

2Q of FY ending March 31, 2023
Q&A Summary on disclosure of settlement of accounts

About orders received

Q1. Please tell us the reason why price per project of orders is increasing. (Presentation slide P18)

A1. That are the impact of the price revisions implemented in January and July of this year and increase in sales ratio of ZEH rental housings with high unit sales prices.

Q2. Do price revisions have any impact on winning orders, such as losing orders when competing with other companies? (Presentation slide P18)

A2. Soaring prices of lumber and raw materials are reflected in product prices. However, we are aware that other companies also revise their prices at the same level, and we believe that there will be no problem in winning orders.

About the net sales and the gross profit on completed construction work

Q3. Please tell us the forecast of the gross profit margin on completed construction work for the current fiscal year.

A3. The gross profit margin on completed construction work for the current fiscal year is expected to be 21.1%, with not much deviation from the initial plan.

Q4. Please tell us the forecast of the gross profit margin on completed construction work for the next fiscal year.

A4. While the revision of selling prices will contribute, other construction costs in Japan are on a rising trend. Taking these factors into account, we expect the gross profit margin on completed construction work for the next fiscal year to recover by 3pt to 5pt from the current fiscal year.

Q5. Please tell us the forecast of the net sales on completed construction work for the next fiscal year.

A5. Based on the assumption that we will be able to get order of ¥520 billion, we expect that we will be able to make a volume of around ¥520 billion of net sales on completed construction work for the next fiscal year. We will continue to focus on making contracts and volume for the next fiscal year.

Q6. Please tell us the possibility of price revision within this fiscal year.

A6. We are not currently considering further price revisions.

Q7. Please tell us the target level of the gross profit margin on completed construction work for the future.

A7. While targeting 28%, the same level as the fiscal year ended March 31, 2020, when there was no impact of material price and exchange rate fluctuations, we hope to recover to 26% as soon as possible.

Q8. Please tell us about the trends in lumber prices.

A8. We were able to reduce prices by 40% from peak levels, partly because we visited the site and negotiated prices.

About real estate business

Q9. Please tell us the forecast of the occupancy rate.

A9. Although increased supply of rental housings and the calming down of the COVID-19 may lead to an increase in move-outs, we do not expect occupancy rates to deteriorate rapidly.

Q10. Please tell us about the trends in rents.

A10. Occupancy rates are record-high level and demand for rental housing is strong. Since we are in a situation where we can set rents somewhat aggressively, we are setting rents appropriate to demand and market prices in each area.

Others

Q11. In the next fiscal year, you are planning to reach record-high profit of ¥130 billion. Please tell us the forecast. (Presentation slide P28)

A11. We will increase the probability of achieving the plan of ¥130 billion for the next fiscal year by improving profit margin through price revisions, getting construction orders of ¥520 billion, and keeping occupancy rates.

Q12. Please tell us about your approach to growth investment and shareholder returns.

A12. We will continue to consider investments for growth to strengthen our core business, and if we have a clear idea of how to use the funds for growth in the next fiscal year, and if we have surplus funds, we will consider shareholder returns including share buybacks, and we would like to announce such plans.

End