritance tax, and there is no change before and after the COVID-19, and we expect stable demand in the future.

Q3. Due to the sales price revision in July, the amount of orders received in July was 78% compared to the previous period, which was a reactionary decline after the rushed orders in June. Please tell us about the impact on future orders.

A3. The reactionary decline in July was within the expected range, and considering the trends of past price hikes, we believe that the impact of the price revisions will gradually subside.

Q4. Please tell us about the prospects and targets of sales personnel and the hiring environment. (Presentation slide P18)

A4. Sales personnel were 2,832 at the end of June. Our goal is to have 3,000 employees in the early stages of the second half. We will focus on recruiting activities, such as shortening the period from application to hiring.

Q5. Sales of ZEH rental housing are doing well. How much will it account for in all contracts? (Presentation slide P26)

A5. ZEH rental housing accounts for 66% of all contracts.

Q6. Will there be any changes in the business yield that you propose to customers before and after the sales price revision in July?

A6. Although it varies depending on the area and products we propose, we have generally secured the same business yield as before the sales price revision.

About the gross profit margin on completed construction work

**Q7. What is your outlook for the gross profit margin on completed construction contracts for the current fiscal year and the next fiscal year?
(Presentation slide P9)**

A7. The gross profit margin for completed construction contracts for the current fiscal year is expected to be 21.1%, as announced, due to the contribution of the sales price revision in January 2022, but also the soaring material costs and the impact of exchange rates. For the next fiscal year, we expect a recovery of 4p to 5p from this fiscal year due to the effect of the sales price revision.

Q8. I think that timber prices have settled down a bit. Please tell us about the current situation.

A8. In May of this year, our technical department visited the site and negotiated the price, and we were able to reduce the purchase price by about 20% from the peak.

Q9. Please tell us about the impact of exchange rates.

A9. Imported materials and LP gas are affected by exchange rates, and a 1 yen change in exchange rate will change the cost by about 300 million yen. We will keep an eye on the timber procured after the depreciation of the yen, as it will have an impact on the gross profit of completed construction going forward.

Q10. The share of construction starts is declining. Please tell us about your outlook for the next fiscal year. (Presentation slide P43)

A10. In the first quarter of this fiscal year, the number of completed construction projects was lower than that of construction works in progress, but we believe that the share will recover as construction starts increase in the future.

Others

**Q11. Please tell us the reason for Gaspal's increase in sales and decrease in profit.
(Presentation slide P37)**

A11. Gaspar is steadily accumulating sales due to an increase in the number of gas supply units, and the occupancy rate is rising, so sales are increasing.
The main reasons for the decrease in profit were the increase in purchasing costs due to the impact of soaring crude oil prices and the weaker yen.

Q12. Please tell us about the progress of new businesses and new investment projects. Also, if there are no good investment projects, is there any possibility of allocating surplus funds to shareholder returns?

A12. So far, we have invested in various investments such as INVALANCE Ltd., purchase, renovation, and resale. There is no change in our shareholder return policy, as we plan to continue growth investments such as capital investment and M&A.

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